

C81C
Office of the Attorney General

Operating Budget Data

(\$ in Thousands)

	<u>FY 11</u> <u>Actual</u>	<u>FY 12</u> <u>Working</u>	<u>FY 13</u> <u>Allowance</u>	<u>FY 12-13</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$16,943	\$18,393	\$18,421	\$29	0.2%
Adjusted General Fund	\$16,943	\$18,393	\$18,421	\$29	0.2%
Special Fund	5,821	4,023	4,641	617	15.3%
Adjusted Special Fund	\$5,821	\$4,023	\$4,641	\$617	15.3%
Federal Fund	1,989	2,754	2,305	-450	-16.3%
Adjusted Federal Fund	\$1,989	\$2,754	\$2,305	-\$450	-16.3%
Reimbursable Fund	2,380	3,970	3,892	-78	-2.0%
Adjusted Reimbursable Fund	\$2,380	\$3,970	\$3,892	-\$78	-2.0%
Adjusted Grand Total	\$27,133	\$29,140	\$29,258	\$118	0.4%

- The Office of the Attorney General (OAG) fiscal 2013 allowance is \$118,000, or 0.4%, above the fiscal 2012 working appropriation. Personnel expenditures increase almost \$1.1 million. However, this growth is largely offset by other expenditures in the office which fall by almost \$950,000.

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

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Personnel Data

	<u>FY 11 Actual</u>	<u>FY 12 Working</u>	<u>FY 13 Allowance</u>	<u>FY 12-13 Change</u>
Regular Positions	241.50	238.50	238.50	0.00
Contractual FTEs	<u>14.00</u>	<u>9.00</u>	<u>12.00</u>	<u>3.00</u>
Total Personnel	255.50	247.50	250.50	3.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	13.59	5.72%
Positions and Percentage Vacant as of 12/31/11	19.00	7.97%

- There are no additional regular positions in the budget for OAG, although the budget creates 1 new Assistant Attorney General to represent the Clerks of the Circuit Court with 1 position transferred out to the Maryland Health Benefit Exchange.

Analysis in Brief

Major Trends

Auction Rate Securities Restitution: Restitution attributed to the OAG’s securities division was a healthy \$750.8 million in fiscal 2011. This was almost entirely due to restitution associated with auction rate securities.

Medicaid Fraud Control: Fines and other payments attributed to the Medicaid Fraud Control Unit reached almost \$21 million in fiscal 2011. Expectations for fiscal 2012 collections were lowered in the fiscal 2013 Managing for Results data from \$20 million to \$13 million.

Issues

Significant Mortgage Settlement Announced: In February 2012, a significant national settlement was announced between states and the nation’s five largest mortgage servicers.

Recommended Actions

	<u>Funds</u>
1. Increase turnover.	\$ 200,000
Total Reductions	\$ 200,000

Updates

Maryland False Health Claims Act: Chapter 4 of 2010, the Maryland False Health Claims Act, among other things, prohibits false claims against a State health plan or program and provides penalties for making false claims. A recent update of false health claims activities is summarized.

Division of Legal Counsel and Advice Incurred Costs for Assistant Attorneys General Budgeted in Other Agencies: Fiscal 2012 budget bill language withheld funding pending the submission of a report on costs in the Division of Legal Counsel and Advice as well as expenditures on outside legal counsel. The report’s content is summarized.

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Office of the Attorney General

Operating Budget Analysis

Program Description

The Attorney General 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 13 divisions: Legal Counsel and Advice; Securities; Consumer Protection; Anti-trust; Medicaid Fraud Control; Civil Litigation; Criminal Appeals; Criminal Investigations; Educational Affairs; Correctional Litigation; Contract Litigation; People's Insurance Counsel; and the Juvenile Justice Monitoring Unit.

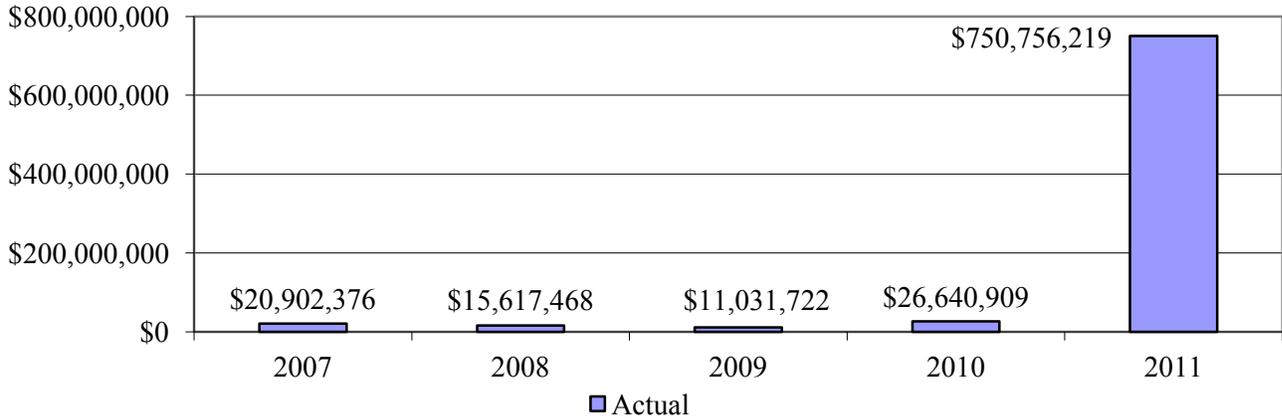
In addition to the aforementioned duties, OAG also provides assistant attorneys general and staff attorneys to State agencies. These positions are located within each of the respective agencies' budgets. **Appendix 3** provides a list of significant civil litigation currently being handled by OAG.

Performance Analysis: Managing for Results

Exhibit 1 shows the amount of money collected by OAG's Securities Division. OAG notes that recoveries vary from year to year depending on the type of cases and time of settlement. Fiscal 2011 data is unusual because it includes \$741.9 million in restitution to auction rate securities investors. Auction rate securities are long-term debt or equity instruments (such as corporate or municipal bonds) tied to short-term interest rates that are reset periodically through an auction process. Since 2008, the auction process has essentially been frozen, meaning that investors wishing to sell their auction rate securities are unable to do so. There has been significant litigation around the issue and OAG negotiated with a number of firms to compensate investors in Maryland. In this case, all of the funding related to investors in Maryland.

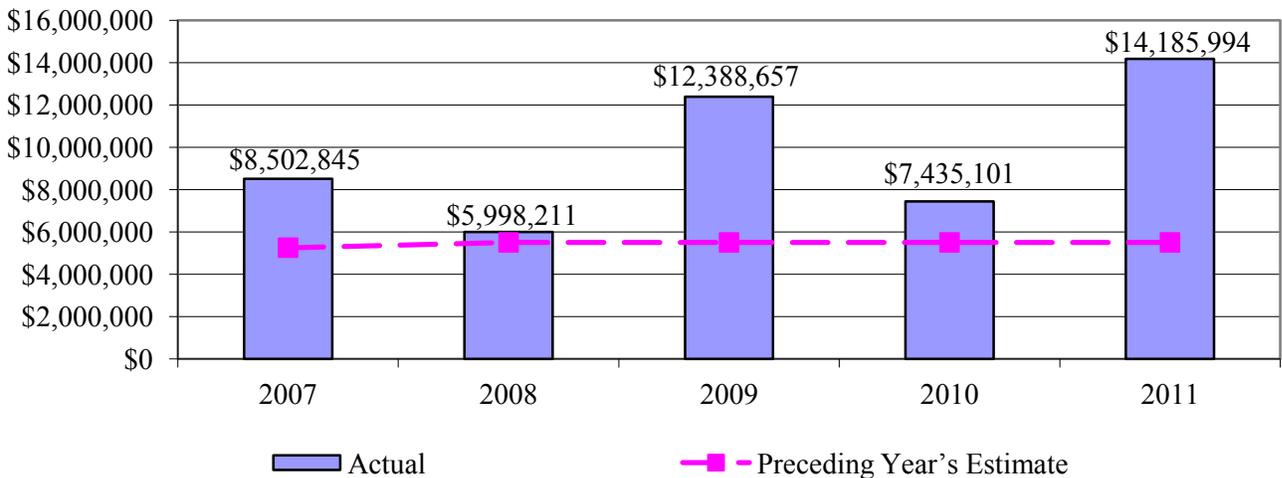
Exhibit 2 displays the amount of money recovered for consumers via OAG's Consumer Protection Division compared to the preceding year's Managing for Results (MFR) estimate. The Consumer Protection Division provides mediation and arbitration service to consumers to help resolve complaints against businesses and health insurance carriers. In fiscal 2011, OAG collected almost \$14.2 million, a \$6.75 million increase in consumer recoveries compared to fiscal 2010. Again, OAG notes that the variations in recoveries results from case types and timing of settlements. Recoveries are sometimes paid directly to the affected consumers or otherwise restricted to consumer protection activities of OAG.

Exhibit 1
Securities Division Fines and Restitution Collected
Fiscal 2007-2011



Source: Office of the Attorney General

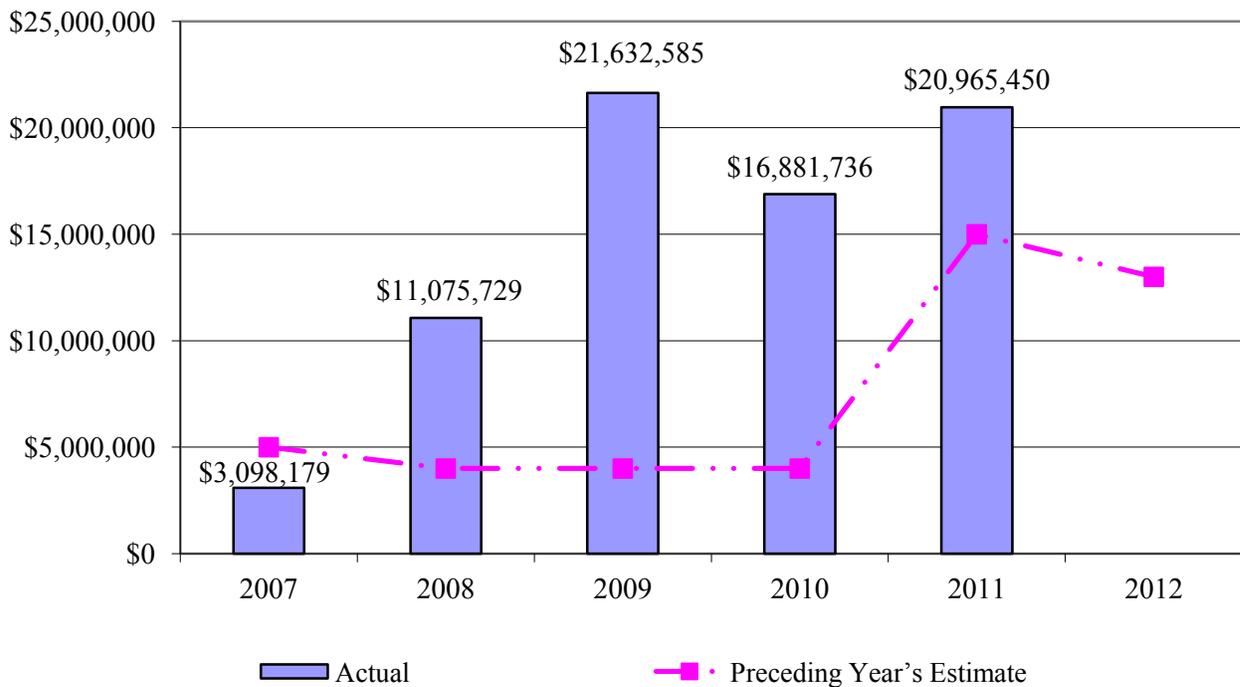
Exhibit 2
Consumer Protection Division Recoveries for Consumers
Fiscal 2007-2011



Source: Office of the Attorney General

Exhibit 3 shows the amount of money collected by OAG’s Medicaid Fraud Control Unit compared to the preceding year’s MFR estimate. This unit investigates and prosecutes provider fraud in statewide Medicaid programs. In fiscal 2011, this unit collected almost \$21 million in fines.

Exhibit 3
Medicaid Fraud Control Unit – Fines and Collections
Fiscal 2007-2012



Note: Includes State and federal collections.

Source: Office of the Attorney General

Interestingly, the current fiscal 2012 estimate for collections is \$13 million. This compares to \$20 million in last year’s budget documents for the same year. The original estimate was based on a steady collection from global pharmaceutical cases and an anticipated small increase in collections under the Maryland False Health Claims Act. The revised estimate is based on a better understanding of likely collections from global pharmaceutical claims and also that False Health Claims Act actions are mostly still under investigation. More information on the status of activity under the Maryland False Health Claims Act is provided in Update 1.

Fiscal 2012 Actions

Section 47 of Chapter 395 of 2011

Section 47 of the fiscal 2012 budget bill required the abolition of 450 regular positions in addition to a general fund reduction. For OAG, that resulted in the abolition of 4 full-time equivalent regular positions.

Proposed Budget

As shown in **Exhibit 4**, OAG’s fiscal 2013 allowance is \$118,000, or 0.4%, above the fiscal 2012 working appropriation. The major area of growth is in personnel expenditures, almost \$1.1 million, although there are no net new positions. This growth is largely offset by other expenditures in the office which fall by almost \$950,000.

Exhibit 4
Proposed Budget
Office of the Attorney General
(\$ in Thousands)

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
2012 Working Appropriation	\$18,393	\$4,023	\$2,754	\$3,970	\$29,140
2013 Allowance	<u>18,421</u>	<u>4,641</u>	<u>2,305</u>	<u>3,892</u>	<u>29,258</u>
Amount Change	\$29	\$617	-\$450	-\$78	\$118
Percent Change	0.2%	15.3%	-16.3%	-2.0%	0.4%

Where It Goes:

Personnel Expenses	\$1,061
Regular salaries	\$533
Retirement contributions.....	325
Employee and retiree health insurance	231
Turnover adjustment	228
New position to provide legal representation to the Clerks of the Circuit Court.....	122
Social Security contributions	14
Position transferred to Maryland Health Benefit Exchange.....	-88
Workers’ compensation premium assessment	-144
One-time fiscal 2012 \$750 bonus	-160

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Where It Goes:

Nonpersonnel Administrative Expenses	-\$947
Statewide personnel system (assigned charge)	112
Office of Administrative Hearings (assigned charge).....	36
Retirement system expenses (assigned charge)	30
Department of Information Technology expenses (assigned charge).....	30
Contractual expenses (cost containment).....	-20
Rent.....	-23
Garage rent (align to most recent actual)	-52
Computer maintenance contracts.....	-60
Outside legal experts.....	-189
Grants (Badges for Baseball).....	-209
Contractual employment.....	-602
Other	4
Total	\$118

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

Personnel

Aside from the usual changes in personnel fringe benefit costs, the more interesting items that drive up the OAG’s fiscal 2013 personnel budget include:

- A significant increase in regular salaries. This increase appears to restore OAG salary levels to around the same level as originally proposed in fiscal 2012 prior to a legislative reduction that included \$500,000 specifically from within the OAG budget.
- Turnover relief of \$228,000 over the budgeted fiscal 2012 turnover level.
- Funding of \$122,000 for a new Assistant Attorney General position to provide legal representation to the Clerks of the Circuit Court. During the 2011 interim, OAG sought financial assistance from the Judiciary to support the staffing that provides legal assistance to the Clerks of the Circuit Courts but was unable to get that assistance. OAG noted in a letter to the budget chairs in September 2011 that it would in any event continue to support the Clerks of the Circuit Court.

Partially offsetting the overall increase, in addition to a lower workers’ compensation assessment (\$144,000) and the removal of the one-time fiscal 2012 \$750 bonus (\$160,000), are savings associated with 1 position (\$88,000) transferred to the Maryland Health Benefits Exchange.

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It should be noted that most of the growth (\$623,000, or 59%) in OAG’s personnel budget is supported through an increased use of special funds, with the remainder from general funds (\$266,000, or 25%) and reimbursable funds (\$169,000, or 16%). The largest source of increased special funds is derived from Consumer Protections Recoveries. Total utilization of that funding source is up \$524,000 to just under \$2.1 million compared to fiscal 2012.

Consumer protection recoveries are derived from multi-state consumer protection settlements. As shown in **Exhibit 5**, from fiscal 2007 through 2011, OAG has been increasingly reliant on these recoveries to support its budget. Based on projected recoveries and budgeted use of this fund source, even with the proposed increase in use in fiscal 2013, there appear to be sufficient funds available. However, as also noted in the exhibit, OAG is hoping to utilize more of these funds in fiscal 2012 and 2013, primarily to fill vacancies. OAG’s ability to do that will depend on recoveries. Specifically, OAG hopes that a number of multi-state settlements will close in fiscal 2013 to increase recoveries beyond the \$800,000 level projected.

Exhibit 5
Office of the Attorney General – Consumer Protection Recoveries
Fiscal 2007-2013
Various Data
(\$ in Millions)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u> <u>Working</u>	<u>2013</u> <u>Allowance</u>	<u>2012</u> <u>Est.</u>	<u>2013</u> <u>Est.</u>
Beginning Balance	\$3.213	\$3.151	\$5.244	\$5.995	\$3.335	\$2.486	\$2.413	\$2.486	\$0.722
Recoveries	0.985	3.702	3.163	0.894	2.789	1.390	0.800	1.390	0.800
Total Available	\$4.198	\$6.853	\$8.406	\$6.889	\$6.124	\$3.876	\$3.213	\$3.876	\$1.522
Expenditures	\$1.048	\$1.609	\$2.412	\$3.555	\$3.638	\$1.463	\$2.086	\$3.154	\$3.500
Ending Balance	\$3.151	\$5.244	\$5.995	\$3.335	\$2.486	\$2.413	\$1.127	\$0.722	-\$1.978

Note: See text for details.

Source: Office of the Attorney General; Department of Legislative Services

Nonpersonnel Administrative Expenses

All of the major increases in the nonpersonnel side of the budget are assigned charges, the largest of which is for the ongoing roll-out of the statewide personnel system. These increases are more than offset by decreases in a variety of expenses including:

- \$189,000 in outside legal assistance. The major areas of outside legal assistance are anticipated in tobacco enforcement (the State is currently in arbitration with the participating manufacturers to the landmark tobacco Master Settlement Agreement over the diligent enforcement of provisions intended to level the playing field between the participating manufacturers and nonparticipating manufacturers to that agreement).
- \$209,000 in grant funding for the Badges for Baseball program (a partnership with the Cal Ripken Senior Foundation) to fund youth development and crime prevention services.
- \$602,000 in contractual employment. This relates to federal Consumer Assistance Program Grant funds resulting from the federal Patient Protection and Affordable Care Act of 2010. In fiscal 2013, there is only funding for approximately three months of expenditures.

Issues

1. Significant Mortgage Settlement Announced

In February 2012, a significant national settlement was announced between 49 states and the District of Columbia (Oklahoma was not a party to the settlement) and the nation’s five largest mortgage servicers: Bank of America, JP Morgan Chase, Wells Fargo, Citigroup, and Ally Bank (formerly GMAC). The settlement was based on mortgage loan servicing and foreclosure practices utilized by those mortgages servicers.

The settlement included the establishment of new servicing standards to prevent a repeat of the foreclosure practices which initially prompted the investigation into servicing practices. It also preserved the right for individuals to pursue private legal action in the future and allowed the federal and state governments to pursue other ongoing investigations into related issues. From a financial standpoint, as shown in **Exhibit 6**, nationwide the value of the settlement could be as much as \$39 billion, with Maryland expected to receive just over \$959 million.

Exhibit 6 **Estimated Value of the 2012 National Mortgage Settlement**

<u>Item</u>	<u>Nationwide Settlement Value</u>	<u>Maryland Settlement Value</u>
State/Federal Payments	\$3.5 billion	\$62.5 million
Refinancing	\$3.0 billion	\$64.0 million
Borrower Payments	\$1.5 billion	\$24.1 million
Other Homeowners’ Benefits	\$17.0 billion – \$32.0 billion	\$808.5 million

Note: Servicers receive partial credit for every dollar spent on certain activities; thus the total benefit is difficult to estimate at this time. Servicer requirements need to be fulfilled within a three-year period, but incentives are provided for offering quicker relief. Estimates provided are considered preliminary. Nationwide numbers are as reported and sum to an amount larger than that was reported in the media for the total potential value of the settlement.

Source: National Association of Attorney Generals; Council of State Governments; U.S. Department of Justice

As shown in the exhibit:

- The largest part of the settlement offers **benefits to homeowners** through:
 - reductions to the principal on loans for borrowers who, at the date of the settlement, are either delinquent or at imminent risk of default and owe more that their homes are worth; and

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- other forms of relief including forbearance of principal for unemployed borrowers and anti-bligh programs.
- Assistance is also provided in the form of cash **payments to borrowers** of up to \$2,000. This is available to those who had homes sold or taken in foreclosure between January 1, 2008, and December 31, 2011, using the improper procedures for which the banks were originally investigated. Other criteria also apply.
- **Refinancing** assistance will be available to borrowers who are current on their mortgage but “underwater” *i.e.*, what is owed on the mortgage exceeds what the home is worth.
- **State and federal payments** are also included in the settlement. The federal government will receive \$750.0 million under the settlement with \$2.75 billion distributed among the States. These are considered payments to offset any loss of public funds as a result of servicer misconduct. For Maryland, this equals \$62.5 million. A portion of these funds can also be designated for the State general fund in the form of a civil penalty for the servicers’ robo-signing misconduct. It has been reported that this will be 10% of the State payment, \$6.25 million. The status of the remaining funds was not known at the time of writing although media reports and other documents note the potential to support housing counseling, legal assistance, foreclosure prevention hotlines, foreclosure mediation, and community blight remediation.

According to the Iowa Attorney General, reported as being the states’ chief negotiator of the settlement, the states’ Attorneys General have discretion over where the funds are directed. However, again, at the time of writing, the Department of Legislative Services (DLS) had not seen the final settlement and cannot comment on the discretion given over these funds.

DLS would note that at least one state, Missouri, appears to be ready to commit its entire state payment to supporting areas of the budget that were cut in recent years, namely higher education. Another state, Wisconsin, has also announced its intention to use funds to offset budget shortfalls, as have Pennsylvania and Vermont.

It should be noted that the settlement was not universally applauded. For example, some critics contend that the settlement was flawed because it did not cover mortgages owned by Fannie Mae and Freddie Mac (about half of the nation’s mortgages) for example. Others argued that because banks essentially have up to three years to distribute the aid, there would not be a major boost to the economy. Still others questioned the ability of the settlement to stabilize the housing market given the existing glut of foreclosed homes and the extent of homeowners with negative equity.

At this point, the settlement applies to individuals who make or previously made mortgage payments to one of these five servicers party to the settlement. Nine other major mortgage servicers are currently in negotiations and may also join the pact. If so, it reportedly could potentially add up to \$4 billion more to the various homeowner’s assistance programs outlined in the settlement.

OAG together with other Executive Branch agencies have been quick to point eligible consumers to housing counseling and other assistance in order to take advantage of the potential opportunities for relief under the settlement. Outstanding is still additional detail on how the State payment will be used after the payment made to the State general fund. **OAG should be prepared to offer at least a preliminary outline of its spending priorities for this payment.**

DLS also recommends that the Budget Reconciliation and Financing Act of 2012 language be added requiring any funding from the mortgage settlement be expended only through appropriations in the State budget bill and that for fiscal 2014 and beyond any funding be appropriated to the Dedicated Purpose Account.

Recommended Actions

	<u>Amount Reduction</u>
1. Increase turnover. The reduction increases the turnover rate in the Office of the Attorney General from 5.7 to 6.7%. This is still below the 7.1% turnover rate in the fiscal 2012 working appropriation. The agency has sufficient vacancies to absorb this reduction.	\$ 200,000 GF
Total General Fund Reductions	\$ 200,000

Updates

1. Maryland False Health Claims Act

Chapter 4 of 2010, the Maryland False Health Claims Act of 2010, among other things, prohibits false claims against a State health plan or program and provides penalties for making false claims. The Act allows the State to file suit on the State's behalf to recover civil penalties for violations of the Act. It also allows private citizens to file suit on the State's behalf (so-called *qui tam* lawsuits), after which the State must decide whether to intervene and pursue the action or to decline to intervene which results in the dismissal of the action.

In the first nine months of the Act, the Medicaid Fraud Control Unit opened 132 case investigations regarding potential violations of the False Health Claims Act. Of these cases, 80 were civil actions filed in federal court pursuant to the Act. Most of these were related to violations of the federal False Health Claims Act and false claims laws of other states. Of these cases, 48 were filed in fiscal 2011, with the remaining 32 pending prior to the enactment of Chapter 4 which did not originally name Maryland as a party. The other 52 investigations were opened, based on information received from other sources.

Of the 80 civil actions filed under the Maryland Act, the State has intervened in 1 case and declined to intervene in 10 others. Settlements were reached in 2 cases before the State was required to decide whether to formally intervene or otherwise decline. Investigation is ongoing in the other cases.

Of the 52 other investigations of suspected violations of the Maryland Act, 2 cases resulted in settlements (against St. Joseph Medical Center and Peninsula Regional Medical Center, both related to the implantation of cardiac stents that were medically unnecessary), 2 resulted in court action to compel the production of information sought by the Medicaid Fraud Control Unit as part of its investigations, and 8 other investigations were closed with no further action taken. Investigation is ongoing in the other cases.

2. Division of Legal Counsel and Advice Incurred Costs for Assistant Attorneys General Budgeted in Other Agencies

Chapter 395 of 2011 (the fiscal 2012 budget bill) included language restricting funds in OAG pending a report on the costs incurred by the Division of Legal Counsel and Advice to support assistant attorneys general budgeted in other State units. The language required that the report include the following:

- salaries, benefits, and operational costs for those attorneys;

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- the amount of time said attorneys spent writing reports, opinions, and other requested documents; and
- annual fees incurred statewide for outside legal services and legal experts.

The report was submitted in December 2011. It indicated that there are 32 staff members in OAG's Division of Legal Counsel and Advice that provide support to staff attorneys budgeted in other Executive Branch agencies and branches of government. The total cost of that support, including salaries, benefits, and operational costs, totals \$836,337. Moreover, there are 6 attorneys within the division who spend 80% of their time writing reports, opinions, and other documents as requested by outside parties including the General Assembly and local municipalities. Finally, OAG submitted a comprehensive list of fees incurred by the State for outside legal services retained during fiscal 2011.

Current and Prior Year Budgets

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

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2011					
Legislative Appropriation	\$16,979	\$5,999	\$1,851	\$2,350	\$27,180
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	159	737	641	1,537
Reversions and Cancellations	-36	-338	-600	-611	-1,584
Actual Expenditures	\$16,943	\$5,821	\$1,989	\$2,380	\$27,133
Fiscal 2012					
Legislative Appropriation	\$18,285	\$3,975	\$2,214	\$2,529	\$27,003
Budget Amendments	107	48	540	1,441	2,137
Working Appropriation	\$18,393	\$4,023	\$2,754	\$3,970	\$29,140

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

Fiscal 2011

The appropriation for OAG was reduced by just over \$47,000 from the legislative appropriation.

Budget amendments added just over \$1.5 million as follows:

- Special fund amendments added \$159,000. Specifically, \$150,000 from the Consumer Protection Recoveries Account to cover the expenses of that division and \$9,151 in grant funds from the Sears Consumer Protection and Education Fund.
- Federal fund amendments increased the appropriation by \$737,000 derived from, (1) \$599,220 in Consumer Assistance Program Grants resulting from the federal Patient Protection and Affordable Care Act of 2010; (2) \$95,000 in federal grant funds to cover the expenses of the Medicaid Fraud Unit; and (3) \$42,931 from the U.S. Department of Health and Human Services for the Affordable Care Act Grant.
- Reimbursable fund amendments added \$641,000, notably \$410,440, for the Badges for Baseball program and \$198,068 for the Federal Gang Prosecution Initiative from the Governor's Office of Crime Control and Prevention (GOCCP).

The increase derived from budget amendments was more than offset by reversions and cancellations. Specifically, \$36,000 in general funds was reverted and over \$1.5 million was cancelled. Cancellations included \$338,000 in special funds, \$600,000 in federal funds, primarily due to the fact that most of the Consumer Assistant Program Grants were not spent in fiscal 2011, and \$611,000 in reimbursable funds.

Fiscal 2012

To date, the fiscal 2012 legislative appropriation has been increased by budget amendments of over \$2.1 million. This increase includes:

- \$107,000 in general funds, which represents OAG's general fund portion of the one-time fiscal 2012 \$750 bonus;
- \$48,000 in special funds, \$38,000 for the one-time fiscal 2012 \$750 bonus, and \$10,000 in grant funds to cover the cost of educational consumer guides;
- \$540,000 in federal funds derived as follows: \$14,000 for the one-time fiscal 2012 \$750 bonus; and \$526,000 in Consumer Assistance Program Grant funds resulting from the federal Patient Protection and Affordable Care Act of 2010 (funding which was unspent in fiscal 2011); and

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- over \$1.4 million in reimbursable funds – \$1.1 million to back-fill for the general fund reduction taken in fiscal 2012 by making agencies reimburse OAG for the costs associated with services rendered by the Division of Legal Counsel and Advice to those agencies; \$209,000 from GOCCP for the Badges for Baseball program; and \$148,000, also from GOCCP, for a federal gang prosecution initiative.

Audit Findings

Audit Period for Last Audit:	March 6, 2008 – March 7, 2011
Issue Date:	July 2011
Number of Findings:	0
Number of Repeat Findings:	n/a
% of Repeat Findings:	n/a
Rating: (if applicable)	n/a

The most recent audit of OAG did not disclose any findings that warranted mention in the Office of Legislative Audits' most recent audit report.

OFFICE OF THE ATTORNEY GENERAL
Significant Civil Litigation Report
as of December 31, 2011
Claims of \$2 Million or More

Agency	Case Name	Description
Civil	Goldberg, Stanley, et al. v. State of Maryland	Challenge to ground rent legislation.
Civil	Jones v. Murphy, et al.	Claim alleges that detainees, upon entering Central Booking, were illegally strip searched and that some detainees did not receive a prompt determination of probable cause.
Contract Litigation	American Bridge Co. v. MSBCA	Appeal to Maryland State Board of Contract Appeals (MSBCA) for additional costs under contract with Maryland Transportation Authority (MDTA) for resurfacing of Chesapeake Bay Bridge.
Contract Litigation	Mt. Vernon Center Associates, LLC v. DGS	Claim for breach of lease.
Department of General Services (DGS) – Civil	Powell, et al. v. State of Maryland, et al.	Suit against State with 35 other defendants alleging negligence and violation of Consumer Protection Act in connection with allegedly lead-paint contaminated properties.
Department of Health and Mental Hygiene (DHMH)	Davis v. Knipp, et al.	Claim against Maryland Board of Physicians and others for gross negligence and malicious prosecution of Dr. Davis, as well as civil rights violations.
DHMH	Davis, Mark v. Maryland Board of Physicians	Dr. Davis has sued the board in response to board's disciplinary action against him, as well as civil rights violations.
DHMH	Miller, Joseph v. Colier, Christopher, et al.	Plaintiff alleges civil rights violations by employees of Springfield Hospital Center.
DHMH	Park West v. DHMH	Federally-qualified health center seeks reimbursement for cost of medical services provided to low income clients.

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Agency	Case Name	Description
Department of Juvenile Services (DJS)	Wyatt, Raven v. State of Maryland	Claim on behalf of victim of youth under DJS supervision who violated home monitoring detention and shot another individual.
Education Affairs	Coalition for Equity and Excellence in MD Higher Education v. Ehrlich	Complaint alleges that Maryland maintains a racially segregated system of higher education and has engaged in a pattern and practice of racial discrimination that has prevented historically black institutions from achieving parity with traditionally white institutions.
MDTA	McDaniel, Brian v. Maryland Transportation Authority, et al.	Claim for false imprisonment and intentional infliction of emotional distress from a routine traffic violation that resulted in a handgun charge.
Maryland Health Insurance Plan (MHIP)	Brooks v. Popper, et al.	Due process claim by disgruntled MHIP participant seeking financial remedy for termination from plan.
Maryland Port Administration (MPA)	Maryland Department of the Environment v. Honeywell International, Inc. and Md. Port Admin.	Case involving MDE, MPA and Honeywell addressing final remedy to treat and mitigate release of chromium from the Dundalk Marine Terminal.
Maryland State Police (MSP)	Perkins, Dean, et al. v. Corbin, Eric, et al.	Wrongful death action arising from fatal shooting by trooper.
Morgan State University (Education Affairs)	Mwabira-Simera, Samuel H. v. Morgan State University, et al.	Claim by student allegedly denied rights under the Americans with Disabilities Act and other civil rights law.
State Department of Assessments and Taxation (SDAT)	BGE v. SDAT	Claim for refund of franchise tax paid on BGE electricity charges.
Maryland State Highway Administration (SHA)	Leroux, Denise v. Beverly K. Swaim-Staley, Secretary of Transportation	Sexual harassment claim by SHA employee.
SHA	68th Street Landfill, Baltimore County	Superfund case involving federal EPA determination that the state was the owner/operator of a large former landfill and is charged with clean-up of the site.

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Agency	Case Name	Description
Tobacco Litigation	Tobacco Diligent Enforcement Arbitration	In pending arbitration proceedings, the cigarette manufacturers that participated in the 1998 Master Settlement Agreement ("MSA") claim that they are entitled to a substantial reduction of their 2003 MSA payments, because the State allegedly did not "diligently enforce" the obligation that Maryland law imposes on tobacco manufactures who do <u>not</u> participate in the MSA to make certain payments into escrow. The participating manufacturers make an analogous claim with respect to all of the 52 states and territories that signed the MSA, and the pending arbitration proceeding, before three retired federal judges, involve all of the parties to the MSA, including all of the participating manufacturers and all of the states and territories.

BGE: Baltimore Gas and Electric
EPA: Environmental Protection Agency

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

<u>Object/Fund</u>	<u>FY 11 Actual</u>	<u>FY 12 Working Appropriation</u>	<u>FY 13 Allowance</u>	<u>FY 12 - FY 13 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	241.50	238.50	238.50	0.00	0%
02 Contractual	14.00	9.00	12.00	3.00	33.3%
Total Positions	255.50	247.50	250.50	3.00	1.2%
Objects					
01 Salaries and Wages	\$ 21,244,577	\$ 22,066,310	\$ 23,126,824	\$ 1,060,514	4.8%
02 Technical and Spec. Fees	539,315	1,229,352	627,747	-601,605	-48.9%
03 Communication	191,142	357,119	351,958	-5,161	-1.4%
04 Travel	107,590	74,665	74,865	200	0.3%
07 Motor Vehicles	171,209	216,960	186,421	-30,539	-14.1%
08 Contractual Services	1,336,978	1,554,550	1,472,952	-81,598	-5.2%
09 Supplies and Materials	507,219	376,200	376,200	0	0%
11 Equipment – Additional	259,017	68,103	67,603	-500	-0.7%
12 Grants, Subsidies, and Contributions	578,811	921,019	720,824	-200,195	-21.7%
13 Fixed Charges	2,196,648	2,275,850	2,252,638	-23,212	-1.0%
Total Objects	\$ 27,132,506	\$ 29,140,128	\$ 29,258,032	\$ 117,904	0.4%
Funds					
01 General Fund	\$ 16,942,953	\$ 18,392,530	\$ 18,421,242	\$ 28,712	0.2%
03 Special Fund	5,820,663	4,023,244	4,640,510	617,266	15.3%
05 Federal Fund	1,988,753	2,754,256	2,304,666	-449,590	-16.3%
09 Reimbursable Fund	2,380,137	3,970,098	3,891,614	-78,484	-2.0%
Total Funds	\$ 27,132,506	\$ 29,140,128	\$ 29,258,032	\$ 117,904	0.4%

Note: The fiscal 2012 appropriation does not include deficiencies.

**Fiscal Summary
Office of the Attorney General**

<u>Program/Unit</u>	<u>FY 11 Actual</u>	<u>FY 12 Wrk Approp</u>	<u>FY 13 Allowance</u>	<u>Change</u>	<u>FY 12 - FY 13 % Change</u>
01 Legal Counsel and Advice	\$ 6,726,801	\$ 6,282,770	\$ 6,573,034	\$ 290,264	4.6%
04 Securities Division	2,267,935	2,219,212	2,191,534	-27,678	-1.2%
05 Consumer Protection Division	4,972,015	5,997,862	5,670,186	-327,676	-5.5%
06 Antitrust Division	851,466	854,667	831,218	-23,449	-2.7%
09 Medicaid Fraud Control Unit	2,464,982	2,960,089	2,996,319	36,230	1.2%
10 People's Insurance Counsel Division	479,738	569,619	564,442	-5,177	-0.9%
12 Juvenile Justice Monitoring Program	566,609	708,711	523,919	-184,792	-26.1%
14 Civil Litigation Division	2,508,093	2,560,749	2,957,636	396,887	15.5%
15 Criminal Appeals Division	2,425,510	2,396,863	2,463,660	66,797	2.8%
16 Criminal Investigation Division	1,662,947	1,853,723	1,810,881	-42,842	-2.3%
17 Educational Affairs Division	359,347	519,357	404,346	-115,011	-22.1%
18 Correctional Litigation Division	281,058	356,276	365,806	9,530	2.7%
20 Contract Litigation Division	1,566,005	1,860,230	1,905,051	44,821	2.4%
Total Expenditures	\$ 27,132,506	\$ 29,140,128	\$ 29,258,032	\$ 117,904	0.4%
General Fund	\$ 16,942,953	\$ 18,392,530	\$ 18,421,242	\$ 28,712	0.2%
Special Fund	5,820,663	4,023,244	4,640,510	617,266	15.3%
Federal Fund	1,988,753	2,754,256	2,304,666	-449,590	-16.3%
Total Appropriations	\$ 24,752,369	\$ 25,170,030	\$ 25,366,418	\$ 196,388	0.8%
Reimbursable Fund	\$ 2,380,137	\$ 3,970,098	\$ 3,891,614	-\$ 78,484	-2.0%
Total Funds	\$ 27,132,506	\$ 29,140,128	\$ 29,258,032	\$ 117,904	0.4%

Note: The fiscal 2012 appropriation does not include deficiencies.