

ANNUAL REPORT

FISCAL YEAR 2007

PURSUANT TO M.G.L. c. 12, s. 11

COMMONWEALTH OF MASSACHUSETTS

OFFICE OF ATTORNEY GENERAL

MARTHA COAKLEY



THE ATTORNEY GENERAL IS THE CHIEF LAWYER AND LAW ENFORCEMENT OFFICER OF THE COMMONWEALTH OF MASSACHUSETTS. AS SUCH, SHE REPRESENTS THE COMMONWEALTH IN MANY MATTERS IN WHICH THE COMMONWEALTH IS A PARTY. IN ADDITION, THE ATTORNEY GENERAL IS A RESOURCE TO RESIDENTS WHO ARE FACING CHALLENGES IN THE AREA OF CONSUMER PROTECTION, FRAUD, CIVIL RIGHTS VIOLATIONS, HEALTH CARE, AND INSURANCE ISSUES.

SUES THE NEW HAVEN ROAD.

Massachusetts Asserts That the Company Bought Street Railways.

BOSTON, Oct. 3.—Attorney General Dana Malone to-day filed an information in the Supreme Court against the New York, New Haven & Hartford Railroad, the allegation being that the railroad had directly and indirectly subscribed for the stock and bonds of certain domestic street railways, engaging in a kind of business not authorized by its charter. Injunctions in restraint thereof are sought.

Although it has been published that the New Haven Road has practically given up its street railway holdings as a corporation, the Attorney General still believes there are important legal questions involved on which the Supreme Court ought to pass.

October 4, 1906

BOUNTY BILL INVALID?

Massachusetts Attorney General Questions Its Constitutionality.

BOSTON, July 12.—The constitutionality of the Old Soldiers' Bounty bill, passed by the last Legislature, is questioned by Attorney General Parker in an opinion sent to State Treasurer Bradford to-day. The Attorney General doubts that a two-thirds vote of the members of the House of Representatives present made valid the passage of the bill over the Governor's veto, holding that the vote of two-thirds of the entire house membership was necessary, and he also finds that the State Treasurer has no authority to issue bonds for the payment of the bounty.

The bill provided for payment by the State of \$125 to every veteran of the civil war who has received no other bounty.

July 13, 1904

UPHOLDS PHONE AGREEMENT

Massachusetts Attorney General Finds Tax Laws Constitutional.

BOSTON, March 16 (AP).—Attorney General Jay R. Benton sent an opinion to the State Senate today holding constitutional the so-called "gentlemen's agreement" whereby the American Telephone and Telegraph Company permitted to choose the method by which it would be taxed. He said, however, that "the question may be open to some doubt."

The opinion passed on the present laws providing for taxation of telephone companies. It was given in response to an order passed by the Senate on May 2 on motion of Senator Walter E. McLean of Fall River.

March 17, 1926

OPPOSES HARD COAL TAX.

Massachusetts Attorney General Moves to Fight Pennsylvania Levy.

BOSTON, Sept. 3.—In a letter addressed to the Attorneys General of the New England States and New York, Attorney General J. Weston Allen today requested a conference to deal with the new Pennsylvania tax on anthracite coal, which he estimated would cost the people of Massachusetts an additional \$1,000,000 a year.

The Attorney General pointed out that 30 per cent. of the anthracite coal mined in Pennsylvania was used in the New England States and New York and that the tax would be passed on to the consumer. He also intimated that retail dealers would be able to impose an increase in price beyond that which would cover the tax.

No specific date was mentioned for the conference, but it was indicated that October might be chosen.

September 4, 1921

Massachusetts Can't Pay Million Interest on £10

BOSTON, July 7 (AP).—Attorney General George Fingold today informed the State Treasurer, John F. Kennedy, that Massachusetts could not pay a Revolutionary War bounty note upon which a claim of more than \$1,000,000 had been made.

The £10 note, dated Feb. 19, 1777, was presented to Massachusetts by the Adirondack Trust Company of Saratoga, N. Y.

The Saratoga bank, which did not explain whether it held the note on its account or for an unidentified customer, claimed compound interest.

An official of the bank wrote:

"Even at today's greatly depreciated exchange rate of \$4.80 per pound, we figure this note will be worth \$1,065,109.52 by next February, compound interest being what it is."

July 8, 1956



Attorney General Martha Coakley, pictured with former Attorneys General (from left): James M. Shannon (served 1987-1991), Thomas F. Reilly (served 1999-2007), and Robert H. Quinn (served 1969-1975).

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A MESSAGE FROM ATTORNEY GENERAL MARTHA COAKLEY

It is my honor to serve as your Attorney General. My goal is to make the Attorney General's Office (AGO) as effective and responsive as it can be, and to use the skills, talent and energy of our staff to bring positive change to the lives and futures of all who call the Commonwealth home.

I am committed to empowering residents of the Commonwealth to understand the laws and regulations designed to protect them and to foster a healthy economy.

Our Office serves as the people's gateway: we strive to protect rights and enforce justice, and we work to level the playing field, and promote fairness to all – regardless of race, religion, gender, or sexual orientation.

We react to issues and crises, but also try to work affirmatively, anticipating opportunities and solving problems, and advocating for changes that will be in the best interests of the Commonwealth and its residents.

Fiscal Year 2007 brought us many opportunities and challenges:

PROTECTING CONSUMERS. The Commonwealth and the nation faced two major consumer threats this past year. The subprime lending crisis and major confidential data breaches by retailers tested our Office's ability to react effectively and to plan creatively. We worked in partnership with legislators and state and local agencies, consumer groups, financial institutions, and others to revise the regulatory structure, provide legal services to homeowners in crisis, and to commence enforcement actions in Massachusetts and nationally through multistate efforts of the National Association of Attorneys General.

UTILIZING TECHNOLOGY. We have embarked upon an internal analysis of information technology, to maximize our own data organization and retrieval, as well as to improve our internal communication. Through our Information Technology Division, we are working to become a more consumer- and user-friendly office, whether for those with a consumer complaint, or looking for information from our nonprofit division, or trying to determine the

status of a case. The internal structure of the Office was realigned to better reflect what the various divisions do and to foster cross-division communication and collaboration on issues that span different areas of the Office.


WEB-BASED LEARNING AND COMMUNICATION. With the support of the Massachusetts Information Technology Division, we have launched a new website (www.mass.gov/ago) as a part of the Mass.gov portal. The new site is driven by constituent needs and guided by useful content, providing access through the Web to the work of the Office in a format that we hope is user-friendly and easy to navigate. We are developing Web-based learning tools to provide information on a variety of topics, including Internet safety, elder abuse reporting, credit card theft, and how to file a civil rights complaint. Our Web resources either provide information or will link you to the agencies or groups that do.

HEALTH CARE. Our new Health Care Division strengthens our ability to play a role in the implementation of the new health care reform law, develop and maintain a working relationship with other agencies, and review issues where our Office intersects with consumers, health care providers, insurers, as well as other agencies and the Federal Government. The new division will also address medical privacy issues, and nursing home and long-term care issues.

ECONOMIC DEVELOPMENT. Our new Business, Technology and Economic Development Division will provide an opportunity for communication with the business community and industries in Massachusetts who have an interest in regulation and help foster our belief that regulatory certainty with clear expectations in the energy, labor, nonprofit, or health care contexts is a key to economic development in the Commonwealth. I believe that part of my job as Attorney General is to promote a healthy economy, not at the expense of the progress we have made in consumer protection or labor rights, but by recognizing that all problem-solving need not be adversarial. Communication, education and outreach involving all the stakeholders the Attorney General's Office deals with – including the business community – is crucial.

I am pleased to offer you the first Annual Report of my tenure as Attorney General, and I look forward to the opportunity to continue to serve the residents of the Commonwealth.

Cordially,

A handwritten signature in dark ink, reading "Martha Coakley". The signature is fluid and cursive, with the first name "Martha" and last name "Coakley" clearly distinguishable.

Martha Coakley
Massachusetts Attorney General

OFFICE ORGANIZATION

The Attorney General's Office consists of an Executive Bureau that includes management and communications functions, and four bureaus that perform substantive legal work: Government; Criminal; Business and Labor; and Public Protection and Advocacy. Most staff members work in the Boston office locations, and the Attorney General also maintains regional offices in Central (Worcester), Southeastern (New Bedford), and Western (Springfield) Massachusetts.

EXECUTIVE BUREAU

The Executive Bureau provides administrative and policy-making support for the substantive divisions of the Office, as well as the operational, information technology, human resources, and fiscal management services for the Office. The divisions within the Executive Bureau include: Information Technology; Community Information and Education; Policy and Government; Victim and Witness Services; Office of the General Counsel; Communications; Human Resources; Operations; and Budget.



Martha Coakley, Massachusetts Attorney General

INFORMATION TECHNOLOGY

The Information Technology Division (ITD) performs several important functions, including: developing strategic information management plans in support of AGO business goals; planning and implementing computer hardware and software architecture in support of multi-year technology initiatives; delivering training programs for all employees to ensure full use of technology and to increase employee productivity; supporting technology use by AGO

employees with contemporary help desk technology, methods and tools; and providing business systems analysis in support of the bureaus and divisions to ensure application acquisitions meet business needs.

COMMUNITY INFORMATION AND EDUCATION

In January 2007, Attorney General Coakley established a new Community Information and Education Division (CIED) to facilitate the effective communication of AGO priorities and other information likely to have an effect on the health, safety or consumer rights of residents. CIED develops initiatives in the areas of education, outreach, training, and prevention, to support the legal and enforcement work of the AGO. Within the AGO, CIED has worked to develop and support an intake and response system so that the AGO can efficiently and effectively respond to inquiries and provide timely and valuable information to constituencies throughout the Commonwealth. During FY07, CIED worked with the Office's ITD to support uniform tracking of complaints through resolution (outside of enforcement actions or case-based investigation), including the development of a consistent case management system for mediation in-house and through the Local Consumer Programs and Face-to-Face Mediation Programs.



The AGO created this 2007-2008 calendar highlighting the Victim Compensation program. Artwork was contributed by the students at the Paul R. McLaughlin Youth Center in Dorchester.

POLICY & GOVERNMENT DIVISION

In January 2007, Attorney General Coakley created a new Policy and Government Division to review and formulate legislative proposals and other policy initiatives in coordination with the substantive bureaus and divisions of the AGO. The Division communicates with the Legislature, state agencies, other constitutional offices, federal and local officials, and other stakeholders regarding AGO cases, policy and legislation.

VICTIM SERVICES

In January 2007, Attorney General Coakley also created a new Victim Services Division to provide comprehensive services to victims and witnesses involved in both criminal and civil cases. In the area of

victim and witness assistance, advocates work to help victims and witnesses understand the court process and their role in it, while giving them a voice within the Office and providing them with referrals to other appropriate state and local agencies. The AGO also provides financial compensation, referrals, and other assistance to victims of violent crimes. Most significantly, the Division assists eligible victims and their families in paying for out-of-pocket medical expenses, lost wages, funeral and burial costs, mental health counseling, and other crime-related expenses.

OFFICE OF THE GENERAL COUNSEL

Within the AGO, the General Counsel's Office provides legal advice on ethics, conflicts of interest, contracts, employment, and administrative and managerial issues. The General Counsel's Office participates in AGO diversity efforts and provides office-wide, in-house training programs for all staff through the AG Institute. To ensure that staff has access to the latest information and training available and in furtherance of their professional development, in FY07, the AG Institute offered 26 programs of continuing education to legal and non-legal staff on a variety of topics, and also sponsored presentations by two distinguished lecturers.

GOVERNMENT BUREAU

The Government Bureau represents the Commonwealth and its agencies and officials in all types of civil litigation, as well as defending Commonwealth employees from civil claims made against them resulting from the performance of their duties. The Bureau provides legal advice to state officials in connection with their formal functions, particularly where advance consultation may prevent unnecessary litigation. The Government Bureau develops and maintains close working relationships with agency counsel and provides them with information and advice on matters of broad common interest.

The Government Bureau initiates affirmative litigation on behalf of the Commonwealth, when such litigation is in the public interest, and has a significantly high monetary value or raises legal or policy issues of concern to the public and the Commonwealth.

The Bureau has two divisions: Administrative Law, and Trial.

ADMINISTRATIVE LAW DIVISION REPORTED DECISIONS

31	Supreme Judicial Court
21	Massachusetts Appeals Court
5	U.S. Court of Appeals for the First Circuit
5	U.S. District Court for the District of Massachusetts

ADMINISTRATIVE LAW DIVISION

The Administrative Law Division handles cases involving diverse subject matters, including land use and housing, environmental protection, education, health and human services, employment and retirement, professional licensing, taxation, and insurance. The Division: defends suits concerning the validity of statutes and regulations and the legality of governmental operations, particularly those seeking injunctive or declaratory relief; defends suits challenging adjudicatory decisions of state administrative agencies; performs legal review of all newly-enacted town by-laws; prepares legal opinions for constitutional officers, heads of agencies, and certain other officials concerning issues arising from the performance of their formal duties; and reviews proposed statewide initiative and referendum questions under amendment article 48 of the Massachusetts Constitution to determine whether such questions are of the type that may lawfully appear on the ballot.

MUNICIPAL LAW

The AGO reviews and approves municipal by-laws and by-law amendments from the more than 300 towns throughout the Commonwealth. By statute, the Attorney General is charged with the review of town general by-laws (M.G.L. c. 40, s. 32), town zoning by-laws (M.G.L. c. 40A, s. 5), town historic district by-laws (M.G.L. c. 40C), and city and town Home Rule Charter amendments (M.G.L. c. 43B). The most prevalent subjects of local regulation during FY07 were by-laws regulating community preservation, affordable housing/inclusionary zoning, stormwater management, affordable housing trust funds, wind energy facilities, and smart growth zoning.

The Attorney General is authorized by M.G.L. c. 12, s. 3, 6 and 9, to render formal opinions and legal advice to constitutional officers, agencies and departments, District Attorneys, and branches and committees of the Legislature. In limited circumstances, less formal legal advice and consultation is also available from the Opinions Coordinator, as is information about the informal consultation process. During FY07, the AGO issued no formal opinions. During the same time period, the Attorney General issued 24 responses to requests for opinions, either in the form of letters or other communications providing informal advice or a certification or designation to a federal agency in connection with the Commonwealth's participation in a federal program, or declining to give advice.

TRIAL DIVISION

The Trial Division defends suits seeking damages or other relief for alleged wrongful acts of government officials or employees, particularly torts, real estate matters, contract-related disputes, employment disputes, civil rights violations, and environmental damage claims. The Division also reviews certain contracts, leases, bonds, and various conveyance documents submitted by state agencies for approval as to form. As required by statute, the Division must review and approve all pre-litigation settlements of tort claims against the Commonwealth or its agencies for \$2,500 or more.



Attorney General Coakley addresses a group of students from the Boston Public Schools Cyber Safety Campaign. The students visited the AGO to present their work on the campaign.

CRIMINAL BUREAU

The Criminal Bureau investigates and prosecutes a wide spectrum of criminal cases and also focuses on preventive and educational efforts to support public safety and quality of life for all Massachusetts residents.

In FY07, the Criminal Bureau included several divisions: Appeals; Cyber Crime; Financial Investigations; Insurance and Unemployment Fraud; the Safe Neighborhood Initiative; Special Investigations and Narcotics; and the State Police Detective Unit.

APPEALS DIVISION

The Appeals Division: represents the Commonwealth on direct appeal in all criminal cases prosecuted by the Criminal Bureau; defends the Commonwealth in all state and federal habeas corpus proceedings filed by persons held in custody; represents state officials and agencies, including judges, clerks, probation officers, and prosecutors, sued or issued subpoenas in state or federal court proceedings arising from actions related to the criminal justice system; and defends the constitutionality and legality of state criminal statutes, rules, practices, and procedures in state and federal trial and appellate courts.

CYBER CRIME DIVISION

The Cyber Crime Division works to investigate and prosecute crime with a cyber component, including both crimes committed on a computer network and crimes involving electronic evidence. In FY07, Attorney General Coakley established this Division as a separate unit within the Criminal Bureau. The Division addresses growing areas of concern, such as identity theft, child exploitation, and large-scale financial fraud, which utilize modern technology and threaten all segments of society. The Division also develops education and training programs to support effective law enforcement.

FINANCIAL INVESTIGATIONS DIVISION

The Financial Investigations Division investigates and supports the prosecution of identity theft, public corruption, and larceny from corporations, financial institutions, and public agencies. The Division works with State Police, and also includes civilian investigators. These investigations involve prolific documentary evidence and require investigators to perform extensive examination and analysis of business, personal and financial records to document the illegal activities of white-collar criminals. Investigators have also worked on cases with investigative or audit personnel from referring agencies such as the Board of Bar Overseers, Criminal Investigations Bureau of the Department of Revenue, Department of Education, Office of the State Auditor, and Securities Division of the Secretary of the Commonwealth's Office.

INSURANCE AND UNEMPLOYMENT FRAUD DIVISION

The Insurance and Unemployment Fraud Division (IUFD) investigates and prosecutes those who commit fraud against all types of insurers (automobile, medical, workers compensation) in Massachusetts, and against the Commonwealth's unemployment insurance system. IUFD prosecutes these crimes to protect Massachusetts consumers and the integrity of the industry in order to protect taxpayers from the higher premiums and taxes that result from fraud and to assure quality services to those in need.

SPECIAL INVESTIGATIONS AND NARCOTICS DIVISION

The Special Investigations and Narcotics Division coordinates and prosecutes a variety of complex, multi-jurisdictional criminal cases that are best categorized as high-level "street" crime and "organized crime." The Division proactively investigates traditional criminal enterprises – including so-called organized crime families and large-scale drug trafficking organizations – as well as non-traditional criminal organizations such as street gangs and armed robbery rings. The Division has expertise in infiltrating criminal organizations and the use of electronic surveillance and other high-tech investigative techniques. The Division initiates and pursues civil and criminal forfeiture and nuisance actions of property related to the sale, distribution and facilitation of drug-related offenses as well as gaming violations.

STATE POLICE DETECTIVE UNIT

The State Police Detective Unit functions within the AGO to assist in criminal investigations across the Office.

BUSINESS AND LABOR BUREAU

Through the Business and Labor Bureau, the AGO works to develop clear rules and parameters for the business community and all stakeholders to follow. The AGO takes the long view of promoting a healthy economy by balancing regulatory enforcement and review with advocacy for ratepayers, consumers and workers. Communication, education and outreach are crucial.

The Bureau also plays an important role focusing on fraudulent acts and practices that occur in the context of commercial relationships. The Bureau works to prevent rising government costs caused by fraud involving business or medical services provided or regulated by the government and to level the playing field so that no company can gain an unfair advantage by breaking the rules.

In FY07, the divisions within the Business and Labor Bureau included: Energy and Telecommunications; Fair Labor; Medicaid Fraud; and Non-Profit Organizations/Public Charities. In the coming Fiscal Year, the Bureau will be completed with the addition of a Business, Technology and Economic Development Division.

MEDICAID FRAUD

In the health care area, the Attorney General recovered \$8,924,432 for the Commonwealth's Medicaid program and obtained criminal convictions in five cases. In addition, the AGO indicted eight individuals and seven corporations.

ENERGY AND TELECOMMUNICATIONS DIVISION

The Energy and Telecommunications Division (previously named the Utilities Division) serves as the ratepayer advocate in administrative and/or judicial proceedings on behalf of consumers in connection with any matter involving the rates, charges, prices, or tariffs of an electric, gas or telephone company doing business in the Commonwealth and subject to the jurisdiction of state regulators (M.G.L. c. 12, s. 11E). The Division works to ensure that businesses and residents have access to reliable, safe and affordable energy. The Division litigates its cases before state and federal courts, as well as administrative regulatory bodies such as the Massachusetts Department of Public Utilities, the Federal Energy Regulatory Commission (FERC), and the Federal Communications Commission (FCC). In many of these matters, particularly public utility rate cases, the Attorney General is the only active participant advocating on behalf of Massachusetts consumers. The Division is funded through an assessment on the gas, electric and telecommunications companies doing business in the Commonwealth.

FAIR LABOR DIVISION

The Fair Labor Division enforces various laws that protect workers, including the prevailing wage, minimum wage, payment of wages, overtime, tip pooling, child labor, Sunday and holiday premium pay laws, and the arbitration of related public construction bid disputes. The Division has broad powers to investigate and enforce violations of these laws through criminal and civil enforcement actions. The Division uses this authority to: protect employees from exploitation by an employer; prosecute employers who are failing to follow the Commonwealth's wage and hour laws; and set a level playing field with clear rules that the Commonwealth's employers can follow, ensuring that strong economic growth and fairness for workers go hand-in-hand.

MEDICAID FRAUD DIVISION

The Medicaid Fraud Division works to prevent and, if necessary, to prosecute fraud. The Division has a significant deterrent impact on fraudulent practices within Medicaid, such as false billing practices and off-label marketing of pharmaceuticals. In addition to prosecuting corporate and individual health care providers who commit crimes against the Medicaid program, the Division prosecutes companies and individuals who abuse, neglect or mistreat elderly and disabled residents of the Commonwealth's numerous long-term care facilities, most of which are funded extensively by the Medicaid program. The Division executes search warrants and administrative document requests, negotiates settlements, obtains judgments and convictions, and recovers criminal and civil restitution, fines, penalties, and costs.

NON-PROFIT ORGANIZATIONS/PUBLIC CHARITIES DIVISION

The Non-Profit Organizations/Public Charities Division supervises nonprofit organizations that are public charities to safeguard the public's interest in these organizations and to ensure the proper solicitation and

The image shows two versions of a poster titled "Massachusetts Wage & Hour Laws". The top version is in Spanish, titled "Leyes respecto a los salarios y horarios de Massachusetts", and the bottom version is in English. Both posters provide information on minimum wage, overtime, child labor, and other workplace regulations, along with contact information for the Fair Labor Division and the Office of the Attorney General.

Spanish Version (Top):

- Salario mínimo \$7.50** (a partir del 1 de enero de 2007)
- Salario mínimo \$8.00** (a partir del 1 de enero de 2008)
- Horas de trabajo:** 40 horas por semana
- Horas extras:** 1.5 veces el salario por hora
- Horas extras:** 2 veces el salario por hora
- Horas extras:** 3 veces el salario por hora
- Horas extras:** 4 veces el salario por hora
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- Horas extras:** 98 veces el salario por hora
- Horas extras:** 99 veces el salario por hora
- Horas extras:** 100 veces el salario por hora

English Version (Bottom):

- Minimum Wage \$7.50** (Effective January 1, 2007)
- Minimum Wage \$8.00** (Effective January 1, 2008)
- Hours of Work:** 40 hours per week
- Overtime:** 1.5 times the regular rate
- Overtime:** 2 times the regular rate
- Overtime:** 3 times the regular rate
- Overtime:** 4 times the regular rate
- Overtime:** 5 times the regular rate
- Overtime:** 6 times the regular rate
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The AGO created this poster, in both English and Spanish, for employers to educate their staff on their rights in the workplace.

use of charitable funds raised from other sources. The Division reviews annual public charity filings, works with organizations to address and cure problems and potential violations, and, when necessary, conducts civil investigations and litigation to enforce the law.

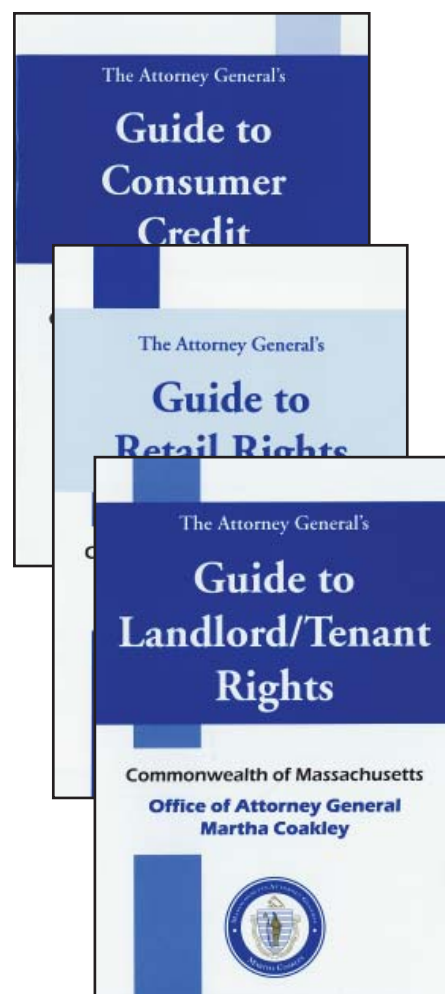
PUBLIC PROTECTION AND ADVOCACY BUREAU

The Public Protection and Advocacy Bureau uses investigation, analysis, affirmative litigation, and other advocacy to advance the Attorney General's statutory and constitutional responsibility to enforce laws protecting the public. The Bureau focuses on a wide range of issues, including: equality and civil liberties for all; clean air, land and water; fair and competitive business practices in the areas of consumer protection, antitrust, and financial services and insurance; and access for all to affordable, high-quality health care.

The divisions within the Public Protection and Advocacy Bureau include: Antitrust; Civil Rights; Consumer Protection; Environmental Protection; Health Care; Insurance and Financial Services; and Investigations.

ANTITRUST DIVISION

The Antitrust Division protects the people, state agencies, and businesses of Massachusetts from anticompetitive practices, and helps maintain and encourage a competitive economy through fair and effective enforcement of the antitrust laws. The Division investigates and challenges anticompetitive mergers, price-fixing agreements, and other illegal practices by companies, both local and national, that harm both Massachusetts consumers and important state interests. The Division also advocates for effective competition policy at the state and national levels by filing legal briefs in important antitrust cases, engaging in policy initiatives, and promoting pro-competitive legislation.



During FY07, the AGO began work on three new consumer publications: "Guide to Consumer Credit," "Guide to Retail Rights," and "Guide to Landlord/Tenant Rights." They were produced and distributed in FY08.

CIVIL RIGHTS DIVISION

The Civil Rights Division enforces laws protecting and securing for all Massachusetts residents an equal opportunity to participate in civic society in areas such as education, health care, housing, financial services, public accommodation, employment, civil marriage, and voting, and the enjoyment of individual rights, autonomy, and privacy, under state and federal law. The Division brings enforcement actions, advocates in support of proposed legislation to better address civil rights issues, and works with community and advocacy groups to promote needed civil rights for all. The Division litigates housing discrimination cases under the Massachusetts Anti-Discrimination statute (M.G.L. c. 151B), investigates and litigates hate crime cases under the Massachusetts Civil Rights Act (M.G.L. c. 12, s. 11H), and performs education, outreach and enforcement work in the area of disability rights through the efforts of the Civil Rights Division Disability Rights Project.

CONSUMER PROTECTION DIVISION

The Consumer Protection Division protects Massachusetts residents and business markets from unfair, deceptive, and otherwise unlawful conduct that causes consumer harm. The Division investigates business conduct and brings enforcement actions under the Consumer Protection Act (M.G.L. c. 93A) to enjoin unlawful practices and to recover consumer restitution, civil penalties, and attorneys' fees.

ENVIRONMENTAL PROTECTION DIVISION

The Environmental Protection Division pursues three main types of work: (1) prosecuting civil enforcement and cost recovery cases, seeking to produce the greatest results in terms of compliance/deterrence, environmental and public health benefits, and recovery to the public fisc; (2) handling defensive cases, seeking to provide effective representation to support the policy choices made by state agencies and officials in implementing our environmental protection laws; and (3) undertaking affirmative, non-enforcement work, to develop and pursue innovative ways to further environmental protection exercising the Attorney General's role as the Commonwealth's chief law officer. This last area includes: bringing "impact litigation" (typically against the federal government); participating as an amicus to help develop the law in a way that will further the

OTHER CONSUMER RESOURCES

During FY07, the AGO also worked to resolve consumer disputes with businesses through a Consumer Complaint and Information Section (CCIS) and AGO-funded Local Consumer Programs and Face-to-Face Mediation Programs, which provide free mediation services to thousands of consumers every year.

This Fiscal Year, CCIS fielded 79,632 calls and recovered money and credit for consumers valuing \$139,250. The Local Consumer Programs recovered \$3,456,600, and the Face-to-Face Mediation Programs recovered \$1,030,759, on behalf of Massachusetts consumers. The Office received 5,923 calls related to insurance mediation and fielded 8,507 calls from seniors to its AG Elder Hotline.

Commonwealth's interests; developing or supporting legislative or other policy proposals; intervening, where appropriate, in siting disputes; and entering into Brownfields liability agreements to further the clean-up and redevelopment of contaminated sites.

HEALTH CARE DIVISION

The Health Care Division advocates and brings enforcement actions to increase access to health insurance, control health care quality and costs, promote public health, reduce disparities, and protect consumers. Established in January 2007 by Attorney General Coakley, the Division pursues these goals by: investigating and litigating consumer protection cases involving health insurers, health providers, and pharmaceutical companies; addressing consumer complaints relating to health insurance and health care; and assisting state entities, including the Commonwealth Health Insurance Connector and the Health Care Quality and Cost Council, in developing sound policies and practices.

INSURANCE AND FINANCIAL SERVICES DIVISION

The Insurance and Financial Services Division represents the interests of consumers in insurance rate-setting proceedings before the Commissioner of Insurance. In 2007, Attorney General Coakley expanded the scope and mission of the Division to include investigation and litigation of consumer protection and False Claims Act cases against financial institutions. The Division assists consumers by mediating consumer insurance, banking and investments complaints that do not rise to the level of unfair practices, and by seeking statutory and regulatory reforms when appropriate.

INVESTIGATIONS DIVISION

The Investigations Division conducts civil investigations for all divisions within the Public Protection and Advocacy Bureau, and other divisions across the AGO. Investigators within the Division: locate and interview victims, witnesses and subjects; obtain and review documentary evidence from numerous sources including individuals, corporations, and federal, state, county, and municipal agencies; conduct surveillance, background checks, and asset checks; analyze financial records and perform other forensic accounting functions; and testify before Grand Juries and at trial.

REGIONAL OFFICES

The work of the three regional offices reflects the commitment of the Attorney General to providing effective services and assistance to residents of the entire Commonwealth. The Central (Worcester), Southeastern (New Bedford), and Western (Springfield) Massachusetts regional offices offer residents an opportunity to meet the Attorney General's staff without traveling to Boston, and a chance to discuss their concerns and questions with staff who know their region. In each of these regional offices, AGO staff work together to promote the education, outreach and enforcement priorities of the Attorney General and respond to the specific needs of the residents throughout the Commonwealth.

Each of the four substantive bureaus maintains staff in each Regional Office. Public Protection and Advocacy staff respond to both consumer protection and civil rights matters, provide mediation services, and offer educational outreach to area residents and organizations. Fair Labor Division attorneys and investigators work in each region to enforce the state's wage and hour laws. And the Government Bureau's Trial Division represents the state and its constituent agencies and employees in civil litigation. Each regional office handles cases defending the Commonwealth's agencies from spurious litigation, resulting in significant savings for the taxpayer.

In addition to handling cases, each regional office responds to telephone calls and in-person visits from residents and businesses seeking information on consumer and civil rights, mediation services, and assistance with wage and hour complaints.

Regional office staff includes lawyers, labor inspectors, consumer mediators, and administrative staff who are knowledgeable about the statewide activities of the Attorney General's Office and have also developed special relationships with local, regional, and community resources. Office staff works with Local Consumer Programs throughout Massachusetts, addressing complaints from consumers and offering education and outreach to empower residents to protect themselves from financial scams.

Regional office staff is active on local housing task forces, working with communities to support fair and equitable treatment for tenants, supporting landlords in their efforts to be an active part of neighborhood revitalization, and understanding state and local compliance regulations. Regional staff also works with schools and with municipal officers and community groups in support of active efforts to support enforcement of civil rights laws. The regional offices work closely with local community organizations to provide outreach and education programs on topics such as youth health and safety, workplace rights, and consumer scams.

PROMOTING COMMUNITY SAFETY

CYBER CRIME INITIATIVE AND INTERNET SAFETY

In the spring of 2007, Attorney General Coakley established the statewide Cyber Crime Initiative and undertook a comprehensive statewide survey of law enforcement needs in the computer forensics field. The survey led to the development of a Massachusetts Strategic Plan for Cyber Crime, which will guide a coordinated, comprehensive approach to the prevention, investigation and prosecution of crimes with a cyber component. The key priorities include: law enforcement training; the development of common operating procedures and standards, facilitating the production and effective use of evidence from the growing numbers of crimes involving evidence retrieved from seized computers, prevention and information sharing; and community education and outreach.

The AGO works to protect children when they use the Internet. The AGO has used its enforcement power to ensure that social networking websites take responsible steps to separate minors from potential adult predators, as well as from inappropriate sexual and violent content.



Assistant Attorney General Thomas Ralph, Chief of the Cyber Crime Division, and Attorney General Coakley attend a Cyber Crime Initiative meeting with members of the law enforcement community, in June of 2007.

DRUGS AND VIOLENT CRIME

In FY07, the AGO investigated and prosecuted cases of armed robbery, narcotics trafficking and related offenses, armed career criminal violations, armed assault with intent to murder, assault and battery with a dangerous weapon, breaking and entering with intent to commit a felony, gaming, extortion and loan-sharking. Attorneys, State Police Officers and investigators from the AGO also continued to work with and provide technical, legal, and other forms of investigative support and assistance to federal, state and local law enforcement agencies. These joint undertakings included investigations of large-scale drug distribution and money laundering organizations, organized larceny rings, and armed career criminals. In one major case, the AGO led a significant and widespread arson investigation.

COMMUNITY PROSECUTION

To support the community prosecution and coordinated law enforcement component of the Safe Neighborhoods Initiative (SNI) model, the Attorney General's Office provided nine full time prosecutors to four District Attorneys offices. Caseloads were focused on matters that represented the greatest threat to

the public safety and quality of life in the communities in which they worked. Attorneys staffed District and/or Superior Courts in Dorchester, Roxbury, Orange, Brockton, Lawrence, and New Bedford.

COMMUNITY-BUILDING ACTIVITIES

Three legislative earmarks were administered by the AGO in the Dorchester SNI and the Grove Hall SNI and through the Jobs for Youth program in 16 sites (Boston, Brockton, Chelsea, Holyoke, Lawrence, Lynn, Methuen, New Bedford, Orange, Springfield, Taunton, and Worcester). The Dorchester and Grove Hall SNI funding, administered by the AGO, supported a broad range of community-based organizations and the Boston Police Department. The funding for the Jobs for Youth Program offers young people opportunities to develop skills and hold jobs and to build relationships with adult supervisors/mentors in their communities. More than 90 youth (ages 14 to 21) participated in Jobs for Youth programming during FY07.

In addition, a final year of funding from the Office of Juvenile Justice and Delinquency Prevention of the U.S. Department of Justice was used to support the Dorchester Youth Collaborative.

ABANDONED HOUSING

The AGO assists community groups in choosing and appointing their own representatives to take over abandoned houses that, due to the absentee owners' indifference, have created a health, safety and crime hazard for the community. The AGO assists the community groups by petitioning the appropriate court for an order permitting the community group to appoint their receiver and take charge of the blighted property for the benefit of the neighborhood. In FY07, the Office also focused its efforts on presenting communities with new and additional tools, such as nuisance actions and landlord seminars, to battle distressed properties.

SAFE NEIGHBORHOOD INITIATIVE

The Safe Neighborhood Initiative (SNI) is a coalition among community residents, state and local government offices, law enforcement agencies, and human service organizations to solve a variety of community problems. The AGO participates in SNI programs in several Massachusetts communities and provides a framework for community residents and service providers to work collaboratively with law enforcement and government officials to identify and address priority public safety issues in a community or neighborhood. SNI strategies are organized around three core principles: (1) coordinated law enforcement (including community policing); (2) prevention, intervention, and treatment; and (3) neighborhood revitalization.

Legislative funding administered by the Safe Neighborhood Initiative (SNI) Division:

\$235,000	Dorchester SNI
\$250,000	Grove Hall SNI
\$242,997	Jobs For Youth Program

Federal funding:

\$90,000	Dorchester Youth Collaborative
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AIDING VICTIMS

VICTIM WITNESS ADVOCATES

In criminal cases, advocates seek to provide victims and witnesses the rights established in the Commonwealth's Victim Bill of Rights (M.G.L. c. 258B). In both civil and criminal cases, advocates work to help victims and witnesses understand the court process and their role in it, while giving them a voice within the Office and providing them with referrals to other appropriate state and local agencies.

In FY07, the AGO hired additional victim witness advocates to provide services to a wide array of populations of victims including those: of fraud and deceptive business practices; taken advantage by their employers; of abuse in nursing homes; of civil rights violations; and of violent crimes in M.G.L. c. 258D and habeas corpus proceedings.

The AGO continues outreach to other service providers and is developing a system to maintain a listing of victims' resources that can be utilized by people in and outside of the AGO.

VICTIM COMPENSATION AND ASSISTANCE

The AGO also provides financial compensation, referrals, and other assistance to victims of violent crimes. Most significantly, the AGO assists eligible victims and their families in paying for out-of-pocket medical expenses, lost wages, funeral and burial costs, mental health counseling, and other crime-related expenses.

VICTIM COMPENSATION CLAIMS

New Claims Received	1,404
New Claims Opened	1,204
Supplemental Claims Opened	939
Administrative Review	90
Decision Affirmed	47
Decision Modified or Reversed	34
Late Files	7
Pending Decision	2
Judicial Review	6

VICTIM COMPENSATION CLAIMS BY TYPE

During FY07, there were 261 homicide claims (up from 230 in the previous Fiscal Year). Of these, 12 were domestic violence-related homicides (up from 11 in the previous Fiscal Year).

There were 217 other domestic violence-related claims, including crimes such as assault, stalking, sexual assault, and kidnapping. There were 169 such claims during FY06.

There were also 45 claims relating to Driving Under the Influence and Motor Vehicle Homicide while Driving Under the Influence (down from 51 during the previous Fiscal Year).

During FY07, the total compensation awarded to victims was \$3,455,438. Approximately \$2.1 million came from state funds, and the remainder from federal funds. This represents an increase of \$194,453 from FY06 expenditures.

The AGO continued to work on claims submitted by family members of victims of the September 11, 2001, attacks and awarded \$9,110 on two claims in FY07. Additionally, the Division paid \$25,000 on one terrorism claim for a Massachusetts victim injured in the 2005 terrorist bombing of a hotel in Amman, Jordan.

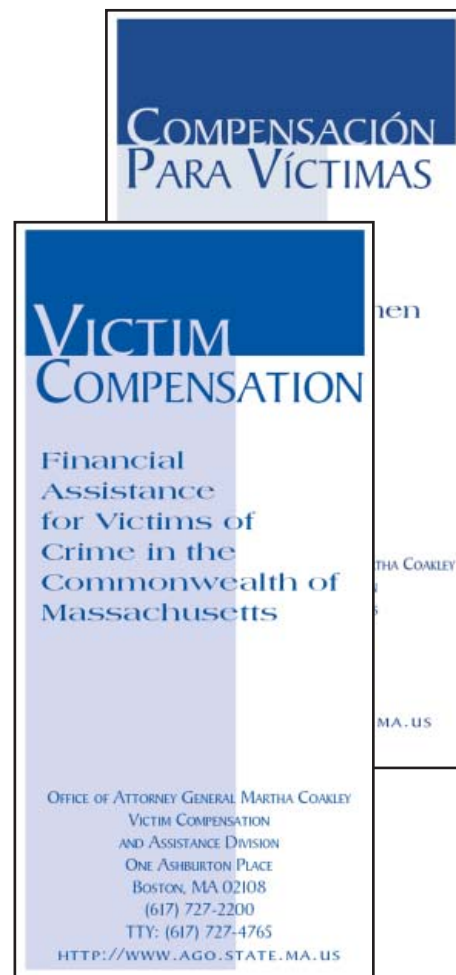
PARTNERSHIPS WITH OTHER AGENCIES

The AGO works with federal, state and local agencies to create statewide policies, trainings, and outreach opportunities, resulting in enhanced services provided to victims across the Commonwealth. In FY07, the AGO hosted quarterly meetings of state agency victim service providers and represented the AGO on numerous committees in the victim services community.

EDUCATION, OUTREACH AND TRAINING

During FY07, the AGO provided outreach and training about the Victim Compensation program and its benefits to administrators of programs funded by the Victims of Crime Act (VOCA) and Drunk Driving Trust Fund programs sponsored by the Massachusetts Office for Victim Assistance. Outreach and training was also provided to:

- State and local agencies, such as: staff for Boston City Council District 7; the Hampden County Sheriff's Department; the Boston Police Homicide Unit and Boston Police Academy; the Hampden, Suffolk, and Bristol District Attorneys Offices; and the Department of Transitional Assistance Domestic Violence Unit and Brockton Department of Social Services.
- Nonprofit organizations and community advocacy groups, such as: the Worcester and Northshore Rape Crisis Centers; Jane Doe shelters; Wayside Youth and Family; The Women's Center; Harbor Cove; Independence House; On the Rise; AWAKE Program at Children's Hospital; Brain Injury Association; A Safe Place in Nantucket; Caritas Holy Family Hospital; and the Victim Rights Law Center.



Crime victims can apply for Victim Compensation by completing the application, available in both English and Spanish.

LEADING THE WAY IN CONSUMER PROTECTION

In FY07, the AGO played a leading national role addressing the mortgage foreclosure and subprime lending crisis, promoting Internet security and fighting identity theft, and pursuing a wide variety of consumer protection matters. During FY07, the AGO recovered over \$4,200,000 in consumer restitution, \$824,038 in payments to the Local Consumer Aid Fund, and \$62,500 in civil penalties and costs in consumer protection and antitrust cases.

MORTGAGE LENDING CRISIS

As foreclosure proceedings have become more prevalent in Massachusetts, the AGO has seen an increase in unfair and deceptive lending and foreclosure transactions in the Commonwealth. During FY07, the AGO began an ongoing initiative to tackle the foreclosure crisis in Massachusetts, including efforts to: stop foreclosure rescue schemes; prohibit deceptive mortgage lending and brokering practices; investigate and take action against unscrupulous businesses and professionals using the foreclosure rescue scams and unfair or deceptive lending/brokering practices; and provide assistance to residents facing foreclosure.

AMERIQUEST MORTGAGE COMPANY, ET AL. The AGO resolved nationwide litigation against this subprime lender by joining a settlement with banking regulators and/or Attorneys General of 49 states and the District of Columbia. The settlement provided injunctive relief for certain alleged lending practices, and nationwide restitution of \$295 million, with another \$30 million paid to the states for the investigation and prosecution of the case. The settlement resolves the claims of the states that Ameriquest and other affiliated companies had engaged in various unlawful mortgage lending practices. Massachusetts consumers will be awarded more than \$13 million in restitution during calendar year 2007.

NEW CASES. The AGO brought four new enforcement actions and opened several other investigations against mortgage brokers, attorneys and other professionals, alleging unfair and deceptive conduct in mortgage lending, including several cases that aimed to stop foreclosure rescue schemes. These schemes target homeowners facing foreclosure, and use false promises to obtain the homeowner's title, stripping the remaining equity out of the home.

PRO BONO NETWORK

During FY07, the AGO forged partnerships with several bar associations, legal services organizations, and advocacy groups, to establish a Pro Bono Foreclosure Assistance Hotline. The hotline was launched in early FY08, for low-income Massachusetts residents who are facing foreclosure on their homes.

The AGO held a two-day training in June 2007, for local attorneys, housing advocates, paralegals and law students who volunteered to assist those facing foreclosure and those in need of legal services or representation. Approximately 150 attorneys from throughout the Commonwealth attended the training, and more than 100 public-spirited Massachusetts attorneys have generously agreed to handle at least one case on a pro bono basis. The effort is ongoing.

REGULATIONS AND LEGISLATION. In 2007, the AGO issued emergency regulations to prohibit foreclosure rescue schemes, which use deceptive practices to defraud homeowners facing foreclosure. The AGO also proposed additional regulations covering mortgage lending and broker practices, and pressed for legislation to enhance criminal penalties for mortgage fraud and create additional consumer protection measures. Final adoption of regulations and legislation will likely occur in the second half of 2007.

INTERNET SECURITY

In FY07, the AGO spearheaded investigations into large-scale data breaches, where the personal financial information of millions of consumers provided in retail transactions was compromised when it was obtained by third parties and fraudulently misused. The AGO has led a national multistate investigation into the data breach involving The TJX Companies, Inc., which involved theft of personal information of more than 45 million consumers. In 2007, the Attorney General supported comprehensive legislation to prevent and combat identity theft. The AGO played a major role in crafting provisions of a bill that was enacted in July 2007.

UNFAIR, DECEPTIVE, AND ANTICOMPETITIVE PRACTICES

The AGO also pursued allegations of unfair or deceptive conduct by, among others, long-term care facilities, home improvement contractors, debt collection agencies, telecommunications service providers, home heating oil dealers and others, including businesses that closed without warning, leaving consumers without the goods or services for which they had paid in advance. Some highlights include:

DISCLOSURE OF COSTS. Through an Assurance of Discontinuance, the AGO addressed the need for clear and conspicuous disclosures about the price of promotional offers by a telecommunications company, yielding, in one case alone, a \$1 million payment to the Commonwealth, including \$250,000 for attorneys' fees and investigative costs, \$500,000 for the Local Consumer Aid Fund, and \$250,000 for computer labs for various charities.

DEBT COLLECTION. In an Assurance of Discontinuance filed in Suffolk Superior Court against a debt collection law firm, the firm agreed to substantial injunctive relief reflecting "best practices" for collection firms, and the payment of \$75,000, for restitution and to support the Local Consumer Aid Fund.

MULTISTATE ACTIONS. The AGO joined 37 other states in filing suit in federal court in California, seeking damages, civil penalties, and other relief on behalf of consumers and Massachusetts state agencies who paid inflated prices for computers as a result of a conspiracy among at least seven international manufacturers of dynamic random access memory (DRAM). National settlements with two companies totaled \$9.2 million. Litigation continues against the remaining defendants.

PROMOTING QUALITY, AFFORDABLE HEALTH CARE

In FY07, the AGO worked with board members and staff of the new Health Insurance Connector to promote rules and regulations that will improve access to health insurance. The AGO has a seat on the Health Care Quality and Cost Council, and in FY07 the AGO played a leading role in developing measures to address health care costs and increase price transparency.

ASSISTING CONSUMERS

Constituents contact the Attorney General requesting assistance with regard to a wide range of health-related concerns including billing, coverage issues, claims handling, and access issues. In FY07, the AGO received 2,813 calls concerning health care issues. In FY07, funds in the amount of \$464,622 were recovered for consumers as a result of AGO work on health care issues.

MISLEADING AND DECEPTIVE HEALTH INSURANCE PRACTICES

In FY07, the AGO pursued various cases concerning allegations that health insurers were failing to provide all benefits mandated by Massachusetts law.

The AGO pursued litigation against a health insurer and its parent company relating to allegations that they failed to provide all benefits mandated by Massachusetts law. In another case, the AGO alleged that an insurance company failed to offer coverage for infertility treatment, outpatient contraception, and specific treatments for diabetes as required by Massachusetts law.

CIVIL ENFORCEMENT CASES

The AGO brings civil cases in the following areas:

- Deceptive advertising, sales, and claims handling practices by health insurers;
- Insurers that do not provide all mandated benefits;
- Steering and/or bid-rigging cases in which health insurance brokers steer business to certain health insurers in exchange for compensation;
- Health providers that engage in balance billing;
- Violations of medical privacy laws;
- Nursing home receiverships and long-term care issues;
- Drug companies that engage in unfair pricing practices;
- Off-label drug marketing;
- Drug company failures to disclose known health risks;
- False Claims Act (M.G.L. c. 12, s. 5A-5N) violations by drug companies; and
- Multistate cases relating to pharmacy benefit managers.

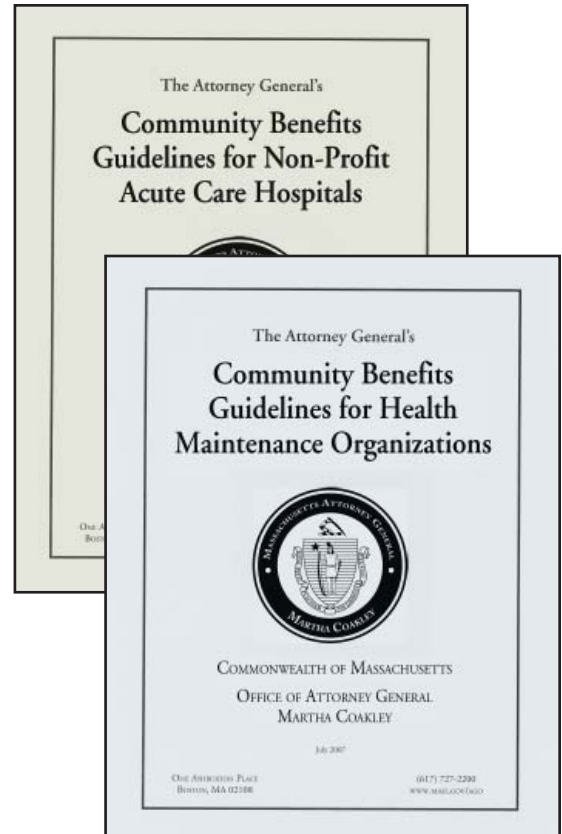
In addition, the Office investigated the termination by an insurance company of health insurance policies of employees whose employers failed to pay their premiums.

TOBACCO SALES

The AGO continued to play an active role in enforcing the Master Settlement Agreement entered into in 1998 by all 50 states and six U.S. territories against the four major tobacco companies, Philip Morris USA, R.J. Reynolds Tobacco Company, Brown & Williamson Tobacco Corporation, and Lorillard Tobacco Company. The settlement derived from the landmark litigation efforts of Massachusetts and a number of other states.

The AGO also brought actions against retailers for violations of the Massachusetts tobacco sales provisions, focusing especially on sales to minors. Cases related to tobacco retailing included *Commonwealth v. CVS*, in which the Commonwealth obtained a payment of \$50,000 for alleged violation of a previous consent judgment involving sales to minors.

The AGO also works in cooperation with the Division of Revenue in tracking escrow payments for cigarettes sold in the Commonwealth by manufacturers not included in the Master Settlement Agreement, and with the Department of Public Health to ensure compliance with all tobacco-related laws in the state. In FY07, under the Master Settlement Agreement, the Commonwealth received \$245,172,565.



The AGO creates guidelines for hospitals and HMOs wishing to fulfill their community benefits obligations.

PROTECTING OUR ENVIRONMENT

In FY07, the AGO continued to play a national leadership role in many of the most important environmental issues of the day, such as the fight against global warming, and pursued state enforcement work in every major substantive environmental area, including combating air pollution, protecting our water resources, and cleaning up contaminated sites.

ADDRESSING GLOBAL WARMING

In FY07, the AGO argued and won a landmark case, *Massachusetts v. EPA*, where the Supreme Court ruled that the Environmental Protection Agency (EPA) could no longer disregard its authority to regulate greenhouse gases pursuant to the Clean Air Act. The EPA had refused to set greenhouse gas emission standards for motor vehicles. The Supreme Court ruled that: (1) Massachusetts had standing to bring the case; (2) the EPA has authority to regulate greenhouse gases pursuant to the Clean Air Act; and (3) the grounds the EPA cited for refusing to use its authority were legally insufficient. The Court ordered the EPA to revisit the question of whether to set motor vehicle emission standards for greenhouse gases, and to make a decision based on the criteria set forth in the statute.

In addition to litigation, the AGO has advocated for federal legislation to address climate change. In June 2007, Attorney General Coakley testified before the U.S. House Select Committee on Energy Independence and Global Warming to address global warming. The AGO also led a multistate effort opposing a federal bill that would have undone the Supreme Court's ruling in *Massachusetts v. EPA*.

CHALLENGING THE SITING OF UNSAFE FACILITIES

In FY07, the AGO opposed the siting of facilities that would pose a threat to human and environmental welfare, including: (1) an appeal of the Federal Energy Regulatory Commission's approval of a proposed liquefied natural gas import facility in Fall River; (2) an appeal of the Nuclear Regulatory Commission's decision in the Pilgrim and Vermont Yankee nuclear power plant relicensing proceedings, which failed to examine the storage of high-level radioactive waste at the facilities; and (3) litigation opposing efforts by the developer of a solid waste facility in Wilmington to claim that federal law precluded the need for it to obtain state and local approvals for the facility.

POLLUTION AND ENVIRONMENTAL VIOLATIONS

During FY07, the AGO obtained settlements or other final resolutions in enforcement actions that required defendants to pay \$15,402,249 in penalties or other payments, a significant portion of which was awarded

to the Commonwealth. The AGO also spared Commonwealth taxpayers great expense by compelling others to clean up contaminated sites directly.

In one case against the EPA, Massachusetts, together with four other northeastern states and the District of Columbia, sought to establish that the EPA must apply consistent rules for bringing areas of the country such as the Midwest into compliance with the 1997 ozone standard, and is not free to create special rules for such areas or relax measures already in effect. The D.C. Circuit ruled in Massachusetts' favor.

In enforcement actions against utilities, the AGO reached a settlement through which one utility paid \$8.6 million to the Commonwealth to address a South Boston site that was contaminated with polychlorinated biphenyls (PCBs), ending more than 10 years of litigation.

In another case, the Commonwealth was paid \$5,013,046 (including interest) to recover money spent by the Massachusetts Department of Environmental Protection (MassDEP) addressing cyanide contamination in Blackstone. The settlement ended almost two decades of litigation; in 1987, the AGO first filed the case seeking recovery of approximately \$2 million.

WETLANDS. The AGO brought an enforcement case against a quarry operator for allegedly destroying wetlands in violation of the state Wetlands Protection Act. The AGO obtained a settlement that required the defendant to pay \$400,000 civil penalty (half subject to waiver) and to fund a \$180,000 Supplemental Environmental Project that will protect additional wetlands in the region.

PROTECTING COASTAL WATERS

The AGO defended the Massachusetts Oil Spill Prevention Act (Chapter 251 of the Acts of 2004) against a challenge that it is preempted by federal law in *United States v. Massachusetts*. On appeal, the Federal First Circuit ruled that the District Court erred in finding that three provisions were preempted: (1) enhanced staffing requirements for tank barges and tow vessels traveling in Buzzard's Bay; (2) a tug escort requirement for special interest waters such as Buzzard's Bay; and (3) a requirement that certain vessels meet a financial assurance requirement, which varies depending on the specific risks presented. The First Circuit remanded the case for consideration of various factors, such as the extent to which Buzzard's Bay poses special hazards and the extent to which the state requirements actually interfere with the federal regulatory scheme.



Attorney General Coakley and Assistant Attorney General James Milkey, lead attorney assigned to the case, discuss the landmark case, *Massachusetts v. EPA*.

PROTECTING WORKERS' RIGHTS

The Attorney General's Office is committed to educating employers, employees, and the general public about the Commonwealth's labor laws. This Fiscal Year, the AGO took part in 46 bid protest hearings, conducted 266 site inspections, and obtained over \$2.1 million in restitution, penalties and fees to the Commonwealth.

BUILDING RELATIONSHIPS STATEWIDE

During FY07, the Attorney General's Fair Labor Division began work with the Executive Office of Labor and Workforce and the Department of Revenue on joint enforcement and information-sharing activities in order to better protect workplace rights. Subcommittees have been established with representatives of all agencies to develop protocols for information sharing and joint enforcement. The Attorney General has begun working with several of the agencies on a number of large investigations.

OUTREACH AND EDUCATION

Throughout FY07, the AGO produced educational and informational publications concerning Massachusetts wage enforcement laws, including posters and brochures produced in Spanish and Portuguese. Additionally in FY07, the Attorney General's Office launched a public awareness campaign educating teenagers about their rights in the workplace, including these new employment-related laws. The campaign included radio and print transit ads, as well as a specialized website, which ran through the summer of 2007.

LABORLOWDOWN.COM. As part of this campaign, the AGO launched a "splash" page, www.LaborLowDown.com. The splash page, or "micro site," was created to directly target teenagers and present them with a specific set of facts within the area of youth employment rights, including minimum wage, hazardous jobs, supervision, and hour restrictions.

RADIO ADVERTISEMENTS. The AGO sponsored a 30-second radio advertisement to air on radio stations throughout the Commonwealth, featuring teen voices alerting teen workers to workplace rights, such as minimum wage, hazardous jobs, supervision, and hour restrictions, and referring them to www.LaborLowDown.com.

TRANSIT ADVERTISEMENTS. The AGO also sponsored printed advertisements to run on all buses in the Pioneer Valley Transit Authority (PVTa), in the Springfield area. This included "car cards" (posters on the bus interior) highlighting one of four workplace rights, including minimum wage, hazardous jobs, supervision, and hour restrictions, and referring teenagers to www.LaborLowDown.com.

SIGNIFICANT CASES

Many of the cases resolved by the AGO provided significant recovery for employees and meaningful penalties. Several of the year's highlights, include:

OVERTIME. The AGO issued a civil citation against one employer for failure to pay overtime to numerous temporary workers. The amount of restitution was \$374,153 and the penalty paid to the Commonwealth was \$25,000. In another case, a settlement agreement was reached in which retail employer agreed to pay \$245,082 in restitution to 630 employees, representing Sunday and holiday pay earned, as well as a \$15,000 penalty.

PUBLIC BIDDING. The Superior Court ordered summary judgment in favor of the Commonwealth in an action involving whether the public bidding laws applied to a public school project undertaken on behalf of an educational collaborative by a nonprofit corporation established by the collaborative. The Court found that the corporation was acting on behalf of a public entity and could not be used to evade the statute or the legislative intent of the public bidding laws.



Samples of transit advertisements created for the AGO youth employment campaign.

ADDRESSING DISCRIMINATION AND EQUAL RIGHTS

The AGO enforces and safeguards Constitutional and statutory civil rights and liberties on behalf of Massachusetts residents and visitors. The Office works to end discrimination on the basis of race, national origin, gender, religion, sexual orientation, age and disability, and to ensure equal and meaningful opportunity to each Massachusetts resident to participate in a civic society in areas such as education, housing, employment, financial services, health care, transportation, voting, and marriage. In addition, the Office works to protect individual rights of free speech and privacy.

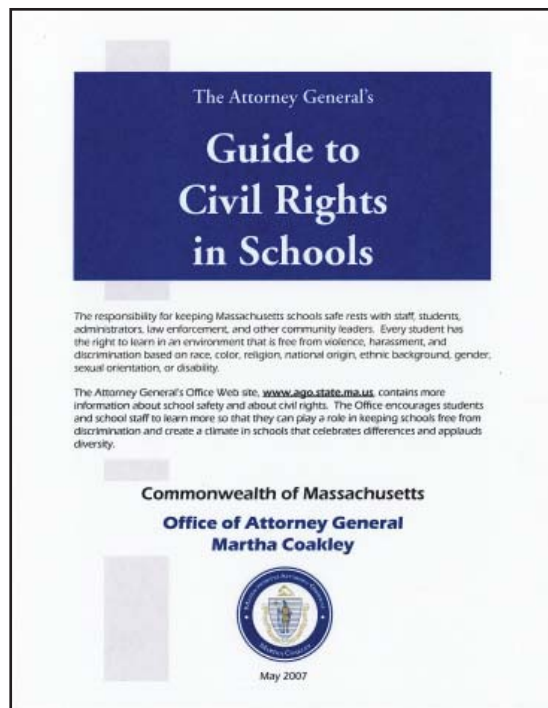
CIVIL RIGHTS CASES

In FY07, the AGO pursued a wide range of civil rights cases, including cases of housing discrimination, hate crimes, and disability discrimination. The AGO collected \$202,720 in restitution for victims of discrimination and in payment to the Local Consumer Aid Fund, initiated new litigation in 14 housing discrimination cases and two Massachusetts Civil Rights Act (MCRA) cases, settled or closed 30 cases, and opened 41 new investigations/projects. Significant cases resulted in:

A settlement against a social club that violated state public accommodation and gender discrimination laws by refusing to allow a city council candidate to attend a dinner because the candidate was a woman. The settlement required the club to conduct training and implement an anti-discrimination policy.

A preliminary injunction under the MCRA against a defendant who assaulted and threatened a Sikh store clerk in Billerica.

A preliminary injunction under the MCRA against two men who harassed and attacked a group of Moroccan men because of their national origin and ethnicity.



The AGO created this "Guide to Civil Rights in Schools" for Massachusetts students and educators.

On the defensive side, the AGO successfully defended the Commonwealth's Human Resources Division policy that permits use of promotional lists limited by gender or race in narrow circumstances.

EQUAL ACCESS TO EDUCATION

In FY07, the AGO worked on two major issues that are critical to quality education for all students.

In one case, the AGO filed suit to enforce the state Board of Education's decision to revoke a charter school's charter due to the school's lack of financial viability, organizational and managerial problems, and repeated violations of state and federal law and the terms of its charter. The Appeals Court ruled for the Commonwealth, finding that the Board's decision was supported by substantial evidence of the record of the school's severe financial and managerial problems, and that the school had failed to provide programs set out in its charter.

In response to the U.S. Supreme Court's decision in *Parents Involved v. Seattle School District No. 1*, the AGO defended against a challenge filed in Federal Court in Massachusetts to the City of Lynn's voluntary K-12 school desegregation plan and the Massachusetts Racial Imbalance Act (M.G.L. c. 15, s. 1I). The AGO also worked with state and local agencies and officials to assess the legality of other desegregation programs, including METCO (Metropolitan Council for Educational Opportunity, Inc.), in order to support state and local efforts to ensure that all students have the opportunity to receive an excellent education regardless of race.

OFFICE OF THE ATTORNEY GENERAL
CIVIL RIGHTS COMPLAINT FORM

MARTHA COAKLEY
ATTORNEY GENERAL

Civil Rights Division
One Ashburton Place
Boston, MA 02108
(617) 727-2200
(617) 727-4765 (TTY)

If, due to a disability, you seek an accommodation in filing a complaint, please call 727-2200 or TTY 727-4765

COMPLAINANT

Name _____
Address _____
Phone # (home) _____
Work # (other) _____

COMPLAINT AGAINST

Name _____
Address _____
Phone # _____
Relationship to you _____

AREA OF DISCRIMINATION (please check)

(1) ☐ Employment
(2) ☐ Housing
(3) ☐ Place of Public Accommodation: Business or Organization
(4) ☐ Education
(5) ☐ Credit
(6) ☐ Complaint Against Police Officer/Department
(7) ☐ Other _____

NATURE OF DISCRIMINATION (please check)

(8) ☐ Harassment ☐ Intimidation ☐ Threats ☐ Coercion
(9) ☐ Other _____

If you have checked any of the above, please indicate the basis of the civil rights violation or discrimination below (you may check more than one category):

☐ Race ☐ National Origin ☐ Disability ☐ Religion ☐ Sexual Orientation ☐ Gender
☐ Age ☐ Ethnicity ☐ Section 8 Status (Housing) ☐ Children (Housing) ☐ Marital Status (Housing)
☐ Public Assistance (Housing) ☐ Retaliation for Filing a Complaint ☐ Other: _____

(Over)

The AGO provides residents with a Civil Rights Complaint form.

WORKING FOR AFFORDABLE ELECTRICITY AND GAS

The Attorney General advocates on behalf of all ratepayers, from individuals and to large industrial businesses. In this work, the AGO combines aggressive energy litigation efforts with a long-term energy policy vision that includes increased efficiency, alternative resources development, and the improvement of the existing energy infrastructure and regulatory environment.

FERC

The AGO has played a lead role in encouraging other New England ratepayer advocates to coordinate on regional matters of common interest, statewide and before the Federal Energy Regulatory Commission (FERC). In FY07, the AGO received, reviewed and/or investigated more than 150 state and federal energy and telecommunications filings, and took action ranging from internal analysis to full intervention and litigation. The AGO participated in many proceedings before FERC, saving Massachusetts customers over half a billion dollars.

The AGO aggressively opposed federally mandated Reliability Must Run (RMR) agreements at FERC, saving customers over \$500 million over the next four years. Due, in part, to AGO efforts, two RMR agreements were not implemented, saving customers approximately \$122 million a year for the next four years. AGO staff also negotiated settlement agreements in other cases to secure refunds for customers and lower the amount customers would pay over the term of these agreements. AGO staff negotiated the refund of approximately \$114 million to customers and saved customers an additional \$268.85 million a year for each year these agreements are in force (or would have been in force).

The AGO successfully persuaded FERC to investigate several transmission tariff filings, as opposed to approving them as filed, which will ensure that the federal transmission charges which are steadily increasing contain proper costs.

TELECOMMUNICATIONS

The AGO also remained active on the telecommunications front, participating in investigations into billing and termination practices, late payments, cable television franchising and the funding of 911 and disability access services.

The AGO joined other states in submitting joint comments opposing Verizon's petitions for forbearance from certain statutory obligations in an effort to protect Massachusetts ratepayers from potential market power abuses and anticompetitive activity of Verizon.

Also at FERC, the AGO and other interveners successfully negotiated down the decommissioning costs associated with the closing of the Yankee Nuclear Power Station (also known as “Yankee Rowe”). As a result of negotiations between Yankee, the AGO, and other interveners, Massachusetts ratepayers saved approximately \$12.5 million.

The AGO appealed FERC’s approval of the Forward Capacity Market Settlement Agreement, alleging lack of jurisdiction to implement the plan and a lack of a meaningful check on the reasonableness of rates including \$5 billion in transition payments.

RETAIL RATES

The AGO also participated in state administrative proceedings, saving ratepayers significant funds through both negotiated settlements and litigation.

The AGO negotiated two settlements with gas and electric distribution companies, Western Massachusetts Electric, and Fitchburg Gas Company, that collectively saved ratepayers approximately \$18.7 million compared to what the companies would have sought through the regulatory process.

The AGO successfully litigated a filing by Bay State Gas Company seeking exogenous cost treatment for materially declining average use per customer, avoiding \$5 million in costs being passed onto ratepayers.

The AGO played a significant role in a Massachusetts Department of Public Utilities (DPU) proceeding updating service quality standards to improve the metrics by which service quality is measured and when companies should be subject to financial penalties for poor service, including a new measurement for poorly performing circuits.


The AGO filed a petition with the DPU requesting that the state investigate the implications and impacts of the multi-billion dollar merger of National Grid and Keyspan, prompting the DPU to commence an investigation into the transaction which is ongoing.

**Office of
Attorney General
Martha Coakley**

**National Consumer Protection Week
February 5-9, 2007**

**“Read Up and Reach Out:
Be an Informed Consumer”**

The Massachusetts Attorney General’s Office is participating in National Consumer Protection Week, an effort to encourage people across the nation to take advantage of the wealth of information that can enhance confidence in the marketplace.



Presented by:
**Office of Massachusetts
Attorney General
Martha Coakley**
Consumer Protection Division
One Ashburton Place
Boston, MA 02108
www.ago.state.ma.us

**Attorney General's
Consumer Protection
Hotline
(617) 727-8400**

**Representatives from the
Attorney General's Office
Consumer Protection
Division will be at the
following locations:**

Monday, February 5
Bunker Hill Community College (morning)
Malden Post Office (afternoon)

Tuesday, February 6
Roxbury Community College (morning)
Roxbury Post Office (afternoon)

Wednesday, February 7
CambridgeSide Galleria (midday)

Thursday, February 8
South Station Commuter Rail Area (morning)

Friday, February 9
Jamaica Plain Post Office (afternoon)
Fort Point Post Office (afternoon)

In February 2007, the AGO participated in Consumer Protection Week, educating consumers about utilities, among other issues.

ADVOCATING FOR AFFORDABLE INSURANCE

During FY07, the AGO recovered \$346.2 million in restitution (including the AIG/CAT settlement) for consumers and savings resulting from insurance rate cases, including \$61,800,000 in penalties and payments to the Commonwealth, \$300,000 in restitution to Massachusetts municipalities, and \$27,000,000 in restitution and monetary savings for Massachusetts businesses and nonprofit organizations.

CIVIL ENFORCEMENT ACTIONS

The AGO protects ratepayers by advocating on their behalf in rate cases, as well as engaging in enforcement actions against individual insurers. The AGO represents the interests of consumers in insurance rate setting proceedings before the Commissioner of Insurance, and also investigates and litigates consumer protection and False Claims Act cases against financial institutions. The AGO assists consumers by mediating consumer insurance, banking and investments complaints that do not rise to the level of unfair practices, and by seeking statutory and regulatory reforms when appropriate.

In FY07, the AGO received 5,923 calls related to insurance mediation and fielded 8,507 calls from seniors to the AG Elder Hotline. In FY07, staff handled approximately 2,000 mediations of insurance matters. Significant case results and accomplishments include:

PRIVATE PASSENGER AUTO INSURANCE RATE CASE. Massachusetts consumers pay over \$4 billion each year in auto insurance premiums. In FY07, auto insurers acknowledged the need for a rate decrease, but sought to limit the reduction to 3.7 percent. The AGO successfully obtained much larger decrease. After a rate trial, the Commissioner ordered a 11.8 percent rate rollback, resulting in an additional \$300 million savings for Massachusetts consumers.

ZURICH INSURANCE CO. The AGO entered into a multistate settlement with Zurich, a major national insurance company, relating to collusive bidding practices in the excess casualty insurance marketplace. Under the settlement,

ELDER HOTLINE, 1-888-AG-ELDER

The AGO maintains a statewide, toll-free telephone hotline to assist individuals on a wide range of elder issues. The hotline provides a valuable service to Massachusetts' senior citizens, their families, and others seeking information about elder-related issues and programs throughout the Commonwealth. The hotline, which is staffed by senior volunteers, provides dispute resolution services and is a comprehensive resource for information and referral on a full range of concerns.

Zurich paid a \$20 million penalty to the states, agreed to a \$150 million restitution program, and put in place a new business conduct standard that includes proactive disclosures of agent compensation.

FAIR PLAN. The FAIR Plan provides homeowner insurance for the 150,000 coastal and urban homeowners in Massachusetts who cannot obtain coverage from private insurance companies. In 2007, the Commissioner of Insurance approved an industry request for an unprecedented rate increase, hiking rates an average of 12 percent statewide and 25 percent in many coastal communities. The AGO opposed the rate request and appealed the Commissioner's decision to the Supreme Judicial Court.

COMMERCE INSURANCE COMPANY. In this Supreme Judicial Court case, the AGO successfully defended the Insurance Commissioner's statutory authority to approve an assigned risk plan for high-risk drivers unable to obtain automobile insurance in the voluntary market.

CRIMINAL PROSECUTION OF INSURANCE FRAUD

In FY07, the AGO investigated staged auto accidents in conjunction with the Insurance Fraud Bureau's Community Insurance Fraud Initiative (CIFI) in select communities such as Boston and Lawrence. These cooperative efforts have had a deterrent effect resulting in significant decreases in auto insurance premiums. The AGO obtained guilty pleas and admissions to sufficient facts from defendants in 29 criminal cases involving automobile insurance fraud resulting in \$43,000 restitution to insurance companies.

The AGO also investigated and prosecuted general insurance fraud, including insurance agents and individuals who deceive and cheat consumers who believe they are purchasing life insurance or other insurance products. These cases also include individuals who submit fraudulent insurance claims to insurers stating thefts or losses occurred that never actually happened. In FY07, the AGO had two convictions after jury trials and 17 pleas in cases of this nature, resulting in \$247,232 in restitution.

REGULATING PUBLIC CHARITIES

Nonprofit charitable organizations, which range in size and scope, are major contributors to the Commonwealth's economic strength and its cultural heritage. A public charity is a nonprofit organization whose purpose is charitable and which collects, holds and expends funds for the benefit of the public. Examples include philanthropic organizations, as well as most nonprofit hospitals, schools, social service providers, and cultural organizations. [Examples of nonprofit organizations that are not public charities, and are not regulated by the AGO, include chambers of commerce, labor unions, social clubs, civic associations, and similar organizations that benefit only their members.] The AGO works to safeguard the public's interest in these organizations, as well as ensure the proper solicitation and use of charitable funds raised from other sources.

ESTATES INVOLVING CHARITABLE INTERESTS

As a party to the probate of all estates in which a charitable interest exists and in all judicial proceedings affecting charitable trusts, during FY07 the AGO: received and reviewed 953 new wills, 1,523 interim accounts, and 661 final accounts; assented to 70 petitions to sell real estate; and received and reviewed 465 miscellaneous complaints and filings with respect to these matters. The AGO also settled 14 cases involving the misapplication of charitable bequests or excessive fees which, in the aggregate, resulted in approximately \$388,000 being recovered for charitable purposes.

REVIEW OF ASSET DISPOSITIONS

In carrying out its responsibility to assure the proper use of charitable funds, the Non-Profit Organizations/Public Charities Division reviews significant asset dispositions, changes in purposes, and other material transactions undertaken by nonprofit charitable organizations, including all dissolution proceedings. During FY07, the Division reviewed several hundred notices regarding significant transactions and approved the dissolution of 105 public charities.

NONPROFIT ORGANIZATIONS

In FY07, in the nonprofit context, the Attorney General approved 1,077 initial registrations, processed 19,540 annual financial reports, and approved 438 registrations for professional solicitors, fundraising counsel, and commercial co-venturers. Fees for these activities generated in excess of \$2,000,000 for the Commonwealth.

ENFORCING THE LAW

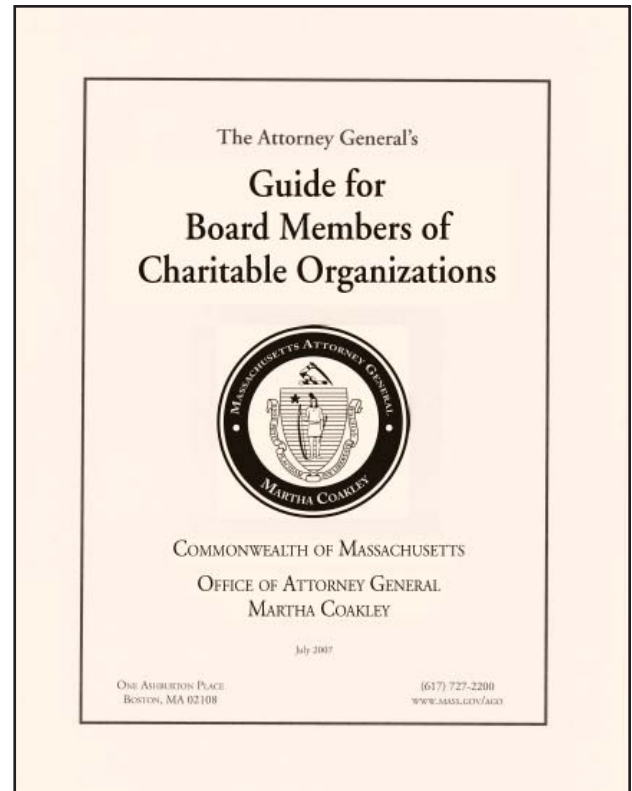
During FY07, the AGO received, reviewed and investigated approximately 250 formal written complaints regarding the use of charitable funds. Examples include:

The AGO obtained the cancellation of an online raffle being conducted by Grand Wizard Raffle, Inc., with refunds issued to all ticket purchasers.

The AGO also worked with the Bristol County Probate and Family Court over a three-year period to investigate allegations of improper use of the property of wards of a charitable guardianship agency. In cooperation with the court, investigators, guardians *ad litem*, the agency and its attorneys, there were significant personnel, governance and operations changes implemented to prevent further breaches of duty.

MONITORING HEALTH CARE NONPROFITS

In carrying out its oversight responsibilities, the AGO identifies hospitals, insurers, and, in limited cases, other health care providers, facing financial challenges, and monitors the organizations' responses to those challenges. During FY07, the AGO continued to monitor certain hospitals and insurers and track their progress in addressing identified weaknesses.



The AGO updated and re-released this "Guide for Board Members of Charitable Organizations" in the summer of 2007.

EDUCATION AND OUTREACH

The AGO is committed to building and assuring a high level of competence and compliance in the nonprofit charitable sector. During FY07, staff from the AGO routinely spoke at seminars for lawyers, accountants, managers, business people, and others professionally engaged in advising, operating or gifting to public charities. Staff also commenced the process of updating and expanding information available on the AGO website, including participating in efforts to make information regarding public charities, fundraisers, and solicitors available online.

PROMOTING ECONOMIC GROWTH AND DEVELOPMENT

The AGO promotes an environment for competition and economic growth through a number of core functions, many of which have been described in other portions of this annual report. In addition to these activities, in FY07, the AGO pressed several other matters that support economic growth and development.

FISHING INDUSTRY

Massachusetts and New Hampshire jointly filed suit in Federal Court (*Commonwealth of Massachusetts, by its Division of Marine Fisheries, and State of New Hampshire, by its Fish & Game Department v. U.S. Secretary of Commerce*) challenging new federal regulations limiting commercial fishing vessels' "days at sea" in certain areas in the Gulf of Maine. The Commonwealth claims that the regulations violate various provisions of federal law and will have a severe impact on the Massachusetts fishing industry by preventing access to over a dozen species of fish, drastically reducing the days at sea for fishing boats, and causing the over-fishing of cod in the Gulf of Maine.

WORKERS COMPENSATION RATES

All employers are required to carry workers' compensation insurance, which pays for lost wages, permanent injuries, and other expenses stemming from worker accidents on the job. In FY07, the insurance companies asked for the Commissioner of Insurance to limit the workers compensation insurance rate decrease to 13.4 percent. The AGO negotiated a settlement with the Workers' Compensation Rating and Inspection Bureau of Massachusetts which resulted in a 16.9 percent rate decrease, saving Massachusetts employers an additional \$27 million.

BROWNFIELDS DEVELOPMENT

In FY07, the AGO executed Brownfields Covenant Not to Sue Agreements that fostered the clean up and redevelopment of six contaminated sites across the Commonwealth:

Redevelopment of the Forbes Lithographic Company site in Chelsea into 225 "eco-loft" condominiums, with environmentally-friendly design features and a public walkway along the Chelsea River.

Redevelopment of a 42-acre former wool processing facility in Hudson into a village-style residential community on the site while preserving 17 acres as protected public open space.



The AGO executed a Brownfields Covenant Not to Sue Agreement to foster the clean-up and redevelopment of the Forbes Lithographic Company site in Chelsea. The site before redevelopment (pictured top) is a neglected factory. The site after redevelopment (computer rendering pictured bottom) will be condominiums and a waterfront walkway.

Turning the 8.6-acre former GenCorp plastics manufacturing plant in Lawrence into a landscaped lot of approximately 1,000 parking spaces to be developed by the Merrimack Valley Regional Transit Authority to support businesses in the Lawrence Gateway area.

Redevelopment of a former auto body shop in Natick into 24 market-rate and affordable condominiums in a downtown location two blocks from a commuter rail station.

Refurbishing and modernizing the historic but long-shuttered Colonial Theatre in Pittsfield to bring jobs and cultural and economic revitalization to the downtown area.

Redevelopment of the former Hampden Color and Chemical Company property in Springfield into a refurbished facility for Astro Chemicals' chemical distribution business.

PROTECTING TAXPAYERS FROM WASTE AND FRAUD

In FY07, the Attorney General's Office: investigated and prosecuted fraud committed against the Commonwealth; sued for money owed to the Commonwealth, recovering tens of millions of dollars in taxpayer funds; and vigorously defended the Commonwealth and its agencies from meritless lawsuits.

PROSECUTING FRAUD AGAINST THE COMMONWEALTH

The AGO investigates and prosecutes fraud against the Commonwealth's workers' compensation and unemployment insurance systems to protect taxpayers from the higher premiums and taxes that result from fraud.

FRAUD CASES - RESTITUTION TO THE COMMONWEALTH

Type of Case	# of Cases	Savings
Unemployment	50	\$134,000
Workers Compensation	32	\$89,000
Social Security/Disability	984	\$4 million

RECOVERING MONEY OWED TO THE COMMONWEALTH

AIG/CAT SURPLUS. American International Group, Inc. (AIG) is the workers' compensation insurer for the Central Artery Tunnel (CAT) project. As part of its contract with the Commonwealth, AIG agreed that it would pass-through both residual market surpluses and losses to the Commonwealth. In fact, although AIG reported the relevant amounts to the CAT authorities, it neither charged the state for the residual market losses nor paid out any related surplus to the CAT project. The AGO obtained a settlement agreement with AIG that required the company to refund \$58.5 million to the CAT project and to pay \$40,000 to the AGO for attorneys' fees.

BANKBOSTON CORP. The AGO successfully argued that a corporation cannot deduct dividends received from a real estate income trust (REIT) when calculating its corporate excise tax liability. The Appeals Court ruling foreclosed the use in Massachusetts of a widely-used state tax avoidance scheme (the "captive REIT" strategy).

DEFENDING TAXPAYERS FROM MERITLESS LAWSUITS

The AGO defends the Commonwealth and its employees against many types of lawsuits, including those involving personal injury and other torts. In one personal injury case, the plaintiff claimed he slipped and fell on an icy step at Bristol Community College. The AGO won summary judgment on the grounds

that the plaintiff could not show that the ice had been on the stairs for any length of time or that it was an unnatural accumulation of ice.

In another case, the AGO defended the Board of Bar Overseers (BBO) and certain individual employees of the BBO against a claim by a lawyer that she was defamed by statements made about her and her pending disciplinary matter by the defendants to the press and also on the BBO website. The AGO won dismissal on the ground that the Commonwealth and public employees acting in the scope of their employment are immune from suit for intentional torts and that the defendants enjoy a quasi judicial immunity for their official duties.

CONTRACT CASES

The AGO also defends the Commonwealth and its agencies in a variety of contract actions, including construction disputes, breach of lease cases, and bid protests. Often these cases are complex because they involve interpretation of bidding regulations and a complicated statutory framework. In one case, the plaintiff was the unsuccessful bidder on a contract to supply the Commonwealth with specialized voting equipment for disabled voters, and sued the Secretary of the Commonwealth. The plaintiff's effort to prevent Secretary William Galvin from awarding the contract to another bidder failed when the Court denied the plaintiff's request. Subsequently the plaintiff dismissed the lawsuit.

REAL ESTATE CASES

The AGO handles eminent domain cases and other miscellaneous cases involving real property. In one case, a group of artists living and working in loft space in Boston claimed that the construction of the I-90 Connector Tunnel and the Fort Port Channel "Casting Basin" lowered the ground water to such a level that wood pile foundations were exposed causing the piles to rot and requiring that many be replaced. The artists sought millions of dollars in damages. After a six-day trial, the jury returned a verdict in favor of the Commonwealth.

EMPLOYMENT CASES

The AGO defends the Commonwealth from meritless suits by employees. For instance, in a case in which the plaintiff claimed that his employer, the Department of Revenue (DOR), discriminated against him on account of his race/national origin in denying him a promotion, the AGO won summary judgment on the ground that the plaintiff failed to adduce sufficient evidence to challenge DOR's legitimate non-discriminatory reason for passing him over for promotion.

WORKING AT THE FOREFRONT OF TECHNOLOGY

In 2007, the AGO devoted substantial resources to the area of information technology, updating hardware and software to allow the AGO to work at the forefront of technology.

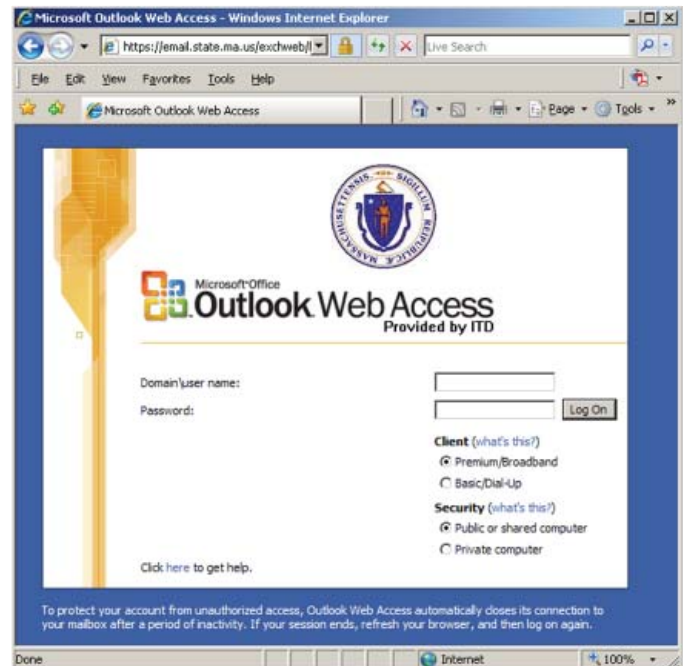
The Information Technology Division (ITD) pursued the twin goals of improving the effectiveness and efficiency of the Office's work and also improving direct communication with the public to receive information, educational materials, and complaints to the public. In the second half of the Fiscal Year, from January through June 2007, ITD completed many significant projects.

HARDWARE AND INFRASTRUCTURE

During 2007, ITD updated the computer server operating system licenses and replaced the main document storage servers. ITD also installed 200 new personal computers (PCs) and laptops to replace obsolete hardware/software, and negotiated and completed an agreement with Microsoft to provide for full implementation of Microsoft Office 2007 with payments amortized over three years. Additionally, ITD made significant data center and infrastructure improvements including UPS (Uninterruptable Power Supply, for the network server), imaging software, and new back-up software, among others.

EXTERNAL ACCESS

Over a 90-day period, ITD transitioned the entire AGO to the MassMail email system in conjunction with the Massachusetts Information Technology Division organization. This system now includes the AGO with other Commonwealth agencies in a common name and email directory, as well as provided Web-based email for the AGO. ITD also implemented external access



In FY07, ITD transitioned the entire AGO to the MassMail email system, which includes the AGO with other state agencies in a common name and email directory, as well as provided Web-based email (pictured above).

methods, in addition to Web email, including Broadband and VPN (Virtual Private Network, a network that uses a public telecommunication infrastructure, such as the Internet, to provide remote offices or individual users with secure access to their organization's network).

NETWORK SECURITY

ITD completely rebuilt the internal data network to support MS Active Directory, including bringing all network security up to current licensing and standards. In updating this network security, ITD procured and installed a modern network firewall including up-to-date software. Additionally, ITD: deployed Commonwealth Enterprise anti-virus software; procured and deployed Web browsing software to manage, report and control Internet use within AGO standards and practices; and procured and deployed sophisticated software (LANDesk) that accommodates remote management of all AGO computer desktops (LANDesk improves security by providing a significant patch tool and also improves the ability to respond to employee requests for help and service).

CONSTITUENT RESPONSE AND MANAGEMENT

ITD made initial improvement to management reporting and tracking applications, including planning for a new event management application to be implemented in FY08, completion of an application inventory, and integration of tobacco enforcement tracking in the current case management application. ITD also designed and obtained approval for e-commerce solutions, to allow Massachusetts residents to transmit information, such as complaints, electronically to the AGO.

COMMUNICATIONS AND EDUCATION

Between January and June 2007, CIED also began the process of creating a new Web presence as a part of the Mass.gov portal. The new site is driven by constituent needs and guided by useful content, providing access to the work of the AGO.

During FY07, the AGO began the process of creating a new website through the Mass.gov portal. The site launched in July 2007.



PREPARED PURSUANT TO M.G.L. c. 12, s. 11

THE GENERAL LAWS OF MASSACHUSETTS

PART I. ADMINISTRATION OF THE GOVERNMENT

TITLE II. EXECUTIVE AND ADMINISTRATIVE OFFICERS OF THE COMMONWEALTH

CHAPTER 12. DEPARTMENT OF THE ATTORNEY GENERAL, AND THE DISTRICT ATTORNEYS

DEPARTMENT OF THE ATTORNEY GENERAL

CHAPTER 12: SECTION 11. ANNUAL REPORT OF CASES HANDLED

Section 11. He shall make an annual report showing the number of cases tried, argued or conducted by him during the preceding fiscal year, with suggestions and recommendations as to the amendment and the proper and economical administration of the laws. He shall include in his annual report a statement of his acts under section nine, with suggestions and recommendations relative thereto. He may, with the approval of the governor and council, prepare and publish such reports of capital trials as he deems expedient for public use. One copy shall be sent to each public and law library in the commonwealth, and the balance may be sold, or otherwise disposed of, at the discretion of the state secretary.

OFFICE OF ATTORNEY GENERAL MARTHA COAKLEY

One Ashburton Place
Boston, MA 02108
Phone: (617) 727-2200
TTY: (617) 727-4765
www.mass.gov/ago

BOSTON OFFICE
100 Cambridge Street
Boston, MA 02108
Phone: (617) 727-2200

NEW BEDFORD OFFICE
105 William Street, First Floor
New Bedford, MA 02740
Phone: (508) 990-9700

SPRINGFIELD OFFICE
1350 Main Street, Fourth Floor
Springfield, MA 01103
Phone: (413) 784-1240

WORCESTER OFFICE
One Exchange Place
Worcester, MA 01608
Phone: (508) 792-7600

Consumer Hotline*
Phone: (617) 727-8400

Elder Hotline
Phone: (888) 243-5337

Fair Labor Helpline
Phone: (617) 727-3465

Insurance and Health Care Consumer Helpline
Phone: (888) 830-6277

Insurance Fraud Tipline**
Phone: (617) 573-5330



**Hours of operation for the Consumer Hotline are 10:00 a.m. to 4:00 p.m.*

***The Insurance Fraud Tipline (accepting calls 24 hours) is intended for calls pertaining to fraud in any of the following: workers' compensation, motor vehicle insurance, disability, health care billing, and unemployment insurance.*

