



KENTUCKY

General News



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Attorney General Conway Touts UK Study Outlining the Successes of House Bill 1



On July 27, Attorney General Conway joined Gov. Beshear, Senate President Stivers, House Speaker Stumbo and Lieutenant Governor Luallen to announce a study that proves landmark prescription pill legislation is making a real difference in Kentucky. When voters first elected Attorney General Conway in 2007, he pledged to crack down on prescription painkiller abuse. This year-long study conducted by researchers at the University of Kentucky Institute for Pharmaceutical Outcomes and Policy and compiled in a report to the Cabinet for Health and Family Services outlines the successes since the passage of landmark legislation designed to help curb the prescription pill epidemic in Kentucky.

The study specifically researched and analyzed the impact of the state law known as House Bill 1, which Attorney General Conway helped craft and legislators passed in 2012 in a special session of the General Assembly and signed into law by Gov. Beshear. The results are proof of what can be accomplished working together when people are put ahead of politics.

“The results of this study are proof of what can happen when we put people above politics,” Attorney General Jack Conway said. “Gov. Beshear, Senate President Stivers, House Speaker Stumbo and I worked across party lines to craft and pass a piece of legislation that is saving lives in Kentucky. For the first time in recent memory, the numbers are moving in the right direction, and we’re a better state for taking this action that has become a national model.”

According to the study, since implementation of House Bill 1:

- ▶ More individuals are seeking office-based addiction treatment.
- ▶ The number of patients “doctor shopping” declined by 52 percent.
- ▶ 24 non-physician-owned pain management facilities ceased operation.
- ▶ The number of opioid prescriptions to doctor-shopping individuals dropped by 54 percent.
- ▶ Healthcare professionals requested 5 million KASPER reports in 2014.
- ▶ Each weekday, providers request more than 20,000 KASPER reports.
- ▶ For the first time in six years, Kentucky overdose deaths declined in 2013.

For a full report of the study, please visit the KASPER public website: chfs.ky.gov/KASPER.

For a press release of this announcement, please visit: <http://goo.gl/BR3U9v>. To read a copy of House Bill I, please visit: <http://goo.gl/FOQclx>

Attorney General Conway Protects Kentucky Consumers from Scam Artists after Severe Summer Storms



Attorney General Conway is putting Kentucky on notice that price-gouging businesses and scam artists preying on flood victims will not be tolerated. Gov. Steve Beshear declared a state of emergency in the wake of last month's severe thunderstorms and flooding. He also triggered the price-gouging provisions at the request of Attorney General Conway. The provisions will remain in place for 30 days until the middle of August. These emergency declarations trigger several consumer protection measures. Among them, it empowers the Attorney General to investigate and prosecute, where appropriate, those who sell gasoline, generators, building supplies, chain saws, hotel rooms and other necessary goods and services at a price grossly in excess of the prices at the time of the emergency declaration, unless the seller's costs increased as well.

The recent storms resulted in flooding and widespread damage across the central and eastern parts of Kentucky. In Johnson County, one of the areas hardest hit by storms, reports are recently coming in of unscrupulous, fly-by-night contractors. These "storm chasers" and "travelers" are fraudulent contractors who often appear in storm-damaged communities and swindle victims by offering cheap and quick repair work. Be assured, the Office of the Attorney General stands ready to investigate and prosecute anyone who seeks excessive profits during emergency situations.

"My thoughts and prayers are with the families who lost loved ones," said Attorney General Conway. "Be assured, my office stands ready to investigate and prosecute anyone who seeks excessive profits during emergency situations. Those who have fallen victim to these storms should not be victimized again by unscrupulous price-gougers and scam artists."

For a complete list of Consumer protection tips to avoid scam artists in your community, please visit: <http://goo.gl/cxkZKd>

For more information on mold remediation, please visit <http://1.usa.gov/1K5auHt>

To report abuse with the Attorney General's Office, please call the Consumer Protection Hotline at **888-432-9257**. To file a consumer protection complaint online, please visit: ag.ky.gov/consumer. Other resources can be found on the Federal Trade Commission website at: www.ftc.gov.

Attorney General Conway Helps Restore the Rights of Former Mid-Continent University Students by Resolving Allegations of Consumer Protection Laws Violations

On July 13, Attorney General Conway and his Office of Consumer Protection entered into an Assurance of Voluntary Compliance (AVC) with Mid-Continent University (MCU) to restore the rights of former students to what they would have been had they received expected federal financial aid. The AVC resolves the Office of the Attorney General's (OAG) allegations that between 2011 and 2014, MCU violated state consumer protection laws by failing to disclose to students that they would not be able to receive federal aid to pay their education costs at MCU. MCU instead offered or signed students up for private institutional loans instead of federal loans. By doing so, the OAG alleged that MCU deprived students of the protections and benefits of federal student loans. The Attorney General's Office asserted that MCU's conduct constituted unfair, false, misleading or deceptive acts or practices in violation of Kentucky consumer protection laws.

"MCU violated the law by failing to inform students that they would not be eligible for federal loans to pay tuition at MCU," said Attorney General Conway. "This left students with private loans, which generally have fewer consumer protections. The AVC seeks to restore students' rights to what they would have been had students received the expected federal loans."



MCU denies any wrongdoing or violation of law, but voluntarily entered into the AVC to resolve the allegations. The AVC requires that MCU must offer students loans matching the terms and conditions of federal student loans for all remaining balances of MCU students who applied for and qualified for, but did not receive, federal loans for the 2011-2012, 2012-2013, and/or 2013-2014 award years. These matching loans must include all the benefits and protections of Federal Direct Loans.

For further information, past students may e-mail the Office of the Attorney General at [mku3@ky.gov](mailto:mcu3@ky.gov). They may also call **855-813-6507** for more information or mail the Office of Consumer Protection, 1024 Capital Center Drive, Frankfort, KY 40601.

For a summary of this agreement, please visit: <http://goo.gl/Oaycqt>. A copy of the AVC may be found at: <http://goo.gl/uDRcOR>

Attorney General Conway Protects Consumers from Unlawful Credit Card Debt Collection Practices by Chase Bank with \$136 Million National Settlement



On July 8, Attorney General Conway entered a national settlement with Chase Bank USA N.A. and Chase Bankcard Services Inc. to reform unlawful credit card debt collection practices. The \$136 million joint state-federal settlement was reached with Attorney General Conway, attorneys general in 47 other states plus the District of Columbia, and the Consumer Financial Protection Bureau (CFPB).

“Chase’s consumer credit card debt collection practices harmed consumers here in Kentucky and across the country,” Attorney General Conway said. “In many cases, Chase stacked the deck against consumers by pursuing or unleashing collections cases based on information that was just plain wrong or even false. These include instances where the listed debt was the wrong amount, was tied to the wrong person, was discharged, time barred or very old—what’s often called ‘zombie debt.’ It’s an affront to consumers, courts, our laws and fairness.”

The agreement requires Chase to significantly reform its credit card debt collection practices in areas of declarations, collections litigation, debt sales and debt buying. Debt buying involves the sale of debt by creditors or other debt owners, often for pennies on the dollar, to buyers who then attempt to collect the debt at full value or sell it to other buyers. Among other reforms, the agreement requires new safeguards to help ensure debt information is accurate and inaccurate data is corrected, provides additional information to consumers who owe debts, and bars Chase’s debt buyers from reselling consumer debts to other purchasers.

Read more here: <http://migration.kentucky.gov/Newsroom/ag/chasedebtcollectionavc.htm>

Attorney General Conway Sends Letter to U.S. Congress asking for Kentucky to Maintain Authority to Enforce Data Breach Laws

On July 7, Attorney General Conway joined a bipartisan effort to ensure that any future federal data breach notification or data security law is effective and provides consumers with the best protection. Attorney General Conway and 46 other state attorneys general sent a multistate letter to members of the U.S. Congress emphasizing the importance of maintaining states’ authority to enforce data breach and data security laws, and their ability to enact laws to address future data security risks.

Citing recent efforts in Congress to pass a national law on data breach notification and data security, the attorneys general caution against federal preemption of state data breach and security law and argue that any federal law must not diminish the important role states already play protecting consumers from data breaches and identity theft.

“As Attorney General of the Commonwealth of Kentucky, it’s my job to protect consumers and communicate with them about data breaches and potential identity theft,” Attorney General Conway said. “My office is equipped to assist consumers and act quickly to get them the help they need.”

In 2014, Kentucky consumers were affected by national data breaches at: PF Changs, Dairy Queen, Jimmy Johns, Goodwill, Home Depot, Kmart, Community Health Systems, eBay, UPS Stores, Staples, Sally’s Beauty Supply, and JP Morgan Chase.

The letter points out a number of concerns with federal preemption of state data breach and security laws. In 2005, 44 state attorneys general wrote a similar letter to Congress calling for a national law on breach notification that did not preempt state enforcement or state law.

Read a copy of the multistate letter here: <http://goo.gl/IgnaeU>



Attorney General Conway Announces Grant Funding for State Prosecutor Rocket Docket Programs to Expedite State Criminal Cases

On July 13, Attorney General Jack Conway and members of the Prosecutors Advisory Council announced that selected state prosecutors' offices across the Commonwealth are receiving funding to implement, expand, or enhance "Rocket Docket" programs. The Justice and Public Safety Cabinet provided the money for the grants to the Prosecutors Advisory Council from funding the Cabinet received through Senate Bill 192, also known as the "Heroin Bill." Justice Secretary J. Michael Brown allocated \$1.2 million to the Council for "Rocket Dockets."

"Rocket Docket" programs are a collaborative program between the local Commonwealth's Attorney and the local County Attorney to expedite cases through the judicial system. "Rocket Dockets" have proven successful in a number of jurisdictions. For example, in just 18 months, the Hardin County Rocket Docket Program has saved the county approximately \$600,000 in jail costs by decreasing the average days spent awaiting disposition from 180 days to just 45 days.

The goals of "Rocket Dockets" include:

- ▶ Expedited review of lower-level drug and drug-related offenses;
- ▶ Quicker identification and access for defendants in need of substance abuse treatment;
- ▶ Unclogging court dockets and freeing up valuable resources for the judicial system to focus on more serious criminal offenses;
- ▶ Cost savings to local county jails as offenders spend less time awaiting resolution of their cases.



"Since being elected Attorney General, one of my top priorities has been fighting the drug epidemic that is crippling Kentucky communities," said Attorney General Jack Conway. "Not only do these grants have the potential of making the justice system faster and more efficient, they enable non-violent, lower-level offenders with substance abuse issues to receive rehabilitation and treatment. It will also provide cost savings to local governments. My office will continue to assist prosecutors throughout Kentucky to ensure these programs are successful."

View a copy of the grant recipients here: <http://goo.gl/6ksGYr>

Attorney General Conway's Office of Special Prosecutions Secures Ashland Man's Guilty Plea to Domestic Assault



28 -year-old Ty Doolen of Ashland, Ky., entered a guilty plea in Boyd Circuit Court to domestic assault on Friday, July 24. A Boyd County Grand Jury indicted Doolen on domestic violence charges in connection with an assault that occurred in October of 2012. Doolen assaulted his girlfriend at their residence where they had been living together for several months. He pled guilty to assault first degree, a class B felony, carrying a penalty range of 10-20 years in prison. As part of his plea agreement, Doolen agreed to serve 15 years in prison. Doolen will not be eligible for parole until he has served at least 85% of his sentence. Formal sentencing is scheduled for August 14, 2015 in Boyd Circuit Court.

"I appreciate the hard work of my Office of Special Prosecutions for securing a guilty plea in this case," Attorney General Conway said. "Domestic violence laws are in place to protect the citizens of Kentucky from abuse at the hands of their loved ones."

Special Prosecutions Division

Attorney General Conway's Special Prosecutions Division prosecutes criminal cases pursuant to KRS 15.190 to 15.240 and KRS 15.715. Special prosecutors are responsible for assisting local prosecutors in complex or sensitive cases, as well as handle cases in which the local prosecutor disqualifies himself and to prosecute thefts from the Commonwealth by employees or elected officials.



CYBERCRIMES

Multiple July Cybercrimes Arrests



Michael A. Browning (left), 35, and Gregory Mathis (right), 43, were arrested by Attorney General Conway's Cybercrime investigators, after search warrants were executed at their residences in Louisville on July 7. Investigators seized electronic devices at each home, and Cybercrimes forensic examiners will perform forensic analysis on those seized electronic devices.

Mathis is charged with three counts of possession of child pornography and one count of use of an electronic system to procure a minor. It is alleged that Mathis created a fake Facebook account and then posed as a 15-year old boy to illicit explicit photos from girls under the age of 18. These crimes are Class D felonies and each punishable by one to five years in prison. Mathis remains in custody at the Louisville Metro Detention Center with a \$25,000 cash bond. He has been ordered to have no contact with minor children.

Browning is charged with one count of possession of matter portraying a sexual performance by a minor. The charge is a Class D felony and punishable by one to five years in prison. Browning remains in custody at the Louisville Metro Detention Center with a \$25,000 cash bond. He has been ordered to have no contact with minor children.



On July 30, Attorney General Conway's Cybercrime investigators arrested Joseph Andrew Morgan Oldani (left), 29, of Oregon and Ashish Ashok Parekh (right), 33, of Louisville.

Oldani is charged with 100 counts of possession of child pornography and one count of failing to comply with conditions of being a registered sex offender. Cybercrimes investigators recovered numerous images of child pornography downloaded by Oldani. He is a registered sex offender from Oregon and he

currently has two outstanding Oregon warrants for probation violations. It is alleged that Oldani had been downloading child pornography for the past two months. These crimes are Class D felonies and each punishable by one to five years in prison. Oldani remains in custody at the Kenton County Detention Center on a \$50,000 cash bond. Oldani is scheduled to appear in Kenton District Court on August 5 for a preliminary hearing.

Parekh is charged with one count of using a communication system to procure a minor for sex. Cybercrimes investigators arrested Parekh after he allegedly was communicating with an undercover investigator on the Internet for the purpose of having sexual contact with a minor. This charge is a Class D felony and punishable by one to five years in prison. Parekh remains in custody at the Louisville Metro Detention Center with a \$25,000 cash bond. He has been ordered to have no contact with minor children. Parekh is scheduled to appear in Jefferson District Court on August 10 for a preliminary hearing.

Attorney General Conway's Cybercrimes investigators arrested Cary W. Pembleton, 54, on July 15 after they executed a search warrant at his residence in Campbellsville looking for computers and other equipment used to possess and distribute images and videos of exploited children. Investigators seized electronic devices at his home, and Cybercrimes examiners will perform forensic analysis on those seized electronic devices. Pembleton is charged with 100 counts of possession of child pornography and posted a \$35,000 bond on July 20.



"I appreciate the hard work of my Cybercrimes Unit in protecting our children and adults in the Commonwealth," General Conway said. "These laws are in place to protect the citizens of Kentucky and to ensure the innocence of childhood is protected from online predators."

A charge is merely an accusation. All defendants are presumed innocent until and unless proven guilty.

General Conway's Cybercrimes Unit

Since its creation in June 2008, Attorney General Conway's Cybercrimes Unit has launched more than 450 child pornography investigations and seized nearly 700,000 child pornographic images and videos from the Internet. The unit is also a member of the U.S. Dept. of Justice's Internet Crimes Against Children Task Force.

For additional information on General Conway's efforts to protect Kentuckians from Internet predators, visit the Office of the Attorney General's "Cybersafety in Kentucky" page at ag.ky.gov/cybersafety. To report cyber abuse, visit the CyberTipline or call **800-843-5678**.

Floyd County Clinic Owner Charged with Medicaid Fraud and Theft

Debra Lafferty Holiday, 50, of Floyd County, owns and operates All Family Health Care in Prestonsburg, Ky. According to a July 23 indictment, from September 11, 2008 through November 12, 2012, Holiday engaged in various frauds and actions that caused fraudulent claims to be submitted to Medicaid. A Floyd County grand jury indicted Holiday on three counts of Kentucky Medical Assistance Program Fraud over \$300, a Class D Felony, and one count of Theft by Unlawful Taking over \$10,000, a Class C Felony.

Attorney General's Medicaid Fraud and Abuse Control Unit investigated and will prosecute the case. The Cabinet for Health and Family Services Office of Inspector General also aided in the investigation. A charge is merely an accusation. A defendant is presumed innocent until and unless proven guilty.



Medicaid Recoveries

Since Attorney General Conway took office in January 2008, his Office of Medicaid Fraud and Abuse Control has recovered or been awarded more than \$300 million dollars for the state and federal Medicaid programs. These cases range from lawsuits and settlements against pharmaceutical companies to cases against individual providers.

In 2012, General Conway's Medicaid Fraud Unit was named one of the most aggressive in the country by the nonprofit watchdog group Public Citizen. The Attorney General's tip line for reporting allegations of Medicaid fraud is 1-877-228-7384.