



KENTUCKY

General News

July 2009

Attorney General Conway's Office Saves Taxpayers Nearly \$162M

Since taking office in January 2008, Attorney General Jack Conway and his divisions of Consumer Protection, Medicaid Fraud and Office of Rate Intervention have saved and or recovered nearly \$162 million for Kentucky taxpayers. The savings come despite 20% budget cuts that have strained resources in the Office of the Attorney General.

“During these trying economic times, I am particularly gratified to know that my office is able to provide some relief to Kentucky taxpayers, many of whom are struggling to make ends meet,” said General Conway. “We remain committed to recovering money for the Kentucky Medicaid Program, protecting Kentucky consumers from deceptive business practices and halting unnecessary utility rate increases.”

Consumer Protection

- Civil penalties, restitution, recovery of investigative costs

2008 - \$5,665,211.24

2009 - \$1,105,250.45

Total - \$6,770,561.69

Gas Price Investigations

- Fined retailers more than \$100,000 for price-gouging in the wake of Hurricane Ike
- Trial scheduled for later this year seeking \$89 million from Marathon Oil after alleged price-gouging in the wake of Hurricane Katrina and Hurricane Rita.

Medicaid Fraud & Abuse

- Recovered \$63 million for the Kentucky Medicaid Program
- Includes global settlements and Average Wholesale Price (AWP) lawsuits

2008 - \$25,687,988.09

2009 - \$37,927,452.83

Total - \$63,615,440.92

Rate Intervention

- Saved consumers more than \$91 million in proposed rate increases from utility companies.

Nearly 100 Youth Participate in Badges For Baseball Program

Two months after its launch in Kentucky, nearly 100 youth are participating in the Cal Ripken, Sr. Foundation's Badges For Baseball program in Jefferson County. Attorney General Conway spearheaded efforts to bring the youth-development program to Kentucky and launched a pilot program in May. Badges for Baseball pairs at-risk youth with law enforcement professionals who serve as coaches as well as mentors.

“Statistics show that youth participating in effective mentoring programs are 46% less likely to use drugs, 53% less likely to skip school and 27% less likely to begin using alcohol,” said General Conway. “Badges for Baseball has the potential to change the lives of at-risk kids across the Commonwealth.”

On July 15, General Conway met with Badges for Baseball participants, Andre Teague, Jr., 10; Layron Logan, Jr., 10; and Marquis Nelson, 13, at the Capitol in Frankfort. The children were among five outstanding Badges for Baseball participants selected to attend the Cal Ripken, Sr. Foundation summer camp in Aberdeen, Md. in June.



General Conway has requested federal stimulus grant money to bring Badges for Baseball to at least 10 other Kentucky counties.

More information — <http://tinyurl.com/nagaq4>



Kentucky Attorney General Jack Conway

Attorney General Conway Announces Settlement Plan For Countrywide Mortgage Borrowers in Kentucky

Kentucky consumers who had home mortgage loans with Countrywide Mortgage can now make claims as part of a national settlement agreement with Countrywide over allegations of predatory lending practices. The settlement agreement reached earlier this year resolved allegations that Countrywide developed and used unfair and deceptive practices in its loan origination and servicing business.



Notices are being sent to more than 1,000 Countrywide Mortgage borrowers across the Commonwealth alerting them to their eligibility to share in \$1.64 million designated for the state. Only Countrywide Mortgage borrowers whose homes were foreclosed upon within 12 months of entering into the mortgage are eligible for this Foreclosure Relief Program.

“I am pleased that we were able to negotiate a settlement with Countrywide that not only addresses the company’s future lending practices but provides some restitution to Kentucky borrowers who lost their homes as a result of lending practices we believe were misleading and deceptive,” said General Conway.

As per the settlement agreement, Countrywide agreed to implement a series of reforms in its lending operations and agreed to a massive loan modification program. About 2,500 additional Kentucky borrowers will be eligible to remain in their homes as a result of this program. A separate notice will be sent to borrowers who qualify for the loan modification program.

Questions about settlement payment procedures or other aspects of the settlement should be directed to 866-411-6987 or visit www.countrywidesettlementinfo.com.

More information — <http://tinyurl.com/n6hq3>

Latest Scams Target Out-Of-Work Kentuckians

Job seekers are the apparent targets of the latest wave of scams to hit Kentucky. Attorney General Conway says his Office of Consumer Protection is receiving an increased number of complaints and inquiries about “Secret Shopper” and Automated Clearing House transfer scams that have cost victims thousands of dollars.

In the “Secret” or “Mystery Shopper” scams, scam artists find victims through newspaper ads, Internet job sites, direct mailings, emails and online resume postings.

“Kentuckians struggling to make ends meet can easily fall victim to con artists’ gimmicks. I encourage everyone, particularly those seeking work, to be extra vigilant and remember that if it sounds too good to be true, it probably is,” said General Conway.

Victims of “Secret Shopper” scams believe they have been hired to perform undercover shopping duties for a company. They are sent a check to deposit and instructed to immediately wire a portion of the funds to a specified location. What the victim doesn’t know is the check is counterfeit. Once the money is wired, the scammer walks away with cash and the victim is the one who bears the loss.

The following tips will help consumers from falling victim to these types of scams:

- ▶ Treat the money you wire the same as cash. Once money is wired, it is unrecoverable. Only wire money to trusted friends.
- ▶ Never pay a company to hire you, no matter whether they require you to send money in the form of purchasing training materials, becoming certified, or some other manner. If a prospective employer is requesting money, it’s probably a scam.
- ▶ Only open emails from people you know and delete any emails that look suspicious
- ▶ Investigate “Mystery Shopper” agencies before you commit.
- ▶ Beware of offers that require a strict time frame.
- ▶ Be leery of checks received in the mail.

More information — <http://tinyurl.com/mwcpka>

Scam Artists Target Newspaper Classified Ads

Attorney General Conway warns consumers who have purchased classified ads in newspapers that they could be targeted by scam artists. The Consumer Protection Division of the Office of the Attorney General is currently investigating complaints from classified advertisers who say they were contacted by someone claiming to be from the newspaper who requested credit-card information and Social Security numbers.

If you have received these calls, please contact your local law enforcement agency or the Office of the Attorney General’s Consumer Protection Hotline at 888-432-9257.

Attorney General Conway Announces Nearly \$6 Million National Settlement With DISH Network

The nearly \$6 million national settlement, announced by Attorney General Conway, along with attorneys general of 45 other states, settles consumer protection allegations and provides a claims process to offer restitution to eligible consumers.

“I am pleased to announce the settlement and the possibility of restitution for eligible customers,” said General Conway. “My office is committed to protecting Kentucky consumers and ensuring that they are not misled by deceptive business practices.”

The states alleged that DISH Network, L.L.C. engaged in deceptive and unfair sales practices, which included charging customer credit cards and debit accounts without providing proper notice or obtaining authorization, refusing to accept responsibility for the misconduct of its third-party retailers and installers, and making or allowing telemarketing calls in violation of Do-Not-Call laws.

Unresolved complaints sent to DISH Network or the Office of the Attorney General since January 1, 2004 are eligible for restitution. Questions or complaints regarding the refund process can be addressed to:

DISH Network, L.L.C.
Dispute Resolution Team
P.O. Box 9040
Littleton, CO 80120

Or email CEO@dishnetwork.com

Allegations against DISH Network

The settlement resolves the states' various allegations, including that DISH Network:

- Refused to accept responsibility for the misconduct of its third-party retailers and installers.
- Made or allowed telemarketing calls to consumers in violation of Do-Not-Call laws.
- Failed to disclose all terms and conditions of their customer agreements, including the availability of rebates, credits and free offers.
- Did not disclose that purchased or leased equipment was previously used and/or refurbished.
- Made reference to competitors' price offers when the goods or services being compared were materially different.
- Charged customer credit cards and debited bank accounts without providing adequate notice and obtaining appropriate authorization.

Multi-Million Dollar Drug Company Settlements Reimburse Medicaid, Kentucky Taxpayers

Attorney General Conway recently announced settlements with Baxter Healthcare Corporation and the U.S. subsidiaries of Boehringer Ingelheim GmbH, headquartered in Germany, over allegations the drug companies published fraudulent and inflated Average Wholesale Prices (AWPs).



The settlements are the latest in a number of AWP lawsuits filed by the Office of the Attorney General. The Kentucky Medicaid program relies on these published AWPs to calculate Medicaid drug reimbursement rates.

“Taxpayers are footing the bill for these inflated drug prices, and my office is seeking to recover the money the Medicaid program lost as a result of this deception and overpayment,” said General Conway.

The Baxter settlement totaled \$2 million, while the settlement with Boehringer Ingelheim Pharmaceuticals, Inc., Boehringer Roxane, Inc., Roxane Laboratories, Inc. and Ben Venue Laboratories, Inc. totaled \$4.5 million.

Since January 2008 when Conway took office, the Office of the Attorney General has collected more than \$63 million for the Medicaid program.