

**C81C**  
**Office of the Attorney General**

***Operating Budget Data***

(\$ in Thousands)

	<b>FY 05</b> <b><u>Actual</u></b>	<b>FY 06</b> <b><u>Working</u></b>	<b>FY 07</b> <b><u>Allowance</u></b>	<b>FY 06-07</b> <b><u>Change</u></b>	<b>% Change</b> <b><u>Prior Year</u></b>
General Fund	\$16,988	\$16,749	\$17,971	\$1,222	7.3%
Special Fund	972	2,796	2,387	-409	-14.6%
Federal Fund	1,416	1,660	1,875	216	13.0%
Reimbursable Fund	<u>2,286</u>	<u>2,486</u>	<u>2,558</u>	<u>72</u>	<u>2.9%</u>
<b>Total Funds</b>	<b>\$21,662</b>	<b>\$23,690</b>	<b>\$24,791</b>	<b>\$1,101</b>	<b>4.6%</b>

- The Office of the Attorney General (OAG) fiscal 2007 allowance increases by \$1,101,024, or 4.6% above the fiscal 2006 working appropriation. Personnel expenses increase by \$963,825 mostly due to a \$161,278 increase in employee and retiree health insurance and a \$600,000 prior year funding shortfall in health insurance.
- Other significant increases include a \$128,945 reduction in turnover expectancy and a \$212,583 increase in contractual salaries due to the addition of four contractual full-time equivalent (FTE) positions within OAG's Gun Trafficking Unit.

***Personnel Data***

	<b>FY 05</b> <b><u>Actual</u></b>	<b>FY 06</b> <b><u>Working</u></b>	<b>FY 07</b> <b><u>Allowance</u></b>	<b>FY 06-07</b> <b><u>Change</u></b>
Regular Positions	240.50	236.50	236.50	0.00
Contractual FTEs	<u>3.30</u>	<u>0.00</u>	<u>4.00</u>	<u>4.00</u>
<b>Total Personnel</b>	<b>243.80</b>	<b>236.50</b>	<b>240.50</b>	<b>4.00</b>

***Vacancy Data: Regular Positions***

Turnover, Excluding New Positions	8.28	3.50%
Positions Vacant as of 12/31/05	24.00	10.15%

Note: Numbers may not sum to total due to rounding.

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*C81C – Office of the Attorney General*

- The fiscal 2007 allowance contains no changes to the number of regular positions and includes four additional contractual full-time equivalent positions. These four positions are located within the Gun Trafficking Unit and consist of an assistant attorney general, two investigators, and one paralegal.
- As of December 31, 2005, the vacancy rate was 10.15%. Since December 31, 2005, 5 of the 24 vacancies have been filled, thereby reducing the vacancy rate to 8.03%. Two additional vacant positions are expected to be filled in fiscal 2007 due to the transfer of the Independent Juvenile Justice Monitor to OAG.
- Turnover expectancy is reduced from 3.65 to 3.5%.

## ***Analysis in Brief***

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### **Major Trends**

***Managing for Results Indicate Continued Success:*** OAG exceeds projected recovery amounts in its Securities, Consumer, and Medicaid Divisions.

### **Issues**

**Gun Trafficking Unit:** OAG’s Firearms Trafficking Unit was established in 2001 and consists of an assistant attorney general, two investigators, and a paralegal. This unit was established to provide a team of employees dedicated to prosecuting cases of illegal gun trafficking in Maryland in an effort to reduce the flow of illegal guns into the hands of criminals. **OAG should comment to the committees as to the requisite need for this unit and how it plans to fund this unit in the event that no funding is received from the Governor’s Office of Crime Control and Prevention or the Maryland State Police. OAG should also comment as to the requisite need for an additional \$136,739 in funding above its fiscal 2005 actual expenses.**

### **Recommended Actions**

	<b><u>Funds</u></b>
1. Reduce general funds for turnover expectancy to better reflect the actual number of vacancies.	\$ 130,000
<b>Total Reductions</b>	<b>\$ 130,000</b>

## **Updates**

***Transfer of the Independent Juvenile Justice Monitoring Program:*** Chapter 12, Acts of 2006 transferred the Office of Independent Juvenile Justice Monitor to OAG.

***July 2005 Audit Findings:*** OAG reports that it has sufficiently addressed the July audit findings.

**C81C**  
**Office of the Attorney General**

***Operating Budget Analysis***

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**Program Description**

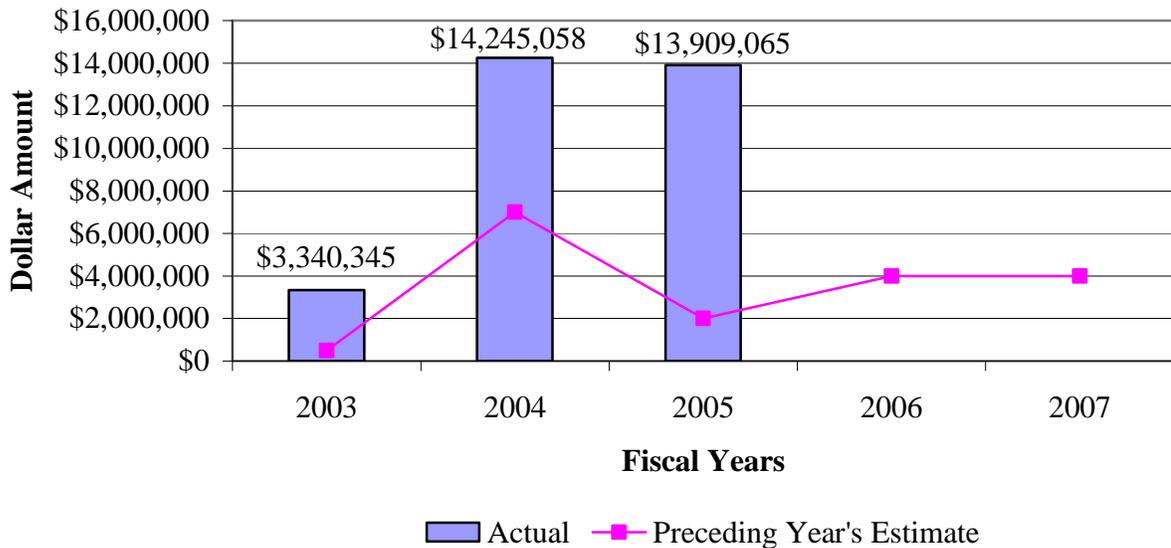
The Attorney General (AG) acts as legal counsel to the Governor, General Assembly, Judiciary, and all departments, boards, and commissions (except the Commission on Human Relations, Public Service Commission, and State Ethics Commission). The Office of the Attorney General (OAG) represents the State in all matters of interest to the State, including civil litigation and criminal appeals in all State and federal courts. The office also reviews legislation passed by the General Assembly prior to consideration by the Governor. The office is currently supported by 11 divisions: Legal Counsel and Advice; Securities; Consumer Protection; Antitrust; Medicaid Fraud Control; Civil Litigation; Criminal Appeals; Criminal Investigations; Educational Affairs; Correctional Litigation; and Contract Litigation. In fiscal 2007, a Juvenile Justice Monitoring Unit will be established within OAG pursuant to Chapter 12, Acts 2006 which authorizes the transfer of the Office of the Independent Juvenile Monitor Program from the Governor's Office for Children.

In addition to the aforementioned duties, OAG also provides assistant attorney general and staff attorneys to State agencies. These positions are located within each of the respective agencies' budget. **Appendix 5** provides a breakdown of assistant attorney generals by agency. **Appendix 6** provides a list of significant civil litigation currently being handled by OAG.

**Performance Analysis: Managing for Results**

Overall, OAG's Managing for Results measurements show continued success within its Security, Consumer Protection, and Medicaid divisions. **Exhibit 1** illustrates the actual amount of money collected by OAG's Securities Division as compared to the preceding year's Managing for Results estimate. The primary mission of the Securities Division is to protect Maryland investors from investment fraud and misrepresentation. In fiscal 2005, OAG collected \$13.9 million in fines and restitution, exceeding its prior year's estimated by 99% or \$6.9 million. The Securities Division mainly targeted fraudulent schemes perpetrated by sellers of phony investments such as pornographic web sites, prime bank notes, and viatical settlement contracts.

**Exhibit 1**  
**Securities Division Fines and Restitution Collected**  
**Fiscal 2003 – 2007**

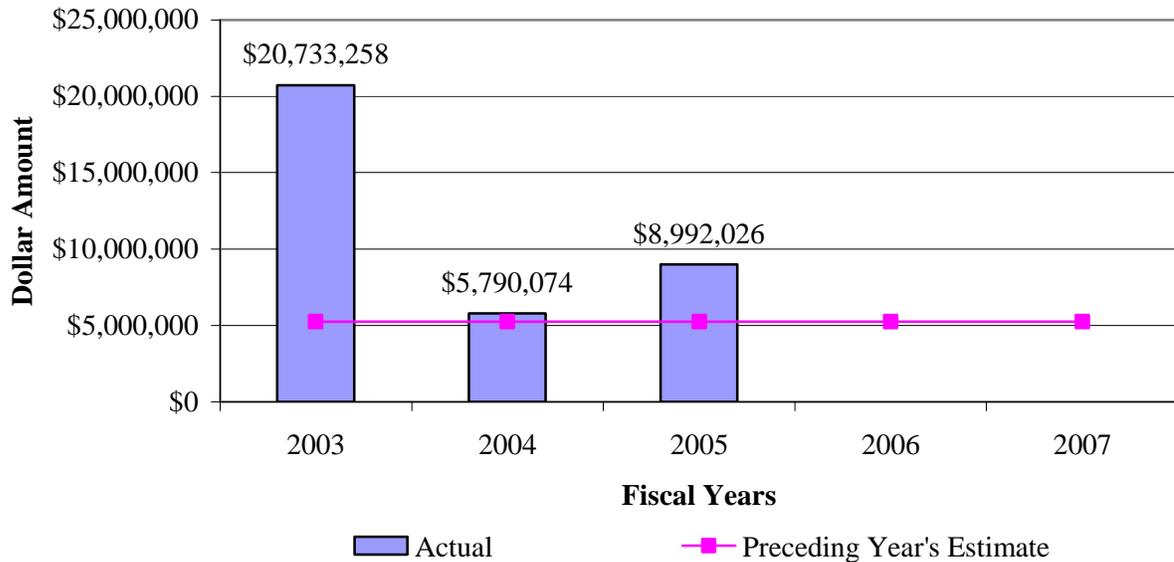


Note: We are dealing with the estimate given by the agency in the present fiscal year and comparing it to the actual data provided the next fiscal year.

Source: Office of the Attorney General

**Exhibit 2** displays the actual amount of money recovered for consumers via OAG's Consumer Protection Division as compared to the preceding year's Managing for Results estimate. The Consumer Protection Division provides mediation and arbitration service to consumers to help resolve complaints against businesses and health insurance carriers. In fiscal 2005, OAG collected approximately \$9 million in consumer recoveries, a \$3.7 million or 71% increase above its preceding year's estimate. OAG attributes this success to homebuilder, debt management, and mortgage lender recoveries.

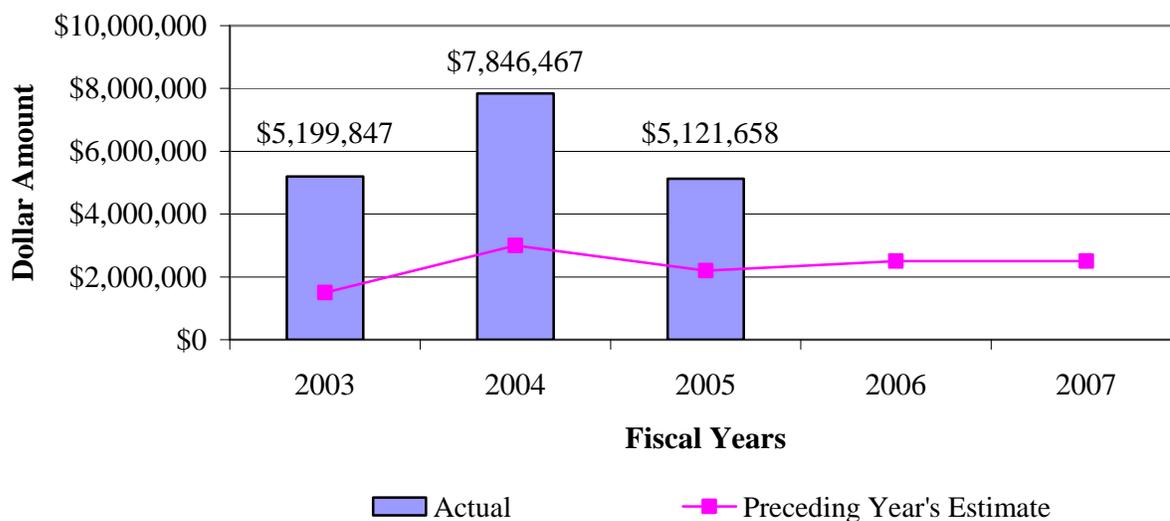
**Exhibit 2**  
**Consumer Protection Division Recoveries for Consumers**  
**Fiscal 2003 – 2007**



Source: Office of the Attorney General

**Exhibit 3** shows the actual amount of money collected by OAG’s Medicaid Fraud Unit as compared to the preceding year’s Managing for Results estimate. The Medicaid Fraud program investigates and prosecutes provider fraud in statewide Medicaid programs. In fiscal 2005, this unit collected \$5.1 million in fines, a \$2.1 million or 71% increase above its prior year’s estimate. OAG targeted fraudulent billing and provider cases.

**Exhibit 3  
Medicaid Fraud Control Unit – Fines and Collections  
Fiscal 2003 – 2007**



Source: Office of the Attorney General

While OAG has continued to exceed its projected Managing for Results collection and recovery estimates, there has been a significant level of variance between the projected dollar amounts and the actual dollar amount collected. **OAG should explain to the committees how it determines its projected recovery estimates and the status of collections for the current fiscal year.**

**Governor's Proposed Budget**

As illustrated in **Exhibit 4**, OAG's fiscal 2007 allowance increases by 4.6%, or \$1,101,024 above the fiscal 2006 working appropriation. This increase is primarily driven by a \$161,278 increase in employee and retiree health insurance and a \$600,000 prior year funding shortfall in health insurance.

The allowance also includes \$212,583 in reimbursable funds for four contractual full-time equivalent (FTE) positions within OAG's Gun Trafficking Unit. OAG has established a single centralized statewide unit to investigate and prosecute illegal gun trafficking in Maryland. These positions are funded by grants from the Governor's Office of Crime Control and Prevention (GOCCP) and include an assistant attorney general who will head the unit, two investigators, and a paralegal.

**Exhibit 4**  
**Governor's Proposed Budget**  
**Office of the Attorney General**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>General Fund</b>	<b>Special Fund</b>	<b>Federal Fund</b>	<b>Reimb. Fund</b>	<b>Total</b>
2006 Working Appropriation	\$16,749	\$2,796	\$1,660	\$2,486	\$23,690
2007 Governor's Allowance	<u>17,971</u>	<u>2,387</u>	<u>1,875</u>	<u>2,558</u>	<u>24,791</u>
Amount Change	\$1,222	-\$409	\$216	\$72	\$1,101
Percent Change	7.3%	-14.6%	13.0%	2.9%	4.6%
 <b>Where It Goes:</b>					
<b>Personnel Expenses</b>					
Prior year health insurance funding shortfall.....					\$600
Employees' retirement system .....					172
Employee and retiree health insurance .....					161
Turnover adjustments .....					129
Other fringe benefits.....					26
Workers' compensation premium assessment .....					18
Unemployment compensation .....					-19
Reduced employee compensation.....					-122
 <b>Other Changes</b>					
New contractual FTE assistant attorney general and support staff (3) for the Gun Trafficking Unit.....					213
Medicaid indirect cost recoveries .....					56
Increased funding for Office of Administrative Hearings cases.....					18
Contractual fringe benefits .....					16
Increased travel expenses .....					15
Temporary paralegal and secretarial expenses .....					10
Increased motor vehicle expenses .....					9
Other reductions in contractual services.....					-2
Reduced computer expenses.....					-5
Reduction in expenditures for Westlaw.....					-7
Reduced office supplies.....					-10
Reduced equipment expenses.....					-12
Reduced photocopy and equipment expenditures .....					-31
Reduced telecommunications expenses.....					-38
Reduction in contract litigation for the Department of General Services.....					-94
Other reductions .....					-2
 <b>Total</b>					 <b>\$1,101</b>

Note: Numbers may not sum to total due to rounding.

## *Issues*

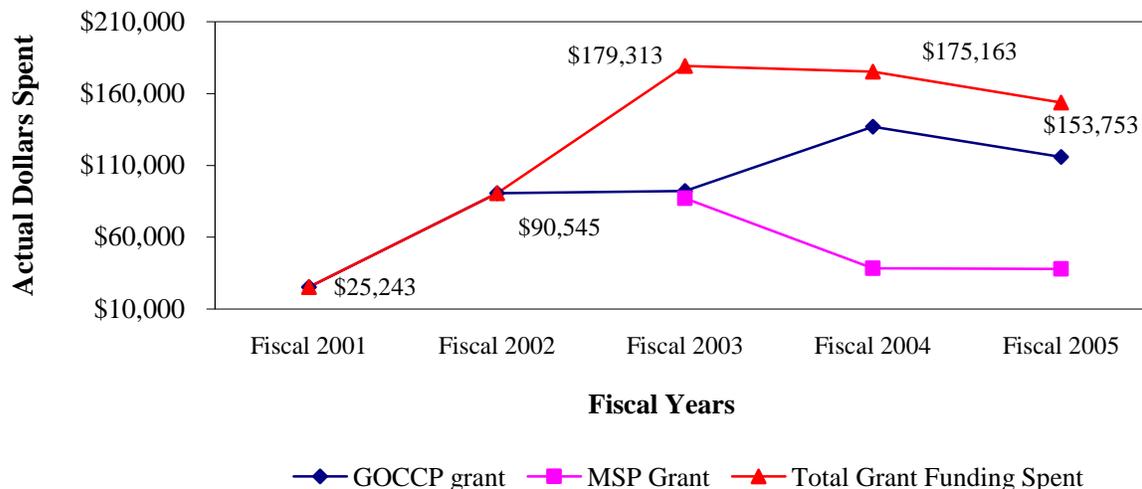
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### **1. Gun Trafficking Unit**

OAG's Firearms Trafficking Unit (FTU) was established in 2001 and consists of an assistant attorney general, two investigators, and a paralegal. This unit was established to provide a team of employees dedicated to prosecuting cases of illegal gun trafficking in Maryland in an effort to reduce the flow of illegal guns into the hands of criminals. Prior to the establishment of this unit, law enforcement of gun related crimes focused primarily on the underlying crimes associated with the use of a handgun such as armed robbery or assault. The FTU, in cooperation with the Maryland State Police Gun Enforcement Unit, Baltimore County Firearms and Violence Unit, and the Alcohol Firearm and Tobacco Unit, investigates the suspicious purchase of guns by individuals who qualify to own regulated firearms, but who are, in fact, purchasing firearms to transfer to persons prohibited from purchasing guns by law. OAG investigates referrals received from the aforementioned agencies regarding alleged gun trafficking crimes.

OAG began receiving an annual grant from GOCCP in fiscal 2001 and also began receiving grant funding from the Maryland State Police in fiscal 2003 to finance its Gun Trafficking Unit. **Exhibit 5** shows the annual amount of money spent by OAG to facilitate its Gun Trafficking Unit since its inception in fiscal 2001. In fiscal 2005, OAG spent a total of \$153,753 to fund its gun trafficking operations, a 2% decline from fiscal 2004. The fiscal 2007 allowance provides for a total of \$290,492 in grant funding from these agencies. \$287,566 is applied towards personnel expenditures, and \$2,926 is used for travel and operating expenses. Under the terms of both grants, OAG's primary goals and objectives are to (1) decrease the availability of guns for purchase by persons prohibited by law from owning regulated firearms who make false statements on applications for permits to own regulated firearms; (2) prosecute those attempting to purchase or who have purchased firearms illegally; (3) prosecute those attempting to sell firearms to persons prohibited by law from owning them; (4) prosecute corporations for engaging in illegal firearms transfer activity; and (5) prosecute those engaged in prohibited transfers of regulated firearms.

**Exhibit 5  
Annual Gun Trafficking Expenditures  
Fiscal 2001 – 2005**



Source: Office of the Attorney General

**Exhibit 6** provides a summary of the various performance measures tracked by the Gun Trafficking Unit. Since fiscal 2002, OAG has received a total 745 referrals for alleged gun trafficking violations, of which 345 or 46% were opened for investigation.

OAG should comment to the committees as to the security of the current grant commitments and how it plans to fund this unit in the event that no funding is received from GOCCP or the Maryland State Police. OAG should also comment as to the need for an additional \$136,739 in funding above its fiscal 2005 actual expenses.

**Exhibit 6  
Gun Trafficking Unit Performance Measure  
Fiscal 2002 – 2006**

Measures	<u>2002 Actual</u>	<u>2003 Actual</u>	<u>2004 Actual</u>	<u>2005 Actual</u>
Referrals received for investigation	29	300	39	377
Cases opened for investigation	10	225	10	100
Number of charges	6	30	3	21
Convictions	0	2	8	12

Source: Office of the Attorney General

## ***Recommended Actions***

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	<b><u>Amount Reduction</u></b>	
1. Reduce general funds for turnover expectancy to better reflect the actual number of vacancies. This increases the turnover rate to 4.3%. The general fund reduction shall be allocated among the divisions.	\$ 130,000	GF
<b>Total General Fund Reductions</b>	<b>\$ 130,000</b>	

## ***Updates***

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### **1. Transfer of the Independent Juvenile Justice Monitoring Program**

During the 2005 legislative session, the General Assembly passed House Bill 1342 which authorized the transfer of the duties of the Office of Independent Juvenile Justice Monitor (OIJJM) from the Office for Children, Youth, and Families to OAG. House Bill 1342 was later vetoed by the Governor and OIJJM was reestablished within the Governor's Office for Children (GOC) pursuant to Executive Order 01.01.2005.35. During the 2006 legislative session, the Governor's veto was overridden by the General Assembly (Chapter 12, Acts of 2006) thereby transferring OIJJM from GOC to OAG. Currently, OIJJM is funded through GOC's budget allowance in fiscal 2006 and 2007. The Department of Budget and Management has indicated that the funding and positions for OIJJM will be transferred to OAG via a budget amendment in fiscal 2006 and be funded by supplemental budget in fiscal 2007.

### **2. July 2005 Audit Findings**

OAG's July 2005 audit disclosed two findings: (1) OAG's internal controls over cash receipts within its Securities Division were insufficient because the documents on which collections were initially recorded were not forwarded directly to the employee responsible for verifying that the recorded receipts were deposited; and (2) OAG did not adequately monitor reported grant expenditures to ensure that funds received by the Office of the State's Attorneys' Coordinator (OSAC) were used as intended. OAG reports that it has sufficiently addressed the first finding by having one employee perform the duties of receiving cash receipts and another employee perform the duties of updating the securities database. In response to the second finding, OAG plans to randomly check receipts for expenditures received by OSAC in conjunction with a quarterly review of expense reports received from OSAC.

## *Current and Prior Year Budgets*

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### Current and Prior Year Budgets Office of the Attorney General (\$ in Thousands)

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2005</b>					
Legislative Appropriation	\$17,254	\$1,411	\$1,553	\$2,523	\$22,741
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	158	14	0	432	604
Reversions and Cancellations	-424	-453	-137	-669	-1,683
<b>Actual Expenditures</b>	<b>\$16,988</b>	<b>\$972</b>	<b>\$1,416</b>	<b>\$2,286</b>	<b>\$21,662</b>
<b>Fiscal 2006</b>					
Legislative Appropriation	\$16,581	\$2,796	\$1,660	\$2,486	\$23,523
Budget Amendments	168	0	0	0	168
<b>Working Appropriation</b>	<b>\$16,749</b>	<b>\$2,796</b>	<b>\$1,660</b>	<b>\$2,486</b>	<b>\$23,691</b>

Note: Numbers may not sum to total due to rounding.

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## **Fiscal 2005**

In fiscal 2005, the total budget for the OAG decreased by approximately \$1.1 million. The general fund appropriation for the OAG increased by \$157,626 due to a statewide cost-of-living adjustment. Also, there was a general fund reversion in the amount of \$424,287. The reversion was due to vacancies during the fiscal year.

OAG's special fund appropriation increased by \$13,728. OAG received additional funds to defray the expense of mediation in complex employment litigation and to allocate additional resources to its witness protection and relocation program. OAG also had a special fund cancellation of \$452,683. This cancellation was the result of unutilized funding for OAG's Consumer Protection Division. Lastly, OAG had a federal fund cancellation of \$137,187. This cancellation was primarily due to vacancies throughout the year.

OAG's reimbursable fund appropriation increased by \$431,719. OAG received \$357,779 from the Maryland State Police for costs associated with State representation in the I-95 Race Based Traffic Stop court case and \$73,940 from GOCCP to fund its gun violence initiative. Additionally, OAG had a reimbursable fund cancellation of \$669,272. This cancellation was primarily due to vacancies and unused funds previously allocated for contract litigation and the I-95 court case.

## **Fiscal 2006**

The general fund working appropriation increased due to a \$168,230 cost-of-living adjustment.

## ***Audit Findings***

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Audit Period for Last Audit:	August 22, 2001 – January 23, 2005
Issue Date:	July 2005
Number of Findings:	2
Number of Repeat Findings:	0
% of Repeat Findings:	n/a
Rating: (if applicable)	n/a

**Finding 1:** Internal controls over cash receipts were not sufficient.

**Finding 2:** The office did not adequately monitor expenditures funded in its budget relating to an annual grant provided to the Maryland State’s Attorneys’ Association totaling approximately \$150,000 per year.

**Object/Fund Difference Report  
Office of the Attorney General**

<u>Object/Fund</u>	<u>FY05 Actual</u>	<u>FY06 Working Appropriation</u>	<u>FY07 Allowance</u>	<u>FY06 - FY07 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	240.50	236.50	236.50	0	0%
02 Contractual	3.30	0	4.00	4.00	N/A
<b>Total Positions</b>	<b>243.80</b>	<b>236.50</b>	<b>240.50</b>	<b>4.00</b>	<b>1.7%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 16,498,473	\$ 18,589,316	\$ 19,553,141	\$ 963,825	5.2%
02 Technical & Spec Fees	347,598	60,000	299,271	239,271	398.8%
03 Communication	428,314	347,398	309,750	-37,648	-10.8%
04 Travel	102,811	91,208	105,750	14,542	15.9%
07 Motor Vehicles	185,180	247,359	256,515	9,156	3.7%
08 Contractual Services	939,376	1,115,037	995,227	-119,810	-10.7%
09 Supplies & Materials	338,203	333,600	323,600	-10,000	-3.0%
11 Equip - Additional	165,134	66,915	54,500	-12,415	-18.6%
12 Grants, Subsidies, and Contributions	373,260	440,498	496,276	55,778	12.7%
13 Fixed Charges	2,283,396	2,398,302	2,396,627	-1,675	-0.1%
<b>Total Objects</b>	<b>\$ 21,661,745</b>	<b>\$ 23,689,633</b>	<b>\$ 24,790,657</b>	<b>\$ 1,101,024</b>	<b>4.6%</b>
<b>Funds</b>					
01 General Fund	\$ 16,987,750	\$ 16,748,833	\$ 17,971,000	\$ 1,222,167	7.3%
03 Special Fund	972,190	2,795,728	2,386,529	-409,199	-14.6%
05 Federal Fund	1,416,133	1,659,563	1,875,225	215,662	13.0%
09 Reimbursable Fund	2,285,672	2,485,509	2,557,903	72,394	2.9%
<b>Total Funds</b>	<b>\$ 21,661,745</b>	<b>\$ 23,689,633</b>	<b>\$ 24,790,657</b>	<b>\$ 1,101,024</b>	<b>4.6%</b>

Note: The fiscal 2006 appropriation does not include deficiencies, and the fiscal 2007 allowance does not reflect contingent reductions.

**Fiscal Summary  
Office of the Attorney General**

<u>Program/Unit</u>	<u>FY05 Actual</u>	<u>FY06 Wrk Approp</u>	<u>FY07 Allowance</u>	<u>Change</u>	<u>FY06 - FY07 % Change</u>
01 Legal Counsel and Advice	\$ 5,696,421	\$ 5,368,435	\$ 5,594,999	\$ 226,564	4.2%
04 Division of Securities	1,991,985	2,391,152	2,466,496	75,344	3.2%
05 Division of Consumer Protection	3,881,035	4,360,521	4,494,848	134,327	3.1%
06 Antitrust Division	845,952	965,215	998,724	33,509	3.5%
09 Medicaid Fraud Control Unit	1,888,177	2,218,453	2,425,714	207,261	9.3%
10 Peoples Insurance Counsel	0	346,866	412,380	65,514	18.9%
14 Civil Litigation Division	2,096,504	1,912,849	2,267,448	354,599	18.5%
15 Criminal Appeals Division	1,834,894	1,862,000	1,948,842	86,842	4.7%
16 Criminal Investigation Division	1,191,117	1,467,945	1,503,774	35,829	2.4%
17 Educational Affairs Division	413,258	555,251	512,210	-43,041	-7.8%
18 Correctional Litigation Division	228,817	454,467	344,186	-110,281	-24.3%
20 Contract Litigation Division	1,593,585	1,786,479	1,821,036	34,557	1.9%
<b>Total Expenditures</b>	<b>\$ 21,661,745</b>	<b>\$ 23,689,633</b>	<b>\$ 24,790,657</b>	<b>\$ 1,101,024</b>	<b>4.6%</b>
General Fund	\$ 16,987,750	\$ 16,748,833	\$ 17,971,000	\$ 1,222,167	7.3%
Special Fund	972,190	2,795,728	2,386,529	-409,199	-14.6%
Federal Fund	1,416,133	1,659,563	1,875,225	215,662	13.0%
<b>Total Appropriations</b>	<b>\$ 19,376,073</b>	<b>\$ 21,204,124</b>	<b>\$ 22,232,754</b>	<b>\$ 1,028,630</b>	<b>4.9%</b>
Reimbursable Fund	\$ 2,285,672	\$ 2,485,509	\$ 2,557,903	\$ 72,394	2.9%
<b>Total Funds</b>	<b>\$ 21,661,745</b>	<b>\$ 23,689,633</b>	<b>\$ 24,790,657</b>	<b>\$ 1,101,024</b>	<b>4.6%</b>

Note: The fiscal 2006 appropriation does not include deficiencies, and the fiscal 2007 allowance does not reflect contingent reductions.

**Assistant Attorney General Distribution by Agency**

<u>Agency</u>	<u>AAGs</u>	<u>Staff Attorneys</u>
Aging	2	
Agriculture	2	
Assessments and Taxation	3	
Maryland Auto Insurance Fund	2	
Budget and Management	8	3
Business and Economic Dev.	10	
Comptroller	5	
University of Maryland, Higher Ed, MIEMSS, MPT, Morgan, St. Mary's, BCCC	19	
Maryland Department of Education	10	
Environment	25	
Energy Administration	2	
Environmental Services	2	
Food Center	1	
General Services	7	
Gov. Office for Children	1	
Health and Mental Hygiene	44	8
Housing and Community Development	13	
Human Resources	18	
Insurance Administration	13	
Juvenile Services	4	
Labor, Licensing, and Regulation	23	
Lottery Agency	4	
Natural Resources	10	
Planning	1	
Public Safety and Correctional Services	16	
Retirement Systems	6	
Stadium Authority	1	
State Police	5	
Subsequent Injury Fund	6	
Transportation	46	
Treasurer's Office	3	
Uninsured Employers' Fund	3	
Workers' Compensation Commission	1	
<b>Total</b>	<b>316</b>	<b>11</b>

MIEMSS = Maryland Institute for Emergency Medical Services Systems

MPT = Maryland Public Television

BCCC = Baltimore City Community College

Source: Office of the Attorney General

**Office of the Attorney General  
Significant Litigation – Fiscal 2005 and 2006**

<u>Case and Nature of Claim Alleged</u>	<u>Amount Claimed (\$ in Millions)</u>
<b>CIVIL LITIGATION: Claims of \$1 Million or more</b>	
<b><i>Adams v. Skinner</i> (Department of Housing and Community Development)</b> Violation of Public Information Act Request	\$9
<b><i>Amtrak v. MTA</i> (Maryland Department of Transportation (MDOT)/ Maryland Transit Administration (MTA))</b> Damages sought for collision involving Amtrak and Maryland Rail Commuter (MARC) trains	5
<b><i>Andrews v. DHMH</i> (Department of Health and Mental Hygiene (DHMH))</b> Violation of rights based on rape of patient at a State mental hospital	2.2
<b><i>Appiah Estate v. MPA</i> (MDOT/ Maryland Port Administration (MPA))</b> Claims arising from death of worker at port terminal	1.5
<b><i>Assessment &amp; Taxation v. General Motors</i></b> <b><i>Acceptance Corporation</i> (State Department of Assessments and Taxation)</b> Dispute over applicability of federal tax credit	1
<b><i>Atlantic Mutual Insurance Co. a/s/o Tessco Inc. v. Mayor &amp; City Counsel of Baltimore</i> (MDOT/MTA)</b> Fire hydrant explosion; extensive water damage to building and equipment	45
<b><i>Baker v. State of Maryland et al.</i> (Department of Human Resources (DHR))</b> Claims for negligent hiring, retention, and battery related to child support enforcement	1.5
<b><i>Blueford v. State</i> (MDOT/MPA)</b> Injured worker alleged failure to maintain equipment	1.2
<b><i>Bluestein v. University of Maryland, Baltimore</i> (UMB) (Educ. Affairs)</b> Americans with Disabilities Act (ADA) and tort claims brought by student seeking accommodation	1.8
<b><i>Boyle v. Harford County Sheriff</i> (Civil/Sheriffs)</b> Religious discrimination	1
<b><i>Bradford v. MSDE</i> (Maryland State Department of Education (MSDE)/Civil)</b> Constitutionally adequate funding for Baltimore City schools	440
<b><i>Brandt v. Clifton Perkins Hospital Center</i> (DHMH)</b> Patient claims violation of civil rights and medical malpractice for use of restraints	20
<b><i>Bressler, et al. v. Maryland Public Secondary Schools Athletic Association</i> (MSDE)</b> Dispute over home schooled students' eligibility to compete in athletic tournaments	7
<b><i>Britton v. University of Maryland Baltimore County</i> (UMBC) (Educational Affairs)</b> Former professor alleged sex discrimination/retaliation	6
<b><i>Brooks v. MSP</i> (Maryland State Police (MSP))</b> Employment discrimination - Violation of Title VII and ADA	3

<u>Case and Nature of Claim Alleged</u>	<u>Amount Claimed (\$ in Millions)</u>
<b><i>Caldron v. Slander</i> (MDOT/MPA)</b> Wrongful death of truck driver at terminal	5
<b><i>Campitelli v. Curran</i> (Maryland Transportation Authority (MdTA))</b> Violation of prohibition against slavery and peonage	20
<b><i>Carroll County Commissioners v. MSRPS</i> (Maryland State Retirement and Pension System)</b> “Withdrawal liability” of Carroll County for members who remained in the system after the County’s withdrawal in 1985	12
<b><i>Carter v. State</i> (MDOT/ Maryland Aviation Administration (MAA))</b> Maryland Aviation Administration employees in their individual capacities for 16 counts (federal and State) predominantly for race, sex, and age discrimination	30
<b><i>Claim of Clark Construction</i> (DHMH/Contract Lit.)</b> Alleged delays in construction of Eastern Shore Hospital Center	2
<b><i>Connors v. UMCP</i> (University of Maryland, College Park (UMCP))</b> Employment discrimination; age, disability, and race	1
<b><i>Conte v. Towson University</i> (Educ. Affairs)</b> Breach of contract, denial of bonus to director of academic institute	5
<b><i>Cook v. Barnes, et al.</i> (Educ. Affairs)</b> Excessive force	20
<b><i>Costello Construction v. MPA</i> (MDOT/MPA)</b> Construction claims	1.1
<b><i>Cruse v. Roberts, et al.</i> (DHR)</b> Tort claims arising from death of child in mother’s care	5
<b><i>Davis v. Prince Georges County, et al.</i> (MSP)</b> Unlawful and false arrest, illegal search and seizure; racially motivated	4
<b><i>Davis v. Kellet, et al.</i> (MSP)</b> Claims of violation of constitutional rights arising out of arrest and detention	1
<b><i>Debusk v. University of Maryland</i> (Educ. Affairs)</b> Wrongful termination	4
<b><i>Deneselya v. Kazlo</i> (Department of Labor, Licensing, and Regulation/Real Estate Commission)</b> Denial of license	3
<b><i>Appeal of Dewey Jordan, Inc</i> (Contract Litigation)</b> Claim for additional compensation under Maryland State Highway Administration construction contract	7.3
<b><i>Doe v. Kennedy</i> (Civil/Sheriffs)</b> Constructive discharge and civil conspiracy	2.8
<b><i>Dunkes, James v. DHMH</i> (DHMH)</b> Multiple torts, violation of constitutional rights	25

<u>Case and Nature of Claim Alleged</u>	<u>Amount Claimed (\$ in Millions)</u>
<b><i>Edmond, et al. v. Nigh, et al. (Civil/Sheriffs)</i></b> Claims alleging violation of constitutional rights and federal statute arising out of eviction of plaintiffs by deputies	15.5
<b><i>Fisher v. State of Maryland (DHR)</i></b> Failure of the Department of Social Services to intervene to stop child abuse	15
<b><i>Ford v. Baltimore City (Civil/Sheriffs)</i></b> Excessive force, wrongful arrest	2
<b><i>Gebhardt &amp; Smith (MDOT/MPA)</i></b> Hurricane Isabel flooding in World Trade Center	1
<b><i>Henry v. Purnell (Civil/Sheriffs)</i></b> State and federal constitutional claims arising from attempt to serve an arrest warrant	1.2
<b><i>Hill v. Dunn, et al. (Civil)</i></b> Malicious prosecution and related claims against Anne Arundel County State's Attorney investigator related to his involvement in the preparation of the criminal case against plaintiff	10
<b><i>Holland v. Boyd (Educ. Affairs)</i></b> Wrongful arrest, excessive force, false imprisonment, assault, battery	1.5
<b><i>Hone v. USM (University System of Maryland (USM))</i></b> Appeal of tenure denial	6
<b><i>Horridge v. State of Maryland (DHR)</i></b> Failure to properly investigate complaint of child abuse	10
<b><i>Hovatter v. Widdowson (MSP)</i></b> False arrest and malicious prosecution	1
<b><i>In re Mariner, Inc. (DHMH)</i></b> Medicaid recovery	1.9
<b><i>Johnson v. Maple Shade Youth &amp; Family Services (DHR)</i></b> Injuries received by foster child in group home	1
<b><i>Jones v. MTA (MDOT/MTA)</i></b> Former employee alleging breach of contract, negligence, negligent misrepresentation, and loss of consortium	1.5
<b><i>Jones v. Voorhaar (Civil/Sheriffs)</i></b> Race discrimination	1
<b><i>Jordan v. MPA (MDOT/MPA)</i></b> Wrongful death	3
<b><i>Kent v. MdTA (MdTA)</i></b> Racial discrimination in employment	6
<b><i>Roy Kirby &amp; Sons (Contract Lit.)</i></b> Construction delays and additional costs	1.6

<u>Case and Nature of Claim Alleged</u>	<u>Amount Claimed (\$ in Millions)</u>
<b><i>Knussman v. MSP (MSP/Civil)</i></b> Attorneys' fees for allegations of FMLA and equal protection violations	1
<b><i>Leech v. MSP (MSP)</i></b> Wrongful death	2
<b><i>Lewis and Willis v. Rollins Day Care Center, et al. (DHR)</i></b> Tort claims arising from death of child in day care	21
<b><i>L.J. v. Massinga (DHR)</i></b> Attorneys' fees for monitoring and enforcement of class action suit dating from 1984; suit challenges services provided in foster care program	1
<b><i>Love v. MTA (MDOT/MTA)</i></b> Title VII gender discrimination and retaliation claim	1.4
<b><i>Lovett v. UMBC (Educ. Affairs)</i></b> Slip and fall	1
<b><i>McElroy, Richard &amp; Sallee v. National Railroad Passenger Corporation (MDOT/MTA)</i></b> Slip and fall while exiting mid level of MARC train	6
<b><i>McLaurin, Tonya v. State of Maryland, et al. (DHMH)</i></b> Wrongful death in Developmental Disabilities Administration group home	1
<b><i>Martin, et al. v. Kent, et al. (Civil)</i></b> Wrongful death claims arising out of shooting death during police pursuit	100
<b><i>Mazuz v. State of Maryland (Educ. Affairs)</i></b> Tort claims arising from UMCP drug raid	2
<b><i>McNack, et al. v. State of Maryland (Department of Public Safety and Correctional Services (DPSCS)/Civil)</i></b> Tort, federal, and State constitutional claims by survivors arising out of murders of five individuals	14
<b><i>NAACP v. MSP (MSP/Civil)</i></b> Allegations that MSP officers used race-based profiles to stop and search motorists on I-95; damage claims pending	2.5
<b><i>Neifert &amp; Krolczyk (Environment)</i></b> Denial of wetlands permits	1
<b><i>Newbold v. Western Md. Hospital (DHMH)</i></b> Defamation and challenge to credentialing of physician	1
<b><i>Nofi v. Cornell (University of Maryland Medical School/Educational Affairs)</i></b> Negligence/strict liability, distribution of defective Human Growth Hormone	3
<b><i>Paddy v. MdTA Police (MdTA)</i></b> State and federal statutory violations and torts in connection with claimed discrimination based on disability, wrongful discharge, failure to accommodate disability, and retaliation	3.3

<u>Case and Nature of Claim Alleged</u>	<u>Amount Claimed (\$ in Millions)</u>
<b><i>Park v. Springfield Hospital Center</i></b> Defamation	1.4
<b><i>Parker v. Calvert County Sheriff (Civil/Sheriffs)</i></b> Former deputy sheriff fired for sexual harassment, claims the charges were false and that white officers were treated more favorably	1
<b><i>Parker v. McCullough, et al. (MDOT/MTA)</i></b> Alleged false arrest/false imprisonment; case of mistaken identity and sexual assault while incarcerated	1
<b><i>Parr v. UMB (Educational Affairs)</i></b> Tort claims regarding termination of club membership	1.1
<b><i>Pendleton v. State of Maryland et al. (DHR)</i></b> Negligence, battery, assault in foster care	4
<b><i>Pettiford v. Baltimore City Community College (Educ. Affairs)</i></b> Wrongful termination	1.5
<b><i>Appeals of PHP Healthcare, Inc. (DPSCS)</i></b> Contract claims resulting from bankruptcy of health care provider in prisons	356
<b><i>Poole and Kent Company (Department of General Services /Department of Juvenile Services (DJS)/Contract Lit.)</i></b> Claim for equitable adjustment for extra work, delay, design changes, etc. in construction of Baltimore City Juvenile Justice Center	9
<b><i>Porter v. Springfield (DHMH)</i></b> Employment discrimination (age, race, gender)	1.5
<b><i>Pratt v. Hugel (MDOT/ Motor Vehicle Administration)</i></b> Civil rights action for claimed trespass	17
<b><i>Roy v. State of Maryland (Civil/Sheriff)</i></b> Tort claim arising out of service of arrest warrant	80
<b><i>Runaldue v. State of Maryland (USM)</i></b> Tort action by students participating at Maryland Fire and Rescue Institute	60
<b><i>Salerno v. State of Maryland (DJS)</i></b> Juvenile suicide while in State custody	25
<b><i>Samuels v. State of Maryland (UM)</i></b> Negligence	1
<b><i>Sawiki v. Morgan State University (Morgan)</i></b> Two lawsuits by professor alleging breach of contract, race, gender, religious, age and disability discrimination	10
<b><i>Schmitt-Cooper, Karen v. John Bischoff, et al. (DHR)</i></b> Wrongful death	10

<u>Case and Nature of Claim Alleged</u>	<u>Amount Claimed (\$ in Millions)</u>
<b><i>Scott v. State of Maryland (Civil/Sheriffs)</i></b> Claims of malicious prosecution, false imprisonment, assault and battery, intentional infliction of emotional distress, and violations of the Maryland Declaration of Rights, all arising out of attempt to serve arrest warrant	6
<b><i>Science Application International Corp. v. Comptroller</i></b> Income tax refund claim in Maryland Tax Court	4
<b><i>Shorb v. Hoffmaster (Department of Natural Resources)</i></b> False imprisonment, excessive force, malicious prosecution, assault and battery, and trespass	2
<b><i>Silva v. Bowie State University (Bowie State)</i></b> National origin and age discrimination	5
<b><i>Sindram v. Hyde, et al. (Educ. Affairs)</i></b> ADA, failure to provide reasonable accommodations	1.5
<b><i>Svehla, Michelle Ann v. MTA and Maryland Automobile Insurance Fund (MDOT/MTA)</i></b> Personal injury involving MTA bus, car, and utility pole	1
<b><i>Tollenger, et al. v. Conner, et al. (Civil)</i></b> Survivor action and wrongful death claim arising out of collision on Maryland bridge	3
<b><i>Turner v. Knight (Civil/Sheriffs)</i></b> Claims arising from arrest of violation of Maryland Declaration of Rights, intentional infliction of emotional distress, and negligence	15
<b><i>University of Maryland University College Competent Authority Request, US-German Income Tax Treaty (Educ. Affairs)</i></b> Authority of German government to impose income taxes on State of Maryland employees	1.1
<b><i>USF&amp;G v. Comptroller (Comptroller)</i></b> Request for refund of sales tax	1.9
<b><i>Usher v. State of Maryland (MDOT/ MAA)</i></b> Claims of employment discrimination (race, national origin), violation of due process and equal protection, and breach of contract	30
<b><i>Appeal of Wackenhut Corp. (DPSCS)</i></b> Contract claim for food service operations in prisons	1.2
<b><i>Walker v. Morgan State University (Educ. Affairs)</i></b> Slip and fall on ice and snow	1
<b><i>Waterman v. Batton, et al. (MdTA)</i></b> Wrongful death claim arising from traffic chase and police shooting	6
<b><i>Webb v. Somerset County (DHMH/Civil)</i></b> Employment discrimination (ADA) and Family and Medical Leave Act claim by former local health department employee	4.5

<u>Case and Nature of Claim Alleged</u>	<u>Amount Claimed (\$ in Millions)</u>
<b>Whiting &amp; Turner (Contract Lit.)</b> Contract claim for delays and additional costs	1
<b>Williams v. Morgan State University (Educ. Affairs)</b> National origin discrimination in contract termination	1
<b>Woods v. Prince George’s County, et al. (Civil/Sheriff)</b> Arrest based on mistaken identity	8

**Other Significant Cases**

**American Federation of State, County, and Municipal Employees (AFSCME) v. Ehrlich (General Assembly/Department of Budget and Management (DBM))**

Challenge by unions of Governor’s decision not to provide pay raise negotiated by outgoing Governor for State employees

**AFSCME v. Ehrlich (DBM)**

Challenge to changes to health care benefits for State employees and to Administration’s ground rules for bargaining that prohibited union from publicly discussing bargaining sessions

**Banner et al. v. Unites States of America, et al. (Civil)**

Maryland contesting right of District of Columbia to impose Commuter Tax on Maryland residents

**Baltimore Sun v. Ehrlich, et al. (Civil)**

Defending Governor and members of Governor’s press office in federal suit alleging violation of First Amendment rights of newspaper and reporters

**Deane, et al. v. Conoway, et al. (Civil)**

Same-sex couples filed suit challenging constitutionality of State law providing that only marriage between a man and a woman is valid in Maryland

**Duvall v. Ehrlich (DPSCS)**

Civil Rights case challenging conditions at Baltimore City Detention Center; long-term class action with litigation continuing over State’s petition to terminate Consent decree

**Election Litigation (Civil)**

**Schade, et al. v. State Board of Elections, et al.**

Lawsuit challenging the State Board of Election’s (SBE’s) decision to deploy the Diebold AccuVote-TS direct recording electronic voting system without a “paper trail.” Denial of preliminary injunction affirmed on appeal; the case remains pending on the underlying claims.

**TrueVoteMD v. State Board of Elections**

Organization sought expedited preliminary injunction, asserting the right to designate poll watchers; distribute flyers within the 100-foot campaign-and-electioneering-free zone around the polls; and, interview voters within the 100-foot zone. The Court denied all requested relief.

**Bly v. State Board of Elections**

Challenge to the write-in vote procedure and the Diebold AccuVote-TS direct recording electronic voting machines.

**Nader for President v. State Board of Elections**

Challenge to the State Board’s decision not to count petition signatures that had been affixed in violation of State law. The trial court ruled in the Board’s favor; however, on an expedited appeal, the Court of Appeals ruled that the statute was unconstitutional as applied. The State is contesting the plaintiff’s claim for attorney’s fees.

**Maryland Green Party v. State Board of Elections**

The State successfully obtained dismissal of the Green Party’s request for substantial attorney’s fees. The case is currently on appeal.

**Grove v. Ehrlich, et al. (Civil)**

Suit by former “at will” employee of the Maryland Department of the Environment (MDE) alleging that his termination from employment violated his rights under the First Amendment and Article 40 of the Maryland Constitution. He also alleges that the administration is involved in the “systematic removal” of Democrats from State government. Initial phase of this litigation focused on discovery dispute as plaintiff seeks sweeping discovery of all documents related to any employee (in the management or executive services and all special appointees) terminated or considered for termination from January 13, 2003, to the present. The request includes Gubernatorial Transition Team documents as well as confidential personnel records. On appeal, the Court of Special Appeals remanded the case to Circuit Court, suspending the appeal while the Circuit Court reconsiders defendants’ objections to the discovery order.

**In re WorldCom (Comptroller)**

This case was based on Maryland tax claims in New York Bankruptcy Court for tax years 1999-2002, arising from a tax shelter that permitted subsidiaries to pay “royalties” to affiliated companies in order to transfer income to no (or low) tax states. The multi-state settlement, with Maryland as one of 5 states on the negotiating committee, resulted in payment to State of \$26.8 million.

**Lamone v. State Board of Elections (Civil)**

Administrative proceedings and civil litigation related to SBE’s proposed termination of executive director of SBE

**Mack v. Raynor (General Assembly)**

Challenge to the validity of the recess appointment of a member of the State Board of Elections by a former Senate-confirmed member claiming the right of a holdover

**Mayor and City Council of Baltimore v. Ehrlich, et al. (Civil)**

Challenge to appointment of Director of Baltimore Department of Social Services

**National City Bank v. Turnbaugh (Civil)**

Challenge to actions by banking commissioner to regulate certain aspects of mortgage lending by banks located in Maryland

**Perez et al. v. Ehrlich, et al. (DHMH)**

Challenge to termination of State-only Medicaid benefits to legal immigrant children

**Rodney, et al. v. Franks (Civil/DPSCS)**

Action by Public Defender to enforce 24-hour presentment rule for arrestees at Baltimore City Detention Center

**Smith, et al. v. Flanagan, et al. (Civil/MTA)**

ADA challenge to Maryland's paratransit system for disabled customers of mass transportation

**TFWS, Inc. v. Schaefer (Civil)**

Anti-trust challenge to State regulation of wholesale wine and spirits pricing

**Tobacco Litigation Related to Master Settlement Agreement**

**Enforcement Actions (Civil)**

The State takes enforcement action against non-participating cigarette manufacturers (NPMs) who fail to make certain escrow payments required by State law enacted pursuant to the terms of the 1998 Master Settlement Agreement. Currently, we have multiple suits filed, with complaints seeking approximately \$2.55 million combined escrow and penalties. In addition, we have obtained judgments in excess of \$4 million.

**North Carolina v. Philip Morris USA, Inc. et al. (Civil/Agriculture)**

Action to enforce or modify National Tobacco Growers Settlement Trust to require continuing payments to Maryland and Pennsylvania tobacco growers by Original Participating Manufacturers (OPMs) to the Master Settlement Agreement. Maryland's claim is estimated at \$25 to 35 million dollars for 2004 through 2010.

**Diligent Enforcement Proceedings (Civil)**

The Master Settlement Agreement (MSA) includes a provision, called the Nonparticipating Manufacturer Adjustment (NPM) which would apply to reduce the State's share of tobacco payments if a nationally recognized economics firm finds that the settling tobacco companies have suffered a market share loss, and that the MSA was a significant factor contributing to the loss. The NPM adjustment would then be allocated to reduce the MSA payments to those settling states that have not "diligently enforced" the provisions of statutes enacted by each of the settling states after entering into the MSA. Each of the major tobacco companies initiated an NPM adjustment proceeding in April 2005. The State is working jointly with other states to avoid a finding of a market share loss with MSA as a significant factor.

**United States of America v. State of Maryland (DJS/Civil)**

Department of Justice investigation and lawsuit under Civil Rights of Department of Justice investigation and lawsuit under Civil Rights of Institutionalized Persons Act (CRIPA), claiming violation of juveniles' constitutional rights while committed to Charles Hickey and Cheltenham DJS facilities.

**Vaughn G., et al. v. Mayor and City Council of Baltimore, et al. (MSDE)**

Continuing proceedings in federal court arising from long term consent decree related to the provision of special education services in Baltimore City Public Schools.