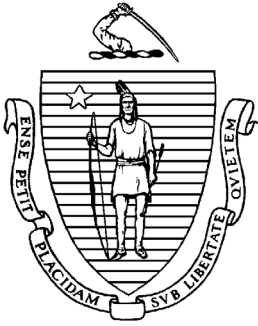


Report of the Attorney General for Fiscal Year 2014



COMMONWEALTH OF MASSACHUSETTS
OFFICE OF ATTORNEY GENERAL
MARTHA COAKLEY



MARtha COAKLEY
ATTORNEY GENERAL

THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE ATTORNEY GENERAL
ONE ASHBURTON PLACE
BOSTON, MASSACHUSETTS 02108

(617) 727-2200
(617) 727-4765 TTY
www.mass.gov/ago

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, 2013 to June 30, 2014.

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
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, & 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
Gaming Enforcement Division
Human Trafficking Unit
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)

TABLE OF CONTENTS

Office of the State Solicitor	9
The Executive Bureau	9
Community Information and Education Division	9
General Counsel's Office	10
Policy & Government Division	11
Public Inquiry & Assistance Center.....	11
Victim/Witness Services Division.....	12
The Business and Labor Bureau	14
Business, Technology, and Economic Development Division	14
Energy and Telecommunications Division.....	15
Fair Labor Division	15
Medicaid Fraud Division.....	19
Non-Profit Organizations/Public Charities Division	22
The Criminal Bureau	26
Appeals Division	26
Cyber Crime Division	29
Enterprise and Major Crimes Division.....	31
Environmental Crimes Strike Force.....	31
Financial Investigations	32
Fraud and Financial Crimes Division	34
Gaming Enforcement Division	35
Human Trafficking Unit.....	36
Insurance and Unemployment Fraud Division	37
Public Integrity Division	37
Government Bureau	41
Abandoned Housing Initiative	41
Administrative Law Division.....	42
Municipal Law Unit.....	43
Open Government Division.....	43
Trial Division	44
Public Protection and Advocacy Bureau	49
Antitrust Division	49
Civil Rights Division.....	50
Consumer Protection Division	51
Environmental Protection Division.....	53
Health Care Division	54
HomeCorps	54
Insurance and Financial Services Division	55
Investigations	57
Regional Offices.....	59
Central Massachusetts.....	59
Southeastern Massachusetts.....	59
Western Massachusetts.....	60

OFFICE OF THE STATE SOLICITOR

The Office of the State Solicitor was created in FY 2014 in order to ensure the highest quality of appellate advocacy throughout the Office of the Attorney General. We are here to be a resource to all Assistant and Special Assistant Attorneys General, at any stage of a case. This includes determining whether and when to appeal, helping craft a brief or argument, consulting on appellate procedure or strategy, and framing and ensuring adequate preservation of key issues at the trial-court level. We also help ensure the consistency of legal positions taken in briefs filed by the Office of the Attorney General; serve as a liaison to the appellate courts on recurring or difficult procedural problems; advise the Attorney General on whether to write or join amicus curiae briefs, particularly in the U.S. Supreme Court; and offer other support for Attorney General's appellate work.

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 grants related to consumer protection, financial literacy, public health, safety and efforts to mitigate the foreclosure crisis and grants to support the voluntary mediation services delivered by 18 Local Consumer Programs and 15 Face-to-Face Programs statewide.

Over a two-week period in April, 2014, the Legal Food Frenzy, a benevolent competition within the legal community - raised the equivalent of 712,000 pounds on food to benefit the four Food Banks statewide which provide hunger relief across Massachusetts. The food and funds raised provided 534,456 meals to people in need.

In May, 2014, utilizing funds recovered through a settlement with Janssen Pharmaceuticals, Inc., a subsidiary of Johnson & Johnson, the "*Increasing Access to and Measuring the Benefits of Providing Behavioral Health Services in Massachusetts*" grant program (Behavioral Health Grant) supported new projects from 22 organizations totaling close to \$8 million. Agencies received grants to improve the delivery of mental health and substance abuse services in Massachusetts to underserved populations including homeless individuals, elders, veterans, children and victims of violence.

CIED also collaborated with HomeCorps to create a community based solution to providing Loan Modification and Homelessness Prevention Services statewide. Citizens' Housing Association and Planning Association (CHAPA) was selected as the *Community Based HomeCorps (CBHC)* Master Grantee and will oversee and manage a \$1.5 million grant which will fund ten (10) CBHC sub-grantee sites throughout 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 the AGO and state agencies; circulates Petitions and Notices from the Board of Bar Overseers, Notices of tax settlements, and CAFA notices of class actions settlements; manages the Public Records processes (by reviewing Public Records Law referrals from Supervisor of Public Records); responds to Public Records Requests made by the public and press to 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; works with the Divisions to ensure that AGO complaints and other template forms contain consistent and appropriate language; manages the process through which members of state Boards and Commissions are appointed by the Attorney General; assists staff with ethics and conflicts of interest issues; and provides legal support regarding e-discovery, records retention, procurement and contracting, and other office-wide issues. In addition, the GCO reviewed and coordinated responses from Bureau Chiefs and other AAsG regarding whether the office should sign on to multistate amicus briefs to be filed in court and "sign-on letters" to be sent to Congress or federal agencies which were circulated by the National Association of Attorneys General on behalf of the 50 states' Attorneys General. Responsibility for the management of amicus briefs was gradually transferred to the newly created Office of the State Solicitor. Although the transfer of substantive responsibility is now complete, the GCO continues to provide administrative support to the newly created Office of the State Solicitor by maintaining information about the AGO's responses to requests to join multistate amicus briefs.

One of the GCO's primary areas of responsibility is the management of 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 ensures that staff complete an internal CLE requirement.

In FY2014, the AG Institute conducted 76 informal programs for AAsG, filling approximately 1676 seats.

In FY2014, there were 450 Public Records Requests made to the AGO and the GCO handled 137 of those requests (30.4 percent).

In FY2014, the GCO reviewed and coordinated the Attorney General's response to 56 requests from other states and distributed through the National Association of Attorneys General to join multistate briefs to be filed in the federal courts, primarily in the United States Supreme Court.

The GCO also reviewed and coordinated the Attorney General's response to 20 requests from the National Association of Attorneys General to sign letters submitted to Congress or federal agencies representing the collective views of the Attorneys General.

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 FY14, Policy & Government staff worked with various members of the General Court on major legislation relative to Medicaid fraud; energy regulation; updating our victims' compensation statute in the wake of the Boston Marathon attack; improving the Commonwealth's anti-bullying law; protecting consumers in the purchase of flood insurance; and protecting the rights of homeowners to challenge improper foreclosures on their home. One of our Office's legislative priorities was An Act to Promote Public Safety and Protect Access to Reproductive Health Care Facilities; which was signed into law by the Governor on July 30, 2014 (Chapter 197 of the Acts of 2014). This law responded to the Supreme Court's decision in *McCullen v. Coakley*, in which the Supreme Court overruled the lower court's decision and found that the 35 foot buffer zone around reproductive health care facilities was unconstitutional. As a result of this law, patients attempting to access reproductive health care facilities should be ensured safe passage, and the public safety around these facilities will be strengthened and protected.

At the federal level, Policy & Government staff work with the Massachusetts Congressional Delegation on policy matters of significance to the Commonwealth, which during FY 2014 included supporting our fishing communities and collaborated with federal lawmakers on data security and breach legislation in Congress. In addition, the Division assists state and federal elected officials and staff in the resolution of constituent matters.

Public Inquiry & Assistance Center

Recoveries: \$8,866,794.00

The Attorney General's Public Inquiry and Assistance Center (PIAC) serves as a great source of information and assistance for the residents of the Commonwealth in the area of consumer protection. PIAC serves as one of the central intakes sources for the Office.

PIAC staffs both a Consumer and Elder hotline weekdays from 10 a.m. to 4 p.m. with trained information specialists that assist callers in addressing a wide range of questions and concerns. In addition, PIAC staff will often direct consumers that call into the hotline to areas of the AGO website for further in-depth information; offer referrals to appropriate organizations or other government agencies; direct consumers to file a written complaint if they believe they have been a victim of an unfair or deceptive practice; and, if the complaint is deemed appropriate, provide information on the consumer complaint and mediation processes conducted by the Division as well as our community-based mediation programs. In fiscal year 2014, PIAC staff answered over 51,000 calls last year as well as processed and responded to 25,000 pieces of correspondence.

In an effort to resolve matters between consumers and merchants outside of court, the AGO offers a free, voluntary mediation service with the goal of reaching a mutual resolution for both parties. 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 for assistance. 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 the consumer's residence. For fiscal year 2014, PIAC and the LCPs performed over 14,000, mediations and recovered or saved close to \$9 million 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 conduct educational outreach programs and trainings on a wide range of subject matters, such as auto repairs, preventing identity theft and teaching financial literacy. Educating the public in order to prevent scams and fraud is a vital part of the mission of the AGO and the LCPs. This past year, PIAC performed approximately fifty educational outreach events on these topics and educated over 2,750 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 145 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 over 20 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.

Victim Compensation and Assistance Division

There are several statistics that highlight the effectiveness and impact of the division in responding to the needs of victims of violent crime. In the fiscal year 2014 (FY14), the Victim Compensation and Assistance Division received 1,515 new applications. These new claims represent the numbers of individuals who are impacted by violent crimes in the state of Massachusetts. In FY14, the division responded to and made 1,151 claims eligible. By the end of the fiscal year, the division paid out a total of \$ 3,376,904.66 in crime-related expenses using federal and state monies. Of the 1,037 claims that were paid out during FY14, 164 claims were related to domestic violence incidents which depict a minimal decrease from FY12 and FY13. In the year 2014, almost 84% 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 FY14 were medical/dental, economic support and funeral/burial expenses. The division paid out a total of \$1,173,288.26 in medical/dental expenses, \$ 833,508.94 in funeral related expenses, and \$114,569.94 in economic support.

As a result of the collaborative efforts of the Attorney General's Office and the Massachusetts Office of Victims of Crime, the division received funding through the Office of Justice Program's Office for Victims of Crime at the U.S. Department of Justice for the hiring a full time Investigator/Advocate through an Antiterrorism and Emergency Assistance Program grant. These funds are available to support

communities that have experienced incidents of terrorism and mass violence. As a result, the Division will have a full time employee to assist victims of the Boston Marathon Bombing on their claims with the Division, conduct outreach, and work with members of the Resiliency Center to better serve the individuals and communities impacted by the events of April 15 and April 19, 2013.

The Victim Compensation and Assistance Division successfully completed a federal site visit conducted by the Office of Victims of Crime during FY 2014. The U.S. Department of Justice, Office of Justice Programs is required by Federal regulations to monitor and ensure proper use of all financial assistance provided through their grant programs. The purposes of this review are to assess and ensure compliance with the regulations, terms, and conditions for each OJP grant; review the programmatic success of each grant; and, provide technical assistance. The previous site visit in FY10 was also successful.

Finally, the division has continued to conduct various outreach trainings around the Commonwealth in order to increase knowledge about the new categories to district attorney offices, child advocacy centers, medical providers, mental health providers, and funeral homes. In addition, the Division participated in the annual Massachusetts Victim Assistance Academy for the fifth consecutive year. The Victim Compensation Division has been successful in their efforts to meet their mission this past fiscal year.

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 businesses 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 coordinated the Office's multi-divisional "Regulatory Streamlining Initiative" (the "RSI"). The RSI, as part of the Commonwealth's recent Economic Development Act, required that all state agencies review their existing regulations with an eye towards their impact on small business' compliance. To that end, BTED coordinated the review of nearly 30 existing AGO regulations, as well as provided guidance on new regulations proposed after the Act.

During the past fiscal year, BTED also engaged in a host of policy matters of importance to the Office. Most notably, BTED spearheaded the Office engagement in anti-patent trolling efforts. Patent Assertion Entities (PAEs), also known as patent trolls, are commonly businesses that do not invent or manufacture anything, but instead acquire broad patents with the aim of making money by asserting typically baseless claims of patent infringement to extract fees or settlements from companies. Small businesses, retailers, and non-profit organizations have been targeted in various states with demands for licensing fees for the

use of common, everyday technology such as scanners and Wi-Fi networks. Our Office joined with a host of other state Attorneys General in advocating before the Supreme Court for certain patent enforcement reforms designed to curtail troll-like actions - for example, making it easier for parties charged with patent infringement to receive an award of attorneys' fees when successful by lowering the burden of proof in such determinations.

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, telephone, or water 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 and Cable, 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.

Although the Department of Public Utilities had recently allowed Bay State Gas Company d/b/a Columbia Gas of Massachusetts to increase rates in November 2012, the company sought yet another rate increase which the Attorney General's Office challenged. On February 28, 2014, the DPU rejected \$10.8 million out of the requested \$30 million rate increase.

In an annual service quality investigation before the DPU, the Division argued that National Grid had miscalculated one of its benchmarks for service quality due to poorly performing circuits. The DPU agreed with the Division's argument and found that National Grid was liable for an additional \$2.7 million in penalties.

The Attorney General's Office was the lead party in the first complaint ever filed at the Federal Energy Regulatory Commission to reduce a regional electric transmission rate. On June 19, 2014, the Commission modified an initial decision by an administrative law judge and issued an order tentatively reducing the New England electric transmission companies' allowed return on equity to 10.57%, which will result in a \$19 million refund to Massachusetts customers and a \$21 million reduction in transmission rates. The consumer savings resulting from the reduction in ROE will continue to grow each year as more transmission investments are made to improve system reliability.

In FY 2014, the Division represented ratepayers in approximately 350 dockets pending before state and federal bodies. Matters that were finalized yielded \$73,377,640 in savings in the form of avoided rate increases or refunds to customers.

Fair Labor Division

Recoveries for Fiscal Year 2013: \$6,117,568.69

Restitution: \$5,230,150.68, Penalties: \$887,418.01

The Office of the Attorney General's Fair Labor Division works to protect employees from exploitation by an employer; prosecute employers who are failing to follow the Commonwealth's wage and hour laws; and set a level playing field that the Commonwealth's employers can follow. The office is responsible for enforcing

the prevailing wage, minimum wage, payment of wages, overtime, tip pooling, 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'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

During the last fiscal year, the FLD continued its mission to expand the Division's deterrent impact by strategically targeting certain industries and utilizing innovative civil and criminal enforcement methods to amplify our effectiveness.

Examples of strategic, high impact and novel cases from fiscal year 2014 include:

Universal Drywall - In 2013, FLD began an investigation into Universal's hiring practices at a residential construction project in Chelsea known as One North of Boston. The investigation began after the AG's Office received reports that the company had been hiring workers from New Hampshire and misclassifying them as independent contractors, in violation of the Massachusetts Independent Contractor Law on both private and publicly-funded construction projects at the The investigations, in conjunction with the Chelsea project, revealed a pattern of unfair competition through the unlawful misclassification of workers at all three projects. The FLD filed a lawsuit against Universal alleging that Universal employed this practice to save costs associated with hiring the same workers as lawful employees. As a result, Universal was able to obtain contracts by underbidding its competitors by requiring the workers and not the company, to absorb the burden of an employer's overhead costs. The lawsuit further alleged that Universal was responsible for creating and submitting false records relating to the misclassified workers employed on two public construction projects, in violation of the Massachusetts False Claims Act. This innovative approach has had the result of bringing more employers who are violating the law to the table to discuss resolving their cases prior to having a lawsuit filed, which is having a beneficial impact on our ability to bring such employers into compliance.

Human Trafficking - The FLD has worked in conjunction with other Divisions in the office, State and Federal governmental agencies and outside aid groups to successfully resolve several cases in which there were allegations of human trafficking and the underpayment of overtime and minimum wage. In all of the cases, which we successfully and very quickly resolved, immigrant women who were forced to work excessive hours as housekeepers or nannies by their employers. The workers were compensated for underpayments totaling almost \$15,000, which allowed them to relocate or return to their home countries. Their employers were also fined for the violations. During the year, we also actively participated in a statewide team tasked with setting up protocols to coordinate these complex and high impact cases.

National Grid - In November 2012, National Grid's new pay system encountered technical difficulties that resulted in a host of pay related issues, largely in connection with compensation for work performed during and after Hurricane Sandy. Thousands of problems were identified company-wide including the failure to pay wages in a timely manner to National Grid's employees who worked to ensure that residents of Massachusetts and neighboring states had their power restored. Many workers suffered financial stress and hardship from not getting paid on time, sometimes for weeks. For example, multiple employees who had financial payments directly debited from their pay - including payments for child support, alimony or college tuition - received warning letters for failure to meet those obligations because

of National Grid's payroll problems. The global settlement resolved actions by the Attorney General's Office and three unions, the Utility Workers Union of America (UWUA), the United Steelworkers, AFL-CIO (USW), and the International Brotherhood of Electrical Workers (IBEW). National Grid cooperated with the AG's investigation. A total of \$2.3 million dollars was paid out to the affected workers.

M.D.M. Engineering, Inc., of Dudley, Massachusetts, and its President, Zbigniew Mroczka, agreed to pay \$35,520.16 in restitution and penalties to settle allegations they violated the state's prevailing wage laws.

In October 2011, the AGO-FLD initiated an investigation after receiving complaints through the JTF alleging that M.D.M. Engineering, Inc. was violating the prevailing wage laws. The investigation revealed that while performing work on 18 public construction projects, M.D.M. misclassified some of its roofing employees as laborers and consequently failed to pay these employees the proper prevailing wage rate. The investigation further revealed that M.D.M. failed to submit true and accurate certified payroll records to the awarding authorities, misclassified two employees as independent contractors, failed to furnish suitable pay stubs to its employees and, on various occasions, failed to make timely payment of wages. M.D.M. agreed to pay \$20,520.16 in restitution to 11 employees and pay a civil penalty of \$15,000 to the Commonwealth.

S.O.M. Construction Enterprises, Inc., of Dudley, Massachusetts, and its President, Wesley Mroczka worked on 21 public works projects during the period of June 2009 through March 2013, failed to pay some of its workers the proper prevailing wage rate, failed to submit true and accurate certified payroll records to the awarding authorities for the various construction projects, failed to keep true and accurate payroll records and failed to furnish its employees with a suitable pay stub. The investigation further revealed the company misclassified 18 of its workers as independent contractors and paid the workers with company checks. S.O.M. and Mroczka, were cited for violating the state prevailing wage law and the obligation to maintain payroll records with regard to public works projects throughout Massachusetts. To settle the allegations the company agreed to pay over \$78,000 in fines and restitution.

Other Significant Achievements

During the past fiscal year, we have worked in collaboration with the Joint Task Force on the Underground Economy, community organizations and other government agencies to increase our outreach and enforcement in the area of temp agencies, in order to enforce both the Temp Worker Right To Know Law and the Wage and Hour laws. This collaboration and team enforcement approach has shown great promise in effecting timely and thorough investigations and enforcement actions, which we hope will work to have significant impact and curtail the exploitation of thousands of low wage workers.

FLD has put together teams to address specific, high priority enforcement initiatives, defined by area of law, industry or region, depending upon needs for deterrence. The team members would develop specialized knowledge of legal issues and facts unique to a targeted industry, worker group, or region we serve. Our temp worker agency team is investigating and meeting on matters referred by stakeholders in Southeastern MA that highlight potential wage theft and other violations in the fish processing industry, and anticipates expanding enforcement against temp agencies brokering labor for the recycling industry in that part of the state. In another example, team focusing on criminal enforcement seeks to increase effectiveness of grand jury investigations and target deterrence to repeat offenders referred to us by stakeholder who, thus far, have been undeterred by civil enforcement.

Throughout FY2014, FLD continued to work closely with community partners including, workers' rights organizations, community organizations, immigrant rights organizations and other state and federal agencies. These critical relationships continue to help reach communities and workers who may have been unaware of the AGO's role and resources as well as with workers who might have been less likely to assert their rights under the wage laws because of their distrust of the government.

During 2013-4, FLD/OAG continued to play a key role in promoting legislation that helps working families and our economy by strengthening workers' rights and leveling the playing field for Massachusetts businesses that play by the rules. FLD worked closely with BLB, P&G, the State Legislature, stakeholders and other state agencies in its legislative efforts. Some examples of the legislation that was central to these efforts included:

- Minimum Wage (enacted)
- Earned Paid Sick Time (enacted)
- Domestic Workers Bill of Rights (enacted)
- Temp Workers Right to Know (enacted in 2012)
- Uniform Wage Compliance (pending)
- Legislation to Expedite DALA Appeals (pending)
- Legislation to Increase Transparency and Prevent Fraud in Public Construction Bidding (pending)

Important Statistics and Numbers

During the last fiscal year, the FLD issued 588 citations against employers for violations of the wage and hour laws, ordering the payment of \$3,311,002.49 in restitution and penalties. In addition, the FLD was responsible for issuing 13 debarments against contractors doing public construction work for violations of the prevailing wage laws.

In an effort to educate the public about the wage and hour laws and assist workers with complaints against their employers, the Fair Labor Division Hotline, manned by intake staff and investigators, took 18,950 calls from members of the public regarding many different employment related issues. We also gave over 40 outreach presentations. As a result of these outreach efforts, over 4,100 complaints were filed with the Division.

In fiscal year 2014, the Division filed three Supreme Judicial Court and Amicus briefs in cases which we were handling or to weigh in on issues that directly impact the workers of the Commonwealth.

The Divisions Public Records Officers processed 103 Public Records Requests during the fiscal year.

The Bid Unit remained very active, dealing with 78 bid protest filings, which ultimately resulted in 56 hearings and 22 resolutions prior to hearing. Over 4,000 phone calls were taken and at least 500 protests were resolved prior to the filing of a bid protest. In an effort to educate the public about the public bidding laws, the Bid Unit also gave 26 presentations on both bid and prevailing wage laws, to ensure compliance and ensure that the procurement process on public construction projects was complied with.

Medicaid Fraud Division

Recoveries: \$63,059,065.99

The Medicaid Fraud Division investigates and prosecutes 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 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.

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. The Medicaid Fraud Division has recovered more than \$385 million for the state during AG Coakley's time in office. The Division also convicted 24 defendants in FY 2014, the highest number of convictions in a single fiscal year. In calendar year 2014 (first 8 months), MFD opened 111 cases and closed 164 cases.

Significant Cases

A significant portion of MassHealth's budget is committed to funding home and community based programs. In FY2014, the Medicaid Fraud Division uncovered fraudulent schemes involving Group Adult Foster Care and Personal Care Attendant programs. The owner of an in-home care company pleaded guilty, was sentenced to two-and-a-half-years in jail, and ordered to pay \$3.3 million in restitution for billing the Medicaid program for services that were not rendered. The AG's investigation revealed that **Adlife**, with locations in Framingham, West Springfield, Dorchester and Hyannis, submitted billing for deceased individuals and individuals who never received services. The biller for the company also pleaded guilty, received 5 years' probation, and was ordered to pay a \$10,000 fine.

Former personal care attendants and former surrogates pleaded guilty to 28 indictments and were ordered to pay over \$358,000 restitution to MassHealth for stealing from the state's Medicaid program for services that were not provided. The guilty pleas, which took place in Worcester, Hampshire, Hampden and Plymouth counties, included allegations of billing for services while the personal care attendant was in jail and submitting bills for a MassHealth member who was deceased.

The Medicaid Fraud Division prosecuted a number of medical professionals who were perpetrating fraud on the Medicaid Program. A New Bedford physician, **Dr. Michael Taylor**, pleaded guilty to illegally prescribing a controlled substance (16 counts), violating the Medicaid False Claims Act (12 counts) and Larceny (3 counts). 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, Taylor caused

pharmacies to falsely bill MassHealth for these narcotics by representing that they were appropriate and medically necessary. Dr. Taylor also pled guilty to fraudulently billing more than \$9,800 to MassHealth for office visits when patients picked up drug prescriptions without seeing him, and for office visits when he was out of state. Dr. Taylor was sentenced to two and a half years in the House of Correction, suspended for a probationary period of five years, including a condition that the defendant permanently resign his license to practice medicine. **Dr. Richard Ng**, a former director of a drug abuse clinic in Brighton pleaded guilty in connection with illegally prescribing suboxone, a drug used to treat opiate addiction, and collecting illegal fees from patients. Dr. Ng was sentenced to two and a half years in the House of Correction, suspended for a probationary period of five years, with six months of home confinement. Robin Annecharico, a registered nurse, was sentenced to 18 months in the House of Correction, suspended for five years for submitting more than \$25,000 in claims while attending horse racing competitions out of state.

This past fiscal year, the Medicaid Fraud Division identified caretakers who abused and neglected vulnerable residents of long term care facilities. A former Director of Nurses, **Laurie Siano**, pled guilty to allegations that she made repeated unauthorized cash withdrawals from a resident's checking account totaling over \$16,000. The defendant was sentenced to one year in the House of Correction, suspended for a probationary period of three years. **Phero KISSARO**, a certified nurse assistant, was found guilty of Indecent Assault and Battery and sentenced to 2 years in the HOC, with 90 days to serve, the balance suspended for 2 years. It was alleged that while transferring the resident from the wheelchair to a chair, the defendant put his hands on her breasts, and bounced them up and down for a few seconds while laughing. The court also imposed conditions that the defendant register with the Massachusetts Sex Offender Registry Board and that the defendant not be involved in any occupation involving elder care.

The Medicaid Fraud Division investigated and successfully resolved a number of cases involving providers who failed to follow MassHealth regulations resulting in millions of dollars of impermissible billing. **AllCare Pharmacy**, based in Worcester, agreed to pay \$1.6 million to settle allegations that it improperly billed and received payments from MassHealth when it automatically refilled prescription medication that were not specifically requested by MassHealth patients. Current regulations prevent any pharmacy from refilling a prescription that was not explicitly requested by a MassHealth patient or caregiver at the time of each filling event. An orthodontist, **John Burke, D.M.D.**, agreed to pay \$800,000 over allegations of improperly billing the state's Medicaid program for certain dental x-rays. The settlement agreement included permanent resignation as a MassHealth provider. The investigation by the AG's Office focused on MassHealth dental regulations that place service limitations on a certain type of dental x-ray known as a "Periapical x-ray" and requires that the provider must be the dentist who actually performed the service. **HealthDrive Corporation** was sued for allegedly overbilling the state's Medicaid program for more than \$1.1 million of house calls to patients in multiple nursing homes. While providers can charge for treating multiple patients on the same day, MassHealth limits the separate "house call" charge to one facility per day. HealthDrive overbilled MassHealth for nursing home visits by charging a separate "house call" fee for multiple patients treated at the same facility on the same day.

The Massachusetts Medicaid Fraud Division played a significant role in a national federal and state settlement that returned \$39 million to the Commonwealth's Medicaid program. **Johnson & Johnson** paid a total of \$1.2 billion to federal and state authorities to resolve allegations that the company engaged in illegal off-label marketing schemes. Government investigators alleged that the company offered kickbacks to medical professionals to increase the prescribing of Risperdal and Invega for

patients with Alzheimer's disease, dementia, depression and anxiety. Pharmaceutical manufacturers are prohibited from promoting off-label uses of their products.

Massachusetts was also one of five named states that resolved allegations that Johnson & Johnson paid illegal kickbacks in order to induce Omnicare to switch nursing home patients to certain Johnson & Johnson drugs. The settlement resulted in over \$8 million returned to the Medicaid program. An AAG from the Massachusetts Medicaid Fraud Division served as one of the principle negotiators on behalf of the states in connection with both settlements.

An owner of a medical transportation company was indicted for defrauding MassHealth for more than \$470,000. **Cynthia Keegan and Cross Roads Trolley** were indicted on seven counts of Larceny over \$250 and seven counts of Medicaid False Claims. The allegations include billing for deceased members and allegedly submitting more than 8,300 fraudulent claims for residents at two nursing facilities that rarely left the facility for medical care or who did not reside there at all.

Other Significant Achievements

The Medicaid Fraud Division and the Policy and Government Division drafted legislation that would eliminate inappropriate referral arrangements between clinical labs and sober houses. The Governor signed the FY2015 Budget into law, which included An Act Prohibiting Clinical Laboratory Self-Referrals. The new law will end referrals that occur with overlapping ownership of labs and their referral source.

Under section 1909 of the Social Security Act, the federal government provides a financial incentive to states that enact qualifying false claims acts establishing liability for the submission of false or fraudulent claims to the Medicaid program. If a state enacts a false claims act that contains certain enumerated provisions that are consistent with those of the federal statute, the state will be entitled to retain an additional 10 percent of Medicaid recoveries in cases brought under a qualifying statute. The Massachusetts False Claims Act was recently amended in 2013 in order to mirror the amended federal False Claims Act. During FY2014, the Inspector General notified Attorney General Coakley that the Massachusetts False Claims Act, as amended, continues to qualify for the retention of enhanced recoveries in FCA cases. This 10% enhancement available under the Social Security Act has resulted in the return of more than \$28 million in additional state dollars to the Massachusetts treasury over the past six years.

The Massachusetts Medicaid Fraud Division is an active participant within National Association of Medicaid Fraud Control Units (NAMFCU), meeting regularly with its counterparts across the nation to promote training programs while discussing emerging trends in fighting healthcare fraud and elder abuse. Medicaid Fraud Division staff is often called upon to present at national trainings. These trainings include NAMFCU 101,102 and 103 training, 2014 Boston Bar Association Health Care Fraud Conference, National Attorneys General Training Institute Anatomy of Complex Civil Litigation, American Bar Association: Tenth National Institute on the Civil False Claims Act and Qui Tam Enforcement, National Health Care Anti-Fraud Association Annual Training Program, and NAMFCU Annual Conference. The Director of the Division was also asked to speak on behalf of NAMFCU at the Department of Justice Health Care Fraud Working Group meeting.

The Medicaid Fraud Division also continues to conduct periodic in-house educational programs designed for an interdisciplinary audience of legal and investigative staff. This past year, topics included report writing and data analysis training. The Massachusetts MFD ensures staff is appropriately trained for their positions upon hire and continues to develop their skills through their tenure in MFD.

Since 2008, an Assistant Attorney General in the Massachusetts Medicaid Fraud Division has served as co-chair of the Global Case Committee of NAMFCU. Through this designee, the Massachusetts MFD regularly plays a leadership role in national initiatives and in bringing false claims cases from initial intake to ultimate resolution. The Global Case Committee (GCC), under the leadership of the Massachusetts co-chair, also regularly conducts Global Case training seminars. In September of 2013, the GCC presented two-day Global Case Intake and Evaluation training programs in Kansas City, Kansas, with an AAG and a data analyst from the Massachusetts MFCU participating as instructors. These programs focused on the early evaluation of qui tam cases and the development of comprehensive models for data analysis and the calculation of damages. Massachusetts MFD personnel are currently actively involved as team members or leaders in a number of matters that are the subjects of ongoing global investigation, litigation or negotiation.

Non-Profit Organizations/Public Charities Division

Recoveries: \$5,828,345.75

The Division is responsible for overseeing more than 22,000 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

Veterans Solicitation Matters

Commonwealth v. Veterans Community Foundation: In April 2014, the Division filed a lawsuit in Suffolk Superior Court against Veterans Community Foundation, Inc. ("VCF"), a Rhode Island-based charity which claimed to raise money for veterans services and programming, including job placement and financial literacy. VCF was soliciting charitable donations outside of retail establishments in Massachusetts, despite not having a valid Certificate for Solicitation from the Division and despite having been told by the Division to cease doing so. The Division also had reason to believe that VCF was not providing the services to veterans that it claimed to provide and was not directing the amounts of money to the services that it claimed it was directing, which constituted fraudulent solicitation. The Division sued VCF and its principals and obtained a temporary restraining order and a subsequent preliminary injunction preventing VCF from soliciting in Massachusetts until it filed the required paperwork and provided some financial information to the Division. Rather than file the required paperwork, VCF entered into a receivership in a Rhode Island court in June 2014 and intends to use its remaining assets to settle outstanding debts and dissolve. The claims against the principals of VCF are still pending.

Massachusetts Veterans Emergency Fund: In August 2013, the Division commenced an investigation into a New Bedford-based charity, Massachusetts Veterans Emergency Fund (“MVEF”), and the professional solicitor it used, State Wide Marketing, Inc. (“State Wide”). The Division had received information and complaints that MVEF was not providing any services to veterans despite raising large amounts of money and that State Wide was using fraudulent solicitation tactics to raise money on behalf of MVEF. The investigation revealed that MVEF was indeed not providing services to veterans and only made nominal donations to other veterans charities despite having raised nearly \$500,000 in less than two years. The evidence indicated that MVEF had extraordinarily high expenses, most of which constituted payments to State Wide, and was unable to donate more than it had because of those expenses. The investigation also revealed that State Wide was making false representations to donors in order to solicit donations for MVEF and that it had entered into contractual arrangements with MVEF that granted it the vast majority of MVEF’s funds purportedly raised for charity. The investigation into State Wide continues.

Commonwealth v. Bay State Vietnam Veterans, Inc.: On July 23, 2013, the Suffolk Superior Court ordered Thomas J. Gity, Jr., the founder of a Rhode Island-based fundraiser, Dynamic Marketing Solutions, to pay \$125,000 in financial penalties and permanently banned him from any charitable or fundraising activity in Massachusetts because of Dynamic’s deceptive tactics while soliciting funds for Baystate Vietnam Veterans, a Somerset charity, including falsely stating that 100% of donations would benefit veterans living in donors’ communities.

Northern Berkshire Healthcare, Inc.: When Northern Berkshire Healthcare, Inc. announced on March 25, 2014 that it would close North Adams Regional Hospital that same week, the Division, together with the Health Care Division, the Business and Labor Bureau, and the Western Massachusetts Division filed a petition in Berkshire Superior Court seeking injunctive relief to enable Berkshire Medical Center to offer emergency services and medical records support services to North Adams and the surrounding area. The action was successful and supported the development of arrangements for Berkshire Medical Center to continue providing services in North Adams. Northern Berkshire filed for bankruptcy. Berkshire Medical Center will purchase the former North Adams Regional Hospital building and will continue to serve that community, in furtherance of its own charitable mission.

Milton Board of Selectmen acting as Trustees of the Governor William Stoughton Trust v. The Attorney General, Norfolk Probate Court Docket No. 13E00GC: In 1701, Gov. William Stoughton bequeathed a parcel of land, in trust to the Town of Milton for the benefit of the poor of that community. Gov. Stoughton’s intent was that the parcel house a so-called poor farm. That specific manner of benefiting the poor having become inappropriate and, in fact impossible and impracticable, the town of Milton Board of Selectmen who also act as the Trustees of the William Stoughton Trust filed a complaint with the Norfolk Probate Court consistent with principles of Cy Pres to get permission to use the land in a different way, also to benefit the poor. With the Division’s assent, the Selectmen in their complaint asked the Court to issue a declaratory judgment that they be authorized by the Court to sell most of the land that comprised the Trust to Pulte Homes for \$5 million in order to establish a trust for investment, the proceeds to be used to benefit the poor of Milton consistent with the dominant intent of Gov. Stoughton.

Quincy Medical Center and Morton Hospital: Since FY12, the Division had been working with the surviving charitable entities of Quincy Medical Center and Morton Hospital to distribute the remaining charitable assets to other charitable organizations in accordance with the principles of charities law.

With the assistance of the Division, both Quincy Medical Center and Morton Hospital completed this process and dissolved in FY14. With the dissolution of Quincy Medical Center and its related entities, \$1,604,546.43 in charitable assets was distributed to other health and human services entities in the Quincy area. With the dissolution of Morton Hospital and its related entities, \$819,910.43 in charitable assets was distributed to other health and human services entities in the Taunton area. The Division continues to work with the surviving charitable entity of New England Sinai Hospital, a long-term acute care hospital in Stoughton which sold its assets to for-profit Steward Health Care in FY12, to do the same.

National Graduate School of Quality Management, Inc.: In FY14, the Division reached the end of its investigation into the National Graduate School of Quality Management, Inc. (“NGS”), a Falmouth-based non-profit educational institution, and its former president and CEO, Robert Gee (“Gee”). The Division was concerned with lapses in good governance at NGS by its board of directors, which lapses allowed Gee to collect what the Division views as an exorbitant salary and many benefits that were not commensurate with the revenues of NGS and not comparable with Gee’s peers.

In April 2014, the Division filed a lawsuit in Suffolk Superior Court against Gee, alleging that he violated his duty of loyalty to NGS by causing it to enter into an agreement with him granting him compensation in excess of what he should have received, and by using National Graduate School’s charitable assets to purchase vehicles, a vacation property, and a residence for himself and members of his family. According to the lawsuit, both Gee’s excessive compensation and the lavish benefits that he conferred upon himself have caused significant damage to the financial stability of NGS, and it seeks to have Gee return to NGS the excess compensation he received and reimburse NGS for the money he used to make purchases for his own personal benefit. The lawsuit is pending.

In April 2014, the Division also entered into an Assurance of Discontinuance with NGS and its Board of Directors requiring them to appoint an almost entirely new board of directors and make regular reports to the Division about the school’s financial situation, student enrollment, and required changes in leadership. The Division had concluded that Gee’s actions and extravagant spending on personal items using charitable funds was partially due to a lack of accountability and inattentiveness on the part of the board of directors and constituted a breach of the board members’ fiduciary duties to NGS.

Trustees of John Woodman Higgins Armory v. Attorney General of the Commonwealth of Massachusetts, SJ-2013-0490: The Higgins Museum closed its doors on December 31, 2013. The Attorney General’s Office, through its Nonprofit Organizations/Public Charities Division, reviewed documents and events leading up to the closure and the transfer of the extensive and valuable arms and armour collection to the Worcester Arts Museum to assure the public that the decision by the board of the Higgins Armory to close was based upon sound principles of impracticability and in keeping with their duties of good faith and due care. The AGO concluded that the closure of the building that housed the collection and the transfer to The Worcester Art Museum, the recipient of the collection and funds, was a good result. The museums worked cooperatively to maximize the amount of money that was realized from closing the Higgins Museum so the Worcester Art Museum will have as much funding as possible to support the collection and build new gallery space. Moreover, the museums are aware that the Higgins had been an important institution in Worcester and they wanted to demonstrate that the Worcester Art Museum is dedicating itself to carrying on in the role of trustee of the Higgins collection by mounting an exhibit as soon as possible and they succeeded by opening an exhibit in March 2014.

Commonwealth v. Barry Eavzan: On March 21, 2014, the Suffolk Superior Court approved of a consent judgment ordering Barry Eavzan, the former treasurer of the New England Figure Skating Club to pay \$50,000 in restitution and banning Eavzan for ten years from serving as a board member, officer, or employee of any charity, in order to resolve allegations that Eavzan had misappropriated the charity's funds for his personal use.

Other Significant Achievements

Massachusetts Public Charities CEO Compensation Review: As part of the AGO's efforts to increase transparency of executive compensation at public charities in the Commonwealth, the AGO conducted a focused review of CEO compensation at 25 of the largest public charities. This group of 25 public charities, which chiefly included hospitals, health systems, health insurers, and universities, was asked to complete and submit to the AGO a prototype "Schedule EC" for fiscal years 2009 to 2011. Based on this information and other materials reviewed by the AGO, the AGO produced a detailed study on executive compensation, including analyses of the types of compensation and benefit vehicles large public charities used to compensate senior executives, and the processes used to establish compensation packages.

Biennial Charities Conference: In June, the Division hosted its biennial conference for non-profit public charities and their board members, which offered the sector an opportunity to discuss important strategies for staying strong in the face of economic and social challenge. Sessions provided information and training on topics including board development and governance, fundraising and organizational capacity-building, fiscal sponsorships, financial communications, community foundations, and fundraising.

Important Statistics and Numbers

In FY 2014, in the nonprofit context, the Attorney General approved 1,263 initial registrations, processed 21,940 annual financial reports, and in calendar year 2014, approved 570 registrations for Professional Solicitors, Fundraising Counsel, and Commercial Co-Venturers. Fees for these activities generated in excess of \$5,800,000 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 FY14 the AGO received and reviewed: 776 new wills, 855 interim accounts, and 563 final accounts; assented to 28 petitions to sell real estate; and received and reviewed 99 trust terminations and 533 miscellaneous complaints and filings with respect to these matters. The AGO also resolved 132 cases involving the misapplication of charitable bequests or excessive fees, which in the aggregate, resulted in approximately \$259,467 being recovered for charitable purposes.

In carrying out its responsibility to assure the proper use of charitable funds, the AGO reviews: significant asset dispositions, changes in purposes, and other material transactions undertaken by non-profit charitable organizations, including all dissolution proceedings. During FY14, the AGO reviewed several hundred notices regarding significant transactions and approved the dissolution of 253 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 attorneys represent the Commonwealth in all direct criminal appeals to the United States Supreme Court, and they have served as counsel of record in cases presented to 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.

Significant Cases

In FY2014, the Appeals Division successfully defended numerous state convictions in federal habeas corpus actions. These convictions commonly involved horrific acts that were shocking to Massachusetts communities.

In many cases, the Division obtained decisions from the United States Court of Appeals for the First Circuit that refined habeas corpus law in ways that will benefit the Commonwealth in future actions. In fact, while the court hears cases from five jurisdictions, ten of its eleven published habeas decisions in FY2014 arose from cases handled by the Division. Particularly noteworthy are two cases in which the Division persuaded the court to reverse a federal judge's ruling against the Commonwealth. In one, the appellate court ultimately upheld the murder conviction of Ivan Hodge, whose victim was shot to death while boarding an MBTA bus in Boston. In the other, the appellate court agreed with the AGO that Ryan Marshall could be tried for participating in beating a man to death in New Bedford.

In other cases, the First Circuit sustained convictions arising from disturbing acts of domestic violence. These included the convictions of: Kevin Hensley and David G. Magraw, each of whom murdered his estranged wife by strangling her to death; Joseph Garuti, who ran over his ex-wife with his car, leaving her to be found dying by the couple's two young children; Yoderny Pena, who murdered his girlfriend by stabbing her fifty-one times; and David Collins, who forcibly raped his nephew and another boy when the two were fifteen. Additional convictions upheld by the federal appellate court were those of: Corinthian C. Housen and Jeffrey Britto, whose victims were shot to death; Nathan Ruell, who was convicted of murdering an eighty-three-year-old woman by brutally beating her in the head; Carlos Dominguez, whose victim was stabbed to death; Everett H. Connolly, who trafficked in and distributed cocaine; and James M. Murray, who is serving a sentence for armed robbery.

In each case where a prisoner challenged a First Circuit habeas decision through a petition for certiorari to the United States Supreme Court, the challenge failed. Such prisoners included Hodge and Magraw, as well as Richard Rosenthal, whose habeas petition was defeated by the Division in the First Circuit the previous year. Rosenthal had beaten his wife to death and mutilated her body in an especially gruesome manner.

Of the many habeas decisions issued by federal district judges, one that must be mentioned is the denial of a petition brought by Jeffrey Bly. Bly was challenging his conviction for murdering Assistant Attorney General Paul R. McLaughlin, who was prosecuting him for carjacking. He has expressed a desire to appeal to the First Circuit.

The Appeals Division additionally had a successful year in the Commonwealth's appellate courts. It secured precedential decisions that will enable law enforcement to investigate effectively in a high-technology era. In one case, the Supreme Judicial Court held that mortgage fraud suspect Leon Gelfgatt can be compelled to disable the encryption barrier that has prevented investigators from accessing computers lawfully seized from him. The AGO had secured amicus briefs supporting its position from numerous organizations, and the SJC's decision represents the first of its kind by an American court of last resort. In another case, the SJC affirmed that the Commonwealth could search the emails of personnel of Preventive Medicine Associates, Inc. – which was indicted on multiple counts of making false claims and kickbacks – using an ex parte search warrant. The court further approved of the AGO's procedures for protecting the privacy of any emails between the defendants and their attorneys.

In other appeals, the Division defeated challenges to convictions by the AGO, and to the validity of state criminal statutes. As a result of its efforts, the SJC refused to disturb an Appeals Court decision affirming the convictions of James Brien. He had attacked his guilty verdicts on twenty-two counts of violating state home improvement contractor laws, an order requiring him to make restitution to his victims, and the constitutionality of the governing statute. The SJC further declined to upset the conviction of Dr. Michael R. Brown for distributing a controlled substance, agreeing with the Division's interpretation of the relevant criminal provision. Additionally, the Appeals Court upheld judgments against Francis Biagiotti for procurement fraud, making false entries in corporate books, and conspiracy. It also accepted the Division's construction and constitutional arguments concerning the statutes under which he was prosecuted. The same court reversed a decision granting a new trial to Raymond Boshears, who was convicted of child pornography offenses. In doing so, it lent clarity to a recurring issue, the legal impact of a courtroom closure during certain initial trial proceedings. The Appeals Court also sustained Louise Wightman's convictions on nineteen counts arising from her improperly holding herself out as a psychologist and misleading numerous vulnerable patients. In some of the above cases, the court's decision represented the second time the Division defeated a challenge by the same defendant.

Further Division successes protected the public interest in other ways. For example, in one of its cases, the Appeals Court rejected a challenge by William McKinley, who had been convicted of multiple child sex offenses, to his commitment as a sexually dangerous person (SDP). In another, it affirmed a court's placing reasonable limits on Louis DeSousa's ability to secure public funding for experts in order to challenge his SDP commitment. Its decision was based on the application of an SJC ruling that had been secured by the Division previously. The Appeals Court additionally turned back challenges to Parole Board decisions that were brought by Robert Beauchamp and William Duclos, both of whom had been convicted of murder.

Also in FY2014, the SJC issued decisions that were consistent with arguments that the Division advanced in amicus briefs and will further the public interest. In particular, the court's decision in *Commonwealth v. Denehy* will make it easier to prove the amount of restitution that crime victims deserve. And its ruling in *Commonwealth v. Moody* will enable investigators to obtain warrants for evidence of criminal activity contained in cellphone and text message communications.

In all cases, Division Members cooperated closely with the AGO's Victim/Witness Assistance Division to ensure that affected citizens were notified of proceedings and developments in habeas corpus and other cases.

Other Significant Achievements

In addition to their FY2014 litigation activity, attorneys in the Appeals Division analyzed and drafted language for various legislative proposals, working closely with other units of the Attorney General's Office. Such proposals concerned: the release on bail of defendants accused of domestic violence, criminal punishment for unlawful sexual surveillance, the ability of law enforcement to obtain and use certain digital evidence, and addressing highway toll evasion. Division members also substantively commented on proposed amendments to the Massachusetts Rules of Criminal Procedure, the Massachusetts Rules of Professional Conduct, and the Uniform Rules of Impoundment Procedure.

The Division is further proud to have taken a lead in convening and educating prosecutors and other members of the justice system. For the first time in nine years, it hosted a conference of the Commonwealth Attorneys Appellate Action Project (CAAAP), a consortium of Massachusetts prosecutors who work together to improve advocacy, exchange information, and further the development of the criminal law. The conference brought together around eighty prosecutors from across the state. Attendees heard an address on international criminal justice by Chief Justice Phillip Rapoza of the Massachusetts Appeals Court, presentations on federal habeas corpus law and its relationship to state appellate practice, a discussion of emerging issues involving technology and the criminal law, and talks on other timely issues affecting state prosecutions.

Added to the above, attorneys in the Division delivered presentations to their AGO colleagues on subjects such as United States Supreme Court practice, appellate advocacy, recent state appellate decisions, federal habeas corpus law, and obtaining encrypted evidence. They further participated in organizing programs concerning legal writing, the *McCullen v. Coakley* Supreme Court case, and criminal offender record information. Division members also shared their knowledge as panelists on appellate advocacy and habeas corpus law for Massachusetts Continuing Legal Education, on new technologies and the criminal law for the National Cyber Crime Conference, and on practicing with professionalism for programs for newly admitted lawyers sponsored by the Massachusetts Supreme Judicial Court.

Members of the Appeals Division took on these efforts while continuing to serve the AGO in other ways beyond their casework. In particular, they regularly: advised the AGO's Victim Compensation Division on matters within its charge and defended its decisions; recruited, interviewed, and coordinated placement of Harvard Law School interns for the AGO as a whole, and supervised several such interns within the Division; counseled AGO Criminal Bureau members on interstate extradition matters; analyzed and made recommendations to the Office on whether to join amicus curiae briefs to the United States Supreme Court and SJC; participated in the AGO Quality of Work Life Committee; oversaw the activities of five Special Assistant Attorneys General; prepared updates on new criminal decisions for Criminal Bureau members; and consulted on dozens of cases being handled by other AGO units. Additional, ad hoc activities by Division members included contributing to a policy on screening seized documents for privilege that was prepared for the Criminal Bureau, as well as policies and advisories on appellate practice that were prepared by the AGO's Office of the State Solicitor.

Division attorneys further continued to represent the AGO as members of or liaisons to various other governmental bodies. These included: the Massachusetts Criminal Records Review Board; the Massachusetts Firearms Licensing Review Board; the Interstate Compact for Adult Supervision State Advisory Council; the SJC Standing Advisory Committee on the Rules of Criminal Procedure; and the United States Department of State's Bureau of Consular Affairs. They also routinely advised and assisted other units of state government by reviewing briefs, helping attorneys prepare for oral arguments, and consulting on a wide range of criminal and civil matters.

Finally, in FY2014, the Division took steps to enhance its own productivity and communication with other state agencies. In particular, the Division: developed a new intranet site with an electronic brief bank, document review system, calendar reflecting litigation activity and events, and guide to habeas corpus law; utilized a new system for tracking duties and projects beyond casework; designated coordinators for amicus and knowledge management activities; began distributing periodic reports to each district attorney's office listing information on all Division cases affecting that office; developed new approaches to conducting moot courts before oral argument and before briefing; and held a series of regular division meetings at which members of the Division and other AGO units presented on topical subjects. Appeals was also pleased to welcome a new attorney with a solid background as an appellate prosecutor, and another with considerable experience in complex civil litigation.

Important Statistics and Numbers

In Fiscal Year 2014, the Appeals Division opened over 260 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 Massachusetts 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 about 380 open cases.

Cyber Crime Division

The Cyber Crime Division investigates and prosecutes complex criminal cases involving digital evidence, consultation on criminal matters involving technology, and the forensic examination of digital evidence. The Division is focused on building stronger and safer communities, as well as developing shared training resources and collaboration between law enforcement agencies.

The Division also works to advance the comprehensive Cyber Crime Initiative, which includes the Massachusetts Digital Evidence Consortium, 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 Cyber Crime Initiative is a product of the Massachusetts Strategic Plan for Cyber Crime. In 2007, the Attorney General convened a meeting of police officers and prosecutors from across the Commonwealth to identify challenges in the investigation and prosecution of cyber crime cases. Shortly thereafter, she published the Strategic Plan, identifying several solutions to these challenges. The Cyber Crime Initiative implements these solutions and has already achieved significant success. For example, the Cyber Crime Division has arranged or conducted training for more than 11,000 police officers and prosecutors in several cyber crime subjects. The Division also coordinates an online training portal for law enforcement.

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

The Digital Evidence Laboratory performed intakes on 50 new examinations. Lab personnel conducted examinations of hundreds of evidence items including: computers and mobile devices seized during criminal and civil investigations; server data; and internet service and social network provider data. The types of cases received by the Lab were diverse, and included child exploitation, larceny, narcotics, human trafficking, environmental crimes, public integrity, civil investigations, rape, robbery, and murder. Lab personnel consulted on digital aspects of dozens of other internal and external criminal cases and assisted attorneys in the preparation of cases for court appearances and trials.

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. Investigation of Goichman's contacts have led to arrests in Wisconsin and California, and investigations remain open in other states and in Ireland. Defendant pleaded guilty to all charges. On count one, possession of child pornography, defendant was sentenced to 3 to 3.5 years in state prison. On counts two and three, possession of child pornography, defendant was sentenced to 3 to 4 years in state prison to be served from and after the sentence for count one. On counts four through nine, distribution of child pornography, defendant was sentenced to ten years of probation, to be served from and after the sentence for counts two and three.

Commonwealth v. Gelfgatt: The Supreme Judicial Court held that law enforcement officers can compel a defendant to communicate a password to decrypt a lawfully seized computer. The caveat is that the compelled decryption cannot communicate testimonial facts to the Commonwealth beyond what the Commonwealth already knows about the case in question. In Gelfgatt, the defendant had given a statement to the police in which he had admitted to the ownership and control of the computers in question, as well as to knowing the computers were encrypted and knowing the encryption key. Therefore, by telling police the encryption key, the defendant was communicating testimonial facts that police already knew.

Commonwealth v. Frank Malono: The defendant pleaded guilty to two counts of possession of child pornography. Defendant was sentenced to two years in the house of correction, four months to serve with the balance suspended for six years. Conditions of probation: Stay off of school property, playgrounds, and public parks. No internet access. Must register as a sex offender. No unsupervised contact with children under the age of 18 except for family members. No access to pornography. Must consent to searches of his computer and cell phone for child pornography. A hearing date of September 9, 2014 was scheduled to address the imposition of GPS monitoring. Judge Canavan maintained jurisdiction. The Court delayed addressing the GPS issue with the anticipation of a decision in Guzman before that date. Forfeiture of property is also to be addressed at that hearing.

Other Significant Achievements

The Cyber Crime Division held its third annual National Cyber Crime Conference in April of 2014. There were a total of 600 attendees from 35 states. The Cyber Crime Division began coordinating the 2014 National Cyber Crime Conference back in May of 2013. The conference was held in Norwood at the Four Points Sheraton. The conference consisted of 3 full-day of training followed by a one day State of the States meeting, in which 27 states took part. The conference featured some of the top names in the industry. There were multiple breakout sessions, totaling over 150 training sessions, in the field of cyber crimes and digital forensics. These breakout sessions were organized into 3 separate tracks of sessions; one for prosecutors, one for investigators, and one for digital evidence examiners.

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. Christian Miranda (Operation 1370 Wiretap). Miranda, a drug dealer and gang member operating in the City of Boston, was convicted after a jury trial of Conspiracy to Violate the Drug Laws (2 counts). In a separate trial, the same jury found Miranda guilty on a Habitual Offender charge. Miranda was sentenced to 20 years in state prison, with three years of probation to serve upon completion of his sentence.

Commonwealth vs. Rafael Henriquez, Diego Suarez, and Ramona Hernandez (Red Light Wiretap). These three defendants were all convicted after a jury trial of charges related to Human Trafficking. Hernandez was sentenced to five to seven years in State Prison, with five years of probation to serve upon completion of his sentence. Suarez was sentenced to three to five years in State Prison, with five years of probation to serve upon completion of his sentence. Hernandez was sentenced to six to eight years in State Prison, with five years of probation to serve upon completion of her sentence.

Finally, FY 2014 also brought the indictment in **Commonwealth v s. Thomas Foye**. Foye was a Ludlow police Lieutenant accused of stealing and using drugs from the police drug locker. This indictment is currently pending.

Environmental Crimes Strike Force

Recoveries: \$243,638.00

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.

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.

Significant Cases

Commonwealth v. Daniel Watterson: In June 2014, the Defendant was found guilty after a five-day jury trial in Superior Court of failing to notify MassDEP of an asbestos removal job he directed in a Worcester, MA residence; failing to ensure that required safety procedures were followed during the performance of the job; and using a teenager to perform the unlawful abatement job, while failing to provide him with protective equipment. The Court sentenced the Defendant to 2 years in the HOC, with 60 days to serve and the balance suspended for 5 years for the child endangerment. The Court further sentenced the Defendant to five years of probation in connection with the illegal asbestos removal and disposal.

Commonwealth v. Nicholas Pasquantonio: In February 2014, the Defendant pleaded guilty in Superior Court to failing to notify MassDEP of an asbestos removal job he performed in a Medway, MA residence and failing to use required safety procedures in performing the job. These failures created a substantial risk that the family living in the residence, including their young children, would be exposed to asbestos. The Defendant later threatened witnesses, during a middle-of-the night visit to their residence, if they testified against him. The Court sentenced the Defendant to one year in the HOC, with 6 months to serve and the balance suspended for a period of 3 years, during which he will be on probation. The Court also ordered the Defendant to pay a \$2,500 fine and to have no contact with the victims in the case.

Commonwealth v. William Enser, Jr.: In March 2014, the Defendant pleaded guilty in Superior Court to numerous counts of falsifying the dates of drinking water sample analyses on reports submitted to the MassDEP and hiding evidence of bacterial contamination at sample locations. The Court sentenced the Defendant to 2 years probation, and imposed conditions that prohibited the Defendant from seeking any water testing-related licenses, operating a public water testing company, or participating in the sampling, testing, and analysis of public drinking water samples for any other company. The Court also ordered the Defendant to publish a public apology in *The Berkshire Eagle* and to contribute \$100,000 to the Massachusetts Natural Resources Damages Trust, which funds projects that protect drinking water in the Commonwealth.

Commonwealth v. Paul Lukashuk: In March 2014, the Defendant was found guilty after a three-day jury trial in Superior Court of failure to notify of failing to notify MassDEP that there had been a release of dangerous levels of PCBs (hazardous materials) on a site he used for electronics and metal recycling, while he operated the site, and his subsequent conveyance of the site, without filing a notice of the release with the registry of deeds. The Court sentenced the Defendant to 18 months in the HOC, suspended for 5 years, during which the Defendant would be on probation, and also imposed the condition that the Defendant be prohibited from handling or managing solid waste or hazardous materials.

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 extensive 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 conduct interviews of victims, witnesses and targets and provide testimony 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. The Financial Investigations Division also maintains an accounting of the funds used in the undercover investigations of the State Police assigned to the office.

Significant Cases

In FY14 The Financial Investigations Division was part of the prosecution team for the following cases:

Commonwealth v. Branden Mattier and DomunIQUE Grice: Financial investigators worked with State Police after the defendants attempted to steal \$2 million dollars from the One Fund by submitting a false claim on behalf of their aunt who they claimed was a double amputee as a result of the Boston Marathon bombing when in fact their aunt had been dead for over a decade. After a four day jury trial both defendants were found guilty and sentenced to 3 years to 3 years and a day in state prison, 3 years probation and 468 hours of community service with individuals who have suffered brain damage or lost limbs.

Commonwealth v. Audrea Gause: Financial investigators tracked the \$480,000 that the defendant received from the One Fund after she submitted false medical records claiming to have suffered a traumatic head injury during the Boston Marathon bombing. The defendant plead guilty and is serving two and half to three years in state prison.

Commonwealth v. William Eason: Financial investigators tracked

Commonwealth v. Thomas Waruzila

Commonwealth v. Elaina Patterson: Financial investigators tracked approximately \$640,000 the defendant diverted from elderly clients CD accounts in a Ponzi scheme, stealing from one elderly customer's account and put back the money she had previously stolen. The defendant pled guilty to all charges and was sentenced to 3-5 years state prison with 10 years probation.

Commonwealth v. May Woo Lei: Financial investigators tracked approximately \$88,000 that Lei had stolen from customers of her travel agency Sky Energy Travel ranging from \$1,800 to \$10,000. Lei would take payment from customers and book travel tickets and then those tickets would be cancelled without the customer's knowledge. Lei plead guilty and was sentenced to 2 years in the House of Correction, balance suspended with 10 years probation and pay restitution.

Commonwealth v. Phillip Thompson: Financial investigators tracked approximately \$986,000 stolen by former attorney Phillip Thompson from his clients who were owed money when he represented them in several real estate transactions. After a 9 day jury trial the defendant was found guilty and sentenced to 3 years in state prison with 5 years of probation to be served upon his release. The defendant was also ordered to pay back restitution to the victims.

The financial investigators are also currently investigating allegations of human trafficking, large scale counterfeit check ring, police corruption, and counterfeit MBTA tickets.

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 Director of the Financial Investigations Division regularly conducts trainings for the AG Institute for criminal investigators and prosecutors involved in criminal investigations. The presentations include: Planning and Conducting an Interview and Basic Report Writing and Understanding Bank Documentary Evidence. The financial investigators also regularly attend trainings presented by NAGTRI, NESPIN and the USDOJ regarding interviewing, report writing, money laundering, and human trafficking. The financial investigators were recently trained in interviewing techniques by Wicklander-Zulawski.

The Financial Investigations Division is also a Financial Review Task Force Member of the Massachusetts Bank Secrecy Act group that is comprised of local, state, and federal law enforcement who review Suspicious Activity Reports that may result in a referral of criminal financial crimes cases.

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

Stacie Coviello-Hickey fraudulently collected monies in Supplemental Nutritional Assistance Program and MassHealth benefits by intentionally withholding the fact her husband, Ronald Hickey, was residing in the household, employed and enrolled in private employer based health insurance. She continued her scheme by making false representations on (3) Department of Transitional Assistance (DTA) Determination Forms and (2) Division of Medical Assistance eligibility Review Forms, continuing to claim her husband Ronald Hickey was not living in the home and the household was without income. Coviello-Hickey fraudulently collected Social Security Administration Supplemental Security Income (SSI) Disability benefits. Coviello-Hickey maintained her fraudulent scheme by submitting false information on a SSA form, when she claimed her husband Ronald Hickey was not living in the home and the household was without income. Coviello-Hickey was sentenced on 8/21/13 after pleading guilty, and received 5 years probation, and ordered to pay restitution in the amount of \$161,303.65.

Ronald Hickey conspired with his wife Stacie Coviello-Hickey to defraud the Commonwealth by enrolling in Blue Cross/Blue Shield Health Ins. and selecting the single plan, leaving his wife and children uninsured. Ronald Hickey furthered the scheme by approaching the home owner asking her to provide a lease for him in order to demonstrate to DTA he was not residing in his wife's home. Both Stacie and Ronald Hickey defrauded the Commonwealth and the Social Security Administration by intentionally hiding Ronald Hickey residing in the home gainfully employed and eligible for family health insurance. Hickey was sentenced on 8/21/13, after pleading guilty and received 5 years probation, and ordered to pay restitution in the amount of \$161,303.65.

Elaina Patterson was a 30 year employee at Bank of America and was the personal banker at the Reading Branch. Defendant diverted approximately \$640,000.00 from elderly customers CD accounts

into an account in her control and subsequently spent the money. Patterson was essentially running a Ponzi scheme using the CD accounts of elderly customers and other accountholders. She was sentenced on 3/17/14, pleading guilty to all charges. Court imposed sentence 3-5 years State Prison, with 10 years' probation to commence after the incarcerated portion of the sentence. Special conditions of probation: 1) no work in the financial services industry, 2) (assuming proven as due a later hearing) restitution of amounts not repaid by Bank of America, to the extent the defendant has an ability to pay.

May Woo Lei owned and operated a travel agency Sky Energy Travel at 72 Kneeland Street Suite 202 in Boston. Multiple customers complained to the office that they have paid Lei amounts ranging from \$1,800.00 to \$10,000.00 for round trip airline tickets to China. When they tried to confirm the reservations through the airline, they found either that the tickets had been cancelled by the travel agency or that the airline had no record of the reservations. In addition, some customers paid Lei to obtain visas needed for the China trip, and did not receive the visas in time for their trips. Finally, multiple customers paid Lei to apply for citizenship for them but never heard anything from the USCIS. She was sentenced on 11/5/13, pleading guilty to all charges. Court imposed 2 years House of Correction, 18 months to serve, 10 years probation and restitution in the amount of \$88,555.00.

Phillip M. Thompson, Esq., a disbarred attorney represented clients in several real estate, insurance and other transactions, and failed to pay off loans, or otherwise safeguard funds for clients who were owed money. He was sentenced on 1/30/14, after he was found guilty after 9 days of jury trial to all counts. Court imposed 3 years to 3 years and a day in state prison, with 5 years probation to serve upon his release and to pay restitution in the amount of \$986,929.80.

Gloria Balestracci, a caregiver for an elderly doctor was convicted of stealing approximately \$1.2 million from the doctor as his health declined. She was sentenced on 2/4/14 Defendant after pleading guilty to all charges. Court imposed 2 years in the House of Correction, pay restitution in the amount of \$1,216,292.71 and to serve 10 years probation upon completion of her sentence and to stay away from all casinos.

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. The Division has represented the Attorney General's Office before the Massachusetts Gaming Commission regarding the state of the law of internet gaming in the Commonwealth. The Division has advised state and local officials regarding gaming law in light of the expanded gaming law.

During Fiscal Year 2014, the Division responded to 320 intakes from constituents, private businesses and government entities. Furthermore, the Division indicted an employee from Plainridge Racecourse for embezzlement.

Human Trafficking Unit

In November, 2013, Attorney General Coakley created the Human Trafficking Unit comprised of a two AAGs, the Director of the Interagency Human Trafficking Task Force and a victim witness advocate. The Unit also has four dedicated Massachusetts State Police troopers. Those in the HTU form a multidisciplinary team dedicated to prosecuting and preventing human trafficking through law enforcement efforts and policy development. In August of 2013, prior to the creation of the HTU, Attorney General Coakley filed the Inter-agency Human Trafficking Task Force Report to the Massachusetts Legislature. The HTU Chief and the Director of the Task Force, together, oversee five teams of professionals committed to implementing the recommendations contained in the Attorney General's Report.

The Implementation Teams, formed by the Attorney General, and overseen by the HTU have met frequently throughout fiscal year 2014. Each team is submitting recommendations as to steps necessary to implement the recommendation of the Attorney General's Task Force. In particular, the team dedicated to the creation of a safe house for HT victims has worked closely with the Mayor's Office in locating a suitable property and building necessary infrastructure. It is hoped that this safe house will be in operation within months of this report. Other teams have worked together to create multidisciplinary teams to assist child and adult victims in the criminal justice system. These groups are also creating training for those that work with victims and those who may encounter potential victims in their work; such as educators and health workers.

In Fiscal Year 2014, the HTU and EMC secured convictions, after trial, for three defendants charged with human trafficking and related offenses. This was the second human trafficking trial to be completed in Massachusetts. These individuals were arrested after a lengthy wiretap investigation conducted by the EMC and Homeland Security in 2012. The prosecution team worked closely with non-governmental organizations to coordinate services for victims after the defendants' arrest. Two of the four victims testified for the Commonwealth at trial.

Significant Cases

Ryan Duntin and Josephine Sanchez: Duntin is charged with human trafficking, deriving support from prostitution and rape. Sanchez is charged with human trafficking and deriving support from prostitution. The Commonwealth alleges that, together, Duntin and Sanchez ran a prostitution business that operated in hotels within Massachusetts as well as other East Coast states. Duntin recruited a second woman to work with him and Sanchez in the summer of 2013. Duntin allegedly sexually assaulted this woman while they were in a hotel in Randolph. Duntin is a level 3 sex offender.

Olivia Lara and Feliciano Ramirez: Lara is charged with minor sex trafficking and deriving support from a minor prostitute. Ramirez is charged with rape of a child. It is alleged that Lara operated a prostitution business largely based out of a bar in Fall River. Lara allegedly provided the men who frequented that bar, and others, with sex for money with three girls under 18. One of the child victims identified Ramirez as a customer of the business and Ramirez admitted to receiving oral sex from this child.

Insurance and Unemployment Fraud Division

Recoveries: \$869,457.76

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. 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. Kevin and Nancy Smith: Defendants charged with multiple counts of unemployment fraud, larceny, and conspiracy as a result of a scheme to collect over \$60,000 in unemployment benefits while Kevin Smith was incarcerated.

Commonwealth v. Eric Bertrand: Defendant plead guilty to insurance fraud and larceny as a result of collecting over \$30,000 in disability benefits while running his own computer repair business.

Commonwealth v. Dennis Gabriel: Defendant plead guilty to workers' compensation fraud and larceny as a result of collecting over \$50,000 in workers' compensation benefits while working.

Commonwealth v. Francis Harvey: Defendant charged with failing to pay over \$800,000 in unemployment tax contributions.

Commonwealth v. Barbar Nigel: Defendant charged with failing to pay over \$250,000 in unemployment tax contributions.

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

One Fund: In major cases prosecuted by the division, three individuals received jail time for their attempts to defraud the One Fund Boston of funds meant to benefit victims of the Boston Marathon bombings. After a four-day trial, brothers Branden Mattier and Domunique Grice were found guilty in June of 2014 of submitting a \$2 million false claim for their aunt, who they said lost both legs as a result of the bombing conspiring to collect on that claim. Their aunt had actually been dead for over a decade. Mattier and Grice were both sentenced to serve three years to three years and day in state prison, three years of probation after their sentences, and 468 hours of specific community service with individuals who have suffered brain damage or lost limbs. Audrea Gause pled guilty in May of 2014 to charges that she collected nearly half a million dollars for claiming she had sustained a traumatic brain injury. Gause is serving two and a half to three years in state prison. The money she stole was seized and returned to the One Fund. Once the One Fund referred the matters to the Attorney General's Office, the division quickly moved to further investigate and prosecute the cases.

Food Stamp Fraud: Ten individuals who were previously charged with the fraudulent use of the state's food stamp program, known as the Supplemental Nutrition Assistance Program (SNAP), pled guilty to those charges during the fiscal year. An 11th case was dismissed. After pleading guilty, the owners of two convenience stores in Quincy and Waltham received prison sentences for illegally exchanging food stamps for cash – The SNAP program does not allow cash to be exchanged in lieu of benefits. The schemes involved providing false information in the EBT terminal that EBT customers had actually bought a certain amount of groceries. The customers would then receive half of the amount charged on their EBT cards; the stores would receive the other half. In November of 2013, Hassan Mounajed, the owner of the Waltham store, was sentenced to six months in the House of Correction, 44 months of probation and \$34,000 in restitution. In September of 2013, Pat Lu, the Quincy store owner, was sentenced to two and a half years in the House of Correction, 10 years of probation and \$285,000 in restitution. The other eight defendants were food stamp recipients who illegally sold their SNAP benefits for cash. Their pleas resulted in jail time for one and probation, community service and restitution for the rest.

Chelsea Housing Authority: After pleading guilty in June of 2014, Michael McLaughlin, of Dracut, who served as executive director of the Chelsea Housing Authority, was sentenced to one year in the House of Correction, with six months to serve and three years of probation for violating the state's campaign finance law. McLaughlin illegally solicited campaign contributions from CHA employees and other people between 2008 and 2010 to specifically aid the campaigns of former Lt. Governor Timothy Murray and a mayoral candidate in Lawrence. McLaughlin, as a paid public employee, was banned from fundraising. The Attorney General's investigation was the result of a referral from the Office of Campaign and Political Finance. McLaughlin was indicted in August of 2013 and arraigned in September of that year.

Lt. Governor Timothy Murray: In a disposition agreement with the Attorney General's office and the Office of Campaign and Political Finance in August of 2013, the former Lieutenant Governor agreed to pay \$80,000 to resolve allegations that he and his campaign took campaign contributions that were illegally solicited by Massachusetts employees. Lt. Gov. Murray agreed that he did not take proper measures at his campaign to ensure that public employees, in this case Michael McLaughlin and a Massachusetts Department of Transportation supervisor, were not soliciting on his behalf. Murray was ordered to refund \$50,000 in illegal contributions, plus a \$30,000 penalty to the Commonwealth. In addition, he was required to dissolve his political committee and not serve.

MassHealth: Marilyn Beltran, who worked for the private contractor that handled reimbursements for MassHealth members' transportation to medical appointments, pled guilty in December of 2013 to stealing nearly half a million dollars in reimbursements by entering family members into the system, and received one to two years in state prison and three years of probation. The sentence was imposed in January of 2014. Her partner, Eliu Matos, pled guilty in May of 2014 to helping Beltran by cashing about \$25,000 in reimbursements that she had taken, and was sentenced to serve one year in prison and three years of probation.

MassDOT: After a nine-day trial, Thomas Waruzila, former director of the state's Department of Transportation Worcester office, was convicted in June of 2014 of Conflict of Interest and Procurement Fraud for illegally awarding state snow and ice removal contracts and hiding his financial interest in the equipment he bought to obtain those contracts. He was sentenced to two years in the House of Correction, suspended for three years, with GPS monitoring during the first year of probation. It was alleged that Waruzila bought the equipment with Anthony Gleason, another highway official and family friend, to obtain the contracts in the Worcester Highway Division he supervised, and put it in the name of Quang Do, Gleason's friend. Subsequently, Dean Gleason, MassDOT snow and ice engineer for Worcester and Anthony's brother, allegedly sent the lucrative contracts to Do instead of a snow removal contractor with more seniority. The other three defendants await trial.

Additional Dispositions:

In July of 2013, **Anne Reynolds**, who served as both an Orleans Police Department clerk and Orleans Police Relief Association secretary and treasurer was sentenced to serve one year in prison and four years of probation for her theft of approximately \$92,000 from the local police relief fund and the Town of Orleans between January 2007 to March 2012. By the latter date, she had drained the police relief association's coffers, which also included money intended for the town. Reynolds made unauthorized withdrawals, diverted funds and wrote unauthorized checks to herself. She pled guilty to four counts each of Larceny Over \$250 and Making False Entries in Corporate Books. She must also pay \$92,608 in restitution.

In November of 2013, **Christopher Adam Scott**, the executive director of the Mason Square Veterans' Outreach Center in Springfield, pled guilty and was sentenced to two and a half years in the House of Correction, with 18 months to serve and three years of probation for stealing a total of \$34,000 from Mason Square and from a federally-funded community development grant allotted for the Center. During probation, Scott must also pay restitution to the City of Springfield and be evaluated for drug and alcohol use.

William Eason, a former Hampden County Superior Court Assistant Clerk and Bail Magistrate, pled guilty in April of 2014 to pocketing thousands of dollars in bail money to use for himself. In his position, Eason was responsible for collecting cash from bail posted and keeping it in bail accounts. He was sentenced to three years of probation with drug screening and counseling, and 100 hours of community service a year. If he violates his probation, Eason will be found guilty and will receive one year of jail time. He was charged in February of 2014.

Two women connected with the Roger L. Putnam Vocational Technical Academy in Springfield were in court for their respective misappropriation of funds from the school. **Sherry Suber**, a former clerk typist at Putnam Vocational, skimmed \$14,000 in vocational funds that she collected from department heads and was supposed to deposit into a city bank account. In July of 2013, Suber admitted to sufficient facts and was sentenced to pay \$14,000 in restitution, forfeit her retirement contributions back to Springfield

and take a financial literacy course. In June of 2014, a jury trial began in the case of **Ann Berry**, a former teacher at the Putnam Vocational, who was charged with stealing \$15,000 meant for students in the Academic Achievement Program. The trial did not conclude before the end of the fiscal year.

Mikel Beacham, who formerly worked for the state's Department of Public Health, pled guilty in September of 2013 to multiple break-ins at the Canton DPH facility. Beacham bought unauthorized motor fuel with the agency gas cards he stole in Canton. He was ordered to pay over \$11,000 in restitution within 90 days and receive drug treatment.

New charges:

During the fiscal year, **Casey Kolenda** of Medford, who allegedly defrauded the state by producing and distributing hundreds of thousands of dollars in counterfeit MBTA monthly link passes, was charged with five counts of Counterfeiting with Value Over \$10,000. A joint investigation by the Attorney General's Office, State Police investigators and MBTA Transit Police uncovered the alleged scheme. Kolenda was arrested in March of 2014. His case is ongoing.

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, AHI has continued targeted disbursement of the AHI Fund, a \$2 million grant program. Utilizing funds recovered through the nationwide state-federal settlement over unlawful foreclosures, the AHI Fund continues to 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 2014, \$583,000 of the AHI fund was utilized by four private and nonprofit entities to enable 11 receivership projects to move forward that may have otherwise been challenged by financial obstacles. Seven additional receivership projects were identified as potential AHI Fund recipients during the fiscal year 2014, but will not require funding until the fiscal year 2015.

During the fiscal year 2014, AHI was active in 52 municipalities and opened 278 new cases. AHI filed 85 petitions and played a critical role in appointing receivers in 39 cases. Additionally, AHI plays an active role in providing consultation services and advice to municipalities in pursuing their own receivership cases. Finally, AHI's involvement in municipalities across the Commonwealth has increased as attorneys and staff have held or participated in over 100 meetings and presentations statewide.

Significant Cases

27 Cottage Street, New Bedford: This property stood vacant for over four years and was identified as a receivership candidate through a collaborative effort between AHI and the City of New Bedford. As Receiver, The Resource, Inc. (TRI), utilized funds from the HomeCorps Municipal and Community Restoration Grant to completely renovate the property. Attorney General Coakley and New Bedford Mayor Jon Mitchell viewed the project's success on a July tour of the property. 27 Cottage Street is being offered to income eligible first-time homebuyers at a purchase price of \$167,500.

36-38 Court Street, Medford: This abandoned property's major foundation problems, rotted siding, and shelter for drug activity presented a significant public safety challenge for the City of Medford's elementary school located directly across the street. As receiver, CityLight Homes rehabilitated the property and featured both Attorney General Martha Coakley and Medford Mayor Michael J. McGlynn on their A&E television show, "Flipping Boston."

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.

Significant Cases

McCullen v. Coakley, Supreme Court. The Court held that the Massachusetts law setting a 35-foot buffer zone around the entrances and driveways to reproductive health care facilities violates the First Amendment. The Court held that the law, although content neutral, was not narrowly tailored to serve the Commonwealth's legitimate interest in maintaining public safety because the Commonwealth could address obstruction of clinic entrances by alternative means that intrude less on petitioners' and others' speech.

Commonwealth of Massachusetts, et al. v. Pritzker, et al., U.S.D.C. The court (Stearns, J.) granted summary judgment in favor of the U.S. Secretary of Commerce in this action by the Attorney General challenging a federal rule setting commercial catch limits for various groundfish, including haddock, flounder and cod. The Attorney General argued that the rule was invalid because the Secretary failed to assess its impact on the Massachusetts fishing industry and on fishing communities, and because the Secretary's scientific conclusions about the need for the catch limits was flawed. While conceding that the Commonwealth had raised some "close questions" about the Secretary's rulemaking, the Court held that the Magnuson-Stevens Act required courts to accord great deference to the Secretary in fishery management and so entered judgment against the Commonwealth.

Caesars Massachusetts Management Company, LLC, et al. v. Crosby, et al., U.S.D.C. The court (Gorton, J.) granted the state defendants' motion to dismiss this action asserting due process and equal protection challenges to a suitability investigation and report on Caesars that was done in connection with the Suffolk Sterling casino license application.

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 2014 the Unit issued 460 decisions reflecting the Unit's review of

over a thousand by-laws and charter amendments.

During Fiscal Year 2014 the Municipal Law Unit spent a substantial amount of time 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 179 decisions on by-laws related to medical marijuana.

Open Government Division

Recoveries: \$1365.38

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.

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 FY14, the Division conducted six regional trainings on the OML across the state, reaching nearly 200 attendees. In addition to these in-person training opportunities, in April 2014 the Division began offering interactive online training events on a monthly basis. Finally, the Division participated in numerous conferences and workshops offered by groups including the Massachusetts Municipal Association, the Massachusetts Association of School Committees, and the Massachusetts Municipal Lawyers Association.

The Division has also continued to update and supplement the materials on its website. The Division’s website now includes the Open Meeting Law Guide; periodically updated Frequently Asked Questions; three OML 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.

The Division resolved more than 325 Open Meeting Law complaints in FY14, and issued 191 written determinations. The Division responded to more than 1,850 inquiries by telephone, e-mail, and letter in FY14, often providing responses within 24 hours. These questions came from members of public bodies, municipal attorneys, members of the public, and the press.

The Attorney General may impose a civil penalty upon a public body of not more than \$1,000 for each intentional violation of the Open Meeting Law. G.L. c. 30A, s. 23(c)(4). In FY14, the Division of Open Government found intentional violations of the law in two matters: OML 2014-41 (Hamilton Finance and Advisory Committee) and OML 2014-42 (Wayland School Committee). The Hamilton Finance and Advisory Committee waived its right to a hearing and agreed to pay \$500 to resolve this matter. We are presently in negotiations with the Wayland School Committee regarding a potential settlement of that matter.

Additionally, in OML 2014-24 (Hampshire Council of Governments), we ordered that back pay be given

to an employee terminated during an improper executive session. The Council waived its right to a hearing and agreed to pay \$865.38 to the employee to resolve this matter.

Significant Cases

In OML 2013-62, A closed Facebook group included four members of a nine-member public body. Because the communication through the group did not reach a quorum, we found there was no deliberation and no violation of the law.

In OML 2013-74, two members of a nine member public body posted messages, occasionally directed to one another, to an open online forum for the town. Even though it was a public forum and other members could potentially read their comments, because the communication was not between or among a quorum and the comments were not directed to other members, we found it was not a deliberation and there was no violation of the law.

In OML 2013-104, the Board believed it was not subject to the requirements of the Open Meeting Law because it was appointed and convened for the sole purpose of making a decision in an adjudicatory proceeding, therefore it fell within a statutory exemption to the Law's definition of "meeting." We agreed with the Board that its meetings held solely to deliberate and render a decision following an adjudicatory proceeding are exempt from the definition of "meeting." However, the hearing or adjudicatory proceeding itself is a "meeting" and therefore subject to the requirements of the Law. Because the Board was operating under the mistaken belief that it was not a public body, it failed to comply with the Open Meeting Law.

In OML 2014-36, the Board violated the Open Meeting Law by failing to identify in the notice for a meeting the specific property it was considering purchasing. Because this information was already public knowledge, having been disclosed during the RFP process, identifying it would not have undermined the purpose for the executive session. The Board's executive session was for a proper purpose, however. Although the Board had accepted a proposal following the procurement process, the Board had not yet executed a final purchase and sale agreement. The price had been settled but the Board was still considering issues that may have affected the terms of its Purchase and Sale Agreement. We therefore find that the Board still had a negotiating position to protect, and its use of executive session Purpose 6 was permissible.

Trial Division

Recoveries: \$11,500,000.00

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. 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 simple claims to multi-million dollar cases with complex fact patterns and complicated 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. The case is ongoing. An evidentiary hearing is scheduled for May 1, 2015.

In re Guardianship of S.L.B., Petitioners seek to implement a behavioral treatment plan to treat Ms. B. with Level III Aversive Interventions such as contingent electric skin shock and highly restrictive movement limitations. The case is proceeding to trial in September 2014.

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. The case is now on appeal.

Nordberg v. Massachusetts Department of Education, et al., Plaintiff, a certified school business administrator who was not hired for approximately 30 school business administrator positions, claimed that the Department of Education improperly granted waivers to school districts allowing them to hire uncertified school business administrators in violation of the governing statute. The court granted our motion for judgment on the pleadings with respect to Plaintiff's tort claims. We argued that Plaintiff did not have a private right of action. The court also denied Plaintiff's summary judgment motion and entered summary judgment in favor of the Commonwealth (the non-moving party). The case is on appeal.

Dooling v. Carney, and Massachusetts State Police, Plaintiff alleged serious personal injuries as a result of an unprovoked beating and choking by a State Trooper which caused her fear and apprehension, severe pain and suffering, and the miscarriage of twins. The Trooper, who was represented by separate counsel, had a lengthy disciplinary file. The case settled for \$215,000.

Messier v. Department of Correction et al., This is a civil rights and wrongful death claim by parents of the deceased. Joshua Messier died while DOC correction officers were attempting to put him in four-point restraints after he assaulted one of the corrections officers. The case settled for \$2,000,000 from the Commonwealth.

Stover v. Department of Conservation and Recreation, 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 suit in Land Court. Landowners adjacent to these former railroad rights of way assert that the rights of way may not 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. The case has been tried in Land Court. We are awaiting a decision.

Sorenti Bros., Inc. v. Commonwealth, This is the Sagamore Flyover case involving the taking of portions of property located near the former Sagamore rotary. Following a jury trial, the jury awarded the

plaintiff four million dollars. The pro tanto paid was \$1.7 million. Judgment entered for approximately \$2.25 million. While we were unsuccessful in our appeal before the Appeals Court the Supreme Judicial Court reversed and remanded the case for a new trial, agreeing with us that the trial court improperly allowed the plaintiffs to seek circuitry damages, or damages to the land not taken because the project made travel to the land more difficult, less convenient, or circuitous.

Irwin v. Commonwealth, Plaintiff was convicted of indecent assault and battery on a child. The Appeals Court reversed his conviction because the prosecutor alluded to plaintiff's delay in meeting with police during the investigation. He then sued for compensation pursuant to c. 258D. The SJC agreed with us that Irwin's conviction was not reversed on grounds tending to establish innocence and remanded the case to the Superior Court for entry of judgment for the Commonwealth.

Disability Policy Consortium et al. v. Executive Office of Health and Human Services and MassHealth, This case was brought by one organizational and several individual plaintiffs alleging systemic violations of the ADA and Rehabilitation Act at MassHealth. Shortly after the Complaint was filed, we began settlement negotiations. MassHealth implemented a number of reforms aimed at coming into compliance with the ADA and we settled the case.

Dobelle v. Westfield State University, Former Westfield State University President Evan Dobelle filed this action in federal court against the University, several individual trustees, outside counsel and an outside accounting firm, alleging tortious interference of his employment contract, and § 1983 violations. He has also filed a case in Superior Court, alleging breach of contract, and made presentment on various tort claims.

Gonzalez v. Dooling, This is a civil rights action brought pursuant to § 1983 for compensatory and punitive damages against current and former employees of the Massachusetts Parole Board, in which the plaintiff alleges the defendants improperly put him on lifetime parole. Summary judgment motions are pending.

Unified Contracting, Inc. v. DCR and MassDOT, This is a breach of contract matter regarding sidewalk rehabilitation of the Boston University Bridge. Potential damages could approach \$1.1 million. Discovery is ongoing.

FY 2014 Trials

Rexhame Terrace Land Trust, by Trustee John Coon, et al., Land Court. Trial. 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. There has not been a judgment yet.

Sapienza v. Commonwealth, EOHHS. Jury Trial. This was a tort action arising from a motor vehicle accident between the plaintiff motorcyclist, Corey Sapienza, and a passenger van driven by a DDS employee. The accident occurred in Medford on April 8, 2009, when the plaintiff's motorcycle hit the side of the Commonwealth's van while the latter was attempting a right-hand turn onto a side street. We mounted a comparative negligence defense, claiming that the plaintiff himself had failed to avert the accident, either by not paying attention or by driving too fast. The jury found the Commonwealth driver wholly responsible for the accident and awarded damages to the plaintiff in the amount of

\$15,000.

Rosenthal v. Clifford and MassDOT, Trial. Plaintiff is a Boston police officer who was involved in an auto accident with a driver of a DOT vehicle. Plaintiff claims personal injuries due to negligence. The jury found plaintiff to be 34% negligent and MassDOT to be 66% negligent. They awarded Plaintiff \$100,000 which was reduced to \$64,000 due to the comparative negligence finding.

Lynch v. MassDOT. Defense Verdict. The plaintiff was an RMV employee whose responsibilities were changed during the 2005 and 2009 reorganizations of the agency. The complaint alleged retaliation under MGL c 151B. After a 3 day trial, the jury returned a verdict for MassDOT.

FY 2014 Appeals Handled

1. Younker v. DTA
2. Sorenti Bros.v. Commonwealth
3. Rodman et al. v. Commonwealth
4. Alicea v. Commonwealth
5. Alford v. MassDOT
6. Tiburcio v. Commonwealth
7. Route 2 Realty, LLC v Commonwealth
8. Randall et al. v. Haddad et al. (Daniel Cromack)
9. Porio v. DOR (Howard Meshnick)
10. Cichocki and Hwang v. Commonwealth, et al.
11. Nordberg v. DOE
12. Beauregard v. Shawn Smith et al.
13. Connor B. et al. v. DCF
14. Walter E. Fernald Corp. v. Commonwealth
15. Renaud v. Commonwealth
16. Nguyen v. Commonwealth
17. In re Guardianship of S.L.B.
18. Silva-Santiago v. Commonwealth
19. Gavin v. Tewksbury State Hospital
20. Brown and Young v. Office of the Commissioner of Probation
21. Brown v. Massachusetts Office on Disability
22. Williams v. O'Brien
23. Clegg v. Commonwealth
24. Beauregard v. Smith et al.
25. Chiang v. Commonwealth
26. Kiley v. Commonwealth

27. Alford v. MassDOT
28. Cross v. Commonwealth
29. Apar v. State Police
30. Valladares v. Massachusetts Trial Court et al.
31. Washington v. MassDOT
32. Veducchio v. Massachusetts Trial Court et al.
33. Stover v. DCR
34. Dickey v. Judges Muirhead and Winik
35. McLarnon v. Trial Court
36. Maniff et al v. DCAMM
37. Mello Construction, Inc. v. Division of Capital Asset Management

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: \$2,945,000.00

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 and a case in support of improved protections for businesses from so-called "patent trolls." 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. In FY 2014 two publishers settled with the AGO, other states, and the Department of Justice, which provided Massachusetts consumers with restitution of \$2.9 million. In addition, ATD and other enforcers reached a settlement agreement with Apple following a Federal District Court trial and verdict holding Apple liable for conspiring to raise E-book prices. The agreement is contingent on the resolution of Apple's appeal of the liability verdict against it. If the verdict is upheld and the settlement is finalized by the courts Apple will make a nationwide total payment of \$400 million. Of that, MA consumers would receive additional restitution of over \$12 million.

ATD reached a final agreement with **Partners HealthCare** resolving the AG's antitrust investigation into the organization, including Partners' proposed acquisitions of South Shore and Hallmark Hospitals. If approved by the court, the Consent Judgment will alter Partners' negotiating power for 10 years and control health care costs across its network. The Consent Judgment includes remedies that allow health insurance companies to contract for sections of Partners provider network for ten years, unlike Partners

current “all-or-nothing” approach; prevent Partners from contracting on behalf of certain physicians through affiliate relationships for ten years; cap health care prices across its entire network at the rate of inflation through 2020; cap its physician growth for five years; and block further hospital expansion in eastern Massachusetts, including Worcester county, for seven years (with the exception of Emerson Hospital, which is subject to regular legal and regulatory review). Partners is also required to fund a third-party monitor who reports to the AG to ensure that Partners complies with the terms of the Consent Judgment.

ATD also reviewed a number of other **significant health care mergers** in order to protect and maintain competition in this vital market. For example, ATD reviewed the proposed mergers of Lahey Health System, Inc. and Winchester Hospital and of Baystate Health and Wing Memorial Hospital. In each instance ATD ensured that the proposed merger complied with the antitrust laws.

Civil Rights Division

Recoveries: \$185,000.00

The Attorney General’s Civil Rights Division (CRD) 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.

Working with P&G, CRD helped to advance important changes to the state’s anti-bullying law through the Legislature. The amendments require schools to enact policies that specifically focus on the most prevalent forms of bullying and mandate surveying of students to ensure safer environments for all children.

In partnership with the GCO, CRD helped to coordinate a four-session training event for all public-facing personnel in the Office. The training provided updates on the work of various Divisions, highlighted particular successes in the areas of mediations and referrals, and offered some tips on how to handle particular challenges.

CRD revamped its intake and complaint review process with the addition of a mediator/legal analyst position. The Division now holds weekly meeting to discuss each new intake and has formalized a process for further review of complaints that require more investigation or escalation. The process has resulted in more resolved cases and better outcomes for constituents.

Significant Cases

The Civil Rights Division participated in the defense of Massachusetts’s buffer zone before the U.S. Supreme Court. The case, *McCullen v. Coakley*, concerned a First Amendment challenge to a Massachusetts law that created a 35-foot barrier outside of the entrances and driveways to reproductive healthcare facilities to ensure access for patients and staff. On 6/26, the Supreme Court struck the law down.

In **Commonwealth v. Limerick Co. d/b/a Peggy O’Neil’s**, CRD pursued allegations of race discrimination against a Dorchester bar. The matter was resolved through a Consent Judgment where the defendant agreed to pay \$100,000 and to a permanent injunction against violating the public accommodations law. The order was entered on 5/15.

On 6/9, CRD obtained a Consent Judgment in **Commonwealth v. Zaykoski**, a case involving allegations of discrimination on the basis of disability and source of income. This case concerned the alleged improper use of credit history in determining suitability to rent an apartment. The judgment included injunctive relief and payment of \$23,000.

On 5/5, CRD resolved a case involving allegations of lead paint and familial status discrimination by a Boston-based landlord. In **Commonwealth v. Deligiannides**, CRD obtained an Assurance of Discontinuance that included forgiveness of rent, payments of \$11,000, and abatement of lead paint in one unit.

On 3/13, CRD filed an amicus brief with the Worcester Superior Court in the case of **Fairbanks v. House of Affirmation, Inc.**, arguing that anti-discrimination laws apply to the Catholic Church when it sells real property.

With California, CRD co-authored a multi-state amicus brief in **Sebelius v. Hobby Lobby/Conestoga Wood**, a case before the U.S. Supreme Court regarding religious objections to the Affordable Care Act's employer contraception mandate. The brief argued that the federal government had a compelling interest in ensuring access to reproductive healthcare for all women and that corporations should not be allowed to seek religious exemptions from the insurance coverage mandate.

CRD also continued its advocacy in support of marriage equality throughout the country by filing amicus briefs in the Fourth, Sixth, Ninth, and Tenth Circuits in support of couples seeking a constitutional right to marry.

CRD authored a multi-state amicus brief in **Township of Mount Holly v. Mt. Holly Gardens Citizens in Action, Inc.**, a case before the U.S. Supreme Court, and argued that the federal Fair Housing Act permits disparate impact causes of action, and not just claims of intentional discrimination.

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;

Other Significant Achievements:

CPD continues to review and consult on a variety of legislative and policy initiatives concerning consumers. We provided comments on proposed regulations to state and federal authorities, such as the Consumer Financial Protection Bureau (CFPB), the Federal Trade Commission, the Massachusetts Division of Banks, and also provide comments on proposed legislation to the Massachusetts legislature. Initiatives in which we participated include:

- Advocacy and letter campaign encouraging FHFA, Fannie Mae and Freddie Mac to implement principal write downs in loan modifications;
- Provided written comments to DOB regulations, 209 CMR 18.00 et. seq., concerning mortgage servicing and debt collection, and 209 CMR 56.00 et seq., concerning foreclosure prevention;
- Provided written comments to CFPB’s Proposed Rule Making on mortgage lending, mortgage servicing, and debt collection, and FTC’s Proposed Rule Making on door-to-door sales;

- Drafted and revised An Act relative to manufactured housing communities, sponsored by AG Coakley;
- Played a significant role in revising An Act clearing titles to foreclosed properties (the “Clear Title Bill”);
- Commented on An Act relative to the licensing and supervision of debt management services;
- Commented on An Act to increase transparency in the Massachusetts land record systems to protect the property rights of homeowners and businesses;

Environmental Protection Division

Recoveries: \$113,926,675.11

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 high profile 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. The case is still pending resolution of the merits in Superior Court, and settlement discussions are underway.

White Stallion v. EPA: We led a coalition of state intervenor-respondents in successfully defending 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. We won a favorable decision from the D.C. Cir. in Spring 2014. Industry has petitioned for cert before the U.S. Supreme Court, and we are preparing an opposition.

Analytical Laboratory Cases: EPD settled four enforcement cases against Massachusetts-based laboratories for violations of the State’s clean air act laws resulting in substantial releases of hazardous air pollutants. The companies agreed to pay a total of \$1.75 million in penalties, and will install pollution control technology that will reduce their hazardous air pollutant emissions by 95 percent.

Other Significant Achievements

- EPD AAGs are coordinating with AAGs in New York and California to prepare comments on EPA’s proposed regulation of greenhouse gases from existing power plants under Clean Air Act Section 111(d).

Health Care Division

Recoveries: \$18,051,407.01

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 costs and quality information to help consumers and employers make more prudent health care purchasing decisions.

In October of 2013 worked in collaboration with the Health Policy Commission and the Center for Health Information and Analysis to conduct health care cost hearings. During FY 2014, the Health Care Hotline received more than 2,500 calls and 1,200 written consumer complaints. The division's enforcement work resulted in judgments entered against four major pharmaceutical companies.

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 FY2014, HCD obtained several high profile judgments including:

A consent judgment was entered against **Ortho-McNeil-Janssen Pharmaceuticals, Inc.** resolving allegations that it deceptively marketed its prescription medication, Risperdal. Under the judgment, it paid \$15.1 million to the Commonwealth.

A consent judgment was entered against **GlaxoSmithKline, LLC** resolving allegations that it deceptively marketed its drugs, Advair, Paxil and Wellbutrin. Under the judgment, it paid more than \$2.1 million to the Commonwealth.

HomeCorps

The HomeCorps Loan Modification Initiative (LMI) is the primary of the three HomeCorps Program initiatives. The LMI currently consists of 23 staff members across six 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 over 175 mortgage servicers on 1,125 open cases and monitoring an additional 1,116 cases that are with LRI, BRI or a housing counseling partner agency. In FY'14 we opened 3,881 new cases. On average, HomeCorps answers 622 hotline calls and opens 323 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 2014:

- \$39,641,674.68 in Principal Reduction achieved
- \$39,283,345.74 in first lien principal reduction
- \$358,328.94 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 and CPD met with Wells Fargo to discuss settlement implementation so far, how they can improve their practices and our relationship. HomeCorps also attended their single servicer event in August 2013.
2. All servicers were certified by the National Monitor as having satisfied their financial obligations under the settlement in March 2014.

M.G.L. Chapter 244:

3. In June 2014, HomeCorps Special Counsel, Claire Masinton, filed a complaint in Suffolk Superior Court against the Federal Housing Finance Agency (FHFA) and Fannie Mae and Freddie Mac for violating the state's 2012 foreclosure prevention law. This action follows months of negotiation with the FHFA regarding its failure to comply with M.G.L. c. 244, § 35C(h). A motion to dismiss was recently scheduled by the FHFA but no hearing date has been set yet.

Significant achievements:

1. Counsel to HomeCorps began negotiating with Greentree on their sub-standard default servicing and loss mitigation processes as well as their borderline abusive debt collection practices. Thus far four letters, two conference calls and one in person meeting have occurred. Progress continues to be slow on their improvement;
2. Counsel to HomeCorps began negotiating with M&T on their sub-standard default servicing and loss mitigation processes. Thus far, one letters and one conference call has occurred;
3. Counsel to HomeCorps is also began negotiating with Real Time Resolutions and Caliber regarding their sub-standard default servicing and loss mitigation processes. These are in the very early stages;
4. LMI began making referrals to the Mattapan Initiative in August 2013. Mattapan Initiative is a Crisis Response grantee;
5. DPIR Grant was launched in October 2013;
6. Special Counsel team sent letter to top 21 servicers (by volume w/HomeCorps) regarding our expectations for handling assumption/modification issues and compliance with related Fannie Mae/ Freddie Mac guidance and new CFPB regulations;
7. North Adams satellite location came online in January 2014.

Insurance and Financial Services Division

Recoveries: \$95,813,346.12

FY13 Rate Savings for Consumers: \$91,000,000

Attorney General Coakley's Insurance & Financial Services Division aggressively represents consumers, cities, towns and the state in civil matters involving the insurance, securities and lending industries. The Division performs key consumer protection functions, including securities enforcement, insurance and lending enforcement, insurance rate cases and advocacy, and consumer mediation and advocacy.

The Division is tasked with investigating unfair or deceptive practices relating to investments and securities. The Attorney General also has specific powers under the Massachusetts False Claims Act to bring actions against securities professionals and other state contractors who mislead or defraud municipalities or state government entities.

IFSD continued to provide advice and guidance to legislators, industry groups, and regulators on a variety of important financial issues. IFSD staff testified before the Massachusetts Financial Services Committee on a variety of bills, requested that the Commissioner of Insurance take steps to protect ratepayers, and filed an amicus brief in the case of Mississippi Insurance Department v. US Department of Homeland Security relating FEMA's rezoning of the flood maps and scheduled increases to flood insurance rates.

Additionally, AG Coakley held public hearings in Boston and Springfield on the proposed adoption of regulation regarding For-Profit and Occupational Schools. The regulatory changes are intended to address problems observed by the AGO when students inquire about or enroll in for-profit schools or occupational programs.

In FY 2014, IFSD fielded over 2,000 hotline calls, opened 817 consumer complaint files, closed 759 complaint files and generated \$823,444.80 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, assisting consumers in locating lost insurance policies and investments, 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, assisting consumers in understanding their student loans and repayment options, and helping consumers get wrongfully terminated policies reinstated. IFSD also provided guidance to consumers on changes to the National Flood Insurance Program.

Significant Cases

Securitization Cases: IFSD continued investigating the facilitation and securitization of preemptively unfair mortgage loans by Wall Street investment banks. Following the investigation of RBS, which led to a \$52 Million recovery in FY2012, IFSD completed its review of Barclays' conduct and obtained a \$36.1 Million recovery. The Assurance of Discontinuance, filed in Suffolk Superior Court, included over \$26 Million in restitution and a \$7.25 Million payment to the Commonwealth. IFSD also completed investigations of two other investment banks, recovering \$34.4 Million from JP Morgan Chase and \$45.7 Million from CitiGroup.

Insurance Rate Cases: IFSD's FY2014 rate case work included its successful action to block a proposed 7.7% rate increase sought by workers' compensation insurers. IFSD intervened and opposed the proposed increase, which culminated in a settlement that saved Massachusetts employers an estimated \$75 Million. IFSD also intervened and litigated a state trial to stop proposed home insurance rate hikes for over 100,000 coastal and urban Massachusetts residents in the FAIR Plan. The Commissioner of Insurance rejected the FAIR Plan rate increase, saving Massachusetts homeowners nearly \$16 Million.

Underground Storage Tanks: IFSD has been investigating allegations that oil companies submitted false claims to the Massachusetts Underground Storage Tank Petroleum Product Cleanup Fund program for expenses associated with spills or leaks from underground storage tanks without disclosing that they

had also been paid by insurance carriers relating to the same expenses. This year, IFSD settled with Shell Oil Company for \$4 Million. The settlement with Shell was IFSD's third such settlement in two years, bringing IFSD's total underground storage tank recoveries to \$7.9 Million.

Ocwen: The AGO was part of a joint federal and state settlement with Ocwen Loan Servicing for its misconduct in servicing loans and unlawful foreclosures. In addition to the national settlement, IFSD obtained an additional \$3 Million in recoveries through an Assurance of Discontinuance with the company relating to Massachusetts-specific violations.

For-Profit Schools: As part of AG Coakley's for-profit schools initiative, IFSD continued to investigate the advertising and recruiting practices used by for-profit schools on prospective students. Last year, IFSD filed a lawsuit against a for-profit school, Sullivan & Cogliano Training Centers, Inc. (S&C). A consent judgment requiring that S&C pay \$425,000 in loan relief to students was reached in FY2014. IFSD also filed suit in FY2014 against Corinthian Colleges, Inc. and Corinthian Schools, Inc. for engaging in unfair and deceptive practices. Corinthian recently announced it is closing down or selling its US based schools.

Auto Insurance Cases: IFSD entered into a settlement with Safety Insurance Company concerning allegations that it failed to provide driver classification changes and associated premium refunds to inexperienced operators upon certain licensure anniversaries. Restitution of over \$280,000 was paid to policyholders under the settlement in FY2014.

Premium Finance Cases: IFSD investigated several premium finance companies for allegedly prematurely canceling financed auto insurance policies in violation of Massachusetts law. In FY2014, our Office settled with two of the companies, AICCO, Inc. and FIRST Insurance Funding, Corp., resulting in payments of over \$90,000 to the Commonwealth and more than \$120,000 in restitution. Since 2011, IFSD's premium finance cases have resulted in restitution totaling nearly \$500,000.

Pharmacy Cases: As part of AG Coakley's ongoing review of workers' compensation billing practices in pharmacy retail stores, IFSD continued to obtain refunds for towns and cities across the Commonwealth. Pursuant to an earlier settlement with Stop & Shop, the AGO was able to recover an additional \$90,000 for governmental entities.

Investigations

The Civil Investigations Division employs a staff of trained investigators who provide investigative support in civil matters for the divisions both within PPAB and throughout the Attorney General's Office. The divisions investigators locate and interview victims, witnesses and subjects connected with actions taken by the office. They obtain and review documentary evidence from numerous sources including individuals, corporations, federal, state, county and municipal agencies, conduct background investigations, analyze financial records and perform other forensic accounting functions, and testify in court. Investigators often work closely with other states Attorney General Offices, local and state law enforcement agencies, the US Attorneys Office and other federal law enforcement agencies.

The division initiated 341 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.

- For Profit Schools - The Civil Investigations Division provided in depth investigative support to two divisions within the Public Protection & Advocacy Bureau in our effort to protect consumers from questionable practices by some of these organizations. In one instance the inquiry into a for profit school that abruptly closed it's doors has gone on for over a year in an attempt to aid students who were victimized by the closure.
- 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.
- Environmental Division: The division worked with the Environmental Division on numerous cases, providing investigative support to assist in protecting the Commonwealth from businesses and individuals who's actions, both intentional and inadvertent, were doing harm to the environment.

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, 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 and Financial Services mediator assists with auto, life and homeowners insurance issues. The SEMA 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 have been successful in working with various local communities, including New Bedford, Fall River, Taunton, Brockton and Barnstable to locate the owners of problem properties and demand that they 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 the task.

Members of SEMA AHI team conducted recruitment and training of potential receivers for the City of New Bedford and Town of Barnstable and participated in training at Plymouth Registry of Deeds on methods to identify ownership of properties.

The SEMA Consumer Mediator met with Town of Westport Board of Selectman to discuss the large number of used auto related complaints the SEMA office receives. In an effort to educate both the licensing board and dealerships themselves, our office distributed copies of the Office of Consumer Affairs’ publication “A Dealers’ Guide to The MA Used Vehicle Warranty Law.”

The SEMA Consumer Mediator regularly visits Fairhaven and Acushnet Councils on Aging to discuss complaints and scams that target the elder population. AG Coakley along with the mayor of New Bedford and others spoke on the AG's Eliminate DEBT Campaign at Bristol Community College in New Bedford. SEMA AAG's participate in UMass Dartmouth School of Law on campus summer program interviews and various public service campaigns.

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.

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. Lewinski - Criminal prosecution of the controller for a nonprofit mental health center, who pled guilty to 21 indictments alleging larceny over \$250, false entry in corporate books, forgery and uttering. Defendant paid \$69,000 in restitution.

Commonwealth v. Scott - Criminal prosecution of the former Executive Director for Veteran's Outreach Center, who pled guilty to Procurement Fraud and larceny Over \$250. Defendant was ordered to pay \$28,000 in restitution.

In Re: Tommy Car Auto Group - C.93A enforcement action on behalf of consumers regarding four related Western Massachusetts car dealerships that were involved in unfair and deceptive advertising practices including bait and switch methods of enticing consumers into their showrooms with sales and promotions that were not actually available. Assurance of discontinuance entered, and defendants paid \$175,000 penalty.

Commonwealth v. Suber - Criminal prosecution of the former clerk/typist for Putnam Vocational Technical High School, who admitted to sufficient facts for larceny over \$250. Defendant was ordered to pay \$ 14,000 in restitution.

Commonwealth v. Pirela - Criminal prosecution of individual managing the personal care assistance of two MassHealth members, who pled guilty to False Claims and Larceny Over \$250. Defendant sentenced to two years in the HOC, suspended with probation for 5 years, and ordered to pay \$20,000 in restitution.



OFFICE OF ATTORNEY GENERAL MARTHA COAKLEY

One Ashburton Place

Boston, MA 02108

(617) 727-2200

www.mass.gov/ago/