



KENTUCKY

General News



July 2012

National Mortgage Foreclosure Settlement Money Making a Difference for Kentucky Consumers, Communities

More than \$19 million of the national mortgage foreclosure settlement secured by Attorney General Conway will help create affordable housing, provide relief or legal assistance to Kentucky homeowners facing foreclosure and redevelop communities faced with blight from vacant or abandoned properties. Through his participation in the historic settlement, General Conway secured \$58 million to provide direct assistance to Kentucky homeowners and communities affected by the mortgage foreclosure meltdown, which resulted in nearly 67,000 foreclosures in the Commonwealth.

Nearly \$39 million of the settlement is available to homeowners who faced foreclosure and had loans with Bank of America, JP Morgan, Chase, Wells Fargo, Citi and Ally/GMAC. An independent administrator is allocating those funds to consumers who qualify. For more information, visit www.ag.ky.gov.

On July 30, General Conway joined with Louisville Mayor Greg Fischer and Kentucky Housing Corporation officials to announce the allocation of the remaining \$19.2 million.

“This settlement will provide second chances for people who’ve lost their homes, help revitalize properties that have been abandoned, and develop affordable housing in communities throughout the Commonwealth,” General Conway said.

From 2008 through 2011, banks foreclosed on 66,997 properties in Kentucky. More than 16,400 of the foreclosures were in Louisville.

“These dollars will make a real and significant impact in our distressed neighborhoods,” said Mayor Fischer. “We plan to use this money to strategically invest in programs with real results.”

A website has been established to provide consumers with information about the settlement at NationalMortgageSettlement.com. The Office of the Attorney General set up a web page with information and answers to frequently asked questions about the settlement: ag.ky.gov/mortgagesettlement.



Settlement Allocations at a Glance

- \$1.5 million to the City of Louisville.
- \$750,000 to the city’s Vacant Abandoned Property Initiative that targets properties in Louisville that have been abandoned by foreclosing on the city liens to return them to productive use and the property tax rolls. The money is eligible for a match by the Bloomberg Foundation.
- \$500,000 to the Targeted Demolition Program to address blight.
- \$250,000 to the Affordable Housing Trust Fund for housing grants to increase access to affordable housing for low to moderate income families.
- \$7.5 million to the Kentucky Housing Corporation (KHC).
- \$3 million to the NeighborWorks Alliance, which will leverage matching grants for an additional \$7.5 million. Funds will be provided to federally-supported housing programs that cover all of Kentucky’s 120 counties to assist with purchase and rehabilitation of existing properties, purchase and rehabilitation of affordable rental properties, and purchase of mortgages to restructure payment in an effort to allow homeowners to retain properties.
- \$3 million to establish a down payment pool and closing cost assistance pool for owners who want to purchase vacant or foreclosed properties.
- \$1.5 million to the Homeownership Protection Center, which will fund 19 Kentucky Housing Corporation approved counseling agencies that provide foreclosure prevention and pre-purchase counseling.
- \$250,000 to each of the four regional Legal Aid centers in Kentucky. Money will be used to assist homeowners who are going through the foreclosure process or seeking to avoid foreclosure.
- \$4 million to update the Kentucky All Schedule Prescription Electronic Reporting Program.
- \$5 million to the Office of the Attorney General to assist consumers and investigate mortgage and securities issues. This includes potential litigation regarding MERS involvement in wrongful foreclosures.
- \$150,000 to the Cabinet for Health and Family Services. Funds will provide lead abatement through the Division of Public Health.

Attorney General's Office to Host Booth at 2012 State Fair

General Conway and his staff will share important information with the public about cybersafety and their efforts to combat prescription drug abuse at this year's Kentucky State Fair. The Attorney General's booth will be in the law enforcement section of the South Wing. Visitors will have a chance to win an iPod touch and other giveaway items.



Attorney General Conway Expands Prescription Drug Abuse Awareness Initiative

Standing with parents of overdose victims and state and law enforcement partners, Attorney General Conway announced the expansion of his prescription drug abuse awareness program on July 26 in Lexington. General Conway and his Keep Kentucky Kids Safe partners unveiled the first of more than a dozen billboards that will go up across the state to remind the public about the dangers of abusing prescription pills and the importance of monitoring, securing and safely disposing of unneeded medications.

"We are doing everything we can to warn Kentuckians about the deadly consequences of prescription drug abuse to ensure that we don't lose another generation to this scourge," General Conway said.

With the controlled-substance prescriptions on the rise in 118 of Kentucky's 120 counties, Kentucky is the fourth most medicated state in the country, according to Forbes Magazine. Last year, medical professionals in Kentucky prescribed 219 million doses of the powerful painkiller hydrocodone. That's 50 doses for every man, woman and child in the Commonwealth.

Keep Kentucky Kids Safe billboards are already on display at multiple locations in Lexington and will appear in the coming weeks in Danville, Frankfort, Somerset, Winchester, Morehead, London, Liberty, Louisville, Richmond, Paducah, Owensboro and Covington.



Landmark Prescription Drug Legislation Takes Effect in Kentucky



Since House Bill 1 took effect in July, four pain management clinics have notified the state they are shutting their doors. Additionally, since April more than nine thousand medical providers have signed up to use the Kentucky All Schedule Prescription Electronic Reporting (KASPER) system, bringing the total number of prescribers, pharmacists, and APRNs utilizing the system to 19,670.

"Prescription drug abuse is killing Kentuckians. Three people will die today from prescription drug overdoses. I believe provisions of House Bill 1 will save the lives of our friends, our neighbors and our family members," said General Conway.

Attorney General Conway worked with Governor Beshear, House Speaker Stumbo and other state lawmakers to draft this landmark legislation designed to shut down rogue pain clinics, crack down on overprescribing physicians and expand the use of KASPER.

Utility Bill Scam Reported in Kentucky

Attorney General Conway issued a consumer protection alert after reports that Bowling Green residents were being targeted by a utility bill payment scam. In this latest scam, fraudsters claim that President Obama will pay consumers' utility bills for one month through a new federal program.

"Although there are government programs that provide home energy assistance, this is not one of them," General Conway said. "This is a scam designed to gain access to a consumers' personal and financial information and to steal their identities. Never provide your Social Security number or sensitive personal information to someone you do not know."

Scam artists are using in person solicitation, flyers, social media, phone calls and text messages as part of this scheme. To report this or any scam, please call the Attorney General's Consumer Protection Hotline at 1-888-432-9257.

More information — <http://goo.gl/IdjFK>





CYBERCRIMES

General Conway's Cybercrimes Unit Marks 4th Anniversary

Since its creation in 2008, Attorney General Conway's Cybercrimes Unit has launched nearly 300 child pornography investigations and seized more than 320,000 child pornographic images and videos from the Internet. The Unit's investigative efforts also resulted in more than 100 convictions, including the case of Dale Chisena Sr., a retired Florida school teacher who traveled to Kentucky to have sexual relations with two juveniles. Chisena was sentenced in U.S. District Court to 30 years in prison following a sting operation conducted by General Conway's Cybercrimes investigators.

"I am extremely proud of our many accomplishments over the past four years," General Conway said. "Our Cybercrimes Unit has become a national model in the fight against crimes that occur online and we will continue working every day to make the Internet a safer place for Kentucky kids."

Following through on his commitment to create a unit devoted to investigating crimes that occur online, General Conway streamlined priority operations in his office to launch a Cybercrimes Unit.

More information — <http://goo.gl/48rbu>

Harrodsburg Man Indicted for Possession of Child Pornography

An investigation by General Conway's Cybercrimes Unit has resulted in the indictment and arrest of a Harrodsburg man for possession of child pornography. A Mercer County grand jury indicted 33-year-old Robert David Spaulding on July 18 on one count of possession of matter portraying a sexual performance by a minor.

General Conway's Cybercrimes Unit began investigating Spaulding following a citizen complaint on March 28, 2012. Prosecution of this case is being handled by the Office of Richie Bottoms, Commonwealth's Attorney for the 50th Judicial Circuit representing Boyle and Mercer counties.

A charge is merely an accusation. A defendant is presumed innocent until and unless proven guilty.

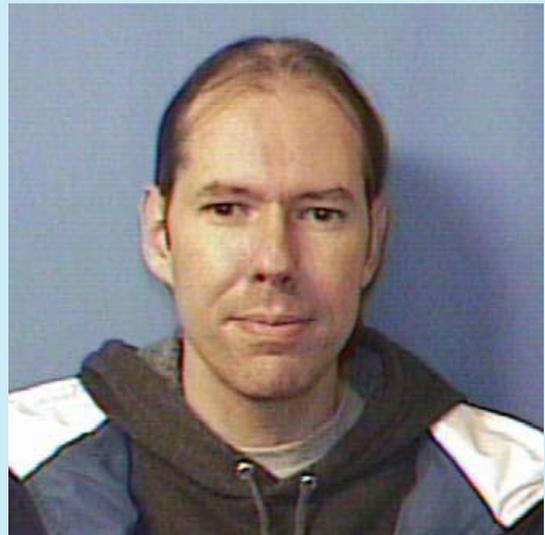


Boyd County Man Arrested Following Child Pornography Investigations in Ohio, Kentucky

General Conway's Cybercrimes Unit arrested 40-year-old Thomas Sellers on July 20 on eight counts of possession of matter portraying a sexual performance by a minor. Sellers was taken into custody after the execution of a search warrant at his Catlettsburg, Ky. residence.

Investigators with the Ohio Attorney General's Office identified a computer that possessed images of child sexual abuse. A subpoena revealed that the subscriber resided in Boyd County, Ky, at which time General Conway's cybercrimes investigators were notified.

Sellers entered a not guilty plea to the charges.



Cybercrimes Accomplishments

- Launched 286 child pornography investigations
- Obtained 103 child pornography convictions
- Executed 148 search warrants
- Seized 322,173 child pornographic images and videos
- Processed 5,775 hard drives and removable devices for a total of 83.78 Terabytes of data.
- Trained 1,711 law enforcement officers and prosecutors in data collection and combatting cybercrimes.

Former Social Worker Sentenced for Falsifying Child Abuse and Neglect Reports

A former social worker with the Kentucky Cabinet for Health and Family Services faces a five-year prison sentence for falsifying child abuse and neglect reports. Anderson Circuit Judge Charles Hickman sentenced 61-year-old Margaret “Geri” Murphy following her guilty plea to nine counts of tampering with public records in connection with her role as a front-line worker investigating allegations of child abuse and neglect in Anderson County.

“Geri Murphy’s actions were unconscionable,” General Conway said. “Ms. Murphy had a responsibility to investigate allegations of child abuse or neglect and to take action to protect children from these heinous crimes.”

Prosecution of this case was handled by General Conway’s Office of Special Prosecutions at the request of Laura Donnell, Commonwealth’s Attorney for the 53 Judicial Circuit representing Anderson, Shelby and Spencer counties. General Conway’s Department of Criminal Investigations (DCI) began investigating the allegations against Murphy after receiving a complaint from a citizen who had a court case involving Murphy and her family.

More information — <http://goo.gl/n1f0V>

Former Breathitt County Schools Superintendent Pleads Guilty to Vote Buying, Three Others Sentenced

Former Breathitt County Schools Superintendent Arch Turner pled guilty on July 24 in federal court for his role in a vote-buying conspiracy stemming from the 2010 Primary Election. The charges against Turner were the result of an investigation by General Conway’s Department of Criminal Investigations and the FBI.

The 66-year-old Turner pled guilty to conspiracy to buy votes and admitted that during the spring of 2010 he provided money to individuals to buy votes for candidates in the primary election in Breathitt County. According to his plea agreement, Turner also received money from an individual to be used for vote buying.

Turner is scheduled to be sentenced on October 24, 2012. He faces a maximum of five years in prison.

On July 26, U.S. District Judge Karen Caldwell sentenced three Jackson, Ky. residents for their roles in the Breathitt County vote buying conspiracy.

Judge Caldwell sentenced 61-year-old Naomi Johnson and 44-year-old Earl Young to four months in prison for conspiring to buy votes and vote buying. Additionally, the judge sentenced 62-year-old Jackie Jennings to two months in prison.

A total of 11 people have either entered guilty pleas or been convicted of charges related to buying votes in Breathitt County’s May 2010 Primary Election.

