



KENTUCKY

# General News

June 2011

## Attorney General Conway's Cybercrimes Unit Marks Third Anniversary

Three years after its creation, Attorney General Jack Conway's Cybercrimes Unit has launched more than 230 child pornography investigations and seized more than 280,000 child pornographic images and videos from the Internet.

"Because of the work being done by Cybercrimes investigators, our prosecutors, and our partners in the law enforcement community, the Internet is a safer place for Kentucky kids," General Conway said. "I am extremely proud of our many accomplishments over the past three years. Our Cybercrimes Unit remains a national model in the fight against crimes that occur online."

In June of 2008, General Conway streamlined priority operations in his office to create a unit devoted to investigating crimes that occur online, specifically those that target children. His Cybercrimes Unit is now a member of the U.S. Department of Justice Internet Crimes Against Children Task Force.

### Cybercrimes statistics from 2008-2011

- ▶ Launched 232 child pornography investigations
- ▶ Made 39 arrests
- ▶ Executed 116 search warrants
- ▶ Seized 282,065 child pornographic images and videos
- ▶ Opened a digital forensic lab that has processed 3,976 hard drives and removable devices
- ▶ Processed digital evidence for 102 law enforcement agencies.
- ▶ One of nine agencies in the country selected by Microsoft to host cybersafety training for investigators
- ▶ Trained 2,956 law enforcement officers and prosecutors on the latest technologies in fighting cybercrimes and enhancing digital collection

More Information — <http://goo.gl/q1v4w>. Please see pg. 5 of the newsletter for additional news from General Conway's Cybercrimes Unit.

### A Joyous Fourth of July!

Attorney General Conway and his wife, Elizabeth, announced the birth of their daughter, Alexandra (Alex) Frances Conway on July 4 at 10:45 a.m. Alex weighed 7 pounds 13 ounces and measured 20 inches in length at birth. Alex joins big sister, Eva, who turns two in late July.



### Keep Your Kids Cybersafe This Summer

Follow these tips to keep your kids cybersafe this summer:

- Google your children often for your child's contact information.
- Keep the computer in a family room, kitchen or open area – NOT in a child's bedroom.
- Teach your children they should never meet an online friend in person unless you are with them.
- Find out what email and instant-messaging accounts they have and ask them for their passwords.
- Teach your children about the dangers of cell phone cameras and how they may be used against them. Cell phone images can be easily downloaded, altered and exploited on the Internet.
- As a condition of use, make your child list you as a friend on Facebook or MySpace.
- Consider installing monitoring and filtering software. Check for free downloads at [SafeFamilies.com](http://SafeFamilies.com) or [K9WebProtection.com](http://K9WebProtection.com).

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



Kentucky Attorney  
General  
Jack Conway

## **Attorney General Conway Updates Kentucky Lawmakers on His Investigation of For-Profit Schools**

Attorney General Conway testified before the Interim Joint Committee on Licensing and Occupations on June 10, 2011 about his investigation into some of Kentucky's for-profit colleges. General Conway told the committee this is both a consumer protection and fiscal responsibility issue. Last year, taxpayers spent \$30 billion for loans and aid to students attending for-profit schools. While only about 12 percent of college students nationwide attend proprietary schools, they account for nearly 25 percent of the student loans and nearly half of all student loan defaults.

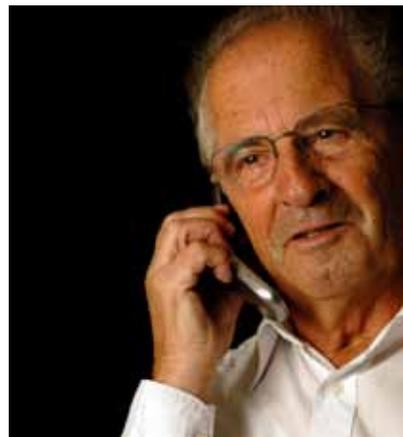
"These are troubling statistics," said General Conway. "I want to ensure that we are being good stewards of taxpayer dollars and that students are not being taken advantage of or misled as a result of high-pressure recruiting practices."



General Conway launched his probe last year over concerns about the high student loan default rates, overaggressive recruiting practices, misleading advertising and the transferability of credits at some of Kentucky's for-profit schools. He is also leading a national bipartisan effort that now includes 18 states to examine potential abuses within the industry.

For more information, please see Attorney General Conway's June 2011 Monthly Column <http://goo.gl/Ut2Fz>

## **"Grandparents Scam" Continues to Target Kentucky's Seniors**



Attorney General Conway has issued a new warning to senior citizens after a resurgence of the "grandparent's scam" in Kentucky. General Conway's Office of Consumer Protection has received about a dozen complaints this year related to the "grandparents scam." General Conway's Office of Consumer Protection received four complaints related to the telephone scam in just over a month.

"The 'grandparents scam' continues to target our senior citizens by preying on their generosity and desire to help a family member in need," General Conway said.

Victims of the "grandparents scam" report losses of nearly \$40,000. General Conway warns that wiring money is one of the most common ways to lose money to scam artists. He also encourages consumers to check the security settings on social-media accounts, such as Facebook and MySpace.

Consumers who suspect they have been a victim of a scam can call the Attorney General's Consumer Protection Hotline at 1-888-432-9257 or visit <http://ag.ky.gov/civil/consumerprotection/>

## **Attorney General's Office Intervenes at Troubled Personal-Care Home**

The Attorney General's office sought and won the appointment of a receiver to take over the administration of Golden Years Rest Home, a non-profit 501C3 personal-care home in Letcher County, Ky. General Conway's office took the matter to Letcher Circuit Court to ensure the safety of the residents at the 44-bed facility and to protect the public's assets.

"Protecting Kentucky's elderly and vulnerable citizens is a top priority," General Conway said. "It is also my duty to protect Kentucky taxpayers and preserve the state's charitable assets. I appreciate the court's quick action to help us protect the residents and long-term viability of Golden Years Rest Home."

Another hearing in the case is set for Aug. 12.

The Attorney General's office has been working closely with the Cabinet for Health and Family Services for the past several months to address issues at the personal-care home. Golden Years' former administrator, James "Chum" Tackett, will stand trial in October following a 74-count federal indictment for allegedly stealing federal and state funds totaling nearly \$500,000. The indictment follows a nearly seven-month investigation by General Conway's Department of Criminal Investigations (DCI).



## Two Indicted Following Attorney General's Probe of an International Ponzi Scheme

Attorney General Conway announced the indictment of two men in connection with an international ponzi scheme that defrauded thousands of victims. The indictment names Swainson Hawke, also known as Ronald D. Scheetz of Macon, Ga., and William A. Humes of Elizabethtown, Ky. and follows an investigation by General Conway's Office of Consumer Protection in cooperation with the FBI.

According to the indictment, Hawke and Humes deceived thousands of investors by promising inflated returns on their investments. The two are accused of defrauding victims by assuring them that they were purchasing discount cards connected to the hospitality industry with promises of returns varying from 300 to 500 percent to be paid out in installments. Hawke and Humes also offered and paid significant "commissions" to participants in return for recruiting new people into the scheme.

The case is being prosecuted by the office of the United States Attorney for the Western District of Kentucky.

If convicted, the defendants could be sentenced to 40 years in prison, a \$500,000 fine and forfeiture of all property obtained as a result of the violations.

## Attorney General Conway Files Suit Against Developers of the Falls Resort and Golf Club aka Green Farm Resort

Attorney General Conway filed suit against the developers of Green Farm Resort in Grayson County, Ky. on June 17, 2011 alleging that the defendant violated Kentucky's Recreational and Retirement Use Land Sales and Consumer Protection Acts. The developer is also accused of breaching a 2008 agreement with the Office of the Attorney General.

The defendants are currently under a suspension notice issued by the U.S. Department of Housing and Urban Development (HUD), ordering them to cease marketing and sales activity.

Consumers who purchased from Green Farm Resorts from January 1, 2009 to the present are welcome to contact the Office of the Attorney General's Consumer Protection Division at 502-696-5389 with any concerns or questions they have.

More information — <http://goo.gl/TRR70>

## \$40 Million Multi-State Settlement Announced with Drug Manufacturers

Attorney General Conway and 37 other Attorneys General announced a \$40.75 million settlement on June 23, 2011 with GlaxoSmithkline, LLC and SB Pharmco Puerto Rico, Inc. over substandard manufacturing processes. Kentucky's portion of the settlement is \$818,194.

The suit alleged that the drugs Kytril, Bactroban, Paxil CR, and Avandamet were adulterated because the manufacturing processes used to produce these lots were substandard.

Due to the settlement, GSK and SB Pharmco are enjoined from making false, misleading or deceptive claims regarding the manufacturing of all drugs once manufactured at the Cidra facility, regardless of their current place of manufacture. Also, the companies must not misrepresent those drugs' characteristics or cause likelihood of confusion or of misunderstanding about the way in which they are manufactured.

More information — <http://goo.gl/0V4TH>



## Two Convicted in Attempted Bribery of Pulaski County Commonwealth's Attorney

Attorney General Jack Conway and his Office of Special Prosecutions announced the conviction of a Somerset man on Friday, June 24, 2011 in connection with a scheme to bribe the Commonwealth's Attorney for Pulaski County. Sixty-two-old Walter Creekmore entered a guilty plea to one count of complicity to bribery of a public servant, a Class C felony. Another co-defendant, 64-year-old Everett Hyden pled guilty to the same charge on November 19, 2010. A Pulaski County grand jury indicted Creekmore and Hyden in July 2010.

The grand jury also indicted 44-year-old Virginia "Carol" Hampton, 44-year-old Dormus "Bubby" Dalton and 63-year-old Nobel Hampton, all of Somerset, for their involvement in the bribery scheme. Nobel Hampton died while the charges against him were pending.

Carol Hampton and Dalton still stand indicted on one count each of complicity to bribe a public servant. If convicted, Dalton faces up to 20 years in prison as a result of being a persistent felony offender, 1st degree. The charge carries up to 10 years in prison for Hampton. No trial date has been set for the two defendants.

An indictment is an accusation only. All defendants are presumed innocent unless and until proven guilty.



## Six Counties Selected for Attorney General's Post-Election Audit

A post-election audit is underway in six Kentucky counties selected in a random drawing following the May 17, 2011 primary election. Investigators from the Attorney General's office are conducting post-election audits in Wolfe, Boyd, Muhlenberg, Nelson, Estill and Clark counties to look for potential irregularities following the primary election.

The selection of these counties does not imply a specific suspicion of irregularities. The counties are chosen during a random drawing. The investigations will consist of interviews with election officials and checking election forms.

Investigations will also continue regarding election the six complaints to the Election Fraud Hotline during the primary elections on May 17.

More information — <http://goo.gl/Cnw2t>

## June Storms Prompt Consumer Protection Alert

With June's heavy storms and flash flooding, Attorney General Jack Conway issued a reminder to storm victims to be leery of scam artists and fly-by-night contractors, also known as "storm chasers."

"Consumers need to remain vigilant and beware of common natural disaster scams such as shoddy construction, outright fraud, charity scams and loan scams. It's also important to get written estimates from multiple contractors, if possible," General Conway said.

He also asked Kentuckians to report businesses that raise their prices for goods and services needed to clean-up storm damage.

"I want to make sure that Kentuckians struggling to make necessary repairs to their homes and property are not victimized a second time by unscrupulous businesses," General Conway said. "My office stands ready to investigate and prosecute, where appropriate, allegations of price gouging."



*Stephen Lance Dennee / The Paducah Sun via AP*

At the request of Attorney General Conway, Gov. Beshear signed a consumer protection executive order on May 27 to extend Kentucky's statewide price-gouging protection law for an additional 30 days. Gov. Beshear first triggered the price-gouging provision on April 25 due to severe storms and flooding across the Commonwealth.

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

## **Attorney General Conway Launches eWarrants in 11 More Counties in June**

The Attorney General's office has now completed implementation of an electronic warrant management system (eWarrants) in 68 of Kentucky's rural counties under a \$3.9 million American Recovery and Reinvestment Act (ARRA) grant awarded to the office in 2009. In June, the Attorney General's office and its partners successfully launched eWarrants in the following judicial circuits:

- ▶ 23rd (Estill, Lee and Owsley counties)
- ▶ 33rd (Perry County)
- ▶ 31st (Floyd County)
- ▶ 36th (Knott and Magoffin counties)
- ▶ 21st (Bath, Menifee, Montgomery and Rowan counties)

The eWarrant system facilitates the sharing of information among all law enforcement concerning active warrants in jurisdictions throughout the Commonwealth and replaces the manual protocols for processing warrant information. Service rates for warrants rise from as low as 10% under the old system to roughly 50% immediately after implementation of eWarrants, and as high as 80% in the long term.

Kentucky's eWarrant system began as a pilot project in 2005 to address a backlog of nearly 300,000 un-served warrants in the state.

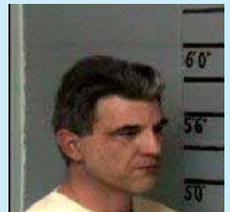


### **Danville Photographer Pleads Guilty to Possession of Child Pornography**

A Danville man pled guilty on June 16, 2011 to possession of child pornography following an investigation by General Conway's Cybercrimes Unit. Forty-six-year-old Terry Alan Hadley, a Danville photographer, will serve seven years in prison following his guilty plea to four counts of possession of matter portraying a sexual performance by a minor.

"I am pleased to see this case come to a successful close," General Conway said. "Because of the hard work of everyone involved, we have put another child pornographer behind bars and made the Internet a safer place for Kentucky kids."

General Conway's Cybercrimes Unit began investigating Hadley on December 11, 2009 after receiving a tip from a Danville computer store that identified suspected child pornography on a computer brought to them for servicing. With the assistance of the Danville Police Department, a search warrant was executed on Dec. 22 at Hadley's residence and photography studio, Aperture Studios, at which time Hadley was taken into custody.



Prosecution of this case is being handled by the office of Commonwealth's Attorney Richie Bottoms, representing the 50th Judicial Circuit (Boyle and Mercer counties). Sentencing is set for August 2.

### **Greenup County Man Indicted in Child Pornography Case**

A Greenup County man faces indictment on four counts of possession of matter portraying a sexual performance by a minor following an investigation by General Conway's Cybercrimes Unit. A Greenup County grand jury indicted 22-year-old Brendin Allan Elder of Russell, Ky. on June 10, 2011.

As part of an undercover investigation that began on November 9, 2010, an investigator in General Conway's Cybercrimes Unit utilized file sharing in a peer-to-peer network to identify a computer that contained child pornography located in Russell, Ky. Kentucky State Police assisted the Attorney General's office in executing a search warrant at Elder's residence on January 20, 2011. An arrest warrant for Elder was issued on June 13 with bond set at \$20,000 cash or property.



Prosecution of this case is being handled by the office of Commonwealth's Attorney Cliff Duvall, representing the 20th Judicial Circuit (Greenup and Lewis counties).

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