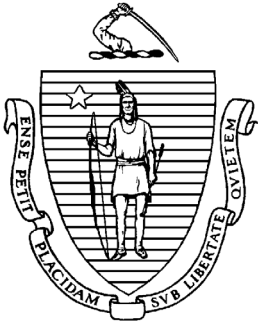


Report of the Attorney General for Fiscal Year 2013



COMMONWEALTH OF MASSACHUSETTS
OFFICE OF ATTORNEY GENERAL
MARTHA COAKLEY



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ATTORNEY GENERAL

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In accordance with the provisions of Section 11 of Chapter 12 of the Massachusetts General Laws, I hereby submit the Annual Report for the Office of the Attorney General. This annual Report covers the period from July 1, 2012 to June 30, 2013.

Respectfully submitted,

A handwritten signature in black ink that reads "Martha Coakley".

Martha Coakley
Attorney General

The Attorney General's Office

The Executive Bureau

Budget Division
Communications Division
Community Information and Education Division
Gaming Enforcement Division
General Counsel's Office
Human Resources Division
Information Technology Division
Law Library
Operations and Support Services Division
Policy & Government Division
Public Inquiry & Assistance Center
Victim/Witness Services Division

The Business and Labor Bureau

Business, Technology, and Economic Development
Division
Energy and Telecommunications Division
Fair Labor Division
Medicaid Fraud Division
Non-Profit Organizations/Public Charities Division

The Criminal Bureau

Appeals Division
Cyber Crime Division
Enterprise and Major Crimes Division
Environmental Crimes Strike Force
Fraud and Financial Crimes Division
Financial Investigations Division
Insurance and Unemployment Fraud Division
Public Integrity Division
State Police Detective Unit

Government Bureau

Abandoned Housing Initiative
Administrative Law Division
Municipal Law Unit
Open Government Division
Trial Division

Public Protection and Advocacy Bureau

Antitrust Division
Civil Rights Division
Consumer Protection Division
Environmental Protection Division
Health Care Division
HomeCorps
Investigations Division
Insurance and Financial Services Division

Regional Offices

Central Massachusetts (Worcester)
Southeastern Massachusetts (New Bedford)
Western Massachusetts (Springfield)

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THE EXECUTIVE BUREAU

The Executive Bureau provides administration, public information, and policy development support for the Attorney General's Office (AGO), as well as operational, information technology, human resources, and fiscal management services. Executive Bureau leadership includes the First Assistant Attorney General, Deputy Attorneys General, and the Chief of Staff. Divisions within the Executive Bureau include: General Counsel's Office; Policy and Government; Community Information and Education; Information Technology; Human Resources; Communications; Budget; Gaming Enforcement; the Public Inquiry and Assistance Center, the Law Library, and Victim Services.

Community Information and Education Division

The Community Information and Education Division (CIED) works collaboratively with the bureaus and divisions of the AGO and with constituencies statewide to provide programs, host special events and create initiatives across the Commonwealth in the areas of public health, safety, consumer protection, civic engagement and community service. In addition, CIED is responsible for the management of AGO grants related to consumer protection, behavioral health, financial literacy, public health, safety and efforts to mitigate the foreclosure crisis.

Over a two-week period in May 2013, the Legal Food Frenzy, a benevolent competition within the legal community, raised the equivalent of 480,000 pounds of food for Massachusetts' four Food Banks, which provided 282,779 meals to people in need. To date, the competition has raised more than 1.6 million pounds of food, amounting to more than 1.2 million meals for families across Massachusetts.

A HomeCorps Roundtable discussion with AG Coakley was held in Lowell City Hall with the Attorney General and local parties regarding the foreclosure crisis and its impact on communities. The roundtable brought together community leaders and folks on the ground who are working to mitigate the impacts of the foreclosure crisis, to spark a discussion about what we are seeing, what is working, and how we will move forward.

The Eliminate D.E.B.T.(Deceptive Education Business Tactics) Consumer Education Campaign was launched, which included the creation of new consumer materials available in English, Spanish, Portuguese, Haitian-Creole and Mandarin Chinese, regarding deceptive tactics used by some for-profit schools. The AGO participated in 35 outreach events, reaching more than 8,500 people who either work directly with populations targeted by for-profit schools, or who are targeted themselves.

Gaming Enforcement Division

The mandate of the Gaming Enforcement Division is to investigate and prosecute criminal conduct related to expanded gaming in the Commonwealth, monitor the fairness and integrity of the gaming industry, provide assistance to the Gaming Commission in consideration and promulgation of rules and regulations, and participate in generating a list of persons to be excluded from licensed gaming facilities. The work of the division is not strictly limited to gambling offenses or crimes committed within casinos, but includes activity that is gaming-related, such as financial crime, organized crime, corruption and money laundering. The division works closely with the State Police Gaming Enforcement Unit, as well as other federal, state and local law enforcement entities. Members of the division adhere to an enhanced code of ethics, as mandated by G.L. c. 11M(c).

The Division has advised the Gaming Commission regarding the promulgation of regulations, created

partnerships with local, state and federal agencies, conducted training relating to gaming and organized crime, communicated with the public about gaming-related issues, and become familiar with all aspects of the nascent gaming industry in the Commonwealth.

General Counsel's Office

The General Counsel's Office's primary responsibility is to provide legal assistance and operational support to the Attorney General, First Assistant, Deputy Attorneys General, Executive Bureau, substantive bureaus, and non-legal divisions, including the Human Resource Division, Information Technology Division, Operations Division, and Budget Office.

Specifically, the GCO provides legal assistance with employment, ethics, conflicts of interest issues; assists in the development and implementation of office policies and procedures; ensures that all staff complies with G.L. c. 268A and fulfills annual distribution of conflicts of interest law summary and on-line training requirements; helps to represent the AGO in matters before the division of unemployment assistance or other agencies; manages the process through which Special Assistant Attorneys General (SAAG) are appointed and serve; approves contracts for legal services by state agencies; reviews and circulates Petitions and Notices from the Board of Bar Overseers, Notices of tax settlements, and CAFA notices of class actions settlements; reviews and coordinates responses from Bureau Chiefs and other AAsG regarding whether the office should sign on to multistate sign-on letters circulated by the National Association of Attorneys General (NAAG); manages the Public Records processes (by reviewing Public Records Law referrals from the Supervisor of Records); responds to Public Records Requests made by the public and press to the AGO; provides advice to the Executive and other Bureaus concerning the proper response to Public Records Requests; coordinates and trains public records officers within the Bureaus); manages the process through which members of state Boards and Commissions are appointed by the Attorney General; and provides legal support regarding e-Discovery, records retention, procurement and contracting, and other office-wide issues.

The GCO is also responsible for the AG Institute, the in-house training division of the AGO. The AG Institute identifies training needs; creates and conducts in-house training programs on substantive legal issues and professional development; works with in-house and outside presenters and consultants; coordinates out of office training requests; and manages a database which tracks staff participation in CLE programs.

The AGO has an internal mandatory minimum Continuing Legal Education (CLE) requirement of 12 CLEs per year for AAsG. The GCO, through the AG Institute, provides in-office high quality training to AGO legal and non-legal staff. The AG Institute conducted 68 AG Institute training programs (filling 1306 training seats) and AAsG collectively earned 1,759 internal CLE credits at AG Institute programs which were applied to their individual 12 hour CLE requirements.

In FY 2013, the General Counsel's Office managed over 70 requests to join multistate amicus briefs which were circulated by the National Association of Attorneys General. The AGO joined 10 multistate amicus briefs.

In FY 2013, the General Counsel's Office managed 25 requests to sign on to multistate letters to Congress, regulatory agencies, and the like which were circulated by the National Association of Attorneys General. The AGO joined 19 letters.

In FY 2013, the AGO received approximately 400 public records requests; the General Counsel's Office handled 129 public records requests.

Policy & Government Division

The Policy & Government Division works with the Legislature and Executive Branch, members of the Commonwealth's federal delegation, municipal officials, and other stakeholders to represent the Office's legislative and policy priorities. Policy & Government staff meet regularly with elected officials and other stakeholders on issues as diverse as energy and the environment, health care costs, fair labor issues, criminal law proposals, consumer protection matters, and business-related issues. The Division also works with the individual Bureaus and Divisions of the AGO to formulate and advance the office's own legislative and policy initiatives.

During FY13, Policy & Government staff worked with various members of the General Court on major legislation relative to foreclosure prevention; continuing health care cost containment review; strengthening veterans benefits; combatting the trafficking of methamphetamines; and stopping illegal gaming . One of our Office's legislative priorities was An Act Preventing Unlawful and Unnecessary Foreclosures, which was signed into law by the Governor on August 3, 2012 (Chapter 194 of the Acts of 2012). This first-in-the-nation law requires creditors to analyze a borrower's ability to pay a modified mortgage loan prior to beginning foreclosure proceedings and offer a loan modification where the analysis determines that the bank will not lose money on the modified loan. The outcome: distressed homeowners are able to stay in their homes without banks sacrificing their bottom lines.

At the federal level, Policy & Government staff work with the Massachusetts Congressional Delegation on policy matters of significance to the Commonwealth, which during FY 2013 included supporting our fishing communities and promoting reauthorization of the federal Trafficking Victims Protection Reauthorization Act ("TVPRA"). In addition, the Division assists state and federal elected officials and staff in the resolution of constituent matters

Public Inquiry & Assistance Center

The Attorney General's Public Inquiry and Assistance Center (PIAC) offers many ways to assist consumers. We offer a consumer and Elder hotline which are a means of central intake for the office's consumer and constituent service's issues. The hotlines answered over 54,000 calls last year with a range of questions and concerns in the area of consumer protection. The consumer hotline is staffed weekdays from 10:00 a.m. to 4:00 p.m. with trained information specialists who can: answer questions or direct consumers to areas of the AGO website for answers, offer referrals to appropriate organizations or government agencies, or, as appropriate, direct the consumer to file a written complaint and provide information on the consumer complaint and mediation processes, as well as our community-based consumer and mediation programs.

PIAC is staffed with trained professionals who will review all complaints to determine whether they are appropriate for the AGO's free, voluntary mediation service. If the complaint is not appropriate for mediation, then PIAC may be able to refer the complainant to another area of the office or another government agency or organization. PIAC processed 29,000 intakes in fiscal year 2013. In order to expedite the processing and resolution of a consumer's complaint, PIAC may refer it to a Local Consumer Program (LCP) or a Face-to-Face Program (FTF) near where the consumer lives. For fiscal year 2013, PIAC and the LCPs performed over 11,220 mediations and returned or saved \$4,695,534 on behalf of Massachusetts consumers. These programs receive grant funding by and work in cooperation with our office, providing the same free, voluntary mediation services.

These services save consumers and businesses money, relieve the burden on courts, foster confidence in government, keep the public safe, and help ensure fairness in the marketplace. The PIAC staff is available to provide educational outreach. Staff must develop expertise in subject matters from auto repairs to mortgage modifications. Educating the public in order to prevent scams and rip-offs is a vital part of the mission of this office and the local consumer agencies. This past year, PIAC performed approximately thirty educational outreach events on these topics and educated over 1,800 consumers. PIAC provides information to help consumers make informed decisions and to offer some tips to assist in avoiding deception and fraud

Victim/Witness Services Division

Victim/Witness Assistance Division

The Victim/Witness Services Division provides comprehensive services to victims and witness involved in AGO cases. These services include referrals to other state and local agencies and helping victims to understand the court process and their role in it. Victim Witness Advocates (VWA's) facilitated over 220 cases throughout the year serving victims and witnesses involved with Criminal, Civil, and post-disposition matters. In addition, staff members were active in numerous committees, outreach, and training activities including the MA Office of Victim Assistance Board, the Sexual Assault Nurse Examiners (SANE) Advisory Board, Governor's Council to Address Domestic Violence and Sexual Violence, and the MA Victim Assistance Academy.

The Victim/Witness Services Division responded to the the horrific events of April 15, 2013 near the finish line of the Boston Marathon which resulted in three deaths and injuries to hundreds more. The response to these devastated victims was an amazing display of dedication and professionalism.

In the days following the incident, a Family Assistance Center was set up and manned by the agencies to increase communication and resolve issues for victims and family members. The Red Cross took the lead in triaging victims who were directed to appropriate agencies for follow up. The Victim Compensation Division created a shortened application so the process would be quick and streamlined for families. The entire Victim/Witness Services Division worked long hours and on the weekends manning the Family Assistance Center to make sure every family walking through the doors was assisted in this "one stop shop" location. Ensuring continuum of care for victims was particularly challenging given the number of victims, type of injuries, media attention, and investigative/prosecution issues. The Victim Services Division continues to work with victims and family members daily.

Victim Compensation and Assistance Division

There are several statistics that highlight the effectiveness and impact of the Victim Compensation and Assistance Division in responding to the needs of victims of violent crime. In the fiscal year 2013 (FY13), the division received 1,629 applications from new claimants. These new claims represent the numbers of individuals who are impacted by violent crimes in the state of Massachusetts. In FY13, the division responded to and made 1,434 claims eligible. By the end of the fiscal year, the division paid out a total of \$ 3, 116,520.20 in crime-related expenses using federal and state monies. Of the 1,055 claims that were paid out during FY13, 196 claims were related to domestic violence incidents which depict a minimal decrease from FY11 and FY12. In the year 2013, almost 86% of all claims that the division paid out were related to crimes of assault, homicide, and sexual assault. More than half of the claims that were paid out fell in the crime category of assault. The top three expense categories paid out by the division in FY13 were funeral/burial, medical/dental, and economic support.

The division paid out a total of \$1,164,799.26 in medical/dental expenses, \$ 682,943.01 in funeral related expenses, and \$670,943.01 in economic support.

Over the past year, the division has implemented several changes to the Program's governing statute (M.G.L c. 258C) and regulations (940 CMR 14.00). First, the division increased the maximum award as defined by M.G.L. c.258C in order to address the unique challenges and expenses of those surviving catastrophic injuries. Previously, the maximum award for victims of violent crimes was set at \$25,000 but with these new changes – those with catastrophic injuries as defined by M.G.L. c258C are now able to receive up to \$50,000 in compensation. Secondly, the division put into effect protective debt collection measures in order to insure that “any debt collection activities relating to medical or dental treatment received by the person in connection with a claim filed pursuant to M.G.L. c258C until an award has been made on the claim or until the claim has been denied”. Lastly, the division has increased the sum of possible compensation from \$6,500 to \$8,000 for funeral/burial expenses for those crimes occurring on or after July 1, 2013.

The division has continued to conduct various outreach trainings around the Commonwealth in order to increase knowledge about the new changes to district attorney offices, child advocacy centers, medical providers, mental health providers, and funeral homes. The Victim Compensation Division has been successful in their efforts to meet their mission this past fiscal year. As a division they had the distinguished honor of being awarded the 2013 Victim's Rights Week Award from the United States Attorney's Office for the District of Massachusetts. “This award recognizes the dedication and hard work of the Compensation staff in assisting victims of violent crimes, many with limited or no resources”.

THE BUSINESS AND LABOR BUREAU

The Business and Labor Bureau protects the public interest through fair, firm and transparent investigation, reporting and enforcement actions while providing certainty and equality in the marketplace. The Bureau works to develop clear rules and parameters for the business community and stakeholders to follow.

The Business and Labor Bureau helps to promote a healthy economy by balancing regulatory enforcement and review with advocacy for consumers, ratepayers, and workers. The Bureau works to aggressively root out and prosecute fraud and abuses in our state health care system, advocate on behalf of utility ratepayers, enforce laws governing our many public charities, and to level the playing field for workers and businesses, while promoting a healthy economy.

Business, Technology, and Economic Development Division

The Business, Technology and Economic Development Division is the liaison between the business community and the Attorney General's Office, promoting better communication, providing information and facilitating a better understanding of issues facing business in the Commonwealth.

The primary role of BTED is to further the Attorney General's efforts to promote economic and technological development in Massachusetts. BTED advises the Attorney General from the perspective of the business community as the Office develops policy on matters that may affect business activity and the Commonwealth's economy.

BTED often collaborates with other divisions of the Attorney General's Office on issues affecting the business community, including: amicus briefs; regulatory initiatives or review; legislative and policy analysis and review; drafting of advisories; statutory construction; small business impact statements; and evaluation of business-related municipal by-laws.

BTED also acts as the Attorney General's representative before the Building Code Coordinating Council, a multi-agency coordinated, centralized review body designed to reduce inconsistency, redundancy and conflict within the various building codes and regulations to facilitate consistent enforcement and reduce delays in construction and rehabilitation of buildings, structures and homes in the Commonwealth.

BTED provides assistance to businesses in a variety of different areas. Business and industry trade groups are encouraged to reach out and share their perspectives, concerns and recommendations with BTED relative to the impact of state laws and regulations on their businesses, including those laws and regulations specifically promulgated or enforced by the Attorney General's Office.

This fiscal year BTED, organized a one-day Energy Summit bringing together businesses, policy-makers, and clean energy advocates to share ideas about how to further maximize innovative reforms enacted since 2008, and identify additional steps that can be taken as we move forward on the Commonwealth's ambitious energy and environmental policy goals. With a focus on potential business impacts, panelists examined and discussed topics related to energy, cost competitiveness, and policy. Attendees heard stories directly from businesses about their experiences with energy projects and costs including: how costs impact their ability to be competitive, the utilization of energy efficiency and renewable resources, and the successes and challenges they have experienced. Panelists also examined the potential pathway forward, including polices and innovative technology and financing solutions for the Commonwealth and the region.

Energy and Telecommunications Division

Through the Energy and Telecommunications Division, the Attorney General serves as the statutory Ratepayer Advocate in administrative or judicial proceedings on behalf of consumers in matters involving the rates, charges, or tariffs of electric, gas, water or telephone companies doing business in the Commonwealth. The Division works to ensure that businesses and residents have access to reliable, safe, and affordable energy. The Division litigates cases before state and federal courts, as well as administrative bodies, such as the Massachusetts Department of Public Utilities, the Massachusetts Department of Telecommunications, the Federal Energy Regulatory Commission, and the Federal Communications Commission. In many of these matters, the Attorney General is the only active participant advocating on behalf of Massachusetts consumers.

On November 1, 2012, as a result of the Attorney General's advocacy, the DPU rejected \$21.4 million of \$29.2 million in rate increases requested by Bay State Gas Company d/b/a/ Columbia Gas. The DPU also reduced the company's allowed return on equity to 9.45%. The DPU also agreed with the Division's argument that despite having been granted a Targeted Infrastructure Rate Factor (TIFF) mechanism to allow for accelerated recovery of costs to replace aging pipes, the company had failed to replace its pipes on an accelerated basis and ruled that it must meet a minimum mileage replacement threshold before the TIRF may be recovered.

In 2011, Tropical Storm Irene and an unseasonably early, but widely forecasted, snowstorm in October hit the region, leaving thousands of customers without power for days. After an extensive investigation and litigation by the Attorney General, the DPU found that National Grid, NSTAR Electric, and Western Massachusetts Electric Company, had each failed to prepare adequately for the storms and subsequently failed to restore power in a reasonable manner, in violation of the DPU's regulations. The DPU issued penalties against the utilities for \$18.7 million, \$4 million, and \$2 million, respectively, which were returned to customers.

In FY 2013, the Division represented ratepayers in approximately 200 dockets pending before state and federal bodies. Matters that were finalized yielded \$46,392,439 in savings in the form of avoided rate increases or refunds to customers.

Fair Labor Division

Recoveries for Fiscal Year 2013: \$5,213,905.56

Restitution: \$4,376,144.78, Penalties: \$837,760.89

The Fair Labor Division enforces various laws that protect workers, including the prevailing wage, minimum wage, payment of wages, overtime, misclassification, tips, child labor, and Sunday and holiday premium pay laws. The Division has broad powers to investigate and enforce violations of these laws through criminal and civil enforcement actions. The Division protects employees from employer exploitation; prosecutes employers who fail to comply with the Commonwealth's wage and hour laws; and sets a level playing field on which business can compete. The Division's Bid Unit enforces the public construction bidding laws, which ensure that the process by which public construction contracts are awarded is fair and open, free of corruption and favoritism, and that awards go to the lowest, eligible and responsible bidder.

Significant Cases

Commonwealth v. Touched by Angels (TBA)/Gina Clark

As a result of a joint investigation and criminal prosecution by the Fair Labor Division and the Criminal Bureau, the founder of a Cape Cod charity that was organized to provide financial assistance for families who had lost loved ones or were dealing with serious medical situations, but instead stole tens of thousands of dollars for herself and engaged in numerous fair labor violations, was sentenced to 4-5 years in state prison and ordered to pay restitution and penalties. In total, the defendant and her organization were found guilty on 52 counts, including fair labor violations and for operating an illegal lottery scheme. Clark and TBA committed numerous wage and hour violations by misclassifying employees as independent contractors. Clark classified and paid all of TBA's workers as if they were independent contractors, even though they operated under TBA's direction and control, the services they performed for the organization were within the usual course of TBA's business, and the workers were not engaged in any similar independently established businesses. Many of these workers were not paid wages for all of the hours they worked, and in some cases Clark did not pay them the required overtime. Following a 17-day trial, a Barnstable Superior Court jury found Gina Clark guilty on charges of Larceny by Embezzlement over \$250 (15 counts), Gross Fraud, Illegal Lottery Scheme, Minimum Wage Violations, Overtime Law Violations, Failure to Provide Proper Paystub, and Independent Contractor Violations. Separately, Clark's charitable organization and corporation, TBA, was found guilty on the same labor violations plus 11 counts of Larceny by Embezzlement over \$250, and Gross Fraud.

In **National Grid USA**, FLD negotiated a global agreement covering 2,784 employees of more than \$2.3 million, including over \$2 million in liquidated damages to employees and \$270K in penalties to the state, for widespread violations of the state's timely payment of wage act, overtime and payroll record keeping law. The violation stemmed from a catastrophic failure of the company's new payroll system that was implemented shortly before Hurricane Sandy, and left thousands of employees unpaid or underpaid for weeks, and improperly paid for nearly 5 months thereafter. The agreement was achieved in cooperation with the employees' union representatives, the International Brotherhood of Electrical Workers, the United Steelworkers of America, and the Utility Workers Union of America and served to resolve private litigation and grievances filed by the unions.

In 2013 FLD reached a settlement in a wage case regarding restaurant workers at **IHOP**. The settlement required IHOP to pay \$100,000 to over 170 workers for restitution and to the state in penalties for a variety of wage violations, including minimum wage, tips and retaliation. The case largely addressed improper wage practices including, requiring employees to cover costs of doing business that should be borne by the employer, not employees, such as the full meal costs of customers who left without paying their bills and breakages, improperly shaving time from employee pay and requiring employees to share tips with non-wait staff.

In **New Bedford Shellfish, LLC**, the FLD obtained \$78,000 in restitution & penalties for systemic overtime violations committed affecting 32 shellfish processing workers.

In **Grasshopper Tree and Landscape, Inc.**, FLD reached a settlement for more than \$169,000 in restitution and penalties for overtime violations against the landscaper. Investigation into the company began after receiving a complaint from an employee who alleged that he was not being paid for hours worked over 40 each week. The investigation went beyond the single complainant and found Grasshopper had failed to pay overtime to 41 employees from 2009 to 2011.

Medicaid Fraud Division

Recoveries: \$59,691,657.75

The Medicaid Fraud Division conducts a statewide program for the investigation and prosecution of health care providers who defraud the Massachusetts Medicaid program, known as MassHealth. In addition, the Medicaid Fraud Division is responsible for reviewing complaints of abuse, neglect, mistreatment and financial exploitation of patients in long-term care facilities.

Through criminal and civil enforcement actions, the division seeks to have a significant deterrent impact on fraudulent activities within every area of the Commonwealth's healthcare provider community. The Division serves as the Medicaid Fraud Control Unit (MFCU) for the Commonwealth of Massachusetts and is annually certified by the Secretary of the U.S. Department of Health and Human Services. The Medicaid Fraud Division employs investigators, auditors, data analysts and attorneys who work together to develop investigations and execute prosecutions.

The Medicaid Fraud Division partners with other local, state and federal law enforcement agencies in its efforts to combat fraud, save taxpayer dollars, and protect the most vulnerable in our society from exploitation and abuse by their caregivers.

Significant Cases

Major pharmaceutical company **GlaxoSmithKline (GSK)** paid more than \$35 million to the Massachusetts Medicaid Program as part of the nation's largest ever healthcare fraud settlement. The Massachusetts AG's Office led the state negotiations as part of this \$3 billion settlement with federal and state authorities to resolve allegations that GSK engaged in a pattern of unlawfully marketing certain drugs for uses not approved by the Food and Drug Administration (FDA); making false representations regarding the safety and efficacy of certain drugs; offering kickbacks to medical professionals; and underpaying rebates owed to government programs for various drugs paid for by Medicaid and other federally-funded healthcare programs.

Healthpoint, a Texas-based company, paid the Massachusetts Medicaid program \$996,000 to resolve allegations it charged MassHealth for an ineffective drug called Xenaderm. The settlement with Healthpoint, Ltd. and its general partner, DFB Pharmaceuticals, Inc. (DFB), stems from a \$48 million settlement, under the terms of which Healthpoint and DFB paid approximately \$33 million to settle Medicaid-based claims nationally, along with \$15 million to Medicare Part D (the Medicare prescription drug benefit program). Healthpoint allegedly marketed the ointment Xenaderm without FDA approval by modeling it on a pre-1962 drug that the FDA had never reviewed. In the 1970s, the FDA determined that Xenaderm's principal ingredient was "less-than-effective" for its intended use in treating wounds such as pressure ulcers often suffered by the elderly in nursing homes. Massachusetts MFD AAsG played a leading role in the litigation of this matter.

Ranbaxy, a generic drug manufacturer, agreed to pay more than \$2.65 million to the state's Medicaid program to resolve civil and criminal allegations that it knowingly manufactured and sold generic drugs that did not meet FDA standards. As part of a national healthcare fraud settlement, Ranbaxy Laboratories Limited (Ranbaxy), based in Gurgaon, India, paid a total of \$500 million to federal and state authorities. Its United States subsidiary based in Delaware – Ranbaxy USA, Inc. –pled guilty to federal criminal charges based on the same conduct. The civil settlement and criminal plea involved 26

of Ranbaxy's generic pharmaceutical drugs and resolved allegations that Ranbaxy manufactured and sold drugs that were not of the strength, purity, and/or quality required by the FDA; did not comply with FDA-mandated manufacturing practices in plants located in Paonta Sahib and Dewas, India; and made false statements to the FDA concerning its manufacturing practices and the strength, purity, and/or quality of its drugs.

Five former personal care attendants (PCAs) and **three PCA surrogates** were charged for allegedly defrauding the state's Medicaid program of approximately \$260,000 by falsely billing for services that were not provided. A total of 32 indictments were returned in Hampden, Worcester, and Hampshire Counties. The cases included allegations of billing MassHealth for services while a PCA was incarcerated, and charging for the care of a dead person, along with several other schemes.

Alexander Shrayber was ordered to pay \$700,000 and sentenced to five years of probation for paying kickbacks to employees at a regional transit authority in order to divert transportation services paid for by the state's Medicaid program to five of his companies. Shrayber pled guilty to charges of Medicaid Kickbacks and Corrupt Gifts, Offers or Promises to Influence Officials Acts. The conviction resulted from a Medicaid Fraud Division investigation of Shrayber's ongoing arrangement with Montachusett Regional Transit Authority (MART) employees that involved monthly payments in return for bypassing the authority's "low-bid system" and diverting transportation assignments for MassHealth recipients from other companies to one of Shrayber's five transportation businesses. Payments for those rides were funded by MassHealth. Two former MART employees, Maria Gutierrez and Nancy Osorio, also pled guilty to charges of accepting kickbacks and were sentenced to probation. Shrayber's five separate transportation businesses contracted work with MART, a public agency that brokers transportation services to vendors in the Pioneer Valley, North Central Massachusetts, South Central Massachusetts and Greater Boston. Shrayber was sentenced to two and a half years in the House of Correction, suspended for five years, with five years of probation. Shrayber was also ordered to pay \$200,000 in fines and \$500,000 in restitution to the Massachusetts Medicaid Program.

The MFD also charged a number of **medical professionals who were perpetrating fraud** on the Medicaid Program. A New Bedford physician, Dr. Michael Taylor, was indicted on charges he illegally prescribed drugs to 15 of his patients. The indictments alleged that Taylor prescribed oxycodone, a powerful drug with a high potential for abuse, along with Percocet and other oxycodone-based drugs, for no legitimate medical purpose and outside the usual course of his professional practice. As a result, Dr. Taylor caused pharmacies to falsely bill MassHealth for these narcotics by representing that they were appropriate and medically necessary. The indictments also alleged that Taylor fraudulently billed more than \$9,800 to MassHealth for office visits when patients picked up drug prescriptions without seeing him, and for office visits in his New Bedford office when he was out of state. Alan Perl, an unlicensed physician, and Dr. Lalit Savla pled guilty to charges including Larceny and Medicaid False Claims in a scheme that included the submission of claims to MassHealth under Savla's provider information for 21 MassHealth patients in instances when Savla did not provide the services. Perl was sentenced to two years in the House of Correction, suspended for five years, and Savla was sentenced to two years' probation. Both defendants were ordered to pay more than \$66,000 in restitution. Dr. Richard Ng, a former director of a drug abuse clinic in Brighton, was indicted in connection with illegally prescribing suboxone, a drug used to treat opiate addiction, and collecting illegal fees from patients. David Benson, a clinical social worker from New Bedford, pled guilty and was sentenced to jail for billing for services that were not provided. Benson was sentenced to 9 months in the House of Corrections and was also ordered to pay \$160,000 restitution to Medicaid and Medicare.

Other Significant Achievements

MassHealth is a multi-billion dollar joint state and federal program that provides healthcare products and services to eligible low-income individuals, including people with disabilities, children and senior citizens. In calendar year 2013, recoveries by the AG's Medicaid Fraud Division totaled more than \$65 million, making it one of the top three highest amounts recovered for the state's Medicaid program to date. The Medicaid Fraud Division has recovered more than \$385 million for the state during AG Coakley's seven years in office.

On Jan. 18, 2013, the AG's Office filed An Act Prohibiting Clinical Laboratory Self-Referrals, legislation that would close the loophole between drug screen testing labs and referral sources such as sober homes by prohibiting clinical laboratory self-referrals. The bill will end referrals that occur with overlapping ownership of labs and their referral source – arrangements that are the target of one of the largest health care fraud enforcement initiatives in the state. Settlements with seven laboratories reached by the Attorney General's Medical Fraud Division have recovered more than \$30 million dollars for MassHealth since 2007. Although the majority of the cases involved false claims and kickback schemes, several of the major clinical laboratories began their businesses by performing frequent testing on residents of sober houses owned – directly or indirectly – by clinical laboratories.

Non-Profit Organizations/Public Charities Division

Recoveries: \$5,400,000.00

The Division is responsible for overseeing more than 25,000 public charities in Massachusetts, including ensuring appropriate application of charitable assets, investigating allegations of wrongdoing or fraud in the application or solicitation of charitable funds, and initiating enforcement actions in cases of breach of fiduciary duty. This work includes reviewing sales of significant charitable assets and dissolution of public charities, reviewing documentation of and ensuring fulfillment of charitable bequests, and supporting non-profit charitable boards of directors in their efforts to discharge their fiduciary duties appropriately. The Division's Compliance Unit comprises administrative staff who support transparency in the sector by processing and managing registration and annual filings by public charities, professional solicitors, fundraising counsel and commercial co-venturers, and by maintaining the AGO's Annual Filings Document Search, which makes much of this information available to the public.

Significant Cases

Attorney General v. Roxbury Comprehensive Community Health Center: In April 2013, the Division successfully petitioned the Superior Court of Suffolk County for the appointment of a receiver to oversee Roxbury Comprehensive Community Health Center, Inc. ("RoxComp"). After several regulatory violations and two missed payrolls, RoxComp closed its doors abruptly leaving staff and patients without recourse or answers. The receiver was able to transition patients to new care provider sites and make arrangements for ongoing access to medical records. The Division continues to work with the receiver to put the remaining affairs of the charity in order.

Commonwealth v. Ronald Seeley et al.: This case, involving fraudulent telephone solicitations made on behalf of a Florida-based charity, was the civil companion to a criminal prosecution in which the defendant pled guilty to fraud charges. The civil case resulted in a permanent injunction against Seeley, who is now: (i) banned from serving in any capacity at a Massachusetts public charity; and (ii) banned from serving in any capacity at an entity that solicits charitable funds from the public in Massachusetts.

Mulholland, et. al., v. Attorney General, et. al., Essex Probate Court Docket No. ES09E0094QC; Single Justice of Appeals Court, Docket No. 2012-J-0059; Direct Appellate Review Docket No. 2106; Appeals Court Docket No. 2012-P-0635:

This complex matter involved a series of disputes relating to a land trust created by William Payne, whose 1660 bequest provided that a spit of land in Ipswich was to be held in trust to benefit the Ipswich school. By the 20th century, cottages had been built on the land and cottage owners paid rent to the trustees for the benefit of the schools. But management of the development, including environmental issues and disputes over rent amounts and payment, resulted in the cessation of payments for the schools and litigation between the tenants and trustees.

In 2011, the trustees brought suit in Essex County Probate Court seeking authority to deviate from Payne's will by selling the land, investing the purchase proceeds, and using the income to support the Ipswich schools. The Division was a necessary party to the suit. After a year of preparation and negotiation and several days of trial, the trustees, the Ipswich School Committee and the Division settled the case with an Agreement for Judgment allowing the land to be sold. After entry of the judgment, however, a group of parents moved to intervene arguing that the trustees had not made the necessary showing to allow for deviation from the will's provision requiring the land to be held in trust. The Division opposed the motion on several grounds, including the fact that the Attorney General's Office has exclusive standing to represent the beneficiaries of charitable trusts. The parents appealed the denial of their motion all the way to the Supreme Judicial Court, but the Division's position prevailed and the Agreement for Judgment stands. As a result, the Ipswich schools are once again benefitting from the trust, receiving financial support projected at \$800,000 per year.

The Division conducted numerous investigations that have not resulted in court action. Many of these involve ongoing support and supervision of public charities that are in the process of remedying identified weaknesses in governance.

Other Significant Achievements

At the Division's request, the AGO sponsored a proposal to the National Association of Attorneys General (NAAG) to support a framework for creating a national web-based "single portal" for public charities to file electronically and simultaneously their registration and financial reporting forms as required by states and the Internal Revenue Service. NAAG approved the proposal and planning for the single portal filing system is well underway, with Massachusetts playing a key role as one of thirteen pilot states. This three-year initiative will simplify compliance for thousands of public charities and will make information more readily available for enforcement analysis and public information.

In December of 2012, the Division issued an expanded version of its annual Report on Charitable Solicitation. A new section reported results of the Division's survey of public charities and professional solicitors explaining different models of professional solicitation and different payment methods used to compensate professional solicitors.

Important Statistics and Numbers

In FY 2013, in the nonprofit context, the Attorney General approved 1,677 initial registrations, processed 24,934 annual financial reports, and in calendar year 2013, approved 364 registrations for Professional Solicitors, Fundraising Counsel, and Commercial Co-Venturers. Fees for these activities generated in excess of \$5,400,000 for the Commonwealth.

As a party to the probate of all estates in which a charitable interest exists and in all judicial proceedings affecting charitable trusts, during FY13 the AGO received and reviewed 811 new wills, 842 interim accounts, and 577 final accounts; assented to 37 petitions to sell real estate; and received and reviewed 121 trust terminations and 405 miscellaneous complaints and filings with respect to these matters. The AGO also resolved 134 cases involving the misapplication of charitable bequests or excessive fees, which in the aggregate, resulted in approximately \$124,000 being recovered for charitable purposes.

In carrying out the AGO's responsibility to assure the proper use of charitable funds, the Division reviews significant asset dispositions, changes in purposes, and other material transactions undertaken by non-profit charitable organizations, including all dissolution proceedings. During FY13, the AGO reviewed several hundred notices regarding significant transactions and approved the dissolution of 128 public charities.

THE CRIMINAL BUREAU

The Criminal Bureau works to protect the public by investigating and prosecuting a wide range of criminal cases. These include public corruption, financial fraud, and other violations of the public trust, organized crime, major narcotic offenses, appellate issues, insurance and unemployment fraud, environmental crimes, internet and online crimes, and more. The Criminal Bureau's investigations are supported by a team of State Police detectives.

Appeals Division

The Appeals Division defends Massachusetts convictions, criminal justice officials, and criminal laws and practices, in federal and state courts. The Division strives to uphold all convictions secured by the Attorney General's Office when they are challenged through post-conviction motions in the Massachusetts Trial Court, or on appeal to the Massachusetts Appeals Court or Supreme Judicial Court. It also defends convictions secured by the AGO or any district attorney's office against challenges brought in federal court. Thus, Division members represent the Commonwealth in all direct appeals to the United States Supreme Court, and they have served as counsel of record in cases argued before the Court. The Division further responds to habeas corpus actions brought in the United States District Court, and pursued on appeal to the United States Court of Appeals for the First Circuit and Supreme Court.

Division members additionally represent Massachusetts agencies and officials in federal and state civil suits arising from actions undertaken within the criminal justice system. Such officials include judges, court clerks, probation officers, prosecutors, public defenders, state troopers, and others. The Division's clients may be named as defendants, or subpoenaed to provide documents or testimony. In its civil litigation, like its criminal cases, the Division is often required to defend the constitutionality of statutes, rules, procedures, and practices related to criminal adjudication and punishment.

Significant Cases

In Fiscal Year 2013, the Appeals Division successfully defended a number of convictions arising from crimes that were especially brutal or shocking to Massachusetts communities. For example, it secured decisions from the United States Court of Appeals for the First Circuit rejecting habeas corpus challenges to the convictions of: Richard Rosenthal, who murdered his wife and then gruesomely mutilated her body; Timothy Duguay, Roger C. Herbert, Richard Molina, and Phillip Rise, whose victims, two of whom were teenagers, were all repeatedly stabbed to death; David H. Fletcher, Robert F. Pacheco, and Rashad Rasheed, all of whom raped teenagers; and Wilbert Eddington, who was found guilty on numerous counts resulting from his beating his four sons, after his two-and-a-half-year-old was found to have extensive injuries throughout his body. The Division further obtained a decision from the Massachusetts Supreme Judicial Court affirming the convictions of John Rousseau and Michael Dreslinski, who burned down a series of locations in Western Massachusetts, including the historic Mary Elizabeth Sawyer House in Sterling.

In other appeals, the Division successfully defended state convictions for financial or public corruption crimes. An example is James Brien's conviction of twenty-two counts of violating state home improvement contractor laws designed to protect consumers from being swindled. Another is the commercial bribery conviction of John Cleary, a Partners Health Care employee who took payments from a vendor in exchange for internally recommending the vendor's products. Also illustrative is the conviction of Adebola Soyoye for multiple offenses related to falsifying records of the Registry of Motor Vehicles. The conviction of Daniel Wilson for making false statements in connection with workers compensation is another example.

Additionally, the Division obtained several judicial decisions refining federal and state law in ways that will protect the public interest. In particular, in *Commonwealth v. Fico* and *Commonwealth v. Mortimer*, the SJC issued decisions that will make it harder for defendants to obtain public funding for their defense based on claims of indigency where they do not truly need state funds. And in *In re Edwards*, the court affirmed the ability of judges to place reasonable limitations on the amount of public funding for experts that may be obtained by indigent sexually dangerous persons seeking release.

Important Statistics and Numbers

In Fiscal Year 2013, the Appeals Division opened about 250 new matters. A plurality of these were brought by prisoners seeking habeas corpus relief in the United States District Court, Court of Appeals, or Supreme Court. The remainder involved: direct appeals of Massachusetts convictions to the United States Supreme Court; direct appeals of criminal convictions in state appellate courts; other post-conviction challenges in state courts, and appeals from decisions thereon; proceedings under Chapter 211, Section 3 of the General Laws in the Supreme Judicial Court for Suffolk County; civil actions and appeals from judgments therein in federal courts; and civil actions and appeals from judgments therein in state courts. The Division's civil litigation efforts involved representing state actors as defendants and as subpoenaed third parties. Division members had around 100 court appearances, and their cases produced over 100 published and unpublished opinions by federal and state courts. The Division concluded the year with close to 330 open cases.

Cyber Crime Division

Recoveries: \$873,412.77

The Cyber Crime Division investigates and prosecutes complex criminal cases involving digital evidence, consults on criminal matters involving technology, and examines digital evidence. The Division is focused on building stronger and safer communities and developing shared training resources and collaboration between law enforcement agencies.

The Division also works to advance the comprehensive Cyber Crime Initiative [CCI]. The CCI includes the Massachusetts Digital Evidence Consortium which is a working group of law enforcement digital evidence analysts who convene to standardize digital evidence analysis procedures and improve training and information sharing efforts. The Division has arranged or conducted training for more than 11,000 police officers and prosecutors in several cyber crime subjects and also coordinates an online training portal for law enforcement.

The Cyber Crime Division developed and manages a state of the art Computer Forensic Laboratory. Opened after new construction in July 2009, the Computer Forensics Laboratory serves the Attorney General's Office as a whole as well as other local and state law enforcement agencies seeking assistance. The Laboratory houses a training facility for law enforcement.

The CCI has points of contact that cover 99% of MA population (577 separate law enforcement agencies with points of contact totaling 2000+ Points of Contact). The points of contact include, 435 local departments from 36 states and Washington DC; state and federal law enforcement; Sheriff's Departments; State Agencies; Military; and University and College Police Departments.

The CCI has held or contributed to 350 separate events with over 15,000 registered attendees.

As part of the CCI, members of the division lead and participate in the Massachusetts Digital Evidence Consortium (“MDEC”). In FY2013, MDEC finalized and printed the 2nd version of the “Digital Evidence Guide for First Responders”. Subsequently, this guide was mailed to all 351 local police departments, and the Massachusetts State Police. Each department received enough guides to hand to each of their sworn officers.

Significant Cases

Commonwealth v. Goichman: Daniel Goichman was indicted in Worcester Superior Court in 2013 on nine counts connected to the possession and distribution of child pornography. His motion to suppress was defeated. Investigation of Goichman’s contacts have led to arrests in Wisconsin and California, and investigations remain open in other states and in Ireland.

Commonwealth v. Linnehan: David Linnehan, formerly an IT administrator at Springfield College, was indicted in January on thirty-seven counts connected to the production, distribution, and possession of child pornography; unauthorized computer access (for hacking into the email of Springfield College students) and the illegal possession of a firearm. The investigation was ongoing for most of 2013.

Other Significant Achievements

The Division held its second National Cyber Crime Conference in April of 2013. There were a total of 525 attendees from 36 states, Canada, Ireland and Puerto Rico. The Division began coordinating the third National Cyber Crime Conference in July of 2013 to be held in April 2014.

Enterprise and Major Crimes Division

The Enterprise and Major Crimes Division targets traditional and non-traditional criminal enterprises and organizations using sophisticated investigative techniques and strategies in order to develop high-impact prosecutions. The Division includes prosecutors and State Police assigned to the Attorney General’s Office who work closely with various federal, state, and local law enforcement authorities and agencies to target, investigate, and prosecute and disrupt criminal organizations in order to promote and ensure public safety in communities throughout the Commonwealth.

Significant Cases

Commonwealth vs. Annie Dookhan was one of the most significant cases investigated and prosecuted by EMCDD in FY 2013. This case arose from an investigation into allegations of the defendant’s criminal conduct at the Hinton State Lab in Jamaica Plain, Massachusetts. The investigation revealed that the defendant had tampered with the results of several drug samples from a number of pending criminal cases. She also falsely testified in six different counties that she had obtained a Master’s degree in Chemistry from the University of Massachusetts. The Statewide Grand Jurors indicted the defendant on eight counts of Tampering with Evidence (Ch. 268 §13E), one count of Perjury (Ch. 268 §1), one count of Falsely Claiming to Hold a Degree (Ch. 266 §89), and seventeen counts of Obstruction of Justice (Ch.268 §13B). The impact of the Dookhan case was and is felt throughout the State and judiciary, compromising hundreds of cases and convictions.

Commonwealth vs. Sonia Farak was another significant matter handled by EMCD in FY 2013. Similar to Dookhan, Farak was also employed by a State Lab in Amherst and tampered with four drug samples stored at the lab. In two of the cases, Farak mixed drug evidence samples with counterfeit drugs to hide the theft and that in another two cases, the samples were missing entirely. The impact of Farak's tampering has affected hundreds of drug cases in Western Massachusetts.

Additionally, in FY 2013, EMCD prosecuted an individual responsible for stealing from a Veteran's charity, gang members for organized crime activity, as well as various other matters. Prosecutions from FY 2012 and earlier continued to be resolved.

Environmental Crimes Strike Force

Recoveries: \$137,300.00

The Environmental Crimes Strike Force investigates and prosecutes crimes that harm the state's air, land or water, or that pose a significant threat to human health. The Strike Force is an interagency unit that includes prosecutors from the Attorney General's Office, Environmental Police Officers assigned to the Attorney General's Office, and investigators, engineers and attorneys from the Massachusetts Department of Environmental Protection. Task Force partners meet regularly to evaluate whether enforcement against particular environmental violations should be done administratively, civilly or criminally. The most egregious violations are referred from criminal prosecution. recent cases have involved the improper disposal of hazardous waste, the failure to properly report spills of oils or hazardous waste, failure to properly abate and dispose of materials containing asbestos and exposing workers to unsafe levels of hazardous.

Significant Cases

In FY 2013, the Strike Force successfully prosecuted one of the first criminal prosecutions under the Massachusetts Solid Waste Management Act, leading to the conviction of a defendant who claimed to be a farmer engaged in composting, but who was actually a dumper who defiled numerous other communities. The prosecution resulted in a suspended sentence, a probation on the defendant handling solid waste, and an order to clean up affected property.

The Strike Force also secured the conviction of the former Director of the Milford Water Company who, faced with an emergency boil water order, had tampered with drinking water samples. In addition to a suspended sentence, the defendant was banned from operating a drinking water system and ordered to perform community service.

The Strike Force continued its successful partnership with the Department of Environmental Protection and the Department of Public Health, including bringing forward cases where workers and children were wrongly exposed to toxins such as lead paint and asbestos.

Financial Investigations

The Financial Investigations Division is a team of civilian investigators who work with Criminal Bureau prosecutors, State Police, victim witness advocates and support staff from the Fraud and Financial Crimes Division, the Public Integrity Division, the Enterprise and Major Crimes Division and the Human Trafficking Unit. The financial investigators provide analysis and examine evidence for allegations of criminal misconduct involving a broad array of complex financial crimes including larceny, identity theft, public corruption, money laundering and human trafficking. The financial investigators testify in the Grand Jury and at trial to the documentary evidence they gathered and examined which is vital to the Criminal Bureau's investigations and prosecutions.

In FY13 the financial investigators worked with prosecutors and State Police on investigations involving the unlawful use of EBT cards, identity theft to obtain credit cards and cell phones, public corruption of public employees and state officials, embezzlement by an attorney, illegal gambling at Internet cafes and numerous human trafficking investigations.

The Financial Investigations Division has affiliations and memberships with the IAFCI (International Association of Financial Crimes Investigators), NEFIA (New England Fraud Investigators Association), the Check Fraud Sub-Committee and NW3C (National White Collar Crime Center). The Division regularly conducts trainings for the AG Institute for criminal investigators and prosecutors involved in criminal investigations. The financial investigators also regularly attend trainings presented by NAGTRI, NESPIN and the USDOJ regarding interviewing, report writing, money laundering, and human trafficking.

The Division handles calls and walk-ins from the citizens of the Commonwealth of Massachusetts regarding criminal activity. In FY13 the financial investigators assisted the public with hundreds of complaints.

Fraud and Financial Crimes Division

The Fraud and Financial Crimes Division (FFCD) investigates and prosecutes serious criminal misconduct involving a broad array of financial crimes including (a) fiduciary embezzlement by lawyers, stockbrokers, accountants and other professionals who steal client funds, (b) employee theft and fraudulent recordkeeping in furtherance of economic crimes; (c) complex financial frauds such as pyramid schemes, telemarketing fraud, commercial bribery and mortgage fraud; (d) large scale consumer fraud scams; (e) identity theft and (f) income, sales, excise and other tax evasion and tax fraud crimes by individuals and businesses. FFCD's most significant cases are those that have a dramatic financial impact upon unsuspecting and vulnerable victims whose trust is violated, and upon the community as a whole. FFCD is staffed by a group of experienced prosecutors who partner with financial investigators, Massachusetts State Police troopers assigned to the Attorney General's Office, and local, state, and federal investigative and enforcement agencies.

Significant Cases

Gina Clark/Touched by Angels - This non-profit organization was to provide financial assistance to families who had lost loved ones or were dealing with serious medical situations. Clark promised to raise funds on behalf of deserving families and pay out a percentage of the proceeds for medical and funeral costs and other living expenses. Investigators discovered that founder Clark defrauded over a dozen families resulting in losses totaling over \$148,000. Convicted after a jury trial, Clark was sentenced to four to five years in state prison, 10 years of probation and fined \$14,000. She was also ordered to pay restitution in the amount of \$148,000 to the affected families.

Maureen Pomeroy, Attorney - The defendant, a now-disbarred lawyer, was charged in Middlesex County with larceny over \$250 from a person 60 or older, larceny over \$250, and embezzlement by fiduciary in connection with her theft of a total of roughly \$900,000. She stole approximately \$812,000 from an elderly client who had entrusted her with the task of closing certain accounts at online banks; Pomeroy also embezzled funds from other clients, totalling over \$80,000 taken from one decedent's estate and from the proceeds of a real estate transaction. Pomeroy was sentenced to 2 ½ years in the House of Correction, 1 year to serve, and ordered to make restitution to the Clients' Security Board in the amount of \$277, 292.10.

Edward Kooyomijan Sr - Pled guilty in Worcester Superior Court in January 2013 to multiple counts of larceny, securities fraud, and failure to file tax returns for his role in embezzling over one hundred thousand dollars in a fraudulent real estate investment. Kooyomijan was sentenced to five years probation with one year to be served under house arrest. Kooyomijan was ordered to pay restitution to his victims, and mortgaged his property in order to secure this eventual restitution.

Raymond Paczkowski - this former attorney pled guilty in Middlesex Superior Court in June, 2013 to eight counts of larceny for his theft of \$479,000 in client's funds. This was Paczkowski's second conviction for theft of client funds. Paczkowski, 78 years old, who was disbarred for the second time for this theft, was sentenced to two years of home confinement followed by three years of probation. All of the stolen client funds were repaid to them by the Client's Security Board.

Insurance and Unemployment Fraud Division

Recoveries: \$1,767,872.20

The Insurance and Unemployment Fraud Division investigates and prosecutes those who commit fraud against insurers and against the Commonwealth's unemployment insurance and workers' compensation system. This includes automobile, health care, and disability fraud.

The Division prosecutes these crimes to protect both Massachusetts consumers and the integrity of the insurance system. These efforts help protect taxpayers from higher premiums and taxes that result from fraud and assuring that those in need receive appropriate services

Significant Cases

Commonwealth v. James Lydon: Defendant pled guilty to multiple counts of workers' compensation fraud as a result of a scheme to avoid paying full insurance premiums. He was sentenced to 2 years probation and ordered to pay \$42,000 in restitution.

Commonwealth v. Bruce Bourassa: Defendant pled guilty to multiple counts of failing to pay full unemployment contributions (taxes). He was sentenced to 3 years probation and ordered to pay \$219,686 in restitution.

Commonwealth v. Daniel Mullaney: Defendant pled guilty to multiple counts of unemployment fraud, larceny, and conspiracy as a result of a scheme wherein Mullaney conspired to collect unemployment benefits while incarcerated. He was sentenced to 7 years in state prison.

Commonwealth v. Elis Reyes, Teresa Cruz Colon, and Atia Dobson: Defendants pled guilty to multiple counts of unemployment fraud, larceny, and conspiracy resulting from a scheme in which the defendants created fictitious companies, employees, and stole the identities of others in order to fraudulently collect unemployment benefits. The lead defendant Elis Reyes was sentenced to 3 - 4 years in state prison and ordered to pay \$400,000 in restitution

Commonwealth v. Olga Rich: Defendant pled guilty to multiple counts of motor vehicle insurance fraud, larceny, and attempted larceny. Rich was the sole owner of South Coastal Physical Therapy (SCPT), located in Brockton, from 2001 through 2009. Rich used her position at SCPT to submit fraudulent physical therapy bills to several automobile insurance carriers. These “supplemental bills” were sent months or years after the initial billings were sent to the insurers for purported treatment that was never rendered. She was sentenced to 2 1/2 years in the house of correction with 30 days to serve and the balance suspended for 5 years and ordered to pay \$27,000 in restitution.

Public Integrity Division

The Public Integrity Division investigates and prosecutes cases of serious criminal misconduct by corrupt public employees who engage in or conspire to commit larceny, fraud, bribery, gratuities, and other crimes in which there is a hidden or unwarranted personal financial interest, crimes committed against or upon public agencies, and crimes that have a corrosive or harmful effect on public confidence in our government and other trusted institutions, including such crimes as perjury and obstruction of justice.

The Division’s staff of experienced prosecutors partner with State Police, civilian financial investigators, computer forensics investigators, victim witness advocates, and other supporting personnel within the Attorney General’s office, as well as local, state and federal investigative and enforcement agencies. Collectively, the combined resources of these law enforcement partners are used to handle some of the most challenging and complex cases investigated and prosecuted by the Attorney General’s Office.

Significant Cases

During FY13, the Division handled two high-profile jury trials, one involving the Massachusetts State Lottery and the other involving the Department of Probation.

Lottery: the Division prosecuted former Treasurer of the Commonwealth, Timothy P. Cahill, for his role in orchestrating a television ad campaign for the State Lottery, paid for by taxpayers, that was allegedly intended to help his 2010 gubernatorial campaign. After a month long trial and six days of deliberations, the jury deadlocked and a mistrial was declared on December 12, 2012. Cahill thereafter admitted to a civil violation of the Commonwealth’s ethics laws and agreed to pay a \$100,000 fine and serve 18 months to four years of pre-trial probation, during which he is barred from seeking public office or taking other public employment. Alfred Grazioso, the Lottery’s former chief of staff, agreed to pay a \$10,000 fine and serve the same pre-trial probation period as Cahill for intimidating and harassing Lottery employees who were witnesses in the case.

Probation: Former Commissioner of Probation John J. O’Brien and Scott Campbell, Timothy Cahill’s former chief of staff, were charged with conspiring to hold a 2005 fundraiser for Cahill in return for a job at the Massachusetts State Lottery for O’Brien’s wife, and numerous campaign finance violations. In April 2013, a jury acquitted O’Brien. Similar charges were dropped against Campbell, but he pled to three campaign finance violations in connection with Cahill’s 2010 campaign for governor.

In addition, the Division had the following case dispositions:

Danny Romanowicz, pled guilty to stealing nearly \$14,000 from the New Bedford Housing Authority where he formerly worked and stealing over \$50,000 from a friend. He received a suspended sentence, and was ordered to pay full restitution.

Donald Packard, a former Department of Correction employee, pled guilty to breaking into vending machines owned by a vending machine company where he also formerly worked and stealing over \$8,000. He received three years of probation and was also ordered to pay full restitution.

Rosa Chaves, a former Trial Court Maintenance Manager, admitted to Presenting False Claims and Larceny Over \$250 in connection with working part-time at TJ Maxx while at the same time getting paid by the Commonwealth to perform her regular job duties. The case was continued without a finding, and she was ordered to make full restitution, pay a \$5,000 fine, and not seek employment in the public sector during the period of her probation.

The Division also brought criminal charges in a number of cases in FY13:

A former Orleans Police Department clerk, **Anne Reynolds**, was charged with the theft of between \$90,000 and \$100,000 from the town and from the Orleans Police Relief Fund, where she served as treasurer. She allegedly wrote unauthorized checks to herself from the town and diverted money from the Police Relief Association, effectively cleaning out their account.

Early last year, **Marilyn Beltran** and her partner, **Eliu Matos**, of Lynn, were charged with defrauding the state's MassHealth program. As an employee of the private company that handled reimbursements for MassHealth members' transportation to medical appointments, Beltran allegedly entered members of her own family into the system and received nearly \$500,000 in illegally issued reimbursements. Matos was charged with cashing a portion of the fraudulent checks.

In March and April of 2013, respectively, **Christopher Adam Scott**, the executive director of the Mason Square Veterans' Outreach Center in Springfield, was indicted and arraigned in connection with allegedly stealing more than \$35,000 from the Center and from the funds allotted to the Center as a community development grant.

In June of 2013, the Public Integrity Division received a referral from the **One Fund Boston**, created to handle claims from survivors of the Boston Marathon bombings. Two brothers, **Branden Mattier** and **Domunique Grice**, were alleged to have submitted a false claim to defraud the One Fund of \$2 million. Their aunt, whom they said had been injured in the attacks and was a double amputee, had actually been deceased for over 10 years. The case is ongoing.

During the fiscal year, the Division also prosecuted 23 cases involving fraudulent use of the Supplemental Nutrition Assistance Program (SNAP), also known as the food stamp program. Two owners of convenience stores in Quincy and Waltham were indicted and arraigned for ongoing schemes in which they illegally exchanged customers' SNAP benefits for cash, making hundreds of thousands of dollars in profits. Twenty-one people from around the Commonwealth were also charged with illegally selling their SNAP benefits for cash in lieu of groceries. Six of those defendants pled guilty during the fiscal year, resulting in jail time for one and probation and restitution for the rest.

GOVERNMENT BUREAU

The Government Bureau represents the Commonwealth, its agencies, and officials in many types of civil litigation, and defends Commonwealth employees from civil claims made against them resulting from the performance of their duties. The Bureau develops and maintains close working relationships with the agencies it represents, often providing them guidance and advice where advance legal consultation may prevent unnecessary litigation and costly lawsuits. The Government Bureau initiates affirmative litigation in the public interest, on behalf of the Commonwealth and its residents. The Bureau also enforces the state's Open Meeting Law through its Division of Open Government, and reviews and approves town bylaws through its Municipal Law Unit.

Abandoned Housing Initiative

Blighted properties, abandoned by their owners in residential areas, create safety hazards, attract crime and lower property values. The AGO's Abandoned Housing Initiative (AHI) uses the enforcement authority of the State Sanitary Code to turn these properties around. Working in close partnership with cities and towns, the AGO seeks out delinquent owners of abandoned residential property and encourages them to voluntarily repair their properties and make them secure. If owners refuse, then AGO attorneys will petition the relevant court to appoint a receiver to bring the property up to code.

In an effort to increase the rehabilitation of distressed and abandoned properties in Massachusetts, in April 2013, we announced the release a \$5 million grant program. Utilizing funds recovered through the nationwide state-federal settlement over unlawful foreclosures, the AHI Fund will assist local communities in mitigating the impacts of the foreclosure crisis. The goal of the AHI Fund is to increase the capacity of receivers to finance the rehabilitation of abandoned properties in the Commonwealth through AHI.

During the fiscal year 2013, AHI was active in 42 municipalities and opened 154 new cases. Of those cases, 86 were closed after a settlement was reached with an identified owner/party in interest who made repairs to the property. In 33 cases, petitions were filed in court and receivers assigned. The remaining cases were in some stage of litigation. Additionally, AHI held or participated in over seventy meetings and presentations across the state.

Significant Cases

113 Laureston Street, Brockton: This two-family home was left vacant and abandoned for over three years, suffering severe code violations and becoming a breeding ground for criminal activities. It is one of four homes in the Campello neighborhood of Brockton that had been victimized by the foreclosure crisis but were renovated with assistance from AHI. On July 12, 2012 by the Attorney General and the U.S. Secretary for Housing and Urban Development Shaun Donovan visited this street and witnessed the transformation.

335-337 Peckham Street, Fall River: This two-family property in Fall River had previously posed a significant threat to public health and safety. It was renovated as part of the AHI's collaboration with the City's Building Blocks initiative. Through this collaboration, each neighborhood creates a plan which includes nuisance abatement, code enforcement and quality of life enhancements.

Administrative Law Division

The Administrative Law Division represents state agencies and state officials in a broad range of civil litigation. The Division defends legal challenges to state statutes and regulations, suits that challenge state policies and programs, and suits that challenge the decisions of state administrative agencies. The Division also initiates litigation on behalf of state agencies in order to support their programs or assist their regulatory activities. The Division's cases frequently involve questions of statutory interpretation, application of constitutional principles, and claims concerning the authority or jurisdiction of state administrative agencies. The Division's objective is to provide the highest quality legal representation to all of the state agencies and officials it serves.

The Administrative Law Division protects the public interest by vigorously defending state agencies that provide essential services, programs and public benefits. The Division's cases are as diverse as the agencies it represents, and involve the regulation of insurance, banking, public utilities, renewable energy and telecommunications; state taxation; environmental permitting; affordable housing; transportation; education; human services and public assistance programs; public health and health-care finance; professional licensure and discipline; and public-sector labor and employment, among other things. The Division often defends lawsuits challenging important legislative initiatives such as health insurance reform, state pension reform, education reform, consolidation of transportation agencies and increased penalties for drunk driving in Melanie's Law. In many cases, the Division seeks to preserve both needed public programs and significant public funds.

As of June 30, 2013, the Division had 1,319 open cases and other litigation matters. During FY 2013, the Division opened 793 new cases and other litigation matters, and closed 1,004 cases and litigation matters.

Significant Cases

McCullen v. Coakley, First Circuit. In January 2013, the First Circuit held that a Massachusetts law that creates a 35-foot "buffer" zone around the entrances to reproductive health care facilities does not violate the First Amendment as applied at Planned Parenthood clinics in Boston, Worcester, and Springfield because, at each location, it is a content-neutral, time-place-manner speech restriction that leaves open ample alternative avenues of communication for anti-abortion counselors and protesters. In June 2013, the Supreme Court accepted the case for review in its upcoming Term.

Commonwealth of Massachusetts v. Rebecca Blank, as Acting Secretary of Commerce, U.S. District Court. The Attorney General filed this action in May 2013 to challenge regulations promulgated by the Secretary of Commerce that reduce by 77% the allowable catch for certain groundfish in New England waters, threatening the extinction of the Massachusetts commercial fishing industry. The case alleges that the restrictions violate the federal Magnuson-Stevens Act because they do not allow the optimum yield to be taken from the New England groundfish fisheries; they impose conservation measures that are not based on the best scientific information available; and they fail to meaningfully take into account the importance of fishery resources to fishing communities.

Hightower v. City of Boston, First Circuit. The court held that Massachusetts does not violate the Second Amendment by using a "suitable person" standard in granting or revoking licenses to carry firearms and, further, held that the plaintiff's license was properly revoked because of a misrepresentation on her application.

DIRECTV, LLC et al. v. Department of Revenue, Suffolk Superior. The court held that a state tax on direct broadcast satellite service, which generates \$12 million for the Commonwealth each year, does not violate the Commerce Clause of the U.S. Constitution. The court found that the tax does not protect local pay-TV providers from out-of-state competition, or discriminate against cable TV providers.

Municipal Law Unit

The Municipal Law Unit performs the Attorney General's statutory duty to determine whether all town by-laws and all city and town charters are consistent with the laws and Constitution of the Commonwealth. The Unit also assists town counsel and city solicitors, upon request, regarding municipal law issues related to by-laws and charters. During Fiscal Year 2013 the Unit issued 457 decisions reflecting the Unit's review of over a thousand by-laws and charters.

During Fiscal Year 2013 the Municipal Law Unit devoted a substantial amount of time to assisting municipalities with the local implementation of Chapter 369 of the Acts of 2012, "An Act for the Humanitarian Medical Use of Marijuana" (enacted as Question 3 on the November 2012 state ballot). The Unit also issued 16 decisions on local by-laws regarding Registered Marijuana Dispensaries, including approval of time-limited moratoriums on such Dispensaries.

Open Government Division

State-wide enforcement of the Open Meeting Law, for public bodies at all levels of government, is centralized in the Attorney General's Office. The purpose of the Open Meeting Law is to ensure transparency in the deliberations on which public policy is based. Because the democratic process depends on the public having knowledge about the considerations underlying governmental action, the Open Meeting Law requires, with some exceptions, that meetings of public bodies be open to the public. It also seeks to balance the public's interest in witnessing the deliberations of public officials with the government's need to manage its operations efficiently. To help public bodies understand and comply with the law, the Attorney General has created the Division of Open Government. The Division of Open Government provides training, responds to inquiries, investigates complaints, and when necessary, makes findings and orders remedial action to address violations of the law.

The Division resolved more than 250 Open Meeting Law complaints in FY13, and issued 149 written determinations. The Division responded to more than 1,760 inquiries by telephone, e-mail, and letter in FY13, often providing responses within 24 hours. These questions came from members of public bodies, municipal attorneys, members of the public, and the press.

Significant Cases

In OML 2012-55, resolving a complaint against the Chicopee City Council, we offered additional guidance on the limitations of the executive session purpose covering litigation. We found that discussions relating to Law Department personnel, unrelated to any pending or imminently threatened litigation, were not appropriate for executive session. Furthermore, we noted that the litigation purpose for executive session does not cover discussions with counsel about general areas of law unrelated to any litigation matter.

In OML 2013-75 and OML 2013-76, resolving complaints against the Worcester City Council and Cambridge City Council, respectively, we addressed the question of whether soliciting sponsorship for legislation outside of a meeting constitutes improper deliberation. We found that communicating about

co-sponsorship outside of a meeting is improper if the discussion reaches a quorum of the board, because this type of poll is analogous to the impermissible practice of a member asking the other members for their votes over email. We suggest alternative ways of requesting co-sponsors that do comply with the law's requirements.

In OML 2013-4, resolving a complaint against the Wayland Board of Selectmen, we offered new guidance on the distribution of documents to be discussed at a meeting. That determination found that it was permissible to distribute a draft opinion piece to a quorum of the public body's members via email because the document was intended for discussion at a subsequent meeting, and reflected the body's prior public discussion rather than the individual opinion of the member who drafted it.

Other Significant Achievements

Our office's primary goal in enforcing the OML is compliance with the law. In order to help individuals who are subject to the OML comply with its requirements, the Division has continued to devote significant time and resources to education and training.

During 2013, the Division conducted a series of regional trainings on the OML across the state, reaching several hundred attendees. In addition, the Division participated in numerous other training events hosted by groups including the Massachusetts Municipal Association, the Massachusetts Association of School Committees, and the Massachusetts Municipal Lawyers Association.

As a complement to its in-person trainings and educational outreach, the Division has continued to update and supplement the materials on its website. In March 2013, the Division posted on its website three checklists for use by members of public bodies. The checklists are designed to assist public bodies in complying with the OML's requirements in three basic areas: meeting notices, meeting minutes, and executive sessions. Additionally, in May 2013 the Division issued a new set of answers to frequently asked questions concerning the calculation of quorum for purposes of the OML. The Division's website now includes the Open Meeting Law Guide; periodically updated Frequently Asked Questions; the checklists; a training video consisting of six segments explaining different aspects of the OML's requirements; and a database of all the Division's determination letters.

Trial Division

The Trial Division defends suits brought against state agencies, officials and employees who are sued in the context of their agency duties. The types of cases generally include employment, torts, civil rights, contracts, erroneous conviction, eminent domain and land use cases. These suits generally seek damages or other relief for alleged wrongful acts of government agencies, officials or employees. The Trial Division handles cases in both federal and state court, and the cases range from those with simple fact patterns to multi-million dollar cases with complex fact patterns and legal issues.

The Trial Division also initiates affirmative litigation on behalf of state agencies when such litigation is in the public interest and has significant monetary value or raises significant legal or policy issues. As required by statute, the Trial Division reviews and approves all pre-litigation settlements of tort claims against the Commonwealth or its agencies of \$2,500 or more. The Trial Division develops and maintains close working relationships with agency counsel and provides them with information and advice, particularly where advance consultation may prevent unnecessary litigation. The Division also reviews various conveyance documents submitted by state agencies for approval as to form.

Significant Cases

Judge Rotenberg Educational Center, Inc., et al., v. Commissioners of the Dept. Developmental Services and the Dept. of Early Education and Care, 2 DDS and DEEC have moved to vacate a 1987 consent decree relating to the regulation of JRC.

Connor B., a minor child, by his next friend, Rochelle Vigurs, et al, v. Deval L. Patrick et al., Class action law suit challenging the administration of the Commonwealth's Foster care system. The case went to trial in federal court in Boston. Judge Young granted a directed verdict.

In re Nance Powers-Ferris, Subsequent petition of registered land in Harwich involving beach access in Harwich.

Stover v. Department of Conservation and Recreation and Elaine K. Murray et al v. Mass. Department of Conservation and Recreation. These are actions regarding rights to the former Penn Central Rail Right of Way that was acquired by the former MDC and is now used as a "rail to trails" bike path, and is also the subject of another similar suit in Land Court. Landowners adjacent to these former railroad rights of way assert that the right of way cannot be used as a rail to trail path for cyclists and pedestrians.

Rexhame Terrace Land Trust, by Trustee John Coon, et al., This is a beach access dispute brought against individual defendants who live in a subdivision away from the waterfront, and public defendants Commonwealth and Town of Marshfield. Plaintiffs are seeking to block public access to a beach and dune in the Rexhame neighborhood of Marshfield and various ways to the beach.

Town of Boxford v. Mass Highway Department, The town sought an injunction requiring MassDOT to cease and desist all salt shed operations at the MassDOT salt shed located at Topsfield Road in Boxford. We had moved to dismiss arguing that the issues were moot since MassDOT was no longer using the existing salt shed. The court agreed with MassDOT's mootness argument but adopted a permanent injunction. The injunction appears to be limited to barring MassDOT from using the existing salt shed, which MassDOT had previously agreed to.

PUBLIC PROTECTION AND ADVOCACY BUREAU

The Public Protection and Advocacy Bureau uses investigation, litigation, and other advocacy to enforce laws protecting the Commonwealth. The Bureau works towards meaningful economic recovery for Massachusetts by tackling the economic and mortgage foreclosure crisis with a multifaceted and aggressive strategy. The Bureau works to protect consumers from unfair and deception activity, enforces state and federal civil rights laws, ensuring access and equal opportunity for all residents, advocates for protection of our environmental resources, pursues complex insurance and finance cases on behalf of residents or government entities, works towards affordable, high-quality health care for all, and enforces antitrust laws. The Bureau is supported by a team of skilled civil investigators.

Antitrust Division

Recoveries: \$2,286,905.00

The Attorney General's Antitrust Division protects the people, state agencies and businesses of Massachusetts from anticompetitive practices and helps maintain and encourage a competitive and vibrant economy through fair and effective enforcement of antitrust laws.

The Antitrust Division investigates and challenges anticompetitive mergers, price-fixing agreements and other illegal practices by companies, both local and national, that harm Massachusetts consumers and important state interests; promotes and protects competition in various industries directly affecting consumers, such as health care, high technology, telecommunications, retail and transportation; obtains relief for consumers in the form of refunds for overcharges, civil penalties, and injunctions on offending businesses; and 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 procompetitive legislation.

ATD advocates for effective competition policy on behalf of the Commonwealth in important antitrust cases. In the past year we joined briefs advocating procompetition positions in several cases, including a case seeking lower priced generic drug competition for pharmaceuticals. In addition, ATD consults or provides antitrust expertise to Massachusetts state governmental entities on policy matters.

Significant Cases

ATD worked with other antitrust enforcement authorities to successfully obtain restitution for Massachusetts consumers following an alleged conspiracy by E-book publishers and Apple, Inc. to raise E-book prices. Three publishers settled with the AGO, other states, and the Department of Justice. Massachusetts consumers will obtain more than \$2 million in restitution from these settlements. Two additional publishers subsequently settled and the share for Massachusetts consumers is an additional \$2.9 million.

ATD successfully resolved first in the nation allegations that a foreign company's use of unlicensed software provided an unfair competitive advantage over Massachusetts businesses. ATD alleged that Narong Seafood Company, Ltd., a Thai fish processor, unfairly sold and delivered products into Massachusetts by illegally using pirated software products without paying the appropriate licensing fees – a violation of M.G.L. Chapter 93A and its prohibition on unfair competition. The Thai company paid \$10,000 to resolve the allegations.

Civil Rights Division

Recoveries: \$210,777.50

The Attorney General's Civil Rights Division enforces and safeguards Constitutional and statutory civil rights and liberties on behalf of Massachusetts residents and visitors. The Division works to end discrimination on the basis of race, national origin, gender, gender identity, 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, healthcare, transportation, voting and marriage. In addition, the Division works to protect individual rights of free speech and privacy.

Significant Cases

The Civil Rights Division continued to advocate aggressively in support of same-sex couples. In the case of *United States v. Windsor*, we joined with New York as lead states in a multi-state amicus brief filed with the U.S. Supreme Court in which we argued that the federal Defense of Marriage Act was unconstitutional. In June 2013, the Supreme Court struck down DOMA. Up until that time, the law had prohibited from recognizing the marriages of same-sex couples for all federal rights and protections. (In 2009, Massachusetts had filed its own lawsuit challenging DOMA. We prevailed through the U.S. Court of Appeals for the First Circuit, but certiorari was not granted in our case.) In addition, we served as the lead state in a multi-state amicus brief filed in the Supreme Court case of *Hollingsworth v. Perry*, which concerned California's Proposition 8. That brief won a NAAG best brief award.

Following the decision in *Windsor*, the Civil Rights Division established a hotline to field calls from the public regarding the impact of the DOMA ruling. We helped married same-sex couples address issues relating to healthcare, tax, and other employment and government benefits.

We also assisted with the defense of the state's buffer zone law, which protects access to reproductive healthcare clinics. In January 2013, the U.S. Court of Appeals for the First Circuit upheld the law against a First Amendment challenge made by counselors who stand outside of the facilities. The case was appealed to the U.S. Supreme Court, and certiorari was granted in June.

Commonwealth v. Jedrzejczyk - In 2009, the Civil Rights Division obtained an injunction under the Massachusetts Civil Rights Act due to Mr. Jedrzejczyk's racially-motivated harassment of a neighbor. In 2012, a criminal case arose out of that initial MCRA action, when Mr. Jedrzejczyk began harassing another neighbor because her child's race (an alleged violation of that order). A criminal trial took place in May 2013. The jury found the Mr. Jedrzejczyk guilty of a civil rights violation, and the Court sentenced him to one year in the house of corrections. This was the first criminal prosecution arising out of an MCRA action under AG Coakley.

Commonwealth v. Keramaris - This matter was a mandatory housing case referred from the MCAD, in which the Court found the defendants liable for violating G.L. c. 151B and G.L. c. 93A based on a discriminatory advertisement that the property manager posted on the website Craigslist. The Superior Court granted summary judgment in Commonwealth's favor, and awarded \$10,000 in civil penalties, nearly \$28,000 in attorney's fees, and ordered that one apartment unit be deleted. (The case is currently on appeal.)

In re: Monster.com -- As part of the Civil Rights Division's ongoing collaboration with the National Federation of the Blind, we reached a settlement with Monster.com, the job website, to ensure that Monster's website and mobile applications would be accessible to print disabled individuals. Also as part of the agreement, Monster paid \$50,000 to the Commonwealth to fund the Massachusetts Commission for the Blind's job internship program.

Consumer Protection Division

Recoveries: \$18,841,079.00

The Consumer Protection Division investigates unfair or deceptive business practices and brings enforcement actions against in-state and nationwide companies under the Consumer Protection Act (M.G.L. c. 93A) and the False Claims Act (M.G.L. c. 12, § 5). The Division also enforces the injunctive relief obtained in the 1998 Tobacco Master Settlement Agreement. These cases often involve challenging and cutting edge enforcement initiatives and coordination with other state agencies and federal enforcement authorities.

CPD filed ten complaints, including eight for violations of the Consumer Protection Act, one for violations of the False Claims Act, and one contempt action.

CPD obtained 16 judgments or settlements, including 12 for violations of the Consumer Protection Act, and four for violations of the False Claims Act.

CPD staff presented as faculty at educational events on a variety of issues-- including lending and foreclosure scams, fraud against elders, data privacy, and other consumer protection issues-- for continuing education programs, consumer advocacy groups, community groups, industry, and for the AGO Institute.

Significant Cases

1. **Father&Son Movers:** award of \$202,000, and injunctive relief to address unfair & deceptive “low-ball” price estimates;
2. **Jesse Clark/SureShot:** award totaling of \$508,730, plus injunctive relief, and return of wedding videos to customers;
3. **Buckminster:** award of \$158,719 and injunctive relief to address unfair practices by home contractor;

LENDING, SERVICING, & FORECLOSURE SCAMS:

5. **Lender Processing Services:** \$1.5 million in cy pres relief under a multistate settlement enjoining robo signing;
6. **Desire:** award of \$123,300 to address foreclosure rescue scam;

DATA SECURITY:

7. **Goldthwait Associates:** nine Defendants paid a combined total of \$35,000 to address data breach;
8. **Google Street View:** \$327K penalty to Mass. (multistate) for improper collection and storage of personal data;

FALSE CLAIMS:

9. **XL/Grafton:** \$4 million in restitution and damages to address shoddy bridge construction under False Claims Act;
10. **Trinity:** \$350,000 in penalties and costs to address false claims by ambulance company regarding EMT certification.
11. **First Transit:** \$7.3 million to MBTA and the state to address false claims by transit company;
12. **Honeywell:** \$4 million to City of Quincy and the state for false claims related to an Energy Conservation Contract;

Environmental Protection Division

Recoveries: \$7,748,689.65

The Attorney General's Office enforces environmental laws that protect our air and water, preserve our wetlands, tidelands, and public open space, require the clean-up of contaminated sites, and govern the use of pesticides and the handling and disposal of solid and hazardous waste. The Office works closely with various state and federal agencies, especially the Massachusetts Department of Environmental Protection, and works jointly with DEP and Environmental Police to investigate and prosecute environmental crimes through the Environmental Strike Force. Civil enforcement suits are handled by the Attorney General's Environmental Protection Division.

Significant Cases

Commonwealth v. Shipyard Quarters Marina (ongoing): In this enforcement case against the Shipyard Quarters Marina in Charlestown alleging violations of the Massachusetts Waterways Act, Chapter 91, EPD secured preliminary injunctive relief to address deteriorating and unsafe conditions at the Marina. The Marina was ordered closed, boat owners relocated and their costs compensated, floating docks were secured, and inspections and immediate repairs ordered.

Pepin v. Division of Fisheries and Wildlife: In this Massachusetts Endangered Species Act case, EPD argued before the Massachusetts Supreme Judicial Court, defending the Division of Fisheries and Wildlife's delineation of Pepin's property as Priority Habitat for the Eastern box turtle, and defending a challenge to the Division's authority to implement and enforce the Priority Habitat regulations, which establish a flexible program to screen real estate development projects or other work that might cause harm to protected species resulting in a "take" under the statute. For animals listed and protected by MESA, a "take" includes actions that "disrupt nesting, breeding, feeding or migration." Eight amicus briefs were filed in the case, including by the national organizations Defenders of Wildlife, the Nature Conservancy, Pacific Legal Foundation, and the National Association of Homebuilders. NOTE: On February 18, 2014, the SJC issued its decision, holding in our favor on all counts.

U.S. et al. v. AVX: In September, the U.S. District Court for the District of Massachusetts entered a "cash-out" settlement agreement between the U.S., the Commonwealth, and AVX Corp, for a total of \$366.25 million, plus interest, that will be paid to the U.S. and the Commonwealth to provide more than 90 percent of the estimated funding needed to complete the PCB cleanup at the New Bedford Harbor Superfund site. The 18,000-acre New Bedford Harbor Superfund site extends from the Acushnet River estuary, through the City of New Bedford commercial harbor, and into 17,000 acres of Buzzards Bay. The funds will allow the cleanup to occur on an accelerated basis.

White Stallion v. EPA: We led a coalition of state intervenor-respondents in defense against an industry challenge to EPA's long overdue regulation of mercury air emissions from power plants. EPD took the lead in drafting the States' brief, and argued on December 10 before the U.S. Court of Appeals for the District of Columbia—thirteen years, nearly to the day, after EPA issued its 2000 determination that it was appropriate and necessary to regulate mercury pollution from power plants and finding that about four million women of child-bearing age living in the U.S. were exposed to mercury at levels capable of causing adverse effects in a developing fetus. The Court is expected to issue a decision soon.

Franklin Office Park v. DEP: EPD briefed, argued, and won this Chapter 30A appeal centering on

the Department of Environmental Protection's interpretation of Ch. 21A, § 16's so-called "Willfulness Exception," before the Massachusetts Supreme Judicial Court. The SJC's opinion overturned an adverse lower court decision, resulting in a win for the Department on the specific facts alleged (while also setting aside the Department's legal interpretation as erroneous).

Analytical Laboratory Cases: Over the course of 2013, EPD opened four new enforcement cases against Massachusetts-based laboratories for violations of the state's clean air act laws that have resulted in substantial releases of hazardous air pollutants.

Health Care Division

Recoveries: \$5,640,246.00

Attorney General Coakley created the Health Care Division in 2007 to place a heightened focus on promoting the interests of consumers as Massachusetts undertook its landmark health reform effort. Since its creation, the division has taken significant actions to protect Massachusetts consumers from unfair and illegal conduct by health insurers, pharmaceutical companies, and marketers deceptively selling medical discount cards. Over the past few years, the division has lead state efforts to examine the health care market, to control health care cost trends, and to develop standards for public reporting of cost and quality information to help consumers and employers make more prudent health care purchasing decisions.

In April of 2013, the HCD released its third report on health care cost trends and cost drivers. Since 2010, the Attorney General's Health Care Division has conducted a series of extensive reviews of health care cost drivers using detailed information obtained data from Massachusetts health insurers and providers. Following the release of the 2013 report, the HCD worked in collaboration with the Health Policy Commission and the Center for Health Information and Analysis to conduct health care cost trend hearings.

During FY 2013, the Health Care Hotline received more than 5,000 calls and 1,200 written consumer complaints, and the division's case work resulted in judgments entered four insurance carriers, a hospital system and a major pharmaceutical company.

Significant Cases

The Health Care Division has been at the forefront of health care advocacy, enforcement, and consumer protection. The Division enforces health care laws to protect the rights of Massachusetts consumers and to halt unfair or deceptive practices that may harm consumers. During 2013, HCD obtained several judgments including:

A Consent Judgment was entered against United States Fire Insurance Company to resolve allegations that it engaged in deceptive marketing and unfairly denied coverage for benefits mandate by Massachusetts law. Under the judgment with US Fire, it paid at least \$330,000 in restitution to consumers, and \$289,000 in penalties and costs to the Commonwealth.

A Consent Judgment was entered against Transamerica Life Insurance Company to resolve allegation that it engaged in deceptive marketing and unfairly denied coverage for benefits mandated by Massachusetts law. Under the judgment, Transamerica was required to pay at least \$750,000 to completely refund consumers, and an additional \$580,000 to the Commonwealth.

HomeCorps

The HomeCorps Loan Modification Initiative (LMI) is the primary of the three HomeCorps Program initiatives. The LMI consists of 31 staff members across seven locations. The primary function of HomeCorps is to assist Massachusetts homeowners with loan modification and foreclosure prevention through mediation with national and local mortgage servicers. The division is currently working with 176 mortgage servicers on 1,513 open cases and monitoring an additional 1,345 cases that are with LRI, BRI or a housing counseling partner agency. On average, HomeCorps answers 960 hotline calls and opens 454 cases per month. Additionally, the HomeCorps team monitors compliance with the National Mortgage Settlement servicing standards, M.G.L. Chapter 244 and the corresponding Division of Banks regulations and Consumer Financial Protection Bureau mortgage servicing regulations.

HomeCorps does not have fiscal recoveries or revenue. However, the Loan Modification Initiative has achieved the following financial benchmarks:

Fiscal Year 2013:

- \$30,314,833.15 in Principal Reduction achieved
- \$29,503,231.78 in first lien principal reduction
- \$811,601.37 in second lien extinguishment

Significant Cases

HomeCorps does not participate in litigation. However, significant litigation related accomplishments from FY 2013 include:

National Mortgage Settlement:

1. HomeCorps BOA team began having on-site open case reviews with Bank of America staff every three months, working through an average of 250 cases during each three day visit. Meetings were initiated by HomeCorps to help BOA working through significant difficulties complying with NMS servicing standards violations;
2. HomeCorps team persuaded Wells Fargo to accept our interpretation of the new foreclosure law regarding subordination of junior liens. Specifically, Wells will no longer require subordination of junior liens for any loan modification in the Commonwealth of Massachusetts. This translated into permanent modification for 11 homeowners working with HomeCorps. In addition, Wells pulled an additional 80 modifications from across the state that were pending subordination agreements and approved them for permanent conversion between Dec. 2012 and Feb. 2013.
3. Administrator of National Mortgage Settlement confirmed a 48% participation rate in MA under the 'wrongly foreclosed' prong of the NMS. That is 8,825 claims filed by MA resident under this branch of the settlement almost all of whom received a cash payment.
4. LMS and Counsel to HomeCorps identified and addressed significant service release issue of trial modification plans in the GMAC bankruptcy that had NMS compliance implications. Problem has been addressed by subsequent servicer and HomeCorps team continues to monitor.
5. Letter sent to NMS Monitor from CPD and HomeCorps citing significant settlement violations by multiple settling servicers;

M.G.L. Chapter 244:

6. AGO began receiving 35B notices under M.G.L. Chapter 244;

7. With CPD, HomeCorps team drafted comments and template notices for Division of Banks use in drafting its regulations of M.G.L. Chapter 244;

Other:

8. Loan mod specialist successfully negotiated with Bank of America (BOA) the return of \$20,000 that BOA withdrew from a homeowner's checking account. Homeowner took a 401K distribution to pay his son's high school tuition in June 2012. BOA seized the money immediately upon deposit. LMS worked with the school to get tuition extension until the end of the year and was finally able to get BOA to refund the money after six months of negotiating;
9. With CRD, HomeCorps team negotiated a loan modification agreement with HSBC to resolve claims alleging discrimination during origination by a prior servicer. Negotiations began in February 2013 and homeowner made his first modified payment in June 2013;

Insurance and Financial Services Division

Recoveries: \$20,844,206.75

FY13 Rate Savings for Consumers: \$175,000,000

The Insurance & Financial Services Division ("IFSD") represents the public interest in civil matters involving the insurance, securities, and lending industries. IFSD performs key consumer protection functions, and has been at the forefront of important consumer protection initiatives, including Attorney General Coakley's ongoing investigation of subprime mortgage securitization firms, which has resulted in over \$200M for the state and Massachusetts homeowners to date.

IFSD also litigates insurance rate cases on behalf of consumers and businesses before the Commissioner of insurance; pursues entities that mislead or defraud the Commonwealth and/or municipalities under the state False Claims Act; provides mediation and advocacy services to consumers; and offers public policy guidance to the legislature relating to insurance and financial services issues.

During FY2013, IFSD provided comments and public policy guidance relating to life insurance, for-profit schools, and disclosure of executive compensation to shareholders. IFSD staff testified before the Massachusetts Financial Services Committee, provided suggestions and comments to the Securities and Exchange Commission, and requested that the Commissioner of Insurance take steps to protect ratepayers. Finally, based on IFSD's investigative work, the Division recommended various new regulatory restrictions on for-profit schools. These served as the substantive basis for draft AGO regulations that recently were the subject of a public hearing.

IFSD also helped hundreds of Massachusetts consumers with financial services problems through its mediation program. In FY 2013, IFSD fielded over 2,000 hotline calls, opened 961 consumer complaint files, closed 1107 complaint files and generated \$1,523,900.41 in savings and recoveries for consumers. Successful mediation results included: securing payment of auto, home, long term care, and life insurance claims, persuading companies to unwind unsuitable annuity sales, obtaining premium refunds for consumers who were deceived into signing up for insurance coverage, convincing companies to compensate consumers for unsuitable investment advice that resulted in financial losses, helping consumers eliminate expensive force-placed insurance coverage, aiding in getting incorrectly applied surcharges removed, assisting consumers in obtaining homeowners insurance checks from mortgage loan servicers, obtaining refunds of incorrectly calculated premiums, and helping consumers get wrongfully terminated policies reinstated.

Significant Cases

A number of IFSD's consumer protection cases have their origins in consumer complaints. This year, IFSD pursued allegations that auto insurers failed to refund surcharges after at-fault accident determinations were vacated by the Board of Appeal, leading to settlements with six carriers. IFSD also continued its industry-wide review of auto insurance companies for alleged motorcycle insurance overcharges. IFSD entered into three additional motorcycle insurance settlements in FY2013, bringing the number of settling carriers to eighteen, and the sum of restitution to Massachusetts motorcycle owners to \$42.8M. The Division also entered into a settlement regarding an auto insurer's non-renewal of "clean-in-three" policies, resulting in payments totaling nearly \$400,000 and it settled with another auto insurer for failing to provide mid-term classification changes to inexperienced drivers upon their licensure anniversaries, resulting in payments totaling nearly \$500,000.

In FY2013, IFSD continued its enforcement of state lending laws, and entered into settlements regarding ATM fee disclosures, cancellation notice provisions by premium finance companies, and illegal payday loans, resulting in recoveries of over \$156,000. IFSD also continued its investigation of for-profit schools and the marketing and lending practices of those institutions. Following a successful action against QuinStreet (an entity that ran the website "gibill.com") for unfairly steering consumers to expensive for-profit schools, IFSD sued Brockton-based Sullivan & Cogliano ("S&C"). The complaint alleged that S&C deceived hundreds of students regarding placement rates, quality of education, and the nature of the S&C curriculum. In FY2014, a consent judgment stemming from this litigation required S&C to pay \$425,000 to eliminate student debts and placed significant restrictions on how S&C can do business in the future.

IFSD completed a number of false claims cases in FY2013, recovering over \$11.5M for the Commonwealth and its sub-entities. These cases included an action against Goldman Sachs for misleading state entities regarding its compliance with MSRB Rule G-37 (a \$4.56M recovery with over \$600,000 to state entities), a settlement with Chevron regarding alleged overcharges for oil spill clean-up expenses (\$1.7M recovered), an action against Oppenheimer for misleading towns and cities about valuations for a closed-end fund (\$500,000 recovery), and an ongoing review of prescription drug overcharges to cities and towns.

IFSD's FY2013 rate case work included its successful action to block a proposed 19.3% rate increase sought by workers' compensation insurers. IFSD intervened and litigated the case, culminating in a successful administrative rate trial and the rejection of the insurance industry's request, thus saving Massachusetts employers an estimated \$175M. IFSD also intervened in front of the Commissioner of Insurance in an effort to stop proposed home insurance rate hikes for over 100,000 coastal and urban Massachusetts residents. The state trial is now completed, and is awaiting a decision from the Commissioner of Insurance.

Investigations

The Civil Investigations Division employs a staff of trained investigators who provide investigative support in civil matters for the other divisions within PPAB and other divisions within the Attorney General's Office. The divisions investigators 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 investigations, analyze financial records and perform other forensic accounting functions, and testify at trial. Investigators often work closely with other states Attorney General, local and state police agencies, the US Attorneys Office, and other federal law enforcement agencies.

The division initiated 252 investigations in the following major areas:

- Abandoned Housing Initiative (AHI) - The division was crucial in assisting the Attorney General's Abandoned Housing Initiative by conducting hundreds of investigations on properties across the Commonwealth, primarily to determine ownership and the existence of encumbrances on the properties. In all the division investigated properties in over 100 communities. The Division also conducted dozens of background investigations of potential receivers for AHI properties.
- Boston Marathon Bombings - the Civil Investigations Division played a key role in an exhaustive months long investigation to combat the fraudulent collection of relief funds for the victims of the Marathon bombing. This included monitoring over 250 websites for questionable behavior and contacting numerous fund gathering sites in order to verify their validity. The results were a very low incidence of fraud in connection with the bombing.
- Civil Rights: The division investigated hate crimes, discrimination cases and numerous other violations of the Massachusetts Civil Rights Act. Investigations were also conducted into allegations of discriminatory housing and employment practices and violations of the Public Accommodations statute and violations of the Americans with Disabilities Act.
- Consumer Protection: The division continued to assist the office in bringing G.L. c. 93A enforcement actions against businesses and individuals in major consumer areas. These included playing a major role in retrieving hundreds of thousands of dollars in penalties for victims and for the Commonwealth.
- Government Bureau: The division provided the Trial Division with investigative support in numerous cases defending the Commonwealth against lawsuits as well as providing assistance in locating witnesses and victims and service of subpoena's.

REGIONAL OFFICES

Fiscal Recoveries for Fiscal Year 2013 are included in other AGO Division Annual Reporting.

Central Massachusetts

The Central Massachusetts Regional Office (“CMAS”) serves as the local representative of the Office of the Attorney General. The CMAS Office includes lawyers, labor inspectors, consumer mediators, and administrative staff who are knowledgeable about the statewide activities of the AGO and have also developed special relationships with local, regional, and community resources. The CMAS office work closely with local community organizations (including the City Manager’s Coalition Against Bias and Hate, the YWCA’s Coordinated Community Response Network, the Mayor’s Brownfields Task Force, and Better Business Bureau) to provide outreach and education programs on important consumer and public safety issues.

The most significant cases handled by CMAS staff during this time period are the loan modifications obtained by our loan modification specialists, the receiverships obtained by Kiernan Reed of the Abandoned Housing Initiative, and the Municipal Law Unit decisions - all of which are likely summarized in other Bureau/Division Annual Reports.

Southeastern Massachusetts

The Southeastern Massachusetts (“SEMA”) regional office is a valuable resource for residents of the region. The SEMA staff is made up of personnel from the Attorney General’s Government, Public Protection and Advocacy and Business and Labor Bureaus. SEMA Assistant Attorneys General litigate matters from the Administrative Law, Trial, Fair Labor, Consumer Protection and Civil Rights Divisions. The SEMA consumer mediator is extremely successful in mediating a number of consumer related issues including auto sales/repair problems, retail sale disputes and problems with home improvement projects. The SEMA Fair Labor investigators readily assists local workers with rights and wage issues. The SEMA insurance mediator assists with auto, life and homeowners insurance issues. New this year, HomeCorps staff have been available to assist walk-ins. All members of the SEMA team are knowledgeable of the resources available throughout the Attorney General’s office and can provide referrals to community organizations or other government agencies most appropriate for specific needs.

Vacant and abandoned homes continue to be a problem throughout the SEMA region. The SEMA Abandoned Housing Initiative (AHI) team has been successful in working with officials from local communities, including New Bedford, Fall River, Taunton and Brockton, to locate these problem properties. Once these properties are identified, our office will contact those with a recorded interest in the property demanding that they immediately address all of the serious health and safety code violations. In those instances when these efforts fail, our office has been successful in petitioning the Housing Court to appoint receiver to take on this task.

At the start of FY 2013, SEMA welcomed the AGO HomeCorps to our team. Starting in September 2012 and running through the end of FY 2013, 55 foreclosures were stopped or postponed, 60 trial modifications were entered into, 58 permanent modifications were achieved and 15 walk-ins were assisted by SEMA HomeCorps staff.

SEMA staff participate in various outreach projects with local organizations and provide informational workshops on issues affecting area residents. Below are just a few of the outreach events that SEMA staff participated in during Fiscal Year 2013.

The SEMA Consumer Mediator participated in various informational presentations throughout the SEMA region. These included audiences at New Bedford Consumer Day, Greater New Bedford Regional Vocational High School, Coastline Elderly, the City of New Bedford's Protecting the Rights of Service Members Training Event and the Acushnet Council on Aging.

Western Massachusetts

The Western Massachusetts Division ("WMAS") of the AGO was the first regional office and remains the largest regional office in Massachusetts. The division has 31 employees representing the following Divisions: Medicaid Fraud, State Police, Trial, Administrative Law, HomeCorps, Abandoned Housing Initiative, Fair Labor, Insurance and Financial Services, Criminal Appeals, Criminal, Civil Rights, Consumer Protection, Investigations and Public Inquiry Assistance Center. WMAS handles matters throughout the state with a particular focus on those matters within the jurisdictions of Hampden, Hampshire, Franklin and Berkshire Counties.

A number of WMAS divisions provide direct contact with consumers in the region. These convenient constituent services include walk-in aid for citizens with consumer protection, civil rights and fair labor based complaints. In addition to these walk-in services, WMAS has an active HomeCorps program, including four home loan modification specialists, who assist consumers facing foreclosure by attempting to modify their loans and delay foreclosure actions. WMAS has investigative services specializing in Medicaid fraud, fair labor, consumer protection and civil rights investigations. The State Police unit and criminal prosecutor use their specialized knowledge of local intelligence to enforce and prosecute crimes involving public corruption, serious financial fraud and cyber based crimes in the region.

The Western Massachusetts Regional Office attains its mission of providing accessible AGO assistance to Western Massachusetts citizens in four western counties: Berkshire, Hampden, Hampshire and Franklin. The Western Massachusetts Regional Office reflects the AG's dedication to providing access to effective services throughout Western Massachusetts. In addition to providing direct constituent services in areas including consumer protection, civil rights and fair labor, the Western Massachusetts Regional staff participates in numerous community outreach programs, establishing new relationships and solidifying ongoing relationships with partner agencies throughout the area.

Significant Cases

Commonwealth v. Jedrzejczyk - Criminal prosecution for violation of civil rights judgment resulted in guilty finding following jury trial.

Commonwealth v. Sharon Richardson - Successful investigation and prosecution of the owner of an in-home care company for elderly and disabled individuals by the Medicaid Fraud Unit with assistance from the State Police Detective Unit, where defendant defrauded Medicaid by billing for services not rendered including billing for deceased individuals, resulting in guilty plea and incarceration on October 30, 2013 [FY14] with the defendant ordered to pay \$3.3 million in restitution.

Commonwealth v. Massaro, et. al.: Medicaid Fraud investigation resulting in guilty pleas by three individuals and \$107,000 in restitution for billing the State's Medicaid program for Personal Care Services that were not actually provided.



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