



KENTUCKY

General News

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Attorney General Conway, TN AG Bob Cooper and Holly Petraeus Work to Protect Soldiers

Attorney General Jack Conway, TN Attorney General Bob Cooper and Holly Petraeus met with soldiers at Fort Campbell on August 24 to discuss the financial challenges that many soldiers and their families face. Mrs. Petraeus, wife of retired Army General and newly appointed CIA Director David Petraeus, is the Director of a new government agency designed to assist soldiers with consumer protection issues that affect them.

“Our military service men and women, who risk their lives every day to protect our nation, should not have to defend themselves and their families against unscrupulous businesses or illegal financial practices,” General Conway said. “I am pleased to be partnering with Attorney General Cooper, Mrs. Petraeus and Maj. Gen. James McConnville and his staff at Ft. Campbell to help provide our soldiers with the tools and information they need and to offer our assistance if they feel they have been scammed.”



Attorneys General Conway and Cooper have both pledged their support to coordinate their activities to improve consumer protection measures for military families. The officials also encouraged soldiers who feel they may have been taken advantage of to file complaints <http://ag.ky.gov/civil/consumerprotection/forms/>.

Attorney General Conway was also able to address soldiers’ concerns about some for-profit colleges. One of the issues General Conway is looking at as part of his investigation of the for-profit college industry is the aggressive pursuit of veterans and military personnel.

“I am concerned that certain for-profit colleges are aggressively pursuing service men and women to gain access to their GI Bill benefits by deceptive means,” said General Conway, who is leading a national bipartisan effort, which now includes 20 states, to examine potential abuses within the industry. “I want to ensure that overaggressive recruiters are not preying on our military personnel and making promises they cannot deliver.”

For-profit schools, which receive nearly 90 percent of their revenue from federal taxpayer dollars, have the highest student loan default rates in the higher education industry. Attorney General Conway recently filed consumer protection enforcement actions against Daymar College and Education Management Corporation (EDMC), the parent company of Brown Mackie Colleges (see story pg. 2). General Conway’s office has active investigations examining the activities of five other proprietary colleges operating in Kentucky.

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



Attorney General Conway with Maj. Gen. McConnville of Fort Campbell and Holly Petraeus, Director of the Consumer Protection Financial Bureau’s Office of Servicemember Affairs



Kentucky Attorney General Jack Conway

Attorney General Conway Files Claim Against Parent Company of Brown Mackie College

Attorney General Conway's office has filed a motion to intervene in a federal whistle-blower lawsuit that accuses EDMC, the parent company of Brown Mackie College, of illegally paying incentives to recruiters to boost student enrollment. EDMC is one of the nation's largest for-profit providers of higher education with nationwide online college programs and more than 100 campuses in 31 states and Canada. Brown Mackie has three Kentucky campuses in Louisville, Hopkinsville and Ft. Mitchell.

The federal suit accuses EDMC of defrauding the government by illegally paying recruiters based on the number of students they enrolled in EDMC programs and campuses, in violation of Title IV of the Higher Education Act. The whistleblowers accused EDMC of operating a "boiler room" program that paid incentives, including trips to Cancun and Las Vegas, to entice recruiters into signing up more students.

"This type of practice puts both students and taxpayers at risk," General Conway said. "Overaggressive recruiters increase the likelihood that unqualified students are unable to complete their education and unable to repay their loans, which leaves taxpayers footing the bill."

The complaint alleges that EDMC's violation of the incentive compensation ban made Brown Mackie Colleges ineligible to receive financial aid in the form of need-based and merit-based grants from the Kentucky Higher Education Assistance Authority (KHEAA).

In his intervening complaint, Attorney General Conway is seeking restitution from EDMC for financial aid grants paid by KHEAA to Brown Mackie Colleges due to false claims made by EDMC to the US Department of Education and KHEAA. KHEAA has paid more than \$6 million in need-based and merit-based financial aid grants to Brown Mackie Colleges from fiscal year 2004 through 2011.

More information — <http://goo.gl/BrX0b>

Attorney General's Statewide Prescription Drug Abuse Task Force Marks 2nd Anniversary

Two years after its creation, Attorney General Conway's Prescription Drug Task Force is touting its many accomplishments in combating the scourge of prescription drug abuse in Kentucky.

General Conway utilized a \$50,000 grant from the National Association of Drug Diversion Investigators (NADDI) in August of 2009 to launch Kentucky's first and only statewide task force dedicated to investigating prescription drug trafficking, overprescribing physicians, doctor shopping and illegal out-of-state pharmacies. The task force has representatives from law enforcement agencies across Kentucky including the Morehead, Manchester, Hazard, Prestonsburg and Owensboro police departments as well as the Menifee, Floyd and Rowan county sheriff's departments.

"I am extremely proud of our many accomplishments over the past two years in the fight against prescription drug abuse," General Conway said. "My task force has done a tremendous job tracking down those who are peddling prescription pills, targeting overprescribing physicians and cutting off the prescription pill pipeline between Kentucky, Florida and other states."

OAG Prescription Drug Abuse Task Force Accomplishments

- ▶ Cases opened: 131
- ▶ Active Cases: 57
- ▶ Arrests: 50 individuals on 194 counts
- ▶ Trainings: 828 law enforcement officers, prosecutors and citizens in and outside of Kentucky
- ▶ Drug Roundups: 14



Notable Cases:

- ▶ Dr. Richard Albert — Following a year-long undercover investigation into overprescribing physicians, the Attorney General's Prescription Drug Abuse Task Force executed a search warrant on Feb. 16, 2011 at Dr. Albert's Pain Management Center in Paintsville. A federal grand jury indicted Dr. Albert in July 2011 on one count of conspiracy to distribute drugs without a legitimate medical purpose. It's estimated that Dr. Albert prescribed approximately 105,000 pills a month and averaged 55 patients a day.
- ▶ Operation Flamingo Road — The OAG task force arrested 27 individuals in Powell County during Kentucky's largest prescription drug bust in October 2009. Many of the prescription drugs being trafficked were from other states, particularly Florida.

The Attorney General's Prescription Drug Abuse Task Force is also a member of the Drug Enforcement Administration (DEA) Tactical Diversion Squad, created to combat the prescription drug epidemic in Kentucky, and Gov. Steve Beshear's newly formed Interstate Prescription Drug Task Force.

In addition to the work being done in Kentucky, Attorney General Conway reached across party lines to work closely with Florida's Attorney General Pam Bondi to ensure that Florida implemented an electronic prescription drug monitoring system similar to Kentucky's KASPER system. In April, Florida Gov. Rick Scott announced he would no longer block implementation of the database.

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

Attorneys General Set Deadline for Online Classified Website to Prove It Is Fighting Human Trafficking

Attorney General Jack Conway and 45 other state attorneys general have given Backpage.com, an online classified website, until Sept. 14 to prove it is doing all it can to limit prostitution and sexual trafficking activity. In a letter to Backpage.com's lawyers, the attorneys general say the website claims it has strict policies to prevent illegal activity. Yet the chief legal officers of Washington state, Missouri and Connecticut have found hundreds of ads on Backpage.com's regional sites that are clearly for illegal services.

The letter says the hub for illegal sex ads is a magnet for those seeking to exploit minors and points to more than 50 cases, in 22 states over three years, involving the trafficking or attempted trafficking of minors through Backpage.com.

"Traffickers who exploit runaways and other disadvantaged kids shouldn't be provided with a tool that makes that process so much easier," General Conway said. "The only way for Backpage.com to completely stop child sex trafficking on its site is to take down adult services advertisements altogether and take aggressive steps to be sure such posts don't appear elsewhere on the site."

In 2008, Attorney General Conway was among 42 attorneys general to reach agreement with Craigslist to crack down on illegal listings, in an effort to reduce crimes like human trafficking. Craigslist ultimately removed its "erotic services" section in May 2009.

More information — <http://goo.gl/Av3Ah>

Attorney General Conway Names 2011 Outstanding Commonwealth's and County Attorneys

Attorney General Jack Conway presented the awards for the 2011 Outstanding Commonwealth's and County Attorneys at the Kentucky Prosecutor's Conference at the Kentucky International Convention Center in Louisville. More than 700 prosecutors, Commonwealth's Attorneys, County Attorneys and staff from across Kentucky attended the three-day conference sponsored by the Office of the Attorney General.

The recipients of the 2011 Outstanding Commonwealth's Attorney Awards are Jackie Steele, Commonwealth's Attorney for the 27th Judicial Circuit representing Knox and Laurel counties and Michael Stacy who serves as Commonwealth's Attorney for the 1st Judicial Circuit representing Ballard, Carlisle, Fulton and Hickman counties.

The recipients of the 2011 Outstanding County Attorney Awards are Hart Megibben, Shelby County Attorney since 2005 and John Estill, Mason County Attorney since 1994.

General Conway thanked this year's award recipients for the exceptional job they have done and thanked all of the members of Kentucky's prosecutorial community who work every day to make our communities safer places to live, work and raise families.



Attorney General Conway with Michael Stacy, Commonwealth's Attorney, 1st JC (Ballard, Carlisle, Fulton, Hickman)

Attorney General Conway Announces \$4.5 Million Settlement With Par Pharmaceutical, Inc.

Attorney General Conway has announced a \$4.5 million settlement with pharmaceutical manufacturer Par Pharmaceutical, Inc. over allegations the company published grossly inflated average wholesale prices (AWP) for its drugs. Par is the fifth largest U.S. based generic pharmaceutical company manufacturing and marketing more than 60 generic versions of popular branded drugs such as Alprazolam (generic for Xanax), Bupirone (generic for BuSpar), Fluoxetine (generic for Prozac), Ranitidine (generic for Zantac) and Risperidone (generic for Risperdal).

This is the latest in a number of settlements in lawsuits filed by the Office of the Attorney General against 46 major drug companies over the wholesale cost of their drugs. The Kentucky Medicaid program relies on published AWP's (AWP's) to determine how much to pay pharmacies when they fill prescriptions for Medicaid recipients. The AWP's that Par published for its drugs were significantly inflated and bore no relationship to any prices that Par actually charged any of its customers. This created an artificial "spread" between the false and inflated published prices and the real prices. Some of these spreads exceeded 7,000%.



Since Attorney General Conway took office in January 2008, his Office of Medicaid Fraud and Abuse Control has recovered or been awarded more than \$210 million for the state and federal Medicaid programs. These cases range from lawsuits and settlements against pharmaceutical companies to cases against individual providers. A settlement is not an admission of liability in a civil case.

Two Hardin County Women Convicted in Elder Exploitation Scheme

Attorney General Jack Conway and his Office of Special Prosecutions announced the conviction on August 3, 2011 of two Hardin County women in connection with the financial exploitation of an elderly Clinton County resident. Seventy-three-year-old Hazel F. Martin of Radcliff pled guilty to four counts of knowing exploitation of an adult over \$300. Martin admitted that she used her position under a power of attorney to unlawfully take more than \$100,000 from the accounts of Marie Farmer during times when Farmer was hospitalized or in a nursing home. Farmer, who has since passed away, was represented in court by the executor of her estate. The charges carry a possible sentence of five to 10 years on each count.

Sixty-three-year-old Iris Hodge also pled guilty to one count of receiving stolen property under \$10,000 and four counts of facilitation to exploitation of an adult over \$300. Hodge, also of Radcliff, admitted to facilitating Martin's thefts through various means, including allowing Martin to deposit various checks written against the victim's account into Hodge's own account. The charges against Hodge carry a possible sentence of one to five years.



"The effects of financial exploitation on the elderly can be as devastating as physical abuse," General Conway said. "Protecting Kentucky's seniors from abuse, neglect and financial fraud remains a top priority of mine."

Sentencing for Martin and Hodge is January 17, 2012 at 10:00 a.m. in Hardin Circuit Court. General Conway reminds the public to be vigilant when it comes to the abuse and neglect of vulnerable adults; know the person who is providing assistance and beware of any 'new acquaintances' in an elderly person's life, particularly if they try to isolate the senior from friends and relatives. To report suspected elder abuse, call 1-800-752-6200.

Former State Social Worker Indicted Following Attorney General's Investigation

A former state social worker is facing a nine-count indictment on charges she tampered with public records in connection with her role investigating allegations of child abuse and neglect in Anderson County. The indictment against 60-year-old Margaret "Geri" Murphy was returned on August 3, 2011.

"My office began investigating this case after receiving a complaint from a citizen who had Murphy assigned to a court case involving her family," Conway said. "As we began to review Murphy's cases, we believe she falsified information in multiple cases that were assigned by the Cabinet to investigate."

Reports of abuse and neglect are assigned for investigation, after which a finding is made to substantiate or unsubstantiate the allegation. Documentation of the investigation includes a report titled a "Continuous Quality Assessment." All of the charges allege that Murphy made a false entry in a "Continuous Quality Assessment" for the Department for Community Based Services in Anderson County. Prosecution of this case is being handled by the Attorney General's Office of Special Prosecutions at the request of Laura Donnell, Commonwealth's Attorney for the 53rd Judicial Circuit representing Anderson, Shelby and Spencer counties.

All of the charges are Class D Felonies and carry a penalty of one to five years in prison each, as well as an additional penalty upon conviction of a fine up to \$10,000. An indictment is an accusation only. All defendants are presumed innocent unless and until proven guilty.

Attorney General's Office Launches eWarrants in Calloway, Marshall and Graves Counties



Attorney General Conway was pleased to announce the successful implementation of an electronic warrant management system (eWarrants) in the 42nd (Calloway and Marshall counties) and 52nd (Graves County) judicial circuits on August 10. The Attorney General's Office funded implementation of eWarrants in Calloway, Marshall and Graves counties under a \$3.9 million American Recovery and Reinvestment Act (ARRA) grant awarded to the Office of the Attorney General in 2009. This brings to 93 the number of Kentucky counties utilizing eWarrants. Eighty-one of the counties received eWarrants under the Attorney General's ARRA grant.

The Office of the Attorney General, in partnership with the Administrative Office of the Courts (AOC), the Kentucky State Police, the Kentucky Office of Homeland Security and Open Portal Solutions, Inc., provided training and support for the new electronic warrant management system.

The eWarrant system facilitates the sharing of information among all law enforcement concerning active warrants in jurisdictions throughout the Commonwealth. It replaces the manual protocols for processing warrant information that resulted in a backlog of nearly 300,000 un-served warrants in Kentucky. Service rates for warrants rise from as low as 10 percent under the old system to roughly 50 percent immediately after implementation of eWarrants, and as high as 80 percent in the long-term. More than 512,000 warrants/summons have been entered into the eWarrant system.



Jefferson County Man Pleads Guilty to Possession of Child Pornography

A 28-year-old Jefferson County man has entered a guilty plea to possession of child pornography. Jeremiah Oldham entered his plea following an indictment by a federal grand jury in Louisville and an investigation by Attorney General Conway's Cybercrimes Unit.

"As a result of my Cybercrimes investigators and successful prosecution by the U.S. Attorney's Office, another child pornographer is now behind bars," General Conway said.

Oldham faces a maximum term of 10 years in prison, a term of supervised release for at least five years and up to life, and a maximum fine of \$250,000. United States District Court Judge Charles R. Simpson, III will sentence Oldham in Louisville on November 4, 2011 at 11:00 a.m.

Since its creation in June of 2008, General 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. The unit is also a member of the Internet Crimes Against Children (ICAC) Task Force.

Additional Cybercrimes News

- Rowan County Man Indicted on Child Pornography Charges — A Rowan County grand jury indicted 21-year-old Justin Holbrook on August 19 on 10 counts of possession of matter portraying a sexual performance by a minor, a Class D felony. The charges stem from an undercover investigation by the Attorney General's cybercrimes investigators.
- Logan County Man Indicted on Child Pornography Charges — A Logan County grand jury has indicted 48-year-old Roger Cropper of Russellville, Ky. on four counts of possession of matter portraying a sexual performance by a minor and one count of distribution of matter portraying a sexual performance by a minor. The charges stem from an undercover investigation by General Conway's Cybercrimes Unit.



Roger Cropper 48