



Attorneys General: Protecting and Serving Constituents

2009 – 2010 Annual Report

Fiscal Year July 1, 2009 to June 30, 2010





NAAG Mission Statement

To help Attorneys General fulfill the responsibilities of their office and to assist in the delivery of high quality legal services to the states and territorial jurisdictions.



NAAG President's Message



It has been a pleasure to serve as president of the National Association of Attorneys General this year. I am proud to be a member of this great association. Even in the midst of trying economic times, NAAG has done tremendous work in meeting the needs of Attorneys General around the nation. In turn, we are able to effectively protect and serve our constituents.

Attorneys General continue to protect our constituents, without hesitation. Regardless of party, we have come together in a bipartisan effort to focus on whatever task is before us. This would not have been achieved without the assistance of NAAG in providing resources and facilitating collaboration among the state Attorneys General.

Some of the greatest NAAG accomplishments from this fiscal year include:

- ☞ Streamlined NAAG to be a more efficient organization to cope with lean economic conditions.
- ☞ The Strategic Planning Committee developed a five-year strategic plan to guide the association as the premier professional legal association for the nation's Attorneys General and leading resource for their staff.
- ☞ NAAG worked with the current administration on greater law enforcement cooperation, including a partnership to address the growing issues surrounding mortgage fraud, and a revitalized Executive Working Group for Prosecutorial Relations.
- ☞ One of the top priorities of the NAAG Strategic Plan was to establish a long-range strategy for the Tobacco Project that will ensure a sustainable level of support for enforcement of the Master Settlement Agreement (MSA) and assistance to the Settling States in tobacco-related litigation. The Tobacco Strategic Plan now serves as a guide to the NAAG staff, future tobacco committee co-chairs, and the executive committee in executing their responsibilities under the MSA.
- ☞ NAAG hosted productive Annual Meetings and a Presidential Initiative Summit focusing on such critical topics as Internet safety for children, sex offender management, prescription drug abuse, Mexico - U.S. Border problems, and Native American legal issues.

Over the past year we have accomplished much in a wide range of legal areas. NAAG is an amazing organization that allows us to work together for the greater good. I am proud of what we have been, what we are and what we have the potential to become in the coming years.

Sincerely,

A handwritten signature in black ink that reads "Jon Bruning". The signature is written in a cursive, flowing style.

Jon Bruning

2009-2010 NAAG President and Nebraska Attorney General

NAAG Executive Director's Report

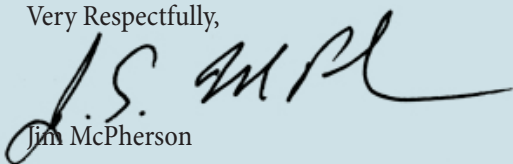
As you read the following Annual Report you will undoubtedly be struck by the astounding number of significant accomplishments the NAAG staff achieved over the past 12 months. When you place that within the context of a staff which numbers 30% fewer people and an operating budget reduction of 17% from this time last year, their accomplishments take on added significance. It becomes rapidly apparent that these accomplishments are the result of hard work, tenacious dedication, and exemplary professionalism.

“To help Attorneys General fulfill the responsibilities of their office and to assist in the delivery of high quality services to the states and territorial jurisdictions.” This is more than NAAG’s Mission Statement. It is what inspires and motivates every member of the NAAG staff every day. Every professional relationship involves the exchange, the give and take, of work and effort. The relationships the NAAG staff enjoys with the staff of every Attorneys General office is the key to overall success. While NAAG’s job is to support those staff members, and their respective Attorney General, we wouldn’t be able to provide such outstanding support without their help. For all of them we are very grateful.

The National Association of Attorneys General is not defined by political power, influence, or specific accomplishments. It is defined by the selfless, dedicated work of its members, our nation’s Attorneys General, who serve the people of their respective jurisdictions. It is through their inspiring leadership and commitment to the rule of law that NAAG takes its strength as an association. The entire NAAG staff has been fortunate to have served the superb leadership team of Attorney General Bruning, Attorney General Cooper, Attorney General McKenna, and Attorney General Lynch, as well as the entire Executive Committee. Without their encouragement, support, and inspiration NAAG’s many accomplishments would not have been possible.

It continues to be a tremendous honor for me to serve as NAAG Executive Director. We have all missed our Deputy Executive Director, Chris Toth, who was in Iraq this year serving in the U.S. Army. We rejoice in his safe return and look forward to him joining us for fiscal year 2010-2011. There is much to do for the Attorneys General and their staff. We look forward to serving them with even greater enthusiasm in the coming year.

Very Respectfully,



Jim McPherson
NAAG Executive Director



2009–2010 Presidential Initiative

Virtual World – Real Crime

NAAG President and Nebraska Attorney General Jon Bruning named “Virtual World – Real Crime” as his Presidential Initiative. As technology continues to advance, online sexual predators find new ways to prey on children. As Internet access has become more and more “wireless,” allowing people to move around, it is increasingly harder to track down and prosecute these offenders.

The Initiative’s goal was to help law enforcement and the online industry protect children against Internet predators. Among its many accomplishments were:

- ☞ **100 leaders, including Attorneys General and corporate and association representatives, attended a February 2010 Summit** to discuss strategies to protect children from Internet predators. Topics included social networking sites, piracy issues, privacy and the First Amendment, online video gaming, behavioral advertising, and the psychology of the online offender. John Walsh, television host of *America’s Most Wanted*, served as the keynote speaker.
- ☞ **President Bruning and Mississippi Attorney General Jim Hood met with Internet service providers (ISPs)** to streamline the subpoena process. Sound practices have been drafted to make law enforcement requests to ISPs more uniform, more efficient and more reactive.
- ☞ **More Attorneys General offices are using a free online system offered to law enforcement called Operation Fairplay**, which tracks child pornography distribution. Officials can identify the computer and get a physical street address from an ISP, which can lead to an arrest warrant. In the past year, we have trained more than 130 officers from dozens of states on this technology.

“I believe there is no greater responsibility than keeping our children safe,” President Bruning said. “We have made great strides in keeping predators away from our youth, but there is much more to be done.”



“Real Crime Runs Rampant in the Virtual World.”



NAAG Mission Foundation

The NAAG Mission Foundation, Inc., a 501 (c) 3 organization provides non-partisan research and analysis of legal issues for Attorneys General as well as assists in the NAAG membership's responsibilities under the Tobacco Master Settlement Agreement (MSA).

The Mission Foundation has been active this year in advancing the programs and meetings conducted by NAAG by providing approximately \$1 million for the three NAAG Annual Meetings, NAGTRI legal trainings for 1,800 assistant attorneys general, and several regional meetings.

“I am proud to be a member of this great Association. Even in the midst of trying economic times, NAAG has done tremendous work in meeting the needs of Attorneys General around the nation, and in turn, we are able to effectively protect and serve our constituents.” NAAG President and Nebraska Attorney General Jon Bruning

National Attorneys General Training & Research Institute (NAGTRI)

The National Attorneys General Training & Research Institute (NAGTRI) provides high-quality, responsive, innovative legal training to assistant attorneys general across the country. NAAG and NAGTRI offer between 25-30 national programs annually that include Continuing Legal Education (CLE) credit. In addition, NAGTRI conducted 14 mobile trainings, including courses in trial advocacy, e-discovery, bankruptcy, management, and negotiations. All told over 1,800 assistant attorneys general received training this year. Many of the programs offer between one and three ethics hours.

With the very generous support of the Mission Foundation, NAGTRI supported 14 national trainings, two regional environmental trainings, and two train-the-trainer courses this year. In addition to our core courses, NAGTRI developed and presented courses on environmental laws associated with new sources of energy, a habeas corpus defense course, and an ethics course. NAGTRI received funding from the Bureau of Justice Assistance (BJA) for intellectual property theft training being developed in partnership with the National White Collar Crime Center. Additional funding has been made available from BJA to plan and conduct a course for prosecutors and judges on human trafficking issues in cooperation with the Upper Midwest Community Policing Institute and the National Judicial College.

NAGTRI also provided intellectually adept research on issues of concern to NAAG members. This effort included two research papers, one involving potential climate change disclosure obligations under both federal and state laws as well as an analysis the Second Circuit decision in *Connecticut v. American Electric Power Company, Inc.*



NAGTRI

“This was the best and most useful CLE event I have participated in because of the compartmentalized nature of appellate work.” • *“Not only did I derive a great benefit in terms of expanding my knowledge base, but also the materials allow me to bring this benefit to other members of my office.”*

Society of Attorneys General Emeritus (SAGE)



Former Attorneys General remain active as part of the Society of Attorneys General Emeritus (SAGE). Formed in 1990, SAGE now has 250 members. SAGE members share their wealth of experience, are available to mentor those who follow, network with each other in their post government pursuits, and continue to support sitting Attorneys General individually and through NAAG.

After serving 20 years as co-chairs, SAGE Founders LeRoy Zimmerman (Pennsylvania AG, 1981-1989) and Francis Bellotti (Massachusetts AG, 1975-1987) resigned their SAGE leadership position effective June 2010. SAGE members nominated and voted W.J. Michael Cody (Tennessee AG, 1984-1988) and Stephen Merrill (New Hampshire AG, 1985-1989) as the new SAGE co-chairs.

“[SAGE] is the mother lode of talented people who combine one-of-a-kind law practice as their state’s highest lawyer, with successful political relationships at the local, state, and federal levels. There really is nothing like it anywhere,” said former NAAG Executive Director C. Raymond Marvin.



NAAG Annual Meetings

NAAG Annual Meetings provide a meeting ground for cooperation and learning among the Attorneys General. This year's topics of discussion reflected top legal issues consuming Attorneys General offices including financial reform efforts, U.S. and state Supreme Court cases, Child Exploitation Prevention, Prescription Drug Abuse, Protecting the Environment, and Violence along the Southwest Border. Prominent guest speakers joined us, such as U.S. Attorney General Eric Holder, FDIC Chairman Sheila Bair, and Washington Governor, and former NAAG President, Christine Gregoire. The Attorneys General had an opportunity to meet with President Obama at the White House and Vice President Biden at his residence during the NAAG Spring Meeting. Over 600 people, including representatives from the public and private sectors, attended the three meetings:

In 2008, the American Legacy Foundation announced an annual lecture series on tobacco policy and enforcement in honor of Vermont Attorney General William H. Sorrell. This year's nationally recognized lecture speaker was Margaret Hamburg, M.D, U.S. Food and Drug Administration commissioner, who gave her address during the NAAG Summer Meeting.

“When Attorneys General share their expertise and resources, we can keep our communities safer, protect consumers from fraud and educate them on how to avoid bad deals. Cooperation and information sharing can stop problems before they start, and help us better protect the people we represent,” Roy Cooper, NAAG President-Elect and North Carolina Attorney General.

WINTER MEETING

DEC. 1 – 3, 2009

Phoenix, Arizona

“A New Era of Federal-State Cooperation: The Changing Contours of Preemption”

SPRING MEETING

MARCH 1 – 3, 2010

Washington, D.C.

“State-Federal Partnerships: Shaping the Future”

SUMMER MEETING

JUNE 14 – 16, 2010

Seattle, Washington

“Using Technology to Protect the Public”

Recipients of the 2009 - 2010 NAAG Awards for outstanding achievement and service.

KELLEY-WYMAN AWARD

Arizona Attorney General Terry Goddard

SPECIAL RECOGNITION AWARD

Massachusetts Attorney General Martha Coakley

FRANCIS X. BELLOTTI AWARD

Tom Reilly, former Massachusetts Attorney General

NAGTRI FACULTY OF THE YEAR AWARD

Brendan Ruane, New Jersey Attorney General Office

RAY MARVIN AWARD

Brian Moran, Washington Attorney General Office

LAURIE LOVELAND AWARD

Leslie Bridges, Tennessee Attorney General Office

BEST BRIEF AWARDS

Solicitor General Corey Maze of Alabama • Appellate

Chief Kyle Duncan of Louisiana • Solicitor General

Barbara D. Underwood, Benjamin Gutman and Cecelia

Chang of New York • Solicitor General Benjamin

C. Mizer, Alexandra T. Schimmer, Stephen P. Carney,

Elisabeth A. Long, and Barton A. Hubbard of Ohio •

Solicitor General James C. Ho, Joseph D. Hughes, and

Beth Klusmann of Texas • Solicitor General William E.

Thro, Stephen R. McCullough and Alice T. Armstrong of

Virginia • Solicitor General Maureen Hart, William B.

Collins, and Anne E. Egeler of Washington.



NAAG Strategic Plan



A Strategic Planning Committee developed a 5-year plan to guide the Association as the premier professional legal association for the nation's Attorneys General and leading resource for their staff.

The approved NAAG Strategic Plan is both comprehensive and long range, and will serve as the primary tool guiding critical decisions and shaping NAAG's future. It offers five priorities and numerous key initiatives. The NAAG executive director is responsible for implementing the plan and monitoring the progress.



NAAG Project Accomplishments

Antitrust

NAAG's Antitrust Project held its annual seminar, "Antitrust Federalism: Enhancing the State-Federal Relationship," in September 2009 in conjunction with Columbia Law School's National State Attorneys General Program. Ohio Attorney General Richard Cordray, Federal Trade Commission Chair Jon Leibowitz and U.S. Department of Justice Assistant Attorney General for Antitrust Christine Varney were the keynote speakers.

The Antitrust Project also provided trial practice training in July 2009 for 16 state antitrust attorneys in Princeton, NJ. The week-long training was co-sponsored by the New Jersey Attorney General's Advocacy Institute.

The Multistate Litigation Database, a searchable database on NAAG's Web site, www.naag.org, provides the most comprehensive information about state antitrust enforcement actions. The database includes descriptions and pleadings from more than 500 state antitrust cases since 1990.

Bankruptcy

The NAAG Bankruptcy Project has always been responsible for helping to coordinate the states' position where they are implicated in pending bankruptcy cases. That role became particularly prominent in this fiscal year's Chrysler and General Motors bankruptcies. They were two of the largest cases ever filed and had the unique overlap of the involvement of the federal government. The states had concerns ranging from the treatment of claims of personal injury victims, to the enforcement of state lemon law and dealership laws, to the provision made for environmental costs associated with the debtors' manufacturing facilities and many more. While the bankruptcy laws severely constrained the states' efforts, they were able to effect a number of changes that greatly improved the terms of the final agreement.

More than in most areas, bankruptcy is an area that is unfamiliar to state counsel and that they do not regularly encounter. As a result, providing training and educational materials is particularly critical. The Project conducted a 3 1/2 day annual seminar in October 2009 for 185 participants. In addition, NAAG Bankruptcy counsel offers a no-cost one-day introductory session in state offices, open to all state personnel. Such sessions were held in Michigan and New Jersey this year.

Finally, Bankruptcy counsel is working on a second edition of the Bankruptcy Law and the Governmental Regulatory Process manual for government counsel to include the changes from the 2005 Code amendments.

NAAG Project Accomplishments

Communications

NAAG Communications conducted three Webinar training sessions for public information officers (PIOs) in Attorneys General offices: How Attorneys General are Using Social Media; Effective Use of Video; and How to Excel on Facebook.

NAAG publications revised or created over the year included *The Function of the Chief Deputy in the Office of the Attorney General*, *2009 Statistics on the Office of Attorney General*, and the first NAAG Annual Report. NAAG also contributed an Attorney General chapter to the 2010 Council of State Governments' *Book of the States*.

Congressional Liaison

The successful passage of “The Prevent All Cigarette Trafficking (PACT) Act” (P.L. #111-154) was a significant federal legislative NAAG accomplishment after seven years of support. The PACT Act will drastically cut the sale of illegal tobacco products over the internet such as those that would avoid taxes and would be sold to youth. Fifty-one Attorneys General were part of a successful campaign to urge Congress to pass the legislation and the president to sign it into law.

Sign-On letters are policy-oriented letters sent to members of Congress, congressional committees or federal agencies expressing the viewpoint of the signatories. In order for a sign-on letter to be NAAG policy, it must have 36 or more Attorneys General signatures. This year, NAAG Sign On letters covered a range of issues, from mortgage assistance relief and state alcohol regulation to deceptive marketing of credit reports and urging federal funding for intellectual property enforcement to address counterfeiting and piracy. The NAAG letters can be found online, http://www.naag.org/sign-on_archive.php





Consumer Protection

The Consumer Protection Project facilitated a two-day strategic planning meeting for previous and current board members of the National Association of State Charity Officials (NASCO). NASCO was formed over 30 years ago, comprised of assistant attorneys general and other state charity regulators to enhance the effectiveness of state charity regulation.

Project counsel provided technical assistance and support to more than 30 multistates and working groups, and serves as a liaison to federal agencies. Recent multistate announcements included Vonage, Pfizer, Toyota and LifeLock. In addition, NAAG joined the Federal Trade Commission in announcing Operation Stolen Hope, a nationwide crackdown on mortgage foreclosure rescue and loan modification scams. The operation involved more than 118 actions by federal and state agencies.

The spring and fall Consumer Protection seminars had over 40 assistant attorneys general from more than 35 states and more than 25 private sector individuals attending. Conference topics included: mandatory

arbitration, debt settlement, auto safety issues, and federal financial regulation reform. NAAG also trained more than 80 assistant attorneys general in trial advocacy skills using a telemarketing fraud case.

In November 2009, President Obama signed an Executive Order establishing the Financial Fraud Enforcement Task Force (FFETF). Acting under authority delegated in the Executive Order as the FFETF chair, U.S. Attorney General Eric Holder invited NAAG to join the FFETF with several Attorneys General serving as co-chairs of the Mortgage Fraud and Recovery Act Fraud Working Groups. In partnership with the U.S. Department of Justice, U.S. Attorneys, and a wide variety of federal law enforcement and regulatory agencies, NAAG was an essential partner in the initial efforts of the FFETF which included a nationwide effort entitled Operation Stolen Dreams targeting mortgage fraud. NAAG continues to work closely with the Task Force and Working Groups in this vital consumer protection initiative.

NAAG Project Accomplishments

Cyberspace Law

As today's technology-driven world provides a new arena for criminals, the Cyberspace Law Project works to provide the necessary training and technical assistance to prosecutors in Attorney General offices to enable them to successfully investigate and prosecute computer-based crimes. The Project is funded through a cooperative effort between NAAG and the National Center for Justice and the Rule of Law at the University of Mississippi.

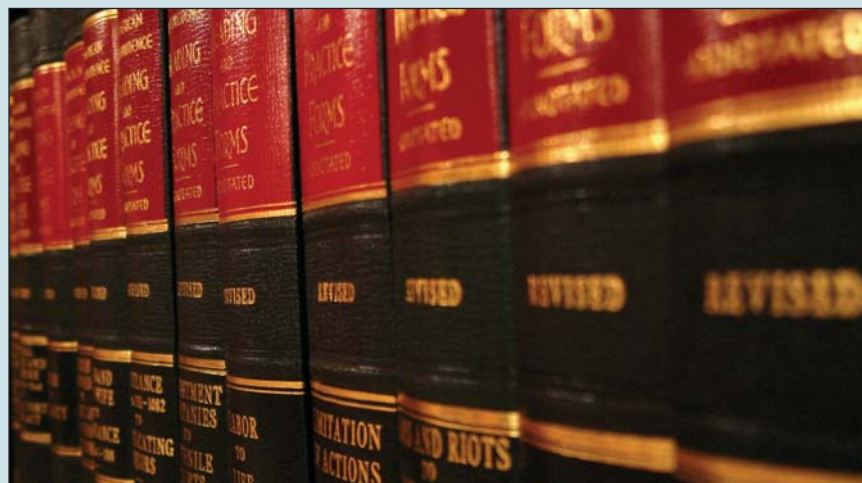
This year, Cyberspace Law counsel developed and conducted two cybercrime trainings, 4 remote e-discovery trainings and one crime victims training.

NAAG counsel also served on two federal task forces, Online Safety and Technology task force (pursuant to statute) and Child Pornography Victims task force.

Energy & Environment

The Energy & Environment Project presented two regional training sessions on Concentrated Animal Feeding Operations, one in Nebraska and one in North Carolina. The Project also held a nationwide training session covering the environmental law effects of new forms of energy development, production, transmission and use. Under the auspices of the Project, staff wrote two legal research articles covering SEC disclosure requirements tied to greenhouse gases, and a major air pollution case, *Connecticut v. American Electric Power*. Finally, the NAAG-DOE Workgroup, supported by the Office of Environmental Management in the U.S. Dept. of Energy (DOE) and the NAAG Energy & Environment Project, met in conjunction with several nationwide tribal and governmental groups and DOE.





National Association of Medicaid Fraud Control Units (NAMFCU)

NAMFCU's most noteworthy accomplishments continue to be in the areas of global cases and training. This fiscal year a record number of nine global cases were resolved. These cases are: Quest Diagnostics for \$12.4 million, the historic \$2.3 billion settlement with Pfizer and its subsidiaries, Pharmacia and Upjohn; a \$124 million dollar settlement with Mylan Pharmaceuticals, UDL Laboratories, AstraZeneca Pharmaceuticals and Ortho McNeil Pharmaceuticals; Omnicare, Inc. for \$112 million; Forba Holdings for \$24 million and Alpharma Inc. for \$42 million.

NAMFCU continues to offer professional training of the highest quality to MFCU staff throughout the nation. During the past fiscal year, NAMFCU held two Introduction to Medicaid Fraud training programs in Santa Fe, N.M., (October 2009 and February 2010) and a third class in April 2010 in Springfield, Ill., for newly hired Illinois MFCU investigators. Approximately 150 attorneys,

auditors and investigators attended these programs. NAMFCU held two Medicaid Fraud 102 Training Programs focusing on four provider subject areas. MF 102 is geared toward more experienced MFCU employees and is premised on a low student to instructor ratio. The teaching format utilizes small break out sessions in order to foster a team approach to solving both investigation and prosecution challenges.

NAMFCU held its annual training program in Louisville, KY., September 2009. Kentucky Attorney General Jack Conway and Assistant Attorney General Tony West from the U.S. Department of Justice were featured speakers.

Finally, NAMFCU President Mark Collins, Director of the Nebraska MFCU, testified at a March 4 hearing of the U.S. House Judiciary Subcommittee on Crime, Terrorism and Homeland Security about MFCUs enforcement efforts.



NAAG Project Accomplishments

Supreme Court

State Attorneys General collectively appear before the U.S. Supreme Court more than any other litigant apart from the U.S. Solicitor General. The issues presented by these cases span from criminal procedure and habeas corpus to the First Amendment, preemption, and the Takings Clause. The NAAG Supreme Court Project helps states present cases effectively before the Court, both as parties and collectively as amici curiae.

The Project counsel conducted approximately 20 moot courts for state attorneys arguing in the U.S. Supreme Court this term. Six state lawyers assisted NAAG staff through the NAAG Supreme Court Fellows program.

Project counsel edited 50 briefs filed by Attorney General Offices in the U.S. Supreme Court, including merits briefs, cert petition and oppositions, and amicus briefs.

The Project hosted its 27th annual Supreme Court Advocacy Seminar in December 2009 for 41 attendees, and its 15th annual State Solicitors and Appellate Chiefs Conference in June 2010 for 45 people.

Tobacco

The Tobacco Project continued its successful defense of the tobacco Master Settlement Agreement (“MSA”) against constitutional and antitrust challenges. Summary dispositions of such challenges by federal district courts were upheld by federal appellate courts and the U.S. Supreme Court denied certiorari in one case.

The Project supported the states significantly in connection with the implementation of two major federal legislative initiatives: (1) the Family Smoking Prevention and Tobacco Control Act, which gives the federal Food and Drug Administration regulatory authority over tobacco products, and (2) the Prevent All Cigarette Trafficking Act (“PACT Act”), which places significant limits on the sale of tobacco products over the Internet.

The Project helped Settling States prepare to arbitrate the tobacco companies’ claim to a \$1.2 billion reduction in their MSA payment. The claimed reduction is a “Non-Participating Manufacturer Adjustment” and the arbitration is the first under the MSA. The Project has provided support to the Settling States and has helped coordinate the identification of issues, the selection of arbitrators, and the preparation of a common State case.

Finally, the Project introduced and developed the Tobacco Collaborative Intelligence System (“TCIS”), a wiki-based collaboration platform that greatly facilitates communication among states on tobacco enforcement issues. TCIS, colloquially known as “the wiki” has been a remarkable success, with thousands of discussions, comments, and documents shared since inception.

NAAG Administration & Association Services

NAAG undertook an extensive technology audit in July 2009. The technology unit from the Pennsylvania Office of Attorney General was instrumental in this process. Based on the audit report's recommendations and over the last several months, NAAG has transitioned to an outsourced technology services solution. Additionally, NAAG is currently in the implementation phase of a new virtualized server environment, software upgrade, and technology refresh program for its PCs and laptops. This will greatly enhance NAAG staff's ability to provide quality services to the membership. In this first year, these efforts would not have been possible without the support of the NAAG Mission Foundation.

The significant reduction of NAAG staff at the end of fiscal year 2009 required the Association to adjust and modify certain office support functions. By decentralizing and streamlining many of these functions and working more closely with our third party providers, NAAG has been able to accomplish cost savings without sacrificing the administrative support and services provided to staff.





NAAG Financials

With the severe financial crisis continuing in our nation's economy, NAAG successfully met the needs of its members by making difficult decisions and adhering to fiscal discipline. Bank failures, home mortgage foreclosures, and significant loss of investment capital were widespread in 2009. The Association and its members were not immune. Out of necessity, NAAG reduced its staff by 30% and cut its operating budget by 17%. As we begin a new 2010 fiscal year, the tough decisions are paying off with measured, steady financial results.

The Association's core budget is funded principally from member dues, federal government grants, and other sources. The dues structure is modeled after the National Governors Association, with categories and amounts assessed based on the most recent census.

Funding Sources

- ☞ **NAAG Dues:** Funds NAAG core programs and General and Administrative Expenses.
- ☞ **Registration Income:** Contributes to fund some meeting expenses.
- ☞ **Settlement funds:** Usually restricted to fund certain prescribed programs or expenses.
- ☞ **Interest and investment income on Tobacco portfolio:** Funds a portion of the Tobacco program expenses and Tobacco grants.
- ☞ **Interest and investment income on Mission portfolio:** Fund annual meetings, NAGTRI and other meetings.
- ☞ **Rental Income on Mission Foundation:** Funds general and administrative expenses related to the owned office building.
- ☞ **Federal and other grants.**

Notes

- ☞ While the Tobacco and Mission Fund portfolio experienced losses in FY 2009, net assets improved by over \$14 million for the 9 months in FY 2010, partially offsetting the prior year's losses.
- ☞ **Editor's Note:** NAMFCU's financials are separate from NAAG and are not reflected in this report.

Consolidated Statements of Activity

As of June 30, 2010 and June 30, 2009

	For the Year Ended in 6/30/2010	For the Year Ended in 6/30/2009
REVENUES <i>(In Thousands)</i>	Consolidated Total	Consolidated Total
Dues	\$2,118	\$2,147
Registration fees	\$467	\$527
Settlement Income	\$10,385	\$59
Grant Reimbursement - Federal	\$325	\$380
Investment and Interest Income	\$7,324	(\$18,893)
Rental Income	\$423	\$432
Other	\$497	\$265
TOTAL REVENUES	\$21,539	(\$15,083)

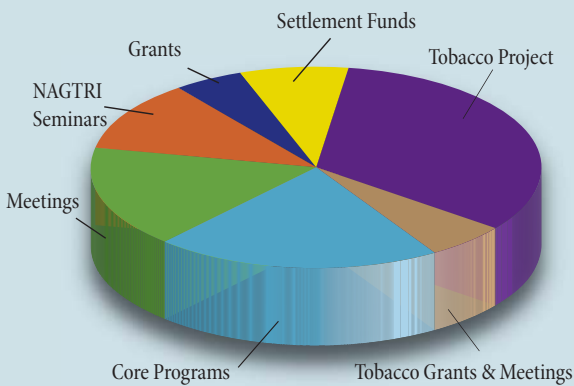
	For the Year Ended in 6/30/2010	For the Year Ended in 6/30/2009
EXPENSES <i>(In Thousands)</i>	Consolidated Total	Consolidated Total
PROGRAM EXPENSES		
Core Programs	\$1,361	\$1,397
Meetings	\$1,090	\$909
NAGTRI Seminars	\$767	\$971
Grants	\$322	\$380
Settlement Funds	\$513	\$1,058
Tobacco Project	\$2,198	\$2,377
Tobacco Grants & Meetings	\$369	\$10,311
TOTAL PROGRAM EXPENSES	\$6,619	\$17,402

General and Administrative	\$477	\$1,015
Building Expenses	\$694	\$680
TOTAL EXPENSES	\$7,790	\$19,097

CHANGE IN NET ASSETS **\$14,210** **(\$34,180)**

NET ASSETS		
Beginning	\$87,151	\$121,332
Ending	\$100,900	\$87,151

FY 2010 Program Expenses



Consolidated Statements of Financial Position

As of June 30, 2010 and June 30, 2009

<i>(In Thousands)</i>	6/30/2010			6/30/2009		
	NAAG	Mission Foundation	Consolidated Total	NAAG	Mission Foundation	Consolidated Total
ASSETS						
CASH & INVESTMENTS						
Cash & Cash Equivalents	\$1,621	\$770	\$2,391	\$2,599	\$94	\$2,692
Investments	\$39,519	\$52,765	\$92,284	\$28,236	\$49,399	\$77,634
TOTAL CASH & INVESTMENTS	\$41,140	\$53,534	\$94,674	\$30,834	\$49,492	\$80,327
ACCOUNTS RECEIVABLE & OTHER						
Accounts Receivable	\$396	\$0	\$397	\$398	\$4	\$402
Due from Other Funds	\$41	-	\$41	\$893	-	\$893
Prepaid Expenses	\$93	\$47	\$140	\$53	\$44	\$98
TOTAL ACCOUNTS RECEIVABLE & OTHER	\$530	\$48	\$577	\$1,344	\$49	\$1,393
Fixed Assets, Book	\$405	\$9,033	\$9,439	\$318	\$9,026	\$9,344
Accumulated Depreciation	(\$316)	(\$1,118)	(\$1,434)	(\$278)	(\$848)	(\$1,126)
Fixed Assets, Net	\$89	\$7,915	\$8,005	\$39	\$8,179	\$8,218
TOTAL ASSETS	\$41,759	\$61,497	\$103,256	\$32,218	\$57,720	\$89,938
LIABILITIES						
Accounts Payable	\$1,112	\$315	\$1,427	\$1,145	\$68	\$1,213
Deferred Revenue	\$888	-	\$888	\$680	-	\$680
Due to Other Funds	-	\$41	\$41	-	\$893	\$893
Other Liabilities	-	-	-	-	-	-
TOTAL LIABILITIES	\$2,001	\$356	\$2,356	\$1,826	\$960	\$2,786
NET ASSETS						
Undesignated Net Assets	\$3,087	\$15,932	\$19,019	\$3,137	\$11,557	\$14,694
Board Designated Net Assets	\$962	\$45,000	\$45,962	\$1,051	\$45,000	\$46,051
Temporarily Restricted Net Assets	\$35,710	\$209	\$35,919	\$26,204	\$202	\$26,407
TOTAL NET ASSETS	\$39,758	\$61,142	\$100,900	\$30,392	\$56,759	\$87,151
TOTAL LIABILITIES & NET ASSETS	\$41,759	\$61,497	\$103,257	\$32,218	\$57,720	\$89,938



NAAG Executive Committee

2009 – 2010

Attorney General Jon Bruning (NE), President
Attorney General Roy Cooper (NC), President-Elect
Attorney General Rob McKenna (WA), Vice President
Attorney General Patrick Lynch (RI), Immediate Past President
Attorney General Doug Gansler (MD), Chair, Eastern Region
Attorney General Steve Six (KS), Chair, Midwestern Region
Attorney General Dustin McDaniel (AR), Chair, Southern Region
Attorney General John Suthers (CO), Chair, Western Region (CWAG)
Attorney General Bill Sorrell (VT), Chair, Mission Foundation
Attorney General Lisa Madigan (IL), Presidential Appointment
Attorney General Martha Coakley (MA), Presidential Appointment
Attorney General Tom Miller (IA), Presidential Appointment

NAAG Finance Committee

2009 – 2010

Attorney General Dustin McDaniel (AR), Co-Chair
Attorney General J.B. Van Hollen (WI), Co-Chair



The Association membership is comprised of the Attorneys General of all 50 states, the District of Columbia, the Commonwealths of Puerto Rico and Northern Mariana Islands, and the territories of American Samoa, Guam and the Virgin Islands.





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