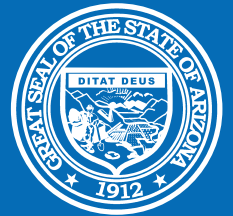




# Arizona Attorney General Terry Goddard 2007 Annual Report



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# Message from Attorney General Terry Goddard

*I am proud to present the Attorney General's Office 2007 Annual Report. This report shows the scope and depth of the work of this Office and its talented staff during the fiscal year July 1, 2006 through June 30, 2007.*

## **In a very productive 2007 fiscal year, our Office:**

- Intensified our efforts to protect Arizona families and neighborhoods from the dangers of methamphetamine. A new federal law last fall restricted the sale of cold medicines containing pseudoephedrine, the key ingredient in making meth. This law is similar to ordinances passed by more than 40 cities and towns across Arizona. Our enforcement efforts included one of the biggest drug busts in State history with 69 defendants indicted. In April, we launched the ARIZONA METH PROJECT, a multi-media campaign that targets teenagers with hard-hitting ads.
- Successfully prosecuted two former executives of the Baptist Foundation of Arizona in the longest criminal trial in State history. After a 10-month trial, the jury found ex-CEO William Crotts and ex-General Counsel Thomas Grabinski guilty of three counts of fraud and one count of illegally conducting an enterprise. Crotts received an eight-year prison sentence, and Grabinski was given a six-year term.
- Increased our efforts against human and drug smuggling across the Mexican border. Our Border Trafficking Team prosecuted human smuggling, drug smuggling, the sale of fake IDs and related crimes. A year-long investigation – involving 16 defendants, six travel agencies and nearly 7,000 airline tickets – broke up one of the largest human smuggling operations in Arizona's history.
- Played an active role in a landmark U.S. Supreme Court case. *Massachusetts v. Environmental Protection Agency* affirms states' rights to help protect our environment. Our Office took

the lead in preparing an amicus brief, which argued that the EPA's narrow interpretation of the Clean Air Act was wrong and contrary to the public interest.

- Negotiated plea agreements with two State officeholders. Former State Treasurer David Petersen pleaded guilty to knowingly filing a false or incomplete financial disclosure statement and agreed to resign. He was sentenced to three years of probation and a \$4,500 fine. Former State Mine Inspector Douglas Martin pleaded guilty to a felony count of conflict of interest. He was sentenced to a 30-day jail term and 18 months of probation.
- Continued to help victims in the polygamist community of Colorado City. Sect leader Warren Jeffs was arrested in August and is facing criminal trials in both Utah and Arizona. Utah Attorney General Mark Shurtleff and I co-hosted a third Town Hall to reach out to victims.
- Participated in three nationally significant prescription drug cases. They involved fraudulently inflated prices for several drugs, the sale of Oxycontin and the marketing of Baycol, a cholesterol-lowering drug.

During the past year, attorneys in our Office prosecuted hundreds of criminal defendants, settled major consumer fraud cases, protected the civil rights of Arizona residents and provided valuable information to tens of thousands of citizens. It is an honor to serve as your Attorney General.





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## About the Attorney General's Office

### **Attorney General serves as Arizona's chief legal officer.**

The Attorney General oversees the Office's eight divisions: Criminal, Civil, Civil Rights, Public Advocacy, Child and Family Protection, Solicitor General, Administrative Operations and Finance.

Attorney General Terry Goddard's management team is led by Chief of Staff Terry Fenzl and Chief Deputy Terri Skladany. Most of our Office's resources are committed by statute to representing more than 150 State agencies, boards and commissions.

Our Office handles a variety of criminal cases that involve

complex financial frauds, drugs, human smuggling, identity theft, organized crime, public corruption, money laundering, illegal enterprises, computer crimes and criminal appeals. The Attorney General's criminal jurisdiction is limited to crimes that are more complex and often have statewide significance.

The State's 15 County Attorney Offices have primary jurisdiction to prosecute most property and violent crimes, including murder, armed robbery, child abuse and rape.

On the civil side, our Office provides comprehensive legal services for its many clients across state government. Our Office takes civil action pursuant to a variety of statutes, including Arizona's Consumer Fraud Act, Antitrust Act, Open Meeting Law and Civil



*Attorney General Terry Goddard with Chief of Staff Terry Fenzl (left) and Chief Deputy Terri Skladany (right)*

Rights Laws. Additionally, our Office acts in conjunction with its agency clients to pursue violations of various laws and regulations, including those affecting child welfare, the environment, state elections and professional licensing. Our Office also brings actions to

collect taxes and debts owed to the State.

From a budget standpoint, our Office has been highly cost-effective, generating and saving many millions of dollars more than it spends each year. As one example, the Attorney General's Office has an outstanding record of defend-

ing against liability lawsuits. Claims totaling over \$3 billion were filed against the State last year, and only \$6.7 million was paid.



Print ad from ARIZONA METH PROJECT

**ARIZONA METH PROJECT:**

The Attorney General's Office stepped up its fight against methamphetamine. Six new positions were added for meth investigation and prosecution, and greater emphasis was placed on drug-smuggling. In August, one of the biggest drug busts in State history brought indictments against 69 defendants and the breakup of a major drug organization trafficking large amounts of meth



Attorney General Terry Goddard at the ARIZONA METH PROJECT launch in April 2007



Attorney General Terry Goddard visits with members of the Yuma Boys and Girls Club in April 2007 during his statewide Inaugural Tour

and cocaine. Our Office also worked with law enforcement officials in Mexico, who have reported success in reducing meth exports and cutting production in that country's so-called "super labs."

A new law passed by Congress took effect in September to

restrict the sale of cold medicines containing pseudoephedrine, the key ingredient in making meth. Previously, with the encouragement of the Attorney General, similar ordinances were passed by more than 40 cities and towns across Arizona. These laws helped dramatically reduce

the number of meth lab busts during the year.

In April, the Office took a leadership role in launching the ARIZONA METH PROJECT, a multi-media campaign that targets teenagers with hard-hitting ads focused on meth's destructive potential. A State

## Office Highlights (continued)



*Jane Irvine, Montana Attorney General Mike McGrath, Montana Meth Founder Tom Siebel and Attorney General Terry Goddard at ARIZONA METH PROJECT launch*

survey found that the percentage of youth between ages 13 and 17 who admit they have tried meth is twice the national average. Arizona became the second state in the nation to implement this hard hitting prevention and education campaign. The first, Montana, has seen meth use drop 70 percent and meth-related crime has fallen 53 percent since its campaign began in 2006.

### **Baptist Foundation of**

**Arizona:** Our Office obtained criminal convictions against eight of the primary people involved in the collapse of the Baptist Foundation of Arizona. Six of the defendants pled guilty to felonies. After years of investigation and a jury trial that lasted nine months, the remaining two defendants,



*The prosecution team during the BFA trial in Maricopa County Superior Court*

William Crotts and Thomas Grabinski, were convicted of Fraudulent Schemes and Artifices and Illegally Conducting an Enterprise. Crotts was sentenced to eight years in prison and Grabinski was

sentenced to six years in prison. Both were ordered to pay \$159 million in restitution. The total amount of the BFA loss to investors was \$550 million, but the criminal restitution gave

credit for the amount paid by Arthur Andersen in the civil settlement.

### **Human Smuggling Ring**

**Busted:** One of the largest human smuggling operations in State history was broken up

## Office Highlights (continued)

with the March indictment of 16 defendants.

A year-long investigation by the Arizona Financial Crimes Task Force found evidence that six travel agencies in metro Phoenix provided one-way airline tickets to more than 6,800 undocumented immigrants since August 2005 when the new human smuggling statute took effect. All of the tickets, worth nearly \$2 million, were for travel from McCarran International Airport in Las Vegas, where immigration security was known to be less rigorous than at Sky Harbor Airport in Phoenix. The defendants included 14 people who were owners, managers or employees of the six travel agencies. The two

others indicted were alleged to have operated a drop house in Phoenix where illegal immigrants stayed before being driven to Las Vegas for their flights to destinations across the country. The investigation involved work by the Arizona Attorney General's Office, the Arizona Department of Public Safety and the Phoenix Police Department.

### ***Massachusetts v.***

### ***Environmental Protection***

**Agency:** Our Environmental Enforcement Section (EES) took the lead in preparing an amicus brief supporting the petitioners in the United States Supreme Court. EES argued that the states have standing to challenge EPA's decision not to regulate climate change pollutants from motor vehicles. Five states signed onto the

brief. The United States Supreme Court ruled in favor of our position, finding that EPA has authority to regulate greenhouse gases emitted from motor vehicles. The Court's majority opinion adopted in part our argument that states have a unique interest in ensuring the federal government meets its regulatory obligations when Congress has prevented those states from protecting citizens.

### **State Officeholders Plead**

**Guilty:** Former Arizona Treasurer David Petersen and former State Mine Inspector Douglas K. Martin pleaded guilty to criminal charges.

Petersen pleaded guilty in October 2006 to knowingly filing a false or incomplete financial disclosure statement. He was sentenced to three years of

probation and a \$4,500 fine. He also agreed to resign from office. Petersen was charged with failing to disclose 2005 income of about \$4,200 from the sale of character training materials. The complaint also charged him with failing to disclose relationships with several non-profit groups involved in character training for which he held an office or a fiduciary position.

Martin pleaded guilty in March to one felony count of conflict of interest. The plea of guilty was based upon Martin's trading in a State vehicle for the lease of a new Ford 4x4 F-150 XLT loaded with options, after his request for such a vehicle had been rejected by

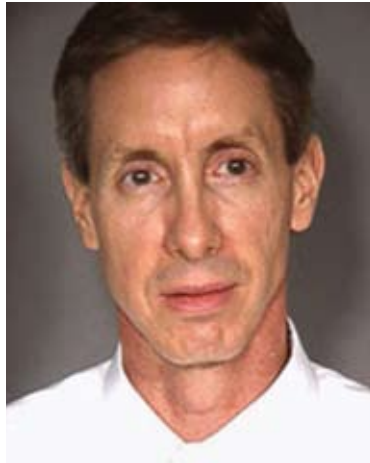
the Fleet Management Office of the Arizona Department of Administration and his subsequent submission of monthly lease invoices to the State for payment. This transaction violated the Arizona Procurement Code provisions, exceeded the State Mine Inspector's delegated level of procurement authority, committed the State to an installment-purchase lease agreement that the State could not constitutionally enter into and violated the requirement that all agency leases be reported to the State. In trading in a State vehicle for the pickup truck, Martin also violated laws and regulations regarding disposal of surplus State property. Martin was sentenced to probation with 30 days in jail.

# Office Highlights (continued)

## Colorado City Progress:

Attorney General Goddard continued to work with Utah Attorney General Mark Shurtleff to enforce the law and assist victims in the polygamous communities of Colorado City, Ariz., and Hildale, Utah.

A year-long hunt for Warren Jeffs, leader of the Fundamentalist Church of Latter Day Saints (FLDS) and one of the FBI's 10 Most Wanted fugitives ended Aug. 28, 2006, with his arrest by the Nevada Highway Patrol. Facing felony charges in both Utah and Arizona, plus a federal charge of unlawful flight to avoid prosecution, Jeffs had told members of his church he was above the law. (He was convicted by a Utah jury on Sept. 25, 2007 on two counts of being the accomplice to rape of a 14-year-old girl. He was sentenced to two consecutive terms of five years to



Warren Jeffs

life in prison.) Jeffs is expected to stand trial on Arizona charges in Mohave County in early 2008. Jeffs' arrest and prosecution are highly significant in the evolution of these communities. He and others were removed from the board of the United Effort Trust, which owns most of the towns' property and had been used by Jeffs as a personal checking account. The Colorado City School District, which had been rife with financial mismanagement, was placed in



receivership and reorganized after an investigation by our Office. Two Colorado City police officers were decertified at the urging of our Office. (Two others were decertified on Sept. 19, 2007.) Our Office also has provided a telephone Help Line and shelter

for women and children who are victims of crime. In April, Goddard and Shurtleff hosted their third Town Hall forum in St. George, Utah, to provide information and assistance to members of the communities and to reach out to victims of

crime. With Jeffs no longer able to maintain his tyrannical hold, which intimidated church members and kept them from reporting or testifying about law violations, we see better days ahead for these communities.



## Office Highlights (continued)

### Major Drug Marketing

**Cases Settled:** Three cases involving pharmaceutical giants Purdue Pharma, Bayer Corp. and GlaxoSmithKline reached settlement.

In May, Arizona was part of a multi-state action against Purdue Pharma for its promotion and sale of the prescription drug Oxycontin. The judgment prohibits Purdue from misrepresenting (minimizing) Oxycontin's potential for addiction, abuse and physical dependence. Purdue has to establish and implement an Abuse and Diversion Detection Program which requires sales representatives and others to determine whether doctors are over-prescribing Oxycontin and to stop selling to those doctors. Purdue agreed to pay the multi-state group \$19.5 million in attorney fees and costs. Arizona received \$724,000 of that settlement.

Twenty-nine States, including Arizona, filed Consent Judgments on January 29, 2007 with Bayer Corp. over its failure to inform doctors and patients about the risk of Baycol, a cholesterol-lowering drug (statin). Baycol caused a significantly higher risk than other statins of muscle tissue disorders and a potentially fatal disease caused by destruction of skeletal muscle. Bayer eventually withdrew Baycol from the market, asserting that while Baycol was safe, physicians continued to improperly prescribe it.

The Judgment's most significant achievement was its requirement that Bayer must register and post all non-exploratory studies at [www.ClinicalTrials.gov](http://www.ClinicalTrials.gov) and post the results of all clinical studies at [www.ClinicalStudyResults.org](http://www.ClinicalStudyResults.org). We also received \$200,000 for attorneys' fees and costs.

The Attorney General's Office reached a \$70 million multi-state settlement with GlaxoSmithKline (GSK) over allegations that the company set fraudulently inflated prices for certain drugs purchased by consumers, insurers and other payers. Arizona had filed a lawsuit against 42 drug companies in 2005, alleging that they engaged

in deceptive trade practices by manipulating the Average Wholesale Price (AWP) of their prescription drugs. The AWP is used as a benchmark for almost all prescription drug sales in the United States. GSK, the world's second largest pharmaceutical company, was the first of the 42 companies named in the suit to settle.

**Seniors Strike Back 2007:** This consumer protection program was launched in May 2007. It was initiated by Attorney General Terry Goddard and senior advocacy groups to track down and take legal action against those who take advantage of seniors in our State.

Hundreds of seniors kept their mail solicitations for the month

*Attorney General Terry Goddard with senior volunteers at Seniors Strike Back event in May 2007*



## Office Highlights (continued)

of April. The large quantity of collected mail will then be sorted to seek any violations of law or misleading solicitation techniques.

The information gathered during Seniors Strike Back 2007 will be invaluable for law enforcement and consumer education. Through the process, we will strive to put fraudulent operators out of business and better educate Arizona seniors about potential rip-offs in their mailboxes.

**State v. AIMCO Los Arboles, L.P. et al.:** In June 2007, our Civil Rights Division settled a housing discrimination lawsuit against AIMCO Properties, LP and AIMCO Los Arboles, LP (AIMCO), resolving allegations that a Chandler apartment complex refused to make reasonable accommodations for a person with disabilities.

According to court documents, in March 2006, AIMCO denied the application of James Hayes, a prospective tenant who relies on Social Security disability income, based on Hayes' inability to meet income requirements. While Hayes' parents were willing to co-sign for his apartment, AIMCO refused this offer based on their policy that only full-time students could use co-signers.

This settlement required AIMCO to adopt a nationwide policy that will allow an applicant or tenant to use a co-signer when, because of disability, the applicant or tenant cannot meet the financial qualification criteria.

The policy will apply at all AIMCO residential rental properties throughout the country and will be included in the company's

operating manual. The settlement also requires AIMCO to provide training regarding the new fair housing curriculum to all supervisors, managers and employees who accept inquiries from prospective tenants.

AIMCO is the largest owner and operator of apartments in the United States. It owns and/or manages approximately 1,256 apartment complexes containing 216,413 apartment units in 46 states, the District of Columbia and Puerto Rico.

### **Proposition 200 Election**

**Requirements:** In fiscal 2007, our Office was involved in multiple federal court litigations concerning the constitutionality of Arizona's requirements for identification at the polls and evidence of citizenship from people registering to vote. Arizona voters approved these requirements in 2004, as

part of Proposition 200. The United States Supreme Court permitted Arizona to implement the identification at the polls requirement at the 2006 elections, vacating a contrary ruling by the Ninth Circuit. The Ninth Circuit subsequently affirmed the District Court's decision to permit Arizona to continue to implement the evidence of citizenship requirement pending resolution of the litigation. The litigation continues in federal court (*Gonzalez v. Brewer*).

**SONY BMG:** During 2005, SONY BMG distributed more than 12 million music CDs with XCP and MediaMax anti-copying software. SONY BMG did not adequately notify consumers about the software or advise that if the CDs were played on a computer, the software would download and hide itself. Arizona and 12 other states negotiated a \$4.25 million multi-

state settlement with SONY BMG; 40 states joined the agreement. Arizona's share is \$316,538. The settlement provides for restitution for consumers who bought the CDs. Consumers who experienced computer harm from trying to remove the software can obtain up to \$175. SONY BMG also agreed to stop using anti-copying software on future music CDs without first complying with the settlement's requirements.



Chief Counsel Don Conrad

## Mission:

*To protect the citizens of Arizona by successfully investigating and aggressively and fairly prosecuting criminal cases within the State of Arizona. To promote and facilitate safety, justice, healing and restitution for all of Arizona's crime victims. To continue to effectively represent the State in capital and non-capital appeals filed by convicted felons.*

## Division Summary

*The Criminal Division is made up of Capital Litigation, Criminal Appeals, Criminal Prosecutions, Financial Remedies, Special Investigations and Victim Services.*

The **Capital Litigation Section (CLS)** handles all appellate and post-conviction proceedings involving the more than 114 death-row inmates in Arizona. Those proceedings include the direct appeal to the Arizona Supreme Court and the United States Supreme Court following conviction and sentencing; state post-conviction relief proceedings in the trial court and the Arizona Supreme Court; and federal habeas proceedings in federal district court, the United States Court of Appeals for the Ninth Circuit and the United States Supreme Court. The Section also assists trial lawyers with research and advice regarding death penalty issues.

### **Capital Litigation Highlights:**

- Successfully briefed and argued *Schriro v. Landrigan*, 127 S.Ct. 1933 (2007), in the United States Supreme Court. In *Landrigan*, the Court reversed a ruling by the Ninth Circuit Court of Appeals and held that the scope of a defense attorney's responsibilities is determined in part by choices made by the defendant and by the defendant's level of cooperation. The Court also ruled that state court factual determinations (in this case, a finding that Landrigan waived

presentation of mitigating evidence) must be given great deference by federal courts in collateral review proceedings.

The **Criminal Appeals Section (CAS)** represents the State in the Arizona Court of Appeals, the Arizona Supreme Court and the United States Supreme Court when criminal defendants appeal their non-capital felony convictions. The Section also represents the State in the U.S. District Court and the Ninth Circuit Court of Appeals when defendants challenge their convictions and sentences in federal habeas corpus petitions. In addition to representing the State in criminal appellate litigation, the Section provides legal advice to county attorneys throughout Arizona regarding criminal trial prosecutions.

### **Criminal Appeals Highlights:**

- Filed 696 briefs, habeas answers, petitions for review and responses to petitions for review.
- Successfully overturned on appeal the dismissal of an indictment against Apache County Sheriff Brian Hounshell. (He pleaded guilty on Sept. 27, 2007 to Solicitation for Misuse of Public Monies, a felony. As part of his plea agreement, he also submitted his resignation. Sentencing scheduled for Dec. 10.)
- The Section's cases resulted in 27 published opinions affirming convictions and sentences.

The **Criminal Prosecutions Section (CRP)** consists of four Units:

- The **Fraud and Public Corruption Unit** typically prosecutes criminal fraud in areas such as securities, insurance, real estate, banking, taxes, government, telemarketing, computers, welfare and other areas of financial activity. The Unit also focuses on gang-related crimes, human smuggling and handles conflict matters from other counties.
- The **Drug Unit** combats drug trafficking and money laundering organizations operating within Arizona. Additionally, the attorneys in this Unit provide statewide legal advice and training on issues involving search and seizure, Arizona's drug laws, prosecuting cases involving children found

at drug-related scenes and courtroom testimony.

- The **Medicaid Fraud Control Unit (MFU)** is a federally funded unit charged with investigating and prosecuting Medicaid (AHCCCS) fraud; fraud in the administration of the Medicaid program; and abuse, neglect or financial exploitation occurring in Medicaid facilities or committed by Medicaid providers or their employees.
- The **Tucson Criminal Trials Unit** prosecutes crimes occurring in the Tucson area. The Unit also works with multi-jurisdictional groups in southern Arizona to prosecute abuse and financial exploitation of the elderly and vulnerable adults.

### ***Criminal Prosecutions Highlights:***

- Charged 446 criminal defendants with felony offenses, including fraudulent schemes and artifices, illegal enterprise, participating in criminal syndicates, money laundering and numerous violent crimes due to conflicts referred from various county attorneys' offices.
- Worked closely with identity theft task forces spearheaded by the Governor's Fraud and Identity Theft Task Force and the United States Postal Inspectors. The Unit assisted 1,077 victims and obtained restitution for many of those victims in excess of \$198,000.
- Handled 59 foreign prosecutions, many of which involved extradition or Article IV proceedings. All of these cases pertain to pending

Arizona criminal cases against Mexican citizens who fled to Mexico to avoid prosecution.

- The Drug Unit charged 280 criminal defendants. The Drug Unit also prosecuted cases involving the manufacture of methamphetamine in clandestine laboratories. A number of these cases involved the presence of children, resulting in the filing of child abuse charges against the methamphetamine manufacturers.
- Provided assistance to agencies serving several counties to fully develop and implement a Drug Endangered Children's Program, including Maricopa, Pima and Pinal.
- Medicaid Fraud Control Unit received approximately 100 referrals, 40 of which were abuse/neglect cases.

- Forty-six cases were investigated involving fraud and abuse/financial exploitation. Seventeen cases were charged.
- In 2007, the Medicaid Fraud Control Unit recovered money for Arizona Health Care Cost Containment System (AHCCCS) in the amount of \$169,218.

### **The Financial Remedies Section (FRS)**

employs Arizona's civil racketeering remedies to combat the effects of organized criminal conduct on legitimate commerce. It focuses on money laundering in drug, fraud and other contexts. FRS supports statewide efforts to deprive drug traffickers, human smugglers and other on-going criminal enterprises of their profits.



Attorney General Terry Goddard with participants at the Yavapai County Victims' Rights Training Session in April 2007

**Financial Remedies Highlights:**

- Recovered \$42,942,072 from racketeering proceeds.
- Advised and provided training to law enforcement statewide in the areas of forfeiture, money laundering and racketeering.

The **Special Investigations Section (SIS)** provides investigative support to various sections in the Attorney General's Office, as well as support to law enforcement agencies across Arizona. SIS provides expertise in specialized areas of law under the Attorney General's jurisdiction, including vulnerable adult abuse, consumer fraud,

drug trafficking, human smuggling, environmental crimes, medical fraud, money laundering, white collar crimes, political corruption, youth tobacco enforcement, antitrust, high technology crimes and prosecution of defendants who have fled to Mexico to avoid prosecution in the U.S.



Attorney General Goddard presents Assistant Attorney General Michael O'Toole with Victims' Rights Distinguished Service Award during Victims' Rights Week in April 2007

**Special Investigations Highlights:**

- Opened 899 investigations.
- Provided 1,154 law enforcement assists.

The **Office of Victim Services (OVS)** provides services to victims when the State is represented by the Attorney General's Office. In addition, OVS provides financial and technical

support to state, county and municipal law enforcement, custodial, prosecutorial, correctional agencies and the courts. OVS duties and responsibilities are established by Arizona's victims' rights laws.

**Office of Victim Services Highlight:**

- Provided services to more than 5,100 new victims.



Attorney General Goddard presents Dr. Louis Core, Dr. Bradley Sandvik and Doug Stegman the "Spirit of Compassion" Award for stepping forward to help crime victims

### Division Highlights

**State v. Robert Comer:** Comer was sentenced to death for a 1987 murder at Apache Lake. Comer kidnapped and killed Larry Pritchard and raped Pritchard's girlfriend. In *Comer v. Schriro*, the State prevailed in the Ninth Circuit Court of Appeals and the U.S. Supreme Court arguments that an inmate

cannot waive any portion of his federal habeas proceeding and that Comer was incompetent to waive his appeal. The State also prevailed in last minute state and federal court proceedings raised to challenge Arizona's execution protocol (claims raised against Comer's wishes). Robert Comer was executed on May 22, 2007. CLS represented the State.

### **State v. Ronald Turney**

**Williams:** In 1981, Ronald Turney Williams was burglarizing a Scottsdale home when a neighbor, John Bunchek, interrupted him. Williams shot him in the chest, killing him. Williams had previously been convicted of murder twice. In March 2006, the Ninth Circuit Court of Appeals issued an opinion, *Williams v. Stewart*, affirming the District Court's denial of habeas relief. The Court of Appeals rejected Williams' eight attacks on his convictions. The Court also rejected numerous attacks on the sentencing process. The Court found no constitutional violation in the trial court's consideration of the evidence and that the trial court's finding of no mitigating circumstances did not violate the Constitution. Finally, the Ninth Circuit held that his claim

that execution by lethal injection violated the Eighth Amendment was procedurally defaulted. Williams' petition for certiorari to the U.S. Supreme Court was denied in October 2006. Williams is currently imprisoned in West Virginia, and Arizona is seeking extradition. CLS represented the State.

**State v. LeBrun:** Paul LeBrun, a former Catholic priest, was convicted of molesting three boys who attended his youth group at two West Valley parishes in the early 1990s. The prosecution called four other victims whom LeBrun had molested while he was assigned to a parish in South Bend, Indiana, in the late 1980s. LeBrun is challenging his convictions on appeal on two grounds: the trial court improperly denied his motion to sever counts; and the judge impermissibly allowed his Indiana victims to testify at his

trial, pursuant to Arizona Rule of Evidence 404(c). The appeal is pending. CAS represents the State.

**State v. Long:** Charles F. Long II was convicted of reckless manslaughter after a 14-year-old boy died of dehydration and other injuries at a desert location. The young man was a participant in a program for troubled urban youths called American Buffalo Soldiers. Long was charged with second-degree murder and convicted of the lesser included offense of reckless manslaughter. On appeal, Long challenged the constitutionality of the Maricopa County juror selection system, among other issues. The appeal is pending. CAS represents the State.

**State v. Clark:** Eric Clark, whose conviction and life sentence for murdering a Flagstaff police officer was affirmed by the U.S. Supreme Court, filed a petition for post-conviction relief in the Coconino Superior Court claiming that his attorneys were constitutionally ineffective in representing him at trial and on appeal. The trial court found that Clark's attorneys provided effective counsel, which affirmed Clark's conviction and sentence. CAS represented the State.

**State v. Finkel:** Dr. Brian Finkel, a gynecologist, was convicted of 22 counts of sexual abuse for sexually molesting his female patients during medical examinations. Finkel appealed, claiming that the charges should not have been joined together in a single trial. The Arizona Court of Appeals

rejected his claim and affirmed his convictions and sentences. CAS represented the State.

**State v. Brent Weidman:** In June 2006, a Yuma jury found Brent H. Weidman, former president of Far West Water & Sewer, guilty on four of the five counts he faced: two counts of negligent homicide and two counts of reckless endangerment. The case follows Weidman's 2003 indictments for the deaths of James Gamble and Gary Lanser who died in a sewer tank near Mesa del Sol Golf Course in Yuma on Oct. 24, 2001. Gamble entered the tank to remove a plug that was blocking sewage when a pump running sewage into the tank through another line was turned on. Gamble inhaled sewage gas and immediately collapsed into the tank. Lanser,

Nathan Garrett and Connie Charles entered the tank to attempt a rescue. All three were overcome by the sewage gas. Lanser and Gamble died, and Garrett suffered damage to his lungs. The State's investigation revealed that the company had not tested the air in the tank during the day of the incident, the workers were not properly trained on procedures to enter the sewage tanks and rescue procedures were not followed. The corporation, Far West Water & Sewer, was convicted in a jury verdict in October 2005. The Criminal Prosecutions and Environmental Enforcement Sections prosecuted this case.

**State v. Allan K. Morgal:** In November 2006, Allan K. Morgal, 47, of Scottsdale, was sentenced to 22 years in prison after being convicted of fraud, theft and money laundering. Morgal convinced a 67-year-old



Allan K. Morgal

retired Scottsdale man to invest more than \$300,000 in an import business. The victim was told the business would import specialty pottery items from Guadalajara, Mexico. Between December 2003 and August 2004, the victim sent money directly to the pottery makers in Mexico. When the company in Mexico received the money, Morgal convinced the manufacturer that the funds were his and allegedly facilitated the

transfer of more than \$160,000 to bank accounts and entities in Arizona for his benefit without the knowledge or consent of the victim. The Attorney General's investigation also established that Morgal carried large amounts of the victim's money in cash back into the U.S. during the same time period. The amounts carried back were just below the \$10,000 limit that requires formal declaration with U.S. Customs. CRP prosecuted this case. The investigation was handled by SIS.

**State v. Maceo Brown:** In November 2006, Maceo T. Brown, former executive director of the Arizona Students' Association, was sentenced to one year in prison, followed by five years of supervised probation. Brown, 32, of Phoenix, pleaded guilty to theft and forgery charges. According to court documents, he

took about \$140,000 from the Arizona Students' Association to use for personal and family expenses between 2003 and 2006. The Arizona Students' Association is a not-for-profit advocacy organization that represents public university students. It is funded by a \$1 fee assessed to each university student at every public university in Arizona. Brown was also ordered to pay \$139,926 in restitution. CRP prosecuted this case. The investigation was handled by SIS.

***State v. John Mendibles:*** In March 2007, John Mendibles was sentenced to eight years in prison for stealing more than \$150,000 from 16 victims. Mendibles admitted to selling shares in a tribal casino investment that didn't exist. He pleaded guilty to charges of fraud, illegally conducting an

enterprise, theft and transactions by unregistered dealers and salesmen. In addition to the prison term, Mendibles was ordered to serve seven years of probation and pay \$167,798 in restitution to the 16 victims. CRP handled this case and OVS assisted the victims.

***State v. Robert Bixler:*** Bixler pleaded guilty to sexual exploitation of a minor and luring a minor. Bixler, of New Mexico, sent child pornography to a minor and then drove to Mesa expecting to meet a minor who turned out to be an undercover officer for the Maricopa County Sheriff's Office. The defendant was sentenced to 17 years in prison followed by lifetime probation.

***State v. Victoria Romero:*** Romero, a Department of Corrections prison guard, pleaded guilty for her involvement in an enterprise that was marketing

false green cards. The defendant was sentenced in October 2007 to three years' supervised probation, three months' deferred jail, a fine of \$18,000 and 50 hours of community service. The investigation started in April 2005 and was conducted by the Arizona Financial Crimes Task Force. The investigation found that many of the victims traveled from as far as New York City and Miami to receive these documents.

***State v. Chris Young:*** Young, a former Department of Public Safety Officer, pleaded guilty to bribery. Young was accused of stopping a male driver for speeding on Interstate 40 in Yavapai County. During the traffic stop, Young asked the female passenger to expose herself to him with an agreement or understanding that

Young's opinion, judgment, exercise of discretion or other action as a police officer might be influenced. Young, a nine-year veteran with DPS, resigned from his position. He was sentenced by the Yavapai County Superior Court in July.

***State v. Matat Iliasov:*** In January 2007, Matat Iliasov pleaded guilty to armed robbery. Iliasov walked off with more than \$1 million in jewelry from a Scottsdale store but mistakenly left behind a business card he had used to gain access to the store. The card contained a



*Stelios Maltepes*

known alias and his fingerprint. The robbery took place in 1998. Prosecution had been delayed by mental competency proceedings. Iliasov was sentenced to 10.5 years in prison.

***State v. Mickey Rosenquist:*** Rosenquist was convicted by a jury for possession of methamphetamine for sale, possession of equipment or chemicals to manufacture methamphetamine and possession of marijuana. Rosenquist had multiple prior felony convictions. At the time of the offenses he was out on release in a pending methamphetamine manufacturing case. He was sentenced to 20 years in prison.

***State v. Stelios Maltepes:*** Maltepes was convicted by a jury on charges of conspiracy and possession of marijuana for sale. The case involved 1,200



pounds of marijuana that had been shipped in pallets of water from Phoenix to Philadelphia. The defendant operated under the fictitious water company name of “Bleu Water Co.” The marijuana had a street value in Philadelphia of approximately \$1.5 million. He was sentenced to 4.5 years in prison and ordered to pay \$10,000 in restitution.

***State v. Jimmy Woods:*** Woods was convicted by a jury on two counts of fraud schemes and two counts of theft. Woods was collecting disability from the Department of Veterans Affairs and the United States Post Office for injuries sustained on the job. He had convinced doctors to declare him totally disabled. The Post Office Inspection Agency put him under surveillance and discovered that he was regularly playing golf. The

defendant was sentenced to seven years’ probation, 400 hours of community service and \$30,120 in restitution.

***State v. Troy Salmon:*** Salmon was convicted by a jury of manufacturing a dangerous drug (methamphetamine) and possession of drug paraphernalia. He was sentenced to 25 years in prison. The defendant had six prior felony convictions and was a registered sex offender out of California.

***State v. Oscar Baez Duarte et al.:*** In late 2005, the Phoenix Police Department conducted a wiretap investigation of a large-scale drug trafficking organization that received approximately 25 pounds of methamphetamine per week from a source in Mexico for distribution in Arizona. The investigation resulted in the seizure of approximately \$1.5 million, 30 pounds

of methamphetamine, nine kilos of cocaine and numerous firearms. Over 50 defendants were indicted. Although a number of them still have outstanding warrants, virtually all of the high-level members of the organization entered into plea agreements involving substantial prison time, including Oscar Baez Duarte (20 years), Michael Alvarez Fiore (20 years), Carlos Franco-Alapisco (17 years) and William Shaffer McDowell (20 years).

***State v. Adrian Barraza-Mendoza et al.:*** In mid-2006, the Phoenix Police Department and Drug Enforcement Administration conducted a wiretap investigation of a large-scale drug trafficking organization that received near-daily shipments of multiple pounds of

methamphetamine and/or cocaine from a Mexican cartel source in Mexico. The investigation resulted in the seizure of approximately \$1.5 million, over 30 pounds of methamphetamine, over 35 kilos of cocaine, three pounds of crack cocaine and numerous firearms. Approximately 40 defendants were indicted. Although a number of defendants remain on warrant status, the majority of the organization’s members have entered into plea agreements for substantial prison time, including Adrian Barraza-Mendoza (21 years), Raul Garza-Martinez (13 years) and Jorge Jesus Zebada-Corralles (11 years). Four defendants are currently set for trial.

***State v. Dennis McKinley et al.:*** In January 2007, former Arizona Cardinals fullback Dennis McKinley was found guilty

on charges of Conspiracy to Possess Marijuana for Sale, Solicitation to Possess Marijuana for Sale, Attempted Possession of Marijuana for Sale and Use of a Wire or Electronic Communication to Facilitate a Drug Transaction. The convictions were the result of a 2003 investigation by the Phoenix Police Department that revealed a large-scale drug trafficking organization involving McKinley and 13 other defendants. The investigation involving Dennis McKinley resulted in the seizure of approximately 850 pounds of marijuana. Dennis McKinley had appealed certain trial court rulings that delayed the case significantly. Virtually all of the co-defendants entered guilty pleas in August 2006. Dennis McKinley and one co-defendant, Robert Lee, went to trial in

2007. Both were convicted by the jury on multiple counts. At sentencing, Dennis McKinley received two and a half years in prison, and Robert Lee received six and a half years in prison.

***State v. Kelly Ann Butkins:***

Butkins pleaded guilty to a Class 2 felony theft charge arising out of her theft of over \$25,000 from the resident trust fund at the care facility of Villa Campana in Tucson between August 2003 and August 2004. Sentence is pending.

***State v. Todd Clausen:***

In 2007, Todd Clausen, a former Social Services Director for a Sun City nursing home, pleaded guilty to forgery and was sentenced to three years' probation, including eight months in Maricopa County Jail, and ordered to pay more than \$11,000 in restitution. Clausen diverted \$550 from an 82-year-old

resident for his personal use. During the course of the investigation, it was revealed that the defendant used someone else's Social Security number when he was hired. The investigation also revealed that Clausen falsely claimed to have college degrees and hid income from the State to avoid payment of almost \$50,000 in child support payments. SIS conducted the investigation and MFU prosecuted.

***Loya Drug-Trafficking***

***Organization:*** The Tucson Criminal Trials Unit supervised an investigation involving a methamphetamine trafficking organization. The investigation resulted in 14 defendants indicted on charges including criminal enterprise, conspiracy, transportation/transfer/sale of

methamphetamine, heroin and cocaine, money laundering, weapons misconduct and use of a wire communication to facilitate a drug-related transaction. Investigators seized several pounds of methamphetamine, over 1,000 grams of heroin and cocaine, cash and semi-automatic weapons. Since the indictments were returned, three of 14 defendants have pleaded guilty to various charges and received mandatory prison sentences as a condition of their plea agreements. This Pima County prosecution successfully dismantled an established southern Arizona methamphetamine distribution organization and identified Mexican sources of supply for methamphetamine, heroin and cocaine.

***State v. Jason Tyler et al.:***

As a result of a Pima County Sheriff's investigation, a group

of nine methamphetamine addicts were arrested for passing thousands of dollars of forged checks created from stolen bank documents. The ring leader, Jason Tyler, was sentenced to 12 years in prison and order to pay \$6,400 in restitution. Another defendant received four years in prison and the rest were placed on probation with drug treatment.

***State v. Schreiter and***

***Friedman:*** Paul Schreiter and Leonard Friedman developed a fraud scheme called "Paying it Forward" and convinced a group of investors to turn over more than \$360,000 for shares in this Internet company. No shares were delivered and the money was diverted for personal and other uses by Friedman. Defendants developed a second business called "Dr. Paul Smile Design." They sold expensive

pre-paid dental plans costing more than \$10,000 per patient. Defendants diverted more than \$325,000 in patient funds to other uses and left many patients with partially completed or temporary dental work and no funds to pay to correct or complete their treatment plans. In December 2006, Schreiter pleaded guilty to one count of selling unregistered securities and one count of transactions by unregistered dealers and salesmen. Schreiter's sentencing is pending. In April 2007, Friedman pleaded guilty to one count of fraud and one count of theft. He was sentenced in June to 10 years in prison and seven years' probation.

OVS worked with victims in this case. Two Phoenix dentists and the owner of a dental lab volunteered to finish the victims' dental work for free or at cost for the dental supplies.

**State v. CP Direct:** This Phoenix-based company sold “nutritional” pills the company owners claimed would help enhance certain body parts. In *State v. CP Direct*, the company was shut down and placed into receivership. The receiver liquidated sports cars and luxury mansions (among other things) as part of the effort to recover funds for victims. Once victims and creditors were paid, the State requested the remaining funds be released for various law enforcement programs, including funding a new crime lab for southern Arizona. Defendants remain liable to the Arizona Department of Revenue for non-payment of taxes. FRS handled this case.

**Majestic Capital:** Over \$500,000 was released to an SEC receivership for victims

of Majestic Capital, the last remaining portion of a \$107 million forfeiture in which all funds were made available to the victims of related frauds over the past two years. FRS handled this case.

**Tostino's Coffee:** SIS investigated a check kiting scheme being operated at a Tostino's Coffee company office in Tucson. The investigation revealed that defendants were engaged in a check-kiting scheme using personal accounts and Tostino's business account. When the banks discovered the scheme, the accounts were shut down. Bank of America lost \$275,000. SIS coordinated the examination of records by a forensic accountant, executed search warrants on storage lockers and a residence and conducted interviews. This was a joint investigation with the Federal

Bureau of Investigation. In 2007, charges were filed by the U.S. Attorney's Office. Trial is pending.

**State v. Purvis et. al.:** In May 2007, Edward A. Purvis and Gregory Wolfe were indicted on charges of bribery and harassment of public employees. According to the indictment, Purvis and Wolfe offered former Chandler Police Officer Bradley Todd Forward undisclosed benefits in return for providing confidential files and criminal history information related to an Arizona Corporation Commission investigation into possible law violations in an alleged sale of securities. Forward was indicted in December 2006 on felony charges of hindering prosecution, computer tampering, stealing or destroying public records and using his position to access criminal his-

tory records. Forward resigned his position later that month. The indictment also alleges that Purvis and the second defendant filed liens against individuals involved in aspects of the Arizona Corporation Commission investigation and court proceedings related to the investigation. The indictments were the result of a joint investigation by SIS and the Arizona Corporation Commission. Trial is pending.

**State v. Janet Dell'Armi:** In January 2007, Janet Dell'Armi pleaded guilty to one count of theft, a class 2 felony, and was sentenced to five years' probation. She was ordered to pay \$485,000 in restitution, perform 100 hours of community service and given a one-year deferred jail sentence, arising out of her embezzlement

of funds from her employer. Dell'Armi was an accountant at Aesthetics Worldwide, Inc., which operated a beauty school in Mesa. The plea agreement was the result of an investigation conducted by SIS.

**State v. Stan Griffis:** An investigation conducted by the Attorney General's Office resulted in former Pinal County Manager Stanley Griffis pleading guilty to charges of fraud, theft and fraudulent preparation of a tax return. The investigation revealed that Griffis diverted Pinal County money for personal use, improperly converted vacation and sick leave time to enhance his retirement benefits and failed to include income for tax years 2002 thru 2005. Griffis was sentenced to three and a half years in prison and payment of \$679,000 restitu-

tion. The case was handled by a special prosecutor appointed by the Pinal County Attorney.

**Jorge Cordova-Hernandez:**

Catholic Priest Cordova was indicted for sexual abuse for repeatedly molesting two sisters in Yuma. Father Cordova fled to his native Ecuador to avoid prosecution. The U.S. Marshal's Service and Yuma County Attorney's Office asked for assistance in extraditing Father Cordova from Madrid, Spain, where he was scheduled to attend a religious seminar in less than two weeks. In spite of the short timeline, a provisional arrest warrant request was filed with Spanish Authorities via the U.S. Department of Justice. Spanish authorities lured Father Cordova out of the secluded

seminar location by asking a Spanish television station to schedule him for an interview. Extradition to face charges in the U.S. is pending.

**State v. Arthur Mayhan:** In March 2007, Mayhan pleaded guilty to one count of aggravated taking the identity of another after an investigation revealed that he stole his neighbors' mail within his apartment complex and obtained records with confidential information of more than 100 employees at a local community college. The investigation revealed there were about 450 victims in this case. Mayhan was sentenced in May 2007 to 14 years in prison. CRP prosecuted this case. OVS worked with the victims to ensure they were notified of the various court proceedings.



Assistant Attorneys General Randall Howe (left) and Ted Campagnolo (right) were honored at the State Bar's Award Luncheon in June. Howe, Chief Counsel of Criminal Appeals, received the Distinguished Public Lawyer Award in recognition of his outstanding career in public law and significant contributions to the community. Campagnolo, Chief Counsel of Criminal Prosecutions, was presented with the Arizona Award of Special Merit, given to State Bar members who have provided outstanding service to the Bar by furthering public understanding of the legal system.



Chief Counsel Susan Segal

## Mission:

*To pursue those who prey upon the public and threaten the economic and environmental well-being of Arizonans.*

## Division Summary

*The Public Advocacy Division is made up of the Consumer Protection and Advocacy Section and the Environmental Enforcement Section.*

## Consumer and Public Advocacy (CPA) Section Highlights

• **Arizona Hospital & Healthcare Association:** This case involved alleged price fixing by competing Arizona hospitals and the hospital association related to nurse registry services. The Antitrust Unit (ATU) and the U.S. Department of Justice negotiated a settlement with the Arizona Hospital and Healthcare Association (AzHHA), which required AzHHA to cease its price-fixing activities and to institute an antitrust compliance program. ATU also independently negotiated an agreement with AzHHA for the payment

of \$40,000 to pay attorneys' fees and costs associated with the investigation.

• **Business Opportunities:** Guaranteed Prescriptions sold an Internet-based business opportunity and offered marketing through an associated company, Guaranteed Advertising. Consumers were told that they could earn large sums of money by establishing their own Internet pharmacy, selling discounted prescription drugs online. Targeted customers were typically elderly individuals. The State filed a consumer fraud and civil forfeiture action, seized the defendants' home and obtained a prelimi-

nary injunction. The litigation is ongoing.

• **Car Advertising:** Budget Car & Truck Sales (Budget Resale, Inc.) in Tucson ran allegedly false "Public Notice" ads for a "Nation Wide Rental Car Disposal" sale claiming the forced liquidation of thousands of prematurely released vehicles. It further claimed that Budget was the exclusive regional site for the non-existent national sale. Budget Resale, Inc. also advertised used cars for sale, offering up to 50% off the original MSRP when there is no MSRP for the current value of a used vehicle. The price comparisons to the original MSRP of the vehicles for sale greatly misrepresented the amount of the discount/savings from the sale.

The Attorney General filed a lawsuit and Budget Resale agreed to enter into a Consent Judgment filed on March 27, 2007. The Consent Judgment requires the company to pay the Attorney General's Office \$125,000, which will be used for consumer fraud education, attorneys' fees and investigation costs. The settlement also requires future Budget ads to be clear, truthful and non-misleading.

• **Foreclosure Rescue:** Deed & Note Traders (DNT) preyed on desperate homeowners facing foreclosure, promising them a way to save their homes. In fact, DNT's HomeSavers program was merely a vehicle for DNT's acquisition of consumers' homes for a nominal amount. The HomeSavers program involved the sale of the consumer's home

to DNT (DNT paid one consumer \$25); the consumer's leaseback of the home; and the consumer's option to repurchase the home. Only three consumers were able to re-purchase their homes. The Consent Decree provides for \$234,000 in restitution and a savings of more than \$1,205,000 (up to 74% off the FMV) for consumers who still live in their homes and wish to re-purchase their homes from DNT. It also prohibits DNT from engaging in any type of foreclosure assistance and offering "no qualifying" rent-to-own agreements. Finally, DNT agreed to pay the Attorney General's Office \$200,000 in attorneys' fees under the consent agreement.

- **Identity Theft/Privacy**

**Protection:** In October 2000, third parties accessed ChoicePoint's personal information database, compromising thousands of consumers' Social Security numbers, driver's license numbers and the like. ChoicePoint did not inform any governmental entity or consumer until January 2005, when it sent letters to California consumers as required by California law.

In January 2006, the Federal Trade Commission settled with ChoicePoint, obtaining the largest penalty in FTC history (\$10 million). The settlement also required ChoicePoint to pay \$5 million to consumers and to improve procedures for establishing credentials of individuals who may access ChoicePoint's database.

Arizona participated in a multi-state group that reached a settlement with ChoicePoint in May 2007. The settlement agreement required ChoicePoint to establish privacy protections beyond the FTC's settlement. Most significant, ChoicePoint agreed to safeguard publicly available personal information using the same strict credentialing methods it now uses to safeguard financial information that is protected by law. ChoicePoint also agreed to pay a total of \$500,000 to the 43 states joining the settlement.

- **Price-Fixing:** The Attorney General participated in multi-state litigation against several international computer memory chip manufacturers who fixed the prices for dynamic random access memory chips (DRAM). The

lawsuit was filed in July 2006 in the Northern District of California. Private class litigation had been initiated before the states filed suit. Arizona is representing state agencies, political subdivisions and school districts. In January, the states and indirect purchaser classes reached a \$91 million settlement with Samsung, the first settling defendant. The settlement funds were divided as follows: \$80 million for the nationwide consumer class; \$10 million for damages sustained by state and local governmental entities; and \$1 million for attorneys' fees. Samsung also agreed to provide extraordinary cooperation to help the states and class counsel develop their cases. In March, the states and in-

direct purchaser classes also reached a \$2 million settlement with Winbond.

- **Wal-Mart/AutoZone**

**Pricing Violations:** Our Office filed suit against Wal-Mart and AutoZone in July 2006 for alleged pricing violations. The complaint alleges that defendants violated the Consumer Fraud Act by repeatedly failing to post prices, repeatedly posting inaccurate prices and repeatedly overcharging consumers. The relief sought includes civil penalties, restitution and permanent injunction.

- **Western Union Financial Services, Inc.:** The Department of Financial Institutions ("Department") entered into a Consent Order with Western Union Financial Services ("Western Union")

on August 17, 2006. Western Union, pursuant to the Order, agreed to pay a \$1.6 million civil monetary penalty to the Department and make other payments to State programs. Western Union also agreed to take corrective action and terminate several authorized delegates, suspend several authorized delegates and implement and maintain an Enhanced Money Laundering Compliance Program for authorized delegates.

**• Arizona Youth Tobacco Program (“Counter Strike”):**

The Counter Strike Program performed 4,643 undercover inspections of tobacco retailers during fiscal year 2007.

The number of inspections performed by our Office and contracted law enforcement agencies this year exceeded those performed in 2006 by 71%. With the assistance of local law enforcement agencies, 498 citations were issued to clerks found to be in violation of Arizona’s youth tobacco laws. 58% of all failed inspections resulted in a citation to the offending clerk. The current citation rate greatly exceeds that of previous years and is a positive reflection of the cooperative efforts of the Arizona Attorney General’s Office and local law enforcement agencies.

**Dollars Generated through Judgment Orders:**

Restitution (Victim Trust Account) . . . . .	\$ 551,313
Consumer Fraud Fund (used for consumer fraud investigations and consumer education) . . . . .	\$1,873,628
Antitrust . . . . .	\$ 186,400
Tobacco . . . . .	\$ 10,950
Financial Institutions . . . . .	\$ 3,356,638
Insurance . . . . .	\$ 186,400
Real Estate and other . . . . .	\$ 170,491
<b>Total . . . . .</b>	<b>\$ 6,276,473</b>

**Consumer Information & Complaints Unit**

Total recovery for consumers for FY 2007 . . . . .	\$ 2,382,415.75
Money recovered . . . . .	\$ 1,449,053.23
Value recovered in credit – service - buy-back . . . . .	\$ 933,631.52

**Phoenix Recovery for Consumers (\$2,025,289.52)**

Total recovery for Phoenix area consumers . . . . .	\$ 2,025,289.52
Money recovered . . . . .	\$ 1,139,680.80
Value recovered in credit – service - buy-back . . . . .	\$ 885,608.72

**Tucson Recovery for Consumers (\$357,125.23)**

Total recovery for Tucson area consumers . . . . .	\$ 357,125.23
Money recovered . . . . .	\$ 309,372.43
Value recovered in credit – service - buy-back . . . . .	\$ 47,752.80



Attorney General Terry Goddard addresses Tubac Satellite Office volunteers during Inaugural Tour in January 2007



Attorney General Terry Goddard visits with volunteers at the Florence Satellite Office

## Community Services Program (CSP)

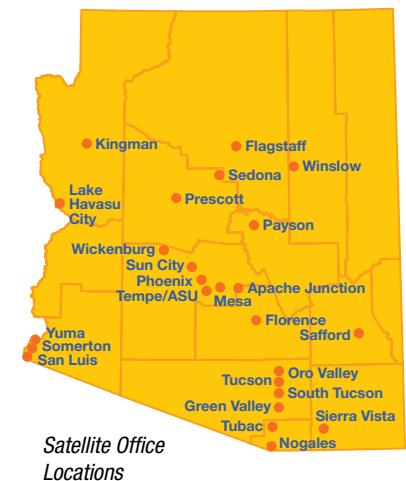
The Attorney General's Community Services Program provides educational programs that focus on consumer fraud and protection of civil and victims' rights for community groups interested in learning more about these areas. CSP staff focus on

Arizona's most vulnerable populations, including seniors and minorities. A corps of volunteers generously donates their time to enable these services to be offered in communities throughout Arizona.

- **Satellite Offices:** During FY2007, CSP opened seven new Satellite Offices bringing

the total number to 32 throughout Arizona. These offices provide community-based venues that make it easier for residents to access information on consumer fraud, civil and victims' rights and other topics affecting the most

vulnerable members of the community and the general population. More than 250 volunteers staff Satellite Offices; make educational presentations for community groups; distribute educational materials at community events; and assist individuals with filing complaints or referrals for assistance.







Attorney General Terry Goddard discusses Life Care Planning documents with Arizona seniors

CSP also features the Fraud Fighter Van, the newest tool to bring services and information to senior centers, libraries and neighborhoods. The Fraud Fighter Van is filled with information about identity theft, scam alerts, Internet safety, Life Care Planning and much more.

CSP responded to 2,204 calls for information and assistance. More than half of the

calls came through the Elder Help Line, which provides special assistance to Seniors. More than 800 individuals walked through the doors of the Satellite Offices seeking information and assistance. More than 260 consumer and civil rights complaints came directly from the efforts of the volunteers at these offices. Over 388 presentations and information booths provided Arizonans with valu-

able information. Through these events and the Satellite Offices, more than 95,000 crime-prevention brochures were distributed.

- **Life Care Planning (LCP)** is an important task for all, whether young or old, healthy or facing challenges. Through increased awareness and access to information, Arizonans of all ages can make

their choices known about who will manage their affairs in the event of an emergency. The Attorney General's Office recently produced *Life Care Planning for Everyone*, a short video presentation that will encourage open discussions so that well-reasoned choices can be made before an emergency, significantly reducing stress on families. In 2006, more than 4,000 LCP packets were distributed.

Life Care Planning documents are available at no cost from the Attorney General's Web site and from our Office. They are also available at Satellite Offices located throughout the State.

### • **Internet Safety School**

**Tour:** This past school year, Attorney General Goddard and CSP staff visited over 65 schools and Boys and Girls Clubs throughout Arizona with 140 presentations to

Attorney General Terry Goddard making an Internet Safety presentation at Rim Country Middle School in Payson





*Congressman Harry Mitchell with Assistant Attorney General Steve Duplissis and Attorney General Terry Goddard at the Scottsdale Shred-a-Thon in March 2007*



*Attorney General Terry Goddard helps consumers unload unwanted documents at the Maryvale Shred-a-Thon in October 2006*

emphasize the importance of Internet Safety to more than 15,000 students, parents and teachers. Students were presented with personal accounts of Internet predators, helpful tips regarding the use of personal information and updates on law enforcement efforts against Internet

crimes. Attorney General Goddard considers protecting children from Internet predators a top priority and is committed to aggressive prosecution, education and prevention. The Attorney General's Office is a member of the Arizona Internet Crimes Against Children Task Force (AZ ICAC), which is made up

of investigators from 50 Arizona law enforcement agencies. The Attorney General's Office partnered with the AZ ICAC Task Force to fund printing of 25,000 copies of *Do You Know What Your Child is Doing Online?*, an Internet Safety publication for parents

and teachers. Copies are distributed by law enforcement agencies statewide.

- **Shred-a-Thons:** Attorney General Goddard and CSP staff hosted 12 Shred-a-Thons around Arizona in 2006 to educate consumers on how to prevent identity theft. These free events have

been well attended and grown in popularity because of the valuable services provided. Arizona residents are encouraged to bring old bills, tax returns older than seven years, medical records and other documents containing personal identifying information to shred.

Victims of identity theft have found the restoration process to be long and frustrating. Shredding old financial documents is a simple way to reduce your chances of becoming a victim.

The Attorney General's Fraud Fighter Van and CSP staff are well equipped to provide information about consumer protection. Requests for presentations can be made through the Community Services staff at [communityservices@azag.gov](mailto:communityservices@azag.gov) or by phone at 602.542.2123 (Phoenix), 520.628.6504 (Tucson) or 1.800.352.8431 (outside Maricopa County). A complete list of Satellite Office locations and schedule of events are posted on the Community Services page of the Attorney General's Web site at [www.azag.gov](http://www.azag.gov).

- Inaugural Statewide Tour:** Attorney General Goddard launched his second term with a statewide tour, meeting with local elected officials and law enforcement to discuss how the Attorney General's Office can best protect Arizonans. In the process, he had the chance to visit middle schools to talk with students about Internet Safety and drop in on senior centers and retirement communities to provide information on identity theft and fraud prevention. The Inaugural Tour included Phoenix, Tucson, Kingman, Nogales, Prescott, Flagstaff, Casa Grande, Winslow, Globe, Safford and Yuma.

### Consumer Complaints and Information Unit

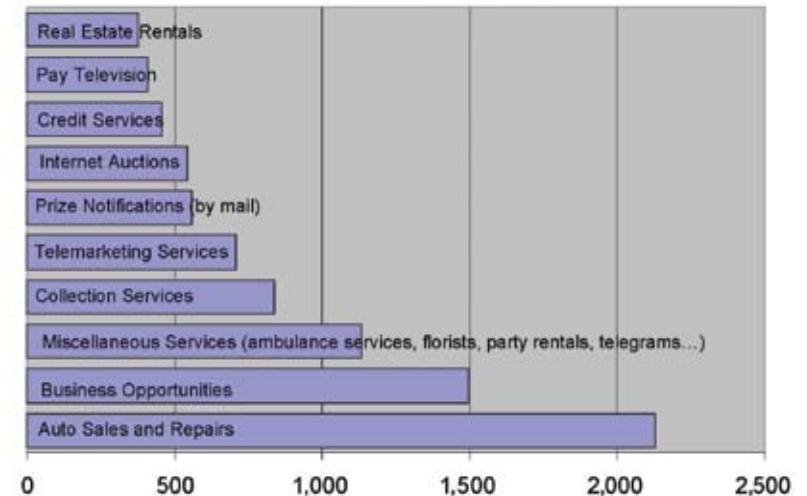
#### More than 23,917 Complaints

**Filed:** The Attorney General's Consumer Information & Complaints (CIC) Unit received nearly 24,000 consumer complaints in fiscal year 2007. For the fifth consecutive year, car sales and repair services ranked as the No. 1 complaint. New to this year's Top 10 list are complaints about cable television services and rental property disputes.

Each complaint is reviewed by a CIC staff member. Many complaints result in enforcement actions against companies or merchants under the Arizona Consumer Fraud Act. The Office is prohibited by law, however, from giving individual consumers legal advice.

Consumer fraud, as defined by Arizona law, is any deception, false statement,

### Top 10 Consumer Complaints & Inquiries FY2007



false pretense, false promise or misrepresentation made by a seller or advertiser. Persons who believe they have been victims of consumer fraud should first contact the company in writing and request the relief thought to be appropriate.

Consumers can file complaints three different ways:

- By phone in Phoenix at 602.542.5763; in Tucson at

520.628.6504; or outside the Phoenix and Tucson metro areas at 1.800.352.8431.

- In person at one of the Attorney General's Satellite Offices throughout Arizona (volunteers are available to help).
- Electronically via the Attorney General's Web site at [www.azag.gov](http://www.azag.gov).

### Environmental Enforcement Section (EES) Highlights

#### Mission:

To provide the highest quality legal advice and representation to client agencies for the fair enforcement of civil environmental and natural resources law.

#### Overview:

EES provides advice, enforcement and representation regarding state and federal environmental and natural resources law. EES has four components:

- The **Civil Unit** advises, represents and litigates on behalf of the Arizona Department of Environmental Quality (ADEQ) for its various programs, including water quality, safe drinking water, hazardous waste and solid waste, and waste management practices.

- The **Air, Underground Storage Tanks and Agriculture (AGUA) Unit** advises, represents and litigates on behalf of ADEQ's air and underground storage tanks programs, Arizona Game and Fish Commission, Arizona Department of Agriculture and other State agencies and boards.

- The **Superfund Programs Unit** advises, represents and litigates on behalf of ADEQ involving matters arising under state and federal Superfund laws.

- The **Western States Project**, a regional association established in 1987 with a grant from the U.S. Environmental Protection Agency, provides training, networking oppor-

tunities and informational support to environmental enforcement agencies throughout the western United States and Canada. Additionally, a member of EES serves as the Chairperson of the Arizona Power Plant and Transmission Line Siting Committee on behalf of the Attorney General.

#### Major Accomplishments/Achievements:

- **Arizona Mercury Rule:** EES assisted ADEQ in developing a new air quality program regulating mercury emissions from electric generating facilities and in the rule-making process, including researching the legal basis for the rule, negotiating with stakeholders concerning the provisions of the rule and responding to formal comments. The rule was submitted to the Governor's Regulatory Review Council in September.

- **Environmental Defense v. Duke Energy:** EES worked with other states in preparing an amicus brief supporting the petitioners in the United States Supreme Court, which argued that the lower court's decision would have significant detrimental impacts on states by allowing environmental rules to be challenged long after the rule has become final. These long-delayed challenges would harm states' abilities to implement their own air quality regulations and would damage the ability to establish nationally applicable air quality standards. Five states and the District of Columbia signed onto the brief. The Supreme Court ruled unanimously to uphold EPA's broader rules for what constitutes a "modi-

fication" under the Clean Air Act's prevention of significant deterioration (PSD) program. The ruling means that more modifications of industrial plants will be subjected to stricter air quality control permitting requirements.

- EES collected approximately \$1.5 million in penalties for the State.



Chief Counsel Juliet Peters

## Mission:

To provide the Department of Economic Security (DES) with high quality representation and timely legal advice that promotes the safety, well being and self-sufficiency of children, adults and families.

## Division Summary

*The Child and Family Protection Division (CFP) provides comprehensive legal representation to the Arizona Department of Economic Security and has over 350 employees in 19 locations statewide. There are CFP offices in Cottonwood, Gilbert, Glendale, Flagstaff, Kingman, Mesa, Nogales, Phoenix, Prescott, Safford, Sierra Vista, Tucson and Yuma. The Division has three sections:*

- *Protective Services (PSS)*
- *Child Support Enforcement (CSE)*
- *Civil & Criminal Litigation and Advice (CLA)*

### Protective Services Section (PSS)

Represents the Arizona Department of Economic Security (DES) and the Child Protective Services (CPS) branch of DES. Shares the CPS goal to protect children, preserve families and achieve permanency for Arizona children. Provides legal representation to CPS throughout Arizona's 15 counties.

**Trial Practice:** PSS trial lawyers handle thousands of "dependency cases" each year. These legal actions are filed in the juvenile division of the Arizona Superior Courts to protect abused and neglected children, either by removing and placing them in the legal custody of CPS, or by establishing protective measures while social services are provided in the family's

home. Should attempts to reunite families prove unsuccessful, PSS attorneys represent CPS in actions to achieve permanent placement of children through severance of parental rights, guardianship and adoption.

### Appellate, Policy, and Training

**Activities:** Appellate lawyers in PSS appear before the Arizona Court of Appeals to defend successful trial court judgments. PSS lawyers also advise DES on legal issues arising from federal and state statutes, regulations and court decisions. They provide training and support to CPS caseworkers, supervisors and judges.

## Accomplishments

### New Unit Created in PSS:

Over the past four years, Pinal County has seen a rapid population growth which has resulted in a staggering increase in dependency cases. Since June 30, 2005, Pinal County case numbers have risen 60 percent. PSS has worked closely with CPS and the courts to ensure the needs of Pinal County children are met. As part of that effort, PSS created a new Unit to represent CPS in Gila and Pinal Counties.

**Sunset of Jury Trials:** As of January 1, 2007, parents are no longer able to request jury trials in cases where CPS sought to sever their parental rights. This year, PSS attorneys prevailed in 83 percent of the 41 jury trials held statewide.

### ***In FY 2007, PSS attorneys and staff:***

- Protected more than 10,578 children from abuse and neglect.
- Filed 1,924 new dependency petitions involving 3,467 children.
- Filed 1,302 severance motions and petitions.
- Filed 502 guardianship motions.
- Filed 135 adoption petitions.
- Helped reunite 1,503 children with their parents.
- Placed 658 children with permanent guardians.
- Helped 1,583 children be adopted by relatives or foster parents.
- Represented DES in 199 appeals.
- Prevailed in 95.1 percent of all appeals resolved.

The PSS offices outside Phoenix and Tucson completed adoptions for 189 Arizona children. Some of these hearings were celebrated on specially designated Adoption Days.

### **Child Support Enforcement Section (CSE)**

Seeks to ensure that children receive the financial support from their parents to which they are entitled. CSE provides legal advice and representation to the DES Division of Child Support Enforcement (DCSE). CSE handles a high-volume litigation caseload to establish paternity and to establish, modify and enforce child support orders.

Because more than 40 percent of Arizona children are born to unwed parents, establishing paternity is often the first step in the child support process. After paternity has been established, CSE can take legal action to pursue child support. DCSE

currently has more than 250,000 open child support cases state-wide. The litigation caseload for CSE is between 7,000 and 8,000 ongoing cases.

In FY07, CSE helped Arizona children receive the support to which they were entitled by:

- Establishing paternity for 3,876 children.
- Establishing new child support orders for 6,130 families.
- Obtaining child support judgments of over \$56 million.
- Resolving 2,376 actions for modification of support.
- Representing the State in over 23,000 court appearances.
- Assisting DCSE to collect over \$336 million in support, \$29 million more than last year.
- In bankruptcy cases, collecting \$605,877 in support, 35.5 percent more than last year.



*Adoptive families and newly adopted children take a picture with Yavapai County Superior Court Presiding Judge Robert M. Brutinel in May during Adoption Day 2007. CFP attorneys participate each year in this adoption event.*

- In non-Family Court litigation relating to liens and foreclosures, collecting \$169,521.

### **Civil & Criminal Litigation and Advice (CLA)**

Provides representation and counsel to DES on a wide range of programs, from protection of the elderly, to food stamps, to civil collection of overpayment of various government benefits.

### **Accomplishments**

- Obtained \$2 million in civil judgments, garnishments, fines and criminal restitution orders.
- Resolved 500 pending civil litigation cases.
- Obtained sentences against 260 criminal defendants.
- Trained over 100 DES managers to identify and investigate reports of abuse, neglect and financial exploitation of vulnerable adults.



Chief Counsel Pam Culwell

## Mission:

*A dynamic team of legal professionals representing Arizona in many areas of civil law with dedication, integrity and innovation.*

## Division Summary

*The Civil Division is comprised of seven sections that focus on specialty areas of civil law, including natural resources; tax, bankruptcy and collections; liability management; employment; public health; public safety; transportation; contract review; procurement; licensing and enforcement; education; and complex case litigation.*

## Major Cases

- Implemented the Zuni Water Rights Settlement. In June 2003, the Zuni Tribe agreed to settle all of its claims for past, present and future water rights in Arizona. Congressional legislation ratified the agreement and set conditions and deadlines for implementation. The Natural Resources Section helped our clients meet those conditions by assisting with bringing State land to public auction for the Tribe to purchase and place in trust. It

also assisted with transferring certain water rights to the Tribe. All conditions were satisfied before the December 31, 2006 deadline, and the adjudications court entered a final judgment and decree.

- Represented the State Land Commissioner in challenging the Arizona Navigable Streams Adjudication Commission's (ANSAC) non-navigability determination on the Lower Salt River. This challenge was part of the Commissioner's responsibility to advocate for the public trust and promote public trust interests.

- On December 7, 2006, the Arizona State Land Department auctioned approximately 1,010 acres of State trust land, known as "Lost Dutchman Heights." This sale coupled the Commissioner's power to condition a trust land sale with his power to issue planning permits for the first time. The parcel sold at auction for \$58.6 million, or \$58,019 per acre, 30% above the appraised value. The Natural Resources Section worked with the Department on the concept for over two years.
- Assisted the Arizona State Land Department with negotiating and drafting its Central Arizona Project subcontract and related escrow and water service agreements with Central Arizona Water Conservation District. This effort relates to a 9,026 acre-feet per annum of non-Indian agricultural priority

water that was released by the Maricopa Stanfield Irrigation and Drainage District pursuant to an Indian water rights settlement agreement and reallocated to State trust lands within the District. The work assures, subject to State funding, that the water will be available to facilitate State land development.

- Provided legal support for the State Land Department's generation of \$216,287,324 in sale, lease and right-of-way revenue for fiscal year 2007.
- Successfully defended constitutional challenges to the State's Corporate Tuition Income Tax Credit, Car Rental Surcharge and Hotel Tax funding the Arizona Sports and Tourism Authority and the Arizona Municipal Bonds Income Tax Credit.

- Represented the State in bankruptcy proceedings across the country and collected over \$10,100,000 from entities such as Enron, WorldCom, Leap Wireless, Northwest Airlines, Delta Airlines, ITC Homes and JWJ Contracting Company, Inc.
- Administratively prosecuted two dentists for repeated instances of insurance fraud.
- Administratively prosecuted Loren Goldtooth, an accountant for the Tohono O'odham Nation, for improper financial conduct, including unauthorized payments totaling \$529,064. The Accountancy Board revoked his and his firm's CPA certificates.
- Administratively prosecuted a deputy sheriff for inappropriately deploying her Taser and then lying about it to the sheriff's internal affairs department.
- Administratively prosecuted a former Colorado City police officer following his failure to answer allegations that he failed to provide information about then-fugitive Warren Jeffs.
- Defended the State in a lawsuit filed by the Goldwater Institute on behalf of several charter schools seeking to block implementation of the State's Social Studies Standards.
- Represented the State in an action brought by three plaintiff school districts challenging the constitutionality of the Arizona state system for financing capital facility needs in Arizona public school districts. The Superior Court granted the State's motion for summary judgment, finding that the districts' claims were premature, but continued the case on the inactive calendar for dismissal on March 3, 2008.
- Represented the State in an action challenging the requirement that many Arizona high school seniors achieve passing scores on the Arizona Instrument to Measure Standards ("AIMS") examinations – a prerequisite to graduating from a public high school. The plaintiffs are also challenging the constitutionality of the system of funding public education in Arizona.
- Successfully defended a State law enacting scholarship programs under which students with certain special education status, and certain displaced students who were formerly in foster care, are eligible to obtain State funds to be used at private schools of their and their parents' election.
- Successfully upheld Proposition 201, the Smoke-Free Arizona Act, which prohibits smoking in most indoor public places and places of employment, by enjoining four sports bars/billiard halls that promoted their facilities as a haven for smokers.

## Money Awards and Savings

### **Civil Penalties:**

Department of Health Services . . . . .	\$ 550,000
Accountancy Board . . . . .	\$ 10,000
Cosmetology Board . . . . .	\$ 28,975
Dental Board . . . . .	\$ 3,000
Liquor Department . . . . .	\$ 138,938
Medical Radiology Technicians . . . . .	\$ 5,000
Nursing Board . . . . .	\$ 2,400
Pharmacy Board . . . . .	\$ 1,250
Registrar of Contractors . . . . .	\$ 13,550
Structural Pest Control . . . . .	\$ 300
Technical Registration . . . . .	\$ 19,200
Weights and Measures . . . . .	\$ 15,400

### **Cost Recovery Awards:**

Accountancy Board . . . . .	\$ 13,929
Cosmetology Board . . . . .	\$ 22,500
Dental Board . . . . .	\$ 300

### **Restitution for Victims:**

Accountancy Board . . . . .	\$ 10,211
Cosmetology Board . . . . .	\$ 1,083
Dental Board . . . . .	\$ 159,900

### **Cost Savings to Agencies:**

Dental Board . . . . .	\$ 4,000	(Savings generated by settling cases and avoiding OAH fees)
Nursing Board . . . . .	\$ 93,970	(Savings generated by settling cases and avoiding OAH fees)
Registrar of Contractors . . . . .	\$ 125,400	(Money not paid from ROC's recovery)
Debt Collections . . . . .	\$ 15,600,000	





Chief Counsel Melanie Pate

## Mission:

*To enforce civil rights laws and eliminate discrimination statewide by increasing public awareness of civil rights issues. These goals are reached through investigation, enforcement, education and the provision of services to victims, including dispute resolution services. The Division continues to focus on outreach and education involving vulnerable populations.*

## Division Summary

*The Civil Rights Division (CRD) enforces the Arizona Civil Rights Act, which prohibits discrimination in employment, voting, public accommodations and housing, by investigating, mediating and litigating civil rights complaints.*

*The Division provides conflict resolution services and mediation programs statewide. It not only responds to complaints, but seeks to reduce discriminatory conduct through education and outreach in the community.*

*CRD is comprised of two sections: Compliance and Litigation. The Compliance Section screens and investigates complaints involving civil rights violations and provides education and outreach to the public.*

*The Litigation Section is responsible for litigation in state and federal courts involving civil rights violations and provides legal resources for drafting legislation, education and outreach.*

*The Conflict Resolution Program, a component of the Litigation Section, provides services statewide, including mediation, facilitation, conciliation and training. The mediation programs encompass civil rights, truancy and victim-offender issues.*

## Division Highlights

- Investigated 1,314 discrimination charges and resolved 871 cases, including 174 housing charges, 614 employment charges and 88 public accommodations charges.
- Investigated and resolved 30 housing discrimination charges involving complex issues that included discriminatory financing and brokerage services, refusal to permit reasonable modifications to existing dwellings, non-accessible design and construction of dwellings and zoning issues.
- Issued 44 determinations in cases where the Division found reasonable cause to believe that unlawful discrimination had occurred. Many of



Assistant Attorney General Rose Daly Rooney

these cases were successfully conciliated before litigation became necessary.

- Filed 26 housing, employment and public accommodations lawsuits, including two preliminary injunction matters, and obtained monetary and injunctive relief on behalf of Arizona's citizens through settlements.
- Mediated 114 civil rights cases and successfully reached an agreement in 49 cases. The mediated agreements yielded \$210,678 in

relief, including injunctive relief. Among the mediation highlights:

- In a case involving national origin employment discrimination, the parties reached a mediation agreement where, among other relief, the respondent agreed to pay the charging party \$30,000.
- In another case involving a national origin employment discrimination charge, the respondent agreed to pay the charging party \$47,000 and also agreed to other remedial relief.
- In a case involving allegations of sex and disability discrimination, the parties reached a mediation agreement that included payment of \$30,000 to the charging party.

- Resolved more than 40 complaints of discrimination via consent decree or conciliation agreement, obtaining significant injunctive relief on behalf of victims of discrimination including:
  - A national bank agreed to inspect and ensure that each of the parking lots in its 170 free-standing branches in Arizona were in compliance with the Arizona Americans with Disabilities Act.
  - A car dealership agreed to modify its facilities, including service areas and restrooms, to ensure accessibility for the disabled.
  - Multiple agreements with multi-housing providers to retrofit their properties to ensure greater accessibility for members of the disabled community.



*Assistant Attorneys General Sandra Kane, Ann Hobart, Christopher Houk and Michael Walker*

- A total of more than \$349,000 was obtained for discrimination victims and the State through conciliation/mediation agreements and consent decrees.

In addition, the Division engaged in extensive education and outreach efforts, including more than 57 events throughout

Arizona. The events included presentations for the Governor's Housing Forum, the Tucson Young Women's Commission, the Arizona Fair Housing Partnership and the Fresh Start Foundation. The Division estimates that it reached approxi-

mately 4,000 people statewide through its various training events and information booths.

## Litigation Highlights

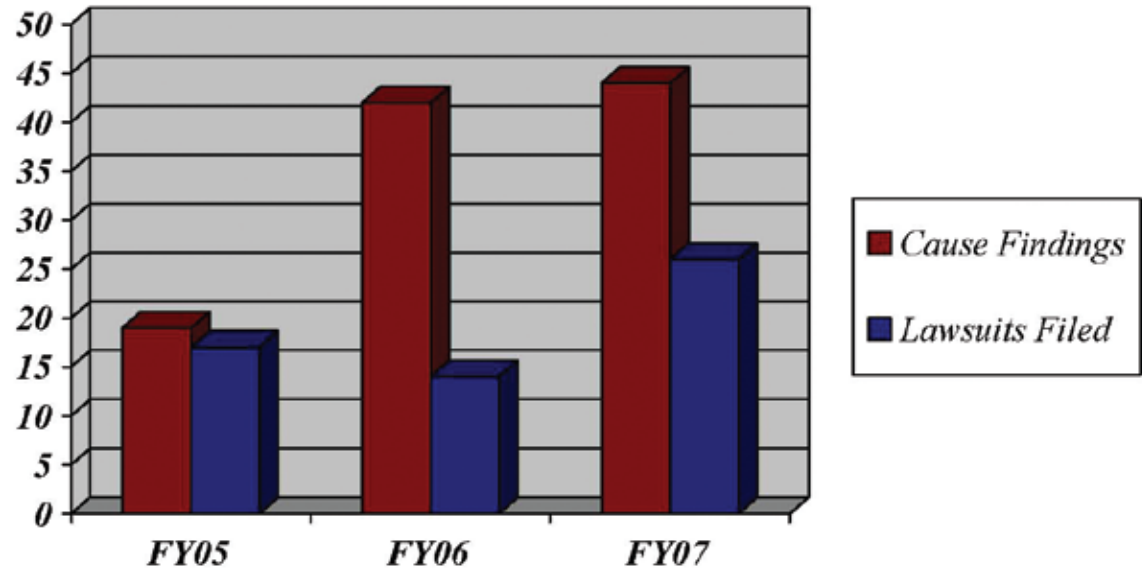
**State v. Cemex, Inc.:** In January 2007, the Attorney General's Office settled an employment discrimination claim with Cemex, which was alleged to have terminated a hearing impaired cement truck driver because of his impairment and failed to engage him in the interactive process regarding the possibility of a reasonable accommodation. Under the terms of the Consent Decree, Cemex Construction, L.P. agreed to pay Ralph West \$15,000 and pay the Arizona Civil Rights Division \$1,000 in monitoring costs. In addition, Cemex agreed to take steps to make all employees aware that discrimination is unlawful under the Arizona Civil Rights Act.

### **State v. Bannan Springs**

**et al.:** This case involved allegations that an employee had been discriminated against because of her race, Native American, and retaliated against by being terminated from her employment after she complained about the discrimination. In December 2006, the case was resolved by Consent Decree wherein Bannan Springs was required to pay the former employee \$8000, publish an anti-discrimination policy and to provide its employees with anti-discrimination training.

### **State v. Twin Peaks Construction**

**et al.:** In this employment discrimination case, a former employee of Twin Peaks Construction alleged that she had been sexually harassed by the company's manager, David Barnett. Although Twin Peaks



The Civil Rights Division issued 44 cause findings and filed 26 lawsuits in the 2007 fiscal year. Many of the cases in which the Division issued findings were successfully conciliated prior to litigation

claimed it was no longer in business, CRD was successful in defending against a motion seeking to exclude David Barnett from any type of liability under the Arizona Civil Rights Act. The case was resolved by Consent Decree in April 2007. Twin Peaks was required to create an anti-discrimination policy, David Barnett and Mary

Barnett were required to obtain training on employment discrimination and Twin Peaks paid the former employee \$8,500.

### **Kovach v. Trail Horse Adventures Co.:**

In this disability-based public accommodation case, a deaf person alleged that defendant denied her the opportunity to participate in a trail ride because of her hearing disability. The case was

resolved by conciliation agreement wherein defendant, which had ceased its business operations, agreed to adopt policies and procedures to ensure that if it resumed business, it would make its horseback riding equally available to persons who are deaf or hard of hearing and conduct sensitivity training. Defendant also agreed to pay the charging party \$750.

## **State v. Family Health**

**Providers:** This disability discrimination case involved allegations by a patient of defendant Family Health Providers, Ltd., who claimed that defendant discriminated against her regarding the use of her service animal. In February 2007, the Attorney General's Office entered into a consent decree with Family Health Providers, Ltd. under which defendant agreed to post a sign welcoming service animals, obtain training on the Arizonans with Disabilities Act and pay the charging party \$500.

## **Matz v. Cañada Ridge**

**Homeowners Association:** In this housing discrimination case, CRD's investigation determined that reasonable cause existed to believe that the homeowners association discriminated against one of its residents by denying her the reasonable accommodation of installing an accessible gate to her yard. In April 2007, the Attorney General's Office entered into a conciliation agreement wherein defendant, among other terms, waived the resident's assessment obligations for two years, allowed her to install the gate she needed and adopted a reasonable accommodation policy.

## **State v. Edelis dba Copy**

**Shop:** This case arose from allegations that defendant had denied a person who utilized a service animal access to its business because of the service

animal and that its parking area did not comply with the Arizonans with Disabilities Act. Under the terms of the consent decree, defendant adopted a service animal policy, posted a

sign welcoming service animals, agreed to designate a handicapped parking space and paid the charging party \$1,000.





Solicitor General  
Mary O'Grady

## Mission:

*The Solicitor General's Office is committed to excellence, fairness and integrity and provides leadership in appeals, elections, ethics, independent advice and legal opinions.*

## Division Highlights

- **Arizona's Water Quality Permitting Program:** The Solicitor General's Office (SGO) and Environmental Enforcement Section represented the State of Arizona before the United States Supreme Court in *Environmental Protection Agency v. Defenders of Wildlife*. The Supreme Court agreed with the State's position that the federal Environmental Protection Agency had properly transferred to Arizona authority to implement a water quality permitting program.

- **Defending the Constitutionality of Laws Governing Petition Circulators and Independent Candidates for President:** Lawyers from the Attorney General's Office filed briefs in the Ninth Circuit defending the constitutionality of Arizona's laws requiring petition circulators to be

residents of Arizona and establishing the filing deadline for independent candidates for president. The District Court previously upheld the constitutionality of these laws, and plaintiffs appealed that decision to the Ninth Circuit (*Nader v. Brewer*).

## Education and Enforcement of Public Access Laws

- The Open Meeting Law Enforcement Team and Solicitor General's Office conducted training sessions concerning the open meeting and public records laws for various groups throughout the State. These educational sessions

*Left to right: NAAG President and Georgia Attorney General Thurbert Baker, NAAG Executive Director Lynne Ross, New Hampshire Attorney General Kelly Ayotte, Assistant Attorney General Paula Bickett and Attorney General Terry Goddard. Bickett, who is Chief Counsel for Civil Appeals in SGO, received the NAAG Marvin Award for her dedicated service and leadership.*



are designed to help members of public bodies and others understand the requirements of the State's public access laws and the role of the Attorney General's Office in enforcing the Open Meet-

ing Law. The Open Meeting Law Enforcement Team also processed more than 17 open meeting law complaints filed by citizens against various public bodies.

### **Attorney General Opinions**

- The Solicitor General's Office coordinated the production of significant Attorney General Opinions, including opinions concerning Propositions enacted in the 2006 elec-

tion, teacher compensation increases required by 2006 legislation and child abuse reporting requirements.

### **Ensuring Quality of the State's Appellate Practice**

- The Solicitor General's Office continued its work preparing, reviewing and editing briefs for state and federal appellate courts. The Solicitor General's Office reviewed more than 373 briefs and coordinated 43 moot courts in the past fiscal year.

### **Enforcing Arizona's Campaign Finance Laws, Lobbyist Reporting Requirements and Financial Disclosure Requirements for Public Officials**

- During fiscal year 2007, lawyers in the Solicitor General's Office handled 62 matters referred by the Secretary of State relating to campaign finance and election law requirements and reviewed and advised the Clean Elections Commission regarding enforcement matters.

*Attorney General Terry Goddard with former Arizona Governor Raul Castro at a Nogales event in January 2007*





Chief Counsel Mark Wilson

## Mission:

*The Finance Division supports the Attorney General's Office with a multidisciplinary team of financial and legal professionals. We provide legal advice, litigation, budgetary, contract, accounting and financial control services to the Office and to the Executive and Judicial Branches of State Government.*

## Division Summary

*The Finance Division, newly created in September 2006, is comprised of two Sections: the Administrative Law Section and the Financial Services Section.*

The **Administrative Law Section (ALS)** is comprised of lawyers and legal support teams. ALS represents approximately 60 State agencies in matters concerning public monies, procurement, finance, open meeting, public records and general agency advice. Clients include: the Judiciary (and its associated programs), Secretary of State, State Treasurer, Department of Administration, Department of Commerce, Department of Corrections, Department of Emergency and Military Affairs, Department of Homeland Security, Department of Housing, Department of

Gaming, Government Information and Technology Agency, Arizona Exposition and State Fair, State Retirement and the State Lottery, to name a few.

The **Financial Services Section (FSS)** is comprised of CPAs, accountants, procurement officers and other financial services professionals. FSS is responsible for overseeing and running the financial operational services of the Attorney General's Office.

The creation of the Finance Division is the first major organizational change in the Attorney General's Office in the last decade. The intent in its creation is to bring the legal and business sides of the Office together to improve the work product of both. By working together as a Division, the Administrative Law Section is better able to observe the effect and consequences of legal

advice it may give, thus helping the Section tailor its advice to better serve the business needs of the State. The Financial Services Section, on the other hand, receives the same legal advice and guidance that is delivered to State agencies, thus learning lessons from the actions of other State agencies in developing best practices.

## Vendor Web-Based Ordering System

During FY07, FSS analyzed how much time it was spending on various vendors. FSS identified an extremely labor-intensive vendor on which Accounts Payable personnel were spending an average of 45 hours per month. Much of this time was spent on solving billing problems. It was clear that none of the stakeholders was satisfied with the existing situation.

Through diligent work, including problem solving, training, set-up of internal accounting controls and Web development, FSS is anticipating a 75 percent decrease in the amount of Accounts Payable analysis on this vendor. There have been several additional internal accounting controls added to the ordering process. FSS is also expecting that this will create efficiencies throughout the entire Office.

## Managing Receivables and Cash Flow

The Office has 100 receivable accounts outstanding at any one point in time. If these receivables are not tracked, billed and followed up for timely payment, FSS has issues with its ability to pay bills. Late in FY07, FSS implemented a new collections software program that was being developed

for the Tax, Bankruptcy and Collection Section, the Criminal Division and the Consumer Protection and Advocacy Section. Formerly, receivables were being maintained in Excel, which is very time intensive. The new collections software program has improved the ability to easily maintain detailed accounts receivable balances. FSS anticipates increased efficiencies in the future as full utilization of the software is completed.

### Administrative Law Section (ALS)

ALS's successes are counted in the cases/matters that are often not heard about. ALS prides itself in creatively solving client problems and defusing potential conflict situations. Although ALS handles a broad range of issues, the following illustrate

the type of issues:

In *Klein v. Rumsfeld et al.*, a member of the Arizona National Guard attempted to resign his warrant office commission to avoid deployment overseas. His April 21, 2006 complaint demanded an injunction against the federal and State officials requiring them to accept the resignation and release Mr. Klein from any service obligations. ALS represented the State Adjutant General, as well as the regiment and battalion commanders.

In *Wolfson v. Brammer*, ALS successfully defended the members of the Commission on Judicial Conduct in federal court. Plaintiff claimed that the Supreme Court's rules setting standards of conduct for judicial candidates were unconstitutional. Had plaintiff

succeeded, the federal court would have entered an injunction against enforcement of the Arizona Supreme Court's rules governing the activities of candidates for judicial office.

On the advice side, ALS supported the State's

application for a federal grant in connection with the "Arizona Health-e Connection" by providing the Government Information Technology Agency (GITA) with legal advice.

"Arizona Health-e Connection" is an initiative to build a secure Web-based system for the

exchange of medical records and health information between AHCCCS, hospitals and health care providers. The State won a \$12 million grant from the federal Health and Human Services Department.

*Attorney General Terry Goddard presents budget analyst Jim Chapman with Victims' Rights Distinguished Service Award during Victims' Rights Week in April 2007*







Chief Director Ron Spriggs

## Mission:

To provide customer-centered, quality administrative services that meet the ever-changing business requirements of the Office and ensure the efficient use of resources consistent with law, agency mission and customer needs.

## Division Summary

*The Administrative Operations Division (AOD) consists of: Facilities Management and Planning, Human Resources, Information Services and Library Services. AOD provides the Office with the internal support and administrative services needed to properly and effectively carry out its mission. The Facilities Management and Planning Section oversees the day-to-day operation of our offices in Phoenix and Tucson. The Human Resources Section provides services to all employees. The Information Services Section maintains, supports, plans and installs all computer automation and network equipment. Library Services manages the law library and provides legal research assistance.*

## Division Highlights

### Facilities Management and Planning:

- Completed a major upgrade of our video camera surveillance system, adding five new cameras and three new digital recorders.

- Designed, planned and coordinated the building of a computer training room with 24 workstations.

### Human Resources:

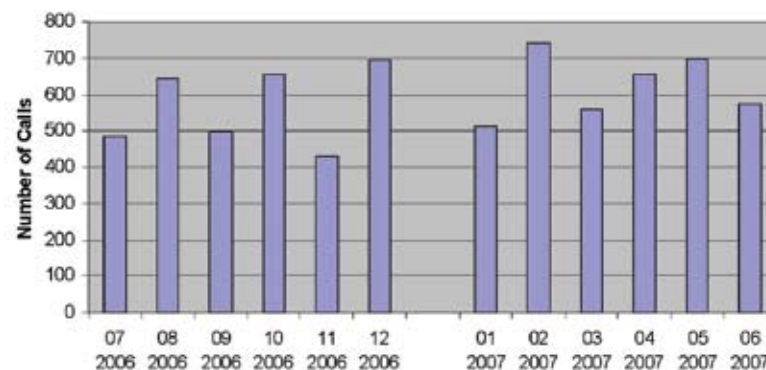
- Developed and implemented a new electronic process for receipt of resumes from attorney applications. This will

accelerate the application, interview and hiring process and allow us to capture data electronically for management reports.

- Played a key role in the development and implementation of the Attorney General's Office Performance Pay Plan.
- Helped develop and implement the agency Employee Survey.

- Coordinated the office-wide Annual Travel Reduction Survey and obtained an approximate 88 percent participation rate.
- Coordinated the office-wide State Employee Charitable Campaign. The Office exceeded its goal in Dollars, Participation and Super Givers.
- Issued 286 recruitment announcements, received 9,033 resumes and hired 251 staff members.

## Help Desk Calls 2006/2007



### **Library Services:**

- Through a partnership with Arizona State Library and Archives, our Law Library now has unlimited access to online resources, including law reviews, journals, historical treaties, catalogs from other libraries throughout the United States, the Congressional Record and Medline.
- Coordinated Web-based legal research training classes for 155 legal staff.
- Our Office received the “Bronze Award” for 20% or more participation in blood drives. In fiscal year 2007, the Attorney General’s Office donated 138 pints of blood, which makes a life preserving difference to 414 patients in Valley hospitals



*Junell Williams issues an identification badge to employee Connie MacLaughlin*