



KENTUCKY

General News

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Attorney General Conway Files Suit Against For-Profit National College

Attorney General Conway has filed a consumer protection lawsuit against National College of Kentucky. This marks the third lawsuit General Conway has filed as part of his ongoing investigation of the for-profit college industry. The suit, filed in Fayette Circuit Court, alleges that National College violated Kentucky's Consumer Protection Act by making false, misleading and deceptive disclosures regarding its job placement numbers.

"This type of deception must stop," General Conway said. "National College is putting its bottom line before the hopes and dreams of students who are trying to better their lives. The reality is that more and more students are leaving for-profit schools with high debt loads and without the high-paying jobs they were promised."

National College operates six Kentucky campuses in Lexington, Louisville, Florence, Pikeville, Richmond and Danville.

The Attorney General's complaint details that since at least 2008, National College has publicly represented that students achieve "success" in obtaining employment at rates that are significantly higher than the job placement rates National actually reports to its accreditor, the Accrediting Council for Independent Colleges and Schools (ACICS).

The Attorney General's complaint seeks an order enjoining National from violating the law, civil penalties of \$2,000 per violation and recovery of investigative costs and attorney's fees.

Attorney General Conway continues to lead a national bipartisan effort to examine potential abuses in the for-profit college industry. There are currently 22 states involved in the working group.

More information — <http://tinyurl.com/3gjt9o3>



Jack Conway's Ally

A recent editorial in the Louisville Courier Journal focuses attention on Attorney General Conway's investigation of the for-profit college industry and his partnership with Holly Petraeus of the Consumer Financial Protection Bureau. General Conway and Mrs. Petraeus recently met with military families at Fort Campbell to talk about consumer protection issues facing soldiers. The aggressive recruiting of veterans and military service members by some proprietary schools was among the topics discussed.

The following is an excerpt from the op-ed article:

"Mr. Conway and Mrs. Petraeus must press on for a number of reasons. Among them: Laws exist to prevent these practices. The amount of money involved, much of it federal dollars, is staggering and, despite warnings, is growing. Most important, vulnerable people must be protected from operators who are exploiting their hopes and dreams for a better life only to leave them literally holding the bag."

More information — <http://tinyurl.com/3hwyok6>



Kentucky Attorney General
Jack Conway



Four Indicted in Eastern Livestock Cattle Scheme

Four people have been indicted in connection with an Eastern Livestock check-kiting scheme that resulted in a loss of more than \$840,000 by 172 Kentucky cattle producers in late 2010. The indictments follow a nine-month investigation by General Conway's Department of Criminal Investigations that began when Eastern Livestock failed to pay nearly 800 producers nationwide an estimated \$130 million. General Conway's Office of Special Prosecutions is handling the prosecution of the case.



"I appreciate the help we've gotten from Kentucky farmers, particularly those in South Central Kentucky, who were caught-up in this scheme," General Conway said. "These are hard-working families who have struggled to buy farm equipment, pay their mortgages and even put food on the table after being swindled out of money they were owed for cattle."

A Metcalfe County grand jury returned a multi-count indictment against 71-year-old Thomas "Tommy" Gibson, 59-year-old Steve McDonald and 48-year-old Grant Gibson, all of Lanesville, In. and 43-year-old Darren Brangers of Louisville, Ky., all of whom were involved in directing the operations of the now-defunct Eastern Livestock, LLC and related corporations. The indictment alleges that all four defendants engaged in organized crime between 2009 and 2010 by collaborating on a continuing basis in a criminal syndicate, the purpose of which was to commit theft.

The indictment further charges all four defendants, by complicity, with 17 counts of theft by deception over \$10,000, 144 counts of theft by deception over \$500 and under \$10,000, and 11 counts of theft by deception under \$500.

The grand jury has also issued a report referring all matters involving unindicted defendants to a subsequent grand jury. The Attorney General's investigation identified that more than 280 of Eastern Livestock's victims live in Kentucky.

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

More information — <http://tinyurl.com/3duhdo3>

Lawsuit Against OxyContin Manufacturer Returns to Kentucky

Attorney General Jack Conway is praising a U.S. District Court ruling that returns a 2007 lawsuit against Purdue Pharma, the manufacturer of OxyContin, to Pike Circuit Court. U.S. District Judge Sidney H. Stein, Southern District of New York, granted the Attorney General's motion to remand the suit back to Pike Circuit Court where it was originally filed. In 2007, shortly after the case was filed, Purdue Pharma removed the case to the Southern District of New York, where it has been stayed for nearly four years.

"OxyContin is one of the most powerful and addictive substances on the planet," General Conway said. "Purdue Pharma's misrepresentations about the addictive nature of OxyContin helped fuel an epidemic of prescription pill abuse across Kentucky. I am pleased that this case is now back in Kentucky courts and moving forward after four years of delay at the hands of Purdue Pharma."

The Commonwealth's lawsuit alleges that Purdue Pharma misled healthcare providers, consumers and government officials regarding the risk of addiction associated with OxyContin, a schedule II narcotic. The suit seeks reimbursement for costs incurred in drug abuse programs, law enforcement and prescription payments through Medicaid and the Kentucky Pharmaceutical Alliance program. Pike County joined the suit to combat the epidemic of prescription drug abuse, which is blamed for a growing number of overdose deaths across the Commonwealth.

Purdue Pharma has indicated it plans to appeal Judge Stein's ruling.

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



Disability Fraud Investigation Office Established in Kentucky

The Attorney General's Office in partnership with the Social Security Administration (SSA) and the Cabinet for Health and Family Services (CHFS) has announced the establishment of a new office to help combat fraud in federal disability programs. The mission of the Cooperative Disability Investigations (CDI) office is to obtain evidence of material fact sufficient to resolve questions of fraud in SSA disability programs.

"Our tax dollars must be used wisely and efficiently, and that means we must be vigilant in rooting out fraudulent uses of government programs," said Governor Steve Beshear. "This new investigative unit will allow more cooperative review among multiple agencies to discover and prevent abuses to the system, while protecting those vulnerable individuals who truly rely on these services."

The CDI mission is accomplished by bringing together the combined skills and specialized knowledge of the Office of the Inspector General, SSA, CHFS Disability Determination Services, and investigators from the Attorney General's Office to combat and detect disability fraud. CDI Units investigate individual disability claims and identify lawyers, doctors, translators, or other third parties who facilitate disability fraud.

"Combating fraud remains a top priority for my office," Attorney General Conway said. "We've increased Medicaid fraud collections by 600 percent and recovered more than \$200 million on behalf of Kentucky taxpayers. Working together with our state and federal partners, we can do even more to protect taxpayer dollars and put those who defraud the government behind bars."

The results of these investigations are presented to Federal and State prosecutors for consideration of prosecution and to the State CHFS' Disability Determination Services for their use in making timely and accurate disability determinations.

Members of the public who would like to report potential disability fraud should call the Social Security Fraud Hotline at (800)269-0271 from 10 a.m. to 4 p.m. EST or visit its website to report online at <http://www.ssa.gov/oig/guidelin.htm>



eWarrants Launched in 15th and 38th Judicial Circuits

Attorney General Conway announced the successful implementation of eWarrants in September in the 15th (Carroll, Grant and Owen counties) and the 38th (Butler, Edmonson, Hancock and Ohio counties) judicial circuits.

The Attorney General's Office funded implementation of eWarrants in the 15th and 38th judicial circuits 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 101 the number of Kentucky counties utilizing eWarrants. Eighty-eight 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 with an electronic method for making warrants available via the Law Enforcement Information Network of Kentucky (LINK), the system administered by Kentucky State Police and used by law enforcement to transmit and retrieve information on active warrants.

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.

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Charges Filed in Connection With Abuse of Mentally Disabled Resident in Somerset

A former employee of Community Alternatives of Kentucky-Somerset is under indictment in connection with the abuse of a mentally disabled male resident. A Pulaski County grand jury indicted 33-year-old James S. Smith in September on a charge of knowing abuse of an adult, a Class C felony that carries a penalty of between five to 10 years imprisonment. The charges against Smith stem from an investigation by General Conway's Office of Medicaid Fraud and Abuse Control.

"Investigating and prosecuting crimes involving the abuse of adults residing in facilities across this state remains a top priority for my office," General Conway said. "I am pleased that our investigative efforts have resulted in an indictment in this case."

Smith is accused of improperly restraining and kicking a 29-year-old mentally challenged male resident in March of 2011. The prosecution of this case is being handled by the office of Pulaski County Commonwealth's Attorney Eddie Montgomery.

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



Letcher County Couple Arrested on Child Pornography Charges Following Attorney General's Investigation

An investigation by Attorney General Conway's Cybercrimes Unit has resulted in the indictment of a Letcher County couple for distribution and possession of child pornography. A Letcher County grand jury indicted 31-year-old Martin Mosley and 23-year-old Clarissa Mosley on one count of distribution of matter portraying a sexual performance by a minor and 61 counts of complicity to possession of matter portraying a sexual performance by a minor, all are Class D felonies.

The charges stem from an undercover investigation by General Conway's Cybercrimes Unit that began in December of 2009. Cybercrimes investigators executed a search warrant at the couple's Neon, Ky. home on January 20, 2011, with the assistance of the Fleming-Neon Police Department. A Letcher County grand jury indicted Martin and Clarissa Mosley on August 25. The indictment was unsealed after the couple's arrest yesterday.

Prosecution of this case is being handled by the office of Commonwealth's Attorney Edison Banks, II. Martin and Clarissa Mosley were lodged in the Letcher County jail following their arrest. No bond has been set at this time.

Since its creation in June of 2008, General Conway's Cybercrimes Unit has launched more than 230 child pornography investigations and seized nearly 300,000 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, call the Cyber Tipline at 1-800-843-5678.

Danville Photographer Sentenced in Child Pornography Case

A Danville, Ky. photographer has been sentenced to seven years in prison following his guilty plea in June to possession of child pornography. The case against 46-year-old Terry Alan Hadley was the result of an investigation by Attorney General Conway's Cybercrimes Unit.

"I appreciate the hard work of my Cybercrimes investigators who work tirelessly to make the Internet a safer place for Kentucky kids," General Conway said. "I also applaud the office of Commonwealth's Attorney Richie Bottoms for its successful prosecution of this case."

Hadley pled guilty on June 16, 2011 to four counts of possession of matter portraying a sexual performance by a minor. The Attorney General's investigation of Hadley began in December 2009 following a tip from a local computer store that was servicing a computer brought in by Hadley.

Since its creation in June 2008, General Conway's Cybercrimes Unit, a member of the Internet Crimes against Children Task Force, has launched more than 230 investigations and seized nearly 300,000 child pornographic images and videos from the Internet.