



KENTUCKY

# General News



November 2012

## Kentuckians Benefitting From Mortgage Foreclosure Settlement



A new report finds that struggling Kentuckians continue to benefit from the national mortgage foreclosure settlement. Attorney General Conway announced in November that 944 Kentucky homeowners received more than \$33.2 million in settlement-related relief from the nation's five largest banks between March 1 and September 30. Borrowers received an average of \$35,268 in assistance.

"I am pleased that the banks are continuing to move in the right direction by providing substantial relief to homeowners in Kentucky and across the country," General Conway said. "It is important to note that we are only a few months into what is a three-year agreement and more relief is on the way for homeowners."

Additionally, the report shows that 170 Kentuckians who owe more than their homes are worth were able to refinance their homes through the settlement. The average interest rate reduction was 3.64 percent.

How is the Mortgage Foreclosure Settlement Helping Kentuckians?

- ▶ 57 completed first lien modifications
- ▶ 211 completed second lien terminations
- ▶ 290 completed short sales
- ▶ 14 cash for keys at \$1500 each
- ▶ 109 deficiency waivers
- ▶ 107 completed refinances
- ▶ Six donated properties

Attorney General Conway was among 49 state attorneys general who reached the historic \$25 billion settlement with Bank of America, JP Morgan Chase, Wells Fargo, Citi and Ally/GMAC

Kentucky received \$58 million under the settlement. For additional information and frequently asked questions about the settlement, visit <http://ag.ky.gov/mortgagesettlement>.

## General Conway Urges Congress to Extend Tax Relief to Distressed Homeowners

Attorney General Conway is among 42 attorneys general to sign a letter urging Congress to extend tax relief for consumers who've had mortgage debt cancelled or forgiven because of financial hardship or a decline in housing values. The exclusion expires on Dec. 31, 2012.

"I urge Congress to extend this critical tax exclusion so that the very families who can least afford it are not stuck with an unexpected tax bill or deterred from participating in this historic settlement," Attorney General Conway said. "Extension of this tax exclusion is estimated to save taxpayers almost \$1.3 billion over two years."

Under the federal Mortgage Debt Relief Act, in effect since 2007, mortgage debt that is forgiven after a foreclosure or short sale or through a loan modification provided to a homeowner in financial hardship may be excluded from a taxpayer's calculation of taxable income. This exclusion only applies to mortgage debt forgiven on primary residences, not second homes.

An extension is included in the Family and Business Tax Cut Certainty Act of 2012 (S. 3521), which recently passed out of the Senate Finance Committee with bipartisan support.



### **Deadline Nears to Apply for Cash Payments Under Settlement**

General Conway has launched a public service announcement campaign on television and radio to remind Kentuckians about the upcoming deadline for consumers to apply for a cash payment under the settlement. Consumers who faced foreclosure from 2008 to 2011 and had a loan with or serviced by one of the five participating banks have until January 18, 2013 to apply for a cash payment of up to \$2,000. To learn more about the settlement and how to apply for the cash payment, visit <http://ag.ky.gov>.

## General Conway Takes his Keep Kentucky Kids Safe Program to Bourbon County

Joined by concerned parents, community leaders and local law enforcement, Attorney General Conway warned students at Bourbon County High School about the dangers of abusing prescription drugs. General Conway visited the school as part of his Keep Kentucky Kids Safe prescription drug abuse awareness program.

“These are some of the most addictive substances on the planet, and when taken in the wrong combination or with other substances, they can kill you,” General Conway said.

General Conway was joined today by Van Ingram, Executive Director of the Kentucky Office of Drug Control Policy, and Mike Donta, an Ashland, Ky. resident whose son lost his battle with prescription drug abuse in 2010.

“The choice my son made to abuse prescription pills cost him his life,” said Donta. “His actions have devastated our family. He left behind two children who will grow up wondering why their father is not there. No family should have to endure this heartache.”

General Conway launched the Keep Kentucky Kids Safe statewide awareness initiative in 2010 in partnership with the Kentucky Justice Cabinet and its Office of Drug Control Policy, Kentucky Pharmacists Association, National Association of Drug Diversion Investigators (NADDI), Operation UNITE and two mothers from Morehead, Ky., Dr. Karen Shay and Lynn Kissick, who both lost daughters to prescription drug overdoses. Like Donta, Shay and Kissick travel with General Conway as part of Keep Kentucky Kids Safe.

To date, the program has alerted nearly 20,000 students across the state to the dangers of abusing prescription pills. For more information on the Keep Kentucky Kids Safe program and General Conway’s efforts to combat prescription drug abuse, visit <http://ag.ky.gov/rxabuse>.



## Attorney General Conway and Community Action Kentucky Issue Warning about Home Energy Assistance Scams

Attorney General Conway and Community Action Kentucky (CAK) want consumers seeking heating assistance to be leery of scam artists.



“Many consumers seeking home heating assistance are elderly or vulnerable citizens who are at high risk for scams,” General Conway said. “I want to make sure Kentuckians who need a helping hand this winter don’t fall victim to scam artists seeking to profit from the suffering of others.”

The LIHEAP Subsidy component began November 5, 2012 and runs through December 14, 2012. During this time, CAK’s 23 Community Action Agencies (CAA) will take applications for low-income households in need of home heating assistance.

“It is important to note that LIHEAP is operated solely by Kentucky’s Community Action Agencies and that applications for home heating assistance are only accepted at local CAA offices or designated sites in each county,” said Rob Jones, Executive Director of Community Action Kentucky. “If you are solicited by phone or email to participate in LIHEAP for a fee or by providing personal financial information, it is a scam.”

To further protect Kentucky’s low-income and vulnerable citizens, Community Action Kentucky and Attorney General Conway have distributed informational posters to Community Action Agencies listing some of the most common scams, including:

- ▶ **Calls from debt collectors.** If you are uncertain about whether you owe a debt, ask for proof of the debt in writing. Do not provide personal information. If callers harass you by phone, send a written notice that they stop calling you. Report abuse to Attorney General’s Office.
- ▶ **Automated calls from “Cardholder Services” claiming to reduce your credit card interest rate.** Beware, these calls are an attempt to enroll you in a debt consolidation service for a fee. If you need credit counseling, seek advice through a non-profit credit counseling organization. Call the National Foundation for Credit Counseling at 800-388-2227 for help.
- ▶ **Calls from Sweepstakes or lotteries.** If callers ask for money up front to pay “fees or taxes,” it is illegal. If you are sent a check, beware, the check is fake and the bank will hold you responsible. If you wire money to the “promoter,” your money is gone! All foreign sweepstakes and lotteries are illegal.
- ▶ **Calls from the “876” area code.** This is a Jamaican area code. Many scams come from this area. Also, beware that scammers can “spoof” the number from which they are calling and “trick” your caller ID. Calls may appear to be from a local source, but they are actually from out of the country.

To protect against fraud, report scams to the Attorney General’s Consumer Protection Hotline at 1-888-432-9257 and to the Federal Trade Commission at 1-877-382-4357.

## Post-Election Audits Underway in Six Kentucky Counties

Post-election audits are underway in Grayson, Bracken, Johnson, Lewis, Bath and Bourbon counties. Attorney General Conway selected the counties in a random public drawing on November 19 at the Capitol.

“These audits supplement the work our investigators and prosecutors did on the ground leading up to the general election, and the process, as defined by Kentucky law, will ensure that voters in every corner of our Commonwealth encounter procedures at polling places that are fair and equitable,” General Conway said.

The post-election audits, which are required by law (KRS 15.243), are being conducted by the Office of the Attorney General. Pursuant to KRS 15.243 (3),(a), the Kentucky Attorney General is required to conduct a post-election audit investigation in no fewer than five percent of Kentucky’s counties following each primary and general election.



## Election Fraud Hotline Receives 235 Calls During General Election

General Conway’s Election Fraud Hotline received 235 complaints from 70 counties related to the November 6, 2012 General Election. The majority of the complaints involved procedural questions or voting machines. There were 16 allegations of vote buying/selling. Each complaint is thoroughly reviewed for possible criminal violations. If an investigation is deemed necessary, the complaint will be referred to the appropriate agency.

## Former Breathitt County Schools Superintendent Sentenced for Vote Buying

Former Breathitt County Schools Superintendent Arch Turner was sentenced on November 14, 2012 to 24 months in federal prison for conspiring to buy votes. U.S District Judge Karen Caldwell also fined the 66-year-old Turner \$250,000. The charges against Turner are the result of an investigation by General Conway’s Department of Criminal Investigations and the FBI.



Turner admitted that during the spring of 2010 he provided money to individuals to buy votes for candidates in the May 2010 primary election in Breathitt County. Turner acknowledged he distributed the money at a meeting he arranged with a group of people. According to his plea agreement, Turner also received money from an individual to be used for vote buying.

Turner served as the schools superintendent from 2005 until Jul of 2012. A total of 11 people have pleaded guilty or been convicted in federal court of vote buying related charges stemming from Breathitt County’s May 2010 primary election.

Prosecution of this case was handled by the Office of Kerry B. Harvey, U.S. Attorney for the Eastern District of Kentucky.

Under federal law, Turner must serve at least 85 percent of his prison sentence.

## Two Nicholasville Residents Indicted in String of Home Invasions

Attorney General Jack Conway and his Office of Special Prosecutions have announced the indictment of two Nicholasville residents in connection with a string of home invasions between July and September 2012. A Jessamine County grand jury returned an indictment charging 28-year-old Erick Reynolds and 31-year-old Shaylin Floyd with the burglary of nine different homes, the attempted burglary of a tenth home and the theft of property from an automobile.

In addition to the second degree burglary charges, both Reynolds and Floyd were charged with being persistent felons. A third Nicholasville resident, Ala “Mike” Samaan, owner of a pawn business in Wilmore, Ky. was also indicted for receiving stolen property.

The charges are the result of an investigation by the Nicholasville Police Department and Jessamine County Sheriff’s Office. General Conway’s Office of Special Prosecutions is handling the prosecution of the case at the request of Commonwealth’s Attorney Thomas Lockridge, due to the fact that a prosecutor in his office was among the burglary victims.

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



*Erick Reynolds*



*Shaylin Floyd*



# CYBERCRIMES

## Daviess County Man Indicted on Child Pornography Charges

A Daviess County man has been charged with 39 counts of possession of matter portraying a sexual performance by a minor following an investigation by General Conway's Cybercrimes Unit. A Daviess County grand jury handed down the indictment against 42-year-old Daniel Scott Neal, an English teacher and cross country coach at Hancock County High School on Nov. 14, 2012.

A search warrant was executed at Neal's Owensboro, Ky. home on May 17, at which time investigators seized 460 suspected child pornographic videos and images. Evidence was turned over to the Office of Bruce Kuegel, Commonwealth's Attorney for the 6th Judicial Circuit representing Daviess County for prosecution.

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



## Jefferson County Man Arrested in Child Pornography Probe

A 27-year-old Jefferson County man is charged with four counts of possession of matter portraying a sexual performance by a minor following an undercover investigation by General Conway's Cybercrimes Unit. Cybercrimes investigators arrested Christopher Lloyd on Nov. 20 at his Louisville home.



Lloyd was lodged in the Louisville Metro Department of Corrections. The Attorney General's investigation of this matter is ongoing.

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

Since its creation in June of 2008, General Conway's Cybercrimes Unit has launched approximately 300 child pornography investigations and seized more than 350,000 child pornographic images and videos from the Internet. The unit is also a member of the Internet Crimes Against Children (ICAC) Task Force.

For additional information on cybersafety in Kentucky, visit General Conway's Cybersafety Page at <http://ag.ky.gov/cybersafety>. To report cyber abuse, visit the CyberTipline or call 1-800-843-5678.