2012 - 2013 Annual Report*
Privacy in the Digital Age

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.

*Fiscal Year July 1, 2012 – June 30, 2013
The 2012 – 2013 fiscal year for the National Association of Attorneys General (NAAG) was productive for our members, and our financial position remained strong to fund future legal trainings, meetings and other NAAG services.

Here are just a few of the Association accomplishments for this fiscal year. NAAG members have:

- Focused on protecting online privacy as the NAAG year-long presidential initiative. We shined a light on problematic data collection practices, brought dozens of enforcement actions and pressed for better industry standards. We also created new privacy units within AG offices, hired technology experts and enhanced communication and collaboration across AG offices. All the privacy challenges couldn’t be fully addressed within the year of my presidency, but our concentrated efforts continue through the NAAG Cyber Privacy Committee.

- Worked to implement the 2012 National Mortgage Settlement, including delivering monetary relief to homeowners and distressed borrowers. Additionally, a NAAG sign on letter went to Congress, helping to extend tax relief for consumers who had mortgage debt canceled or forgiven because of financial hardship or a decline in their housing values.

- Continued to combat the horrors of human trafficking by urging Congress to amend the Communications Decency Act of 1996 in order to grant criminal jurisdiction to state and local governments. If enacted, the amendment will allow state and local governments to criminally investigate and prosecute online classified ad sites that promote prostitution and child sex trafficking.

It has been a pleasure serving as a leader in this Association and I’m incredibly proud of all the work that was done. I give credit to the attorneys general, their staff and NAAG staff for the combined, bipartisan effort and accomplishments noted in this annual report.

Sincerely,

Douglas F. Gansler
2012-2013 NAAG President & Maryland Attorney General
As you can see from the pages of this Annual Report, it was a very busy year for NAAG staff. A year marked by improvement in both the quantity and quality of services NAAG staff provided to its members. A year marked by significant changes both in personnel and in organizational structure. Perhaps most significantly, a year marked by the strengthening of the oversight and governance role of the attorneys general in the Association’s endeavors and greater engagement by them in NAAG-related activities.

In the past, I have taken this opportunity to recognize NAAG staff attorneys and specific legal issues. However, the attorneys would not be able to provide their assistance without the dedicated professionals who are often called staff or administrative support.

The tobacco staff had the most challenging year. The Diligent Enforcement Arbitration proceedings presented unique opportunities for NAAG to support the settling states which were often engaged in adversarial roles. Paralegals Erjona Fatusha and Philip Hurst did a superb job in handling this demanding work.

The Finance Department, led by Theresia Heller and her terrific team, consisting of Janet Fernandes, Gloria Post, and Valerie Gillis, transformed what was once a wholly inadequate operation into a modern, efficient, and reliable fiscal and budgetary function. They facilitate rigorous oversight by our leadership, provide the capability for responsible planning, and ensure an increasing level of support to our members.

NAAG staff planned and executed a record number of events this year including regional meetings, legal trainings, seminars, and four NAAG annual meetings. Erin Schechter, director of meetings and events, along with National Attorneys General Training and Research Institute (NAGTRI) Chief Administrator Bill Malloy and Program Specialists Emily Pace, Rupalee Rashatwar, Cassandre Saint-Preux and Ellie Simmons did a tremendous job planning every event. In the past five years, NAAG has gone from hosting less than 10 events a year to over 100 with a similar increase in program quality. This would never have been possible without the dedication of NAAG staff.

With this breathtaking increase in NAAG events comes increased public visibility. Marjorie Tharp, director of communications and Lisa Jeter, director of Web and new media services, are instrumental in managing and elevating our outreach to a level in which we take pride. Their steady, professional hands mold and guide NAAG’s public face, ensuring that the Association’s presence in many areas is consistent with the attorneys general vision and position.

Finally, the team that makes NAAG’s staff and office function each day is Scott Messing, chief of staff and director of administration and association services, and Derek Sarshad, association services manager. They truly are the “back office” giants without whom NAAG simply could not operate.

I come to office every day proud that I work with a team of devoted professionals, assisting the attorneys general and their offices in their vitally important mission.

Very Respectfully,

Jim McPherson
NAAG Executive Director
The Digital Age has transformed everything we do, from buying groceries to boarding an airplane, from treating an illness to socializing with friends and family. These changes have raised some unique and significant challenges to privacy. That is why 2012 - 2013 NAAG President and Maryland Attorney General Douglas Gansler focused his one-year NAAG presidential initiative on “Privacy in the Digital Age.” The goal was to ensure that the online marketplace thrives without compromising the privacy and safety of those who enjoy it.

Attorney General Gansler’s first act as NAAG president was to establish the NAAG Cyber Privacy Committee, which enables centralized coordination among attorneys general as they confront Internet privacy issues. The committee also keeps close watch on developments in the Internet space that affect consumers’ control over their information.

Attorneys general needed to reorient their enforcement and advocacy efforts toward the unique privacy challenges posed by the online economy. Those involved in the initiative focused on reorganizing attorneys general offices to better combat online privacy threats; investigating those bad actors who exploit Internet privacy weaknesses or mishandle online information; improving legal protections for online privacy, and educating businesses and their customers about ways to control the information they put online.

Investigating Those Who Mishandle Consumer Information

Attorneys general redoubled their efforts to hold accountable those who play fast and loose with sensitive personal and corporate information shared online.

Attorneys general have also taken steps to shine a light on problems created by online piracy and insufficient intellectual property protections. They have spoken out against information technology theft, which reduces corporate competitiveness, and have worked with companies to find ways to curb economically-damaging and potentially dangerous knock-off sales, such as counterfeit medications.

Improving Legal Protections for Online Privacy

Many federal and state laws related to the Internet were passed in its infancy and have not been updated or revisited. Attorneys general have supported efforts among states to bring their Internet laws into the modern era.

Educating Companies & Consumers about Privacy Controls

One key way attorneys general are standing up for online privacy is through public education. Attorney General Gansler hosted an April 14 – 16, 2013 Summit in National Harbor, Md., as part of his initiative that brought together business, government, and consumer stakeholders to provide education about emerging challenges and potential solutions in the online space. The challenges included cyber-security, data mining and data brokering, intellectual privacy (and threats from Internet piracy), and the impact of privacy protection on competition.

During the Summit, NAAG launched a year-long public education campaign with Facebook designed to provide teens and their parents with tools and tips to manage their privacy and visibility on Facebook. State-specific public service announcements (PSA) with 21 attorneys general and Facebook Chief Operating Officer Sheryl Sandberg were distributed. The PSA, video, and a privacy tip sheet are being shared with consumers on Facebook, www.facebook.com/fbsafety, and on participating attorneys general Facebook pages and office websites.

Through these efforts — reorganization, enforcement, legislation, and education — attorneys general are leading the fight to empower consumers and companies and keep their information safe.
National Attorneys General Training & Research Institute

It has been a productive year for the National Attorneys General Training and Research Institute (NAGTRI). With over 98 national, regional, mobile, webinars, and grant funded programs, NAGTRI instructors and staff have spent this year traveling around the country to host legal trainings for the offices of the attorneys general. NAGTRI has also worked to develop and maintain relationships with the federal government, various law enforcement organizations, and private foundations. In addition, NAGTRI staff and instructors continue to design new legal programs to meet the demands of attorneys general offices and respond to current hot button issues in the United States and abroad.

Through the continued financial support provided by the NAAG Mission Foundation, NAGTRI has been able to expand its course offerings to meet the trainings demands of AG offices throughout the country. Trainings are provided at no cost to AG offices or individual attendees. Grant funding from the Bureau of Justice Assistance has also afforded NAGTRI the unique opportunity to run trainings, in conjunction with the National White Collar Crime Center (NW3C), designed to combat intellectual property theft. In addition to AG staff, prosecutors, law enforcement, and investigators take part in these valuable programs. Trainings provide attendees with an in-depth approach to recognize and prosecute IP crimes. Successful IP programs have been held all over the country at no cost to an individual state and will continue to take place in more locations over the next year. NAGTRI has also expanded its training capacity by focusing on another very important issue: human trafficking. Through a partnership with the Upper Midwest Community Policing Institute (UMCPI), NAGTRI is excited to continue offering trainings for law enforcement, prosecutors, and AG offices on methods and techniques to detect and stop the menace of human trafficking.

In addition to establishing partnerships with NW3C and UMCPI, this year NAGTRI received funding from the Robert Wood Johnson Foundation (RWJF) to run two public health law fellowships. The first phase of the flagship fellowship is currently in process. Eight assistant attorneys general from various states are in the midst of drafting research papers on public health topics affecting the offices of the attorney general. NAGTRI continues to fulfill its mission and maximize its approach to training by developing programs specifically tailored to the role of the state attorneys general. In addition to historically popular programs like trial advocacy, deposition skills, management, and negotiations, NAGTRI refined its course offerings to encompass trainings designed for the varied responsibilities of deputy/assistant state attorneys general. Programs such as construction litigation, habeas corpus, representation of state agencies, and representation of educational institutions targeted attorneys with a unique and important function in their AGs office. NAGTRI also hosted an advanced trial techniques and an investigator training, which brought together AG attorneys and investigators in a learn-by-doing cooperative training. NAGTRI’s mobile trainings, which are provided free of charge to states, continue to be a valuable low cost method of training AG staff. This year, NAGTRI facilitated a group of experts from AG offices throughout the country and drafted a disaster preparedness handbook. The handbook provides important information to help state attorneys general respond to natural and other disasters.
The NAAG Mission Foundation, Inc., a 501 (c) 3 organization, was formed with proceeds from the 1998 Tobacco Master Settlement Agreement (MSA). Its board consists of seven attorneys general, including the four current NAAG executive officers. The purpose of the Mission Foundation is to benefit NAAG’s mission by engaging in education, research, and training programs, supporting the enforcement of the MSA, and supporting other NAAG programs and initiatives.

The Mission Foundation has been active in advancing NAAG programs and meetings this fiscal year by providing approximately $2.1 million for the three NAAG Annual Meetings, NAAG regional meetings, Presidential Initiative Summit and a majority of the NAGTRI legal training courses.

Former NAAG President and Maryland AG Douglas F. Gansler passes the gavel to Wisconsin AG J.B. Van Hollen at the 2013 Summer Meeting.

Left to right: Mississippi AG Jim Hood, U.S. Vice President Joseph Biden, Maryland AG Douglas F. Gansler at the 2013 Winter/Spring Meeting.

2013 NAGTRI International Fellows
The Association’s core budget is funded principally from member dues, federal government grants, meeting registrations and other sources. The NAAG dues structure is modeled after the National Governors Association, with categories and amounts assessed based on the most recent census.

During this fiscal year, the Tobacco Enforcement Fund and Mission Fund portfolio added $11.6 million in investment gains and earnings to the bottom line, allowing for the expansion of NAGTRI trainings and other meetings.

NAAG also received $15 million in settlement funds from the National Mortgage Settlement, creating the Financial Services and Consumer Protection Enforcement Education and Training Fund.

### FY 2013 Program Expenses

![Pie chart showing program expenses]

### Funding Sources

- NAAG Dues funds NAAG core programs and general and administrative expenses.
- Registration Income contributes to fund meeting expenses.
- Federal and other grants.
- Settlement funds are usually restricted to fund certain prescribed programs or expenses.
- Interest and investment income on the tobacco portfolio funds a portion of the tobacco program expenses and tobacco grants.
- Interest and investment income on the Mission Foundation portfolio funds annual meetings, NAGTRI training courses and other meetings.
- Rental Income to the Mission Foundation funds general and administrative expenses related to the owned office building.
# Consolidated Statements of Financial Position

As of June 30, 2013 and June 30, 2012

<table>
<thead>
<tr>
<th>(In Thousands)</th>
<th>6/30/2013</th>
<th>6/30/2012</th>
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<td>NAAG</td>
<td>Mission Foundation</td>
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<td><strong>ASSETS</strong></td>
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<td>Cash &amp; Investments</td>
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<td>Cash &amp; Cash Equivalents</td>
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<td>Accounts Receivable</td>
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<td>Prepaid Expenses</td>
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<td>Total Accounts Receivable &amp; Other</td>
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<td>Fixed Assets, Book</td>
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<td>Accumulated Depreciation</td>
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<td>71,336</td>
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<td>Accounts Payable</td>
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<td>Deferred Revenue</td>
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<td>Due to Other Funds</td>
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<td>Other Liabilities</td>
<td>17</td>
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<td>2,300</td>
<td>545</td>
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<td><strong>NET ASSETS</strong></td>
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<td>Board Designated Net Assets</td>
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<td>Temporarily Restricted Net Assets</td>
<td>64,855</td>
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<td><strong>TOTAL NET ASSETS</strong></td>
<td>69,591</td>
<td>70,792</td>
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<td><strong>TOTAL LIABILITIES &amp; NET ASSETS</strong></td>
<td>$71,891</td>
<td>$71,336</td>
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Consolidated Statements of Activity
As of June 30, 2013 and June 30, 2012

<table>
<thead>
<tr>
<th>(In Thousands)</th>
<th>For the Year Ended in 6/30/2013</th>
<th>For the Year Ended in 6/30/2012</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Consolidated Total</td>
<td>Consolidated Total</td>
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<tr>
<td><strong>REVENUES</strong></td>
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<td></td>
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<tr>
<td>Dues</td>
<td>$2,415</td>
<td>$2,419</td>
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<tr>
<td>Registration fees</td>
<td>881</td>
<td>666</td>
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<tr>
<td>Settlement Income</td>
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<td>5,895</td>
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<tr>
<td>Grant Reimbursement - Federal</td>
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<td>397</td>
</tr>
<tr>
<td>Investment and Interest Income</td>
<td>11,631</td>
<td>(1,664)</td>
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<tr>
<td>Rental Income</td>
<td>300</td>
<td>307</td>
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<tr>
<td>Other</td>
<td>65</td>
<td>39</td>
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<td><strong>TOTAL REVENUES</strong></td>
<td><strong>36,411</strong></td>
<td><strong>8,058</strong></td>
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<tr>
<td><strong>EXPENSES</strong></td>
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<tr>
<td>Program Expenses</td>
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<td></td>
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<tr>
<td>NAAG Programs</td>
<td>1,576</td>
<td>1,283</td>
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<tr>
<td>Meetings</td>
<td>1,006</td>
<td>855</td>
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<tr>
<td>NAGTRI Seminars</td>
<td>1,872</td>
<td>2,072</td>
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<tr>
<td>Federal and Other Grants</td>
<td>404</td>
<td>397</td>
</tr>
<tr>
<td>Settlement Funds</td>
<td>1,411</td>
<td>1,008</td>
</tr>
<tr>
<td>Tobacco Project</td>
<td>2,223</td>
<td>2,313</td>
</tr>
<tr>
<td>Tobacco Grants and Meetings</td>
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<td>1,231</td>
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<tr>
<td><strong>Total Program Expenses</strong></td>
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<td><strong>9,158</strong></td>
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<tr>
<td>General and Administrative</td>
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<td>416</td>
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<tr>
<td>Building Expenses</td>
<td>723</td>
<td>634</td>
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<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>10,836</strong></td>
<td><strong>10,209</strong></td>
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<tr>
<td><strong>CHANGE IN NET ASSETS</strong></td>
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<td>$(2,151)</td>
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<tr>
<td><strong>NET ASSETS</strong></td>
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<tr>
<td>Beginning</td>
<td>$114,807</td>
<td>$116,958</td>
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<tr>
<td>Ending</td>
<td>$140,382</td>
<td>$114,807</td>
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</table>

**Notes**

- NAAG is the official organization of the chief legal officers of the states, commonwealth, and territories of the United States which is reflected in NAAG’s status, for federal tax purposes, as an ‘instrumentality of the states.’ As such, NAAG is exempt from federal income tax in the same way a state governmental body is tax-exempt.
- The National Association of Medicaid Fraud Control Units’ (NAMFCU) financials are separate from NAAG and are not reflected in this report.
2012-2013 NAAG Award Recipients

The annual NAAG awards for outstanding achievement and service were presented during the 2013 Summer Meeting in Boston. Recipients were:

**Kelley-Wyman Award**
North Carolina Attorney General Roy Cooper

**President’s Award for Lifetime Achievement**
Former Massachusetts Attorney General Francis X. Bellotti

**Francis X. Bellotti Award**
Former Vermont Attorney General M. Jerome Diamond

**AG Staff Member of the Year Award**
Kay Winfree, Maryland Attorney General’s Office

**President’s Award for Service**
Sandra Matheson, New Hampshire Attorney General’s Office

**NAGTRI Faculty of the Year Award**
Monica Burkert-Brist, Wisconsin Department of Justice
Brian Kane, Idaho Attorney General’s Office

**Laurie Loveland Award**
Brad Phelps, Arkansas Attorney General’s Office

Best Brief Awards

For excellence in brief writing for the U.S. Supreme Court Recipients of the NAAG Supreme Court Best Brief Awards were:

**ALASKA**
Solicitor General Joanne Grace, Assistant Attorney General Margaret Paton Walsh, and Assistant Attorney General Ruth Botstein

**ILLINOIS**
Solicitor General Michael A. Scodro and Deputy Solicitor General Jane Elinor Notz

**MASSACHUSETTS**
Assistant Attorney General Maura T. Healey, Assistant Attorney General Jonathan B. Miller, Assistant Attorney General Genevieve C. Nadeau, and Assistant Attorney General Gabrielle Viator

**MICHIGAN**
Solicitor General John J. Bursch, Deputy Solicitor General B. Eric Restuccia, and Assistant Solicitor General Aaron D. Lindstrom

**NEW YORK**
Solicitor General Barbara D. Underwood, Deputy Solicitor General Richard P. Dearing, Assistant Attorney General Elinor R. Hoffman, and Assistant Solicitor General Andrew B. Ayers

**TEXAS**
**NAAG Annual Meetings**

**New Attorneys General Orientation**
Nov. 26-27, 2012
Ft. Lauderdale, Fla.

**Annual Meeting**
Attorneys General and AG Staff Only
“Facing Emerging Challenges”
Nov. 27 – 29, 2012
Ft. Lauderdale, Fla.

**Winter-Spring Meeting**
“Privacy in the Digital Age: Aligning Governmental & Citizen Interests”
Feb. 25-27, 2013
Washington, D.C.

**Presidential Initiative Summit**
“Privacy in the Digital Age”
April 14 – 16, 2013
National Harbor, Md.

**Chief Deputies/Chiefs of Staff Meeting**
May 8 – 10, 2013
Charleston, S.C.

**Summer Meeting**
“Privacy in the Digital Age: Preparing Your Team for Solutions Online and Offline”
June 17 –19, 2013
Boston, Mass

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**NAAG Regional Meetings**

**Conference of Western Attorney General (CWAG) Meeting**
July 22-25, 2012
Anaheim, Calif.

**Southern Region**
“Housing, Healthcare and the Military- New AG Challenges in the Music City”
March 21-22, 2013
Nashville, Tenn.

**Midwestern Region**
“Attorneys General: Chief Law Enforcement Officers in a New Age of Public Safety”
April 25-26, 2013
Oklahoma City, Okla.

The NAAG Eastern Region did not hold a meeting in this fiscal year.
2012 - 2013 NAAG Accomplishments

**Antitrust**

A successful antitrust seminar was held in Phoenix, Ariz., with more than 55 state antitrust enforcers. The October 2012 meeting featured a hands-on expert deposition session focusing on practical problems in deposing economic experts in antitrust matters. NAAG antitrust counsel assisted states with various amicus briefs in the U.S. Supreme Court, including briefs in *FTC v. Phoebe Putney Health System, Inc.* and *FTC v. Watson Pharmaceuticals, Inc.* NAAG continues to maintain the Multistate Antitrust Litigation Database, which now includes 650 antitrust cases brought by state attorneys general.

**Bankruptcy**

NAAG bankruptcy counsel conducted a 3½ day seminar in Cleveland, Ohio with 190 registrants covering all the basics as well as “hot topics” such as the growing number of “Chapter 9” municipal bankruptcies (recently exemplified in the filing by the city of Detroit in July 2013).

NAAG counsel drafted an amicus brief with the Illinois Attorney General’s Office in a case supporting the United States’ position that payment of an officer’s taxes on “pass-through” income from a Subchapter S corporation was not a fraudulent transfer and could not be recovered by the bankruptcy trustee.

NAAG also helped states to draft comments on proposed changes to the Bankruptcy Rules as well as the adoption of the Model Chapter 13 plan; the states had previously urged the Bankruptcy Rules Committee to create such a plan.

**Bankruptcy in Tobacco**

Native Whole Supply – NAAG coordinated states’ ongoing responses to a bankruptcy filing by a tobacco importer owned by a Native American that has raised complex automatic stay and discovery issues; drafted, filed and appeared on numerous motions in the case; currently dealing with issues relating to whether the case will be dismissed, converted to Chapter 7, and set on a schedule for filing a proposed plan for confirmation.

Carolina Tobacco – Bankruptcy counsel ensured that the case is on a stable position for payoff of all obligations owed over time from earnings generated by an escrow account that will be applied to unpaid escrow obligations, taxes, attorneys’ fees and penalties owed to states.

**Consumer Protection**

NAAG held its Fall Consumer Protection Seminar on Oct. 28-31, 2012 in Louisville, Ky. At the meeting, assistant attorneys general engaged in a dialogue with their counterparts at the U.S. Federal Trade Commission and the U.S. Consumer Financial Protection Bureau. The agenda also included sessions on the mortgage servicing update, refund anticipation loans, third party financing of lawsuits, debt collection, the Affordable Care Act, and remedies.

During May 19-21, 2013, NAAG hosted its annual Spring Consumer Protection Meeting in Washington, D.C. This year, assistant attorneys general from 46 states and territories met and collaborated on issues ranging from the best way to handle consumer complaints to the most efficient way to utilize restitution funding.
Cyberspace Law

The NAAG Cyberspace Law counsel convened an Advanced E-Discovery conference in Philadelphia attended by state attorneys representing 35 jurisdictions and focusing on such topics as the ramifications of “bring your own device” policies, technology-assisted review and discovery of social media. NAAG also coordinated a remote basic e-discovery course for the Indiana Attorney General’s Office in Indianapolis.

On the cybercrime front, NAAG counsel hosted six webinars on topics such as social media and Internet tracking. Additionally, NAAG cyberspace law staff was heavily involved in the June 2013 NAGTRI International Fellows program, which focused on cybercrime issues, and the Presidential Initiative Summit, which covered digital privacy.

NAAG counsel wrote and published 18 newsletters — 12 focusing on e-discovery and six focusing on cybercrime — for distribution to attorneys general offices. Staff also updated NAAG's Internet Safety Directory, an internal registry developed in 2012 for all attorneys general offices.

Additionally, staff provided continuing support to state task forces addressing unauthorized data collection from unsecured wireless networks, digital privacy, Internet service provider terms of service changes, and web sites allowing posting of human trafficking advertisements. Counsel also participated in intellectual property enforcement trainings and on white collar crime survey development.

Federal Liaison - NAAG Policy Sign on Letters

Over the past fiscal year, NAAG published eight policy sign on letters, including June 24, 2013 comments to the U.S. Federal Trade Commission (FTC) on mobile cramming. Other issues that have been addressed include tamper resistant pain relievers, immigration reform, federal funds for human trafficking and tax relief for distressed homeowners. All NAAG policy letters can be found here: http://www.naag.org/sign-on_archive.php.

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 an impressive number of 14 global cases were resolved. These included Ranbaxy for $500 million and GlaxoSmithKline for $3 billion.

NAMFCU held one Medicaid Fraud 101 training program in Providence, RI in July 2012 and one in Santa Fe, NM, in February 2013. NAMFCU held one Medicaid Fraud 102 Training Program in Lake Tahoe, NV in August 2012 and one in Baton Rouge, LA in March 2013. This program focuses on four provider subject areas and is geared toward more experienced MFCU employees. 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 New York, NY, in October 2012. Approximately 220 MFCU staff attended the program.

In June 2012, NAMFCU held a global case training in Kansas City, KS for attorneys and data analysts that are new to the global case and intake process. Also in June, NAMFCU held a Resident Abuse Training Program in Virginia Beach, VA. This training focused on training attorneys, investigators, and nurse analysts/investigators that specialize in resident abuse and neglect, and is held every other year.
Powers and Duties
NAAG published its third edition of the State Attorneys General Powers and Responsibilities, the only publication that fully explores the unique office of state attorney general, including its many responsibilities, its authority and its relationship with other parts of state government. Attorneys general offices received two complimentary copies. To purchase, go to http://www.naag.org/powers-and-duties-of-the-attorneys-general.php.

U.S. Supreme Court
The NAAG Supreme Court counsel conducted 14 moot courts for state attorneys arguing in the U.S. Supreme Court this Term. Case topics included preemption, election laws, the Fourth Amendment, habeas corpus, the death penalty, and the Privileges or Immunities Clause.

Counsel edited about 60 briefs filed by attorneys general offices in the U.S. Supreme Court, including merits briefs, cert petitions and oppositions, and amicus briefs.

The following state attorneys served three months at NAAG as Supreme Court Fellows: Seth Goldstein of California, Kathleen Martin of Virginia, Gregory Mchugh of New Jersey, Steven Ruckman of Maryland, Anne Thomas of Massachusetts, and Patricia Wilton of Louisiana.

Tobacco Project
The Tobacco Project provided assistance to the Settling States in connection with an arbitration brought under the Master Settlement Agreement (MSA) to address certain payment disputes between the Settling States and certain tobacco manufacturing companies that settled under the MSA (Participating Manufacturers, PMs). One of the issues presented in the arbitration was a dispute relating to the proper factor for converting roll-your-own tobacco (“RYO”) to cigarettes for purposes of calculating the Volume Adjustment under the MSA. The Participating Manufacturers involved in the arbitration argued that they had overpaid the states in past years, and continue to overpay the states each year going forward, because the Independent Auditor had purportedly used an incorrect factor for converting RYO to cigarettes. The arbitration panel ruled in favor of the states on the RYO conversion factor dispute, holding that the Independent Auditor was using the correct conversion factor when calculating the Volume Adjustment. This decision preserved over $300 million in past and future MSA payments to the states. The NAAG tobacco staff provided significant litigation support throughout this arbitration, including taking the lead on document discovery and preparation of the case, serving as the witness proffered by the states on the facts of the dispute, coordination with lead counsel, advice on substantive legal issues, and logistical support and coordination.

2012 - 2013 NAAG Accomplishments
In addition, the NAAG staff continued to provide assistance to the MSA Settling States in connection with the ongoing, nationwide arbitration being conducted to decide whether the states, during 2003, diligently enforced their statutes that require tobacco manufacturing companies that did not settle under the MSA (Non-Participating Manufacturers, NPMs) to deposit money in escrow for cigarettes sold in the Settling States (2003 NPM Adjustment Dispute). Any state that is found to have diligently enforced its escrow statute during 2003 will not be subject to the NPM Adjustment for that year, which potentially could reduce the MSA Participating Manufacturers’ 2003 payment obligation by $1.15 billion.

NAAG tobacco counsel has also continued to represent the states in bankruptcy court in the Middle District of North Carolina in the Chapter 11 bankruptcy case of a tobacco product manufacturer, Alternative Brands, Inc. Counsel has further represented the interests of certain states in a civil forfeiture action brought by the United States, in which it has sought to forfeit some $20 million in escrow deposits made by the NPM, Belcorp of America, Inc., and held for the benefit of the MSA states in which Belcorp sold its cigarettes.

Through the financial support of the NAAG Mission Foundation, representatives from various attorneys general offices and the NAAG chief of staff completed management consulting reviews for the AG offices in Hawaii, Connecticut, South Carolina, and Wisconsin. This peer review program identifies opportunities to advance operational goals and objectives within attorneys general offices.

Fiscal Year 2013 was a transformative year for NAAG staff with a record number of individuals participating in NAAG’s internship program, as well as the recruitment and preparations for new staff to fill NAGTRI’s expanded programming. NAAG’s Administration and Association Services Division was able to support these efforts efficiently and effectively utilizing internal resources.

NAAG’s conference services completed its transition to a fully online registration module and also facilitated the automation of NAGTRI’s student nomination and selection process.
2012 - 2013
NAAG Executive Committee

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Attorney General Jim Hood (MS), Vice President
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Attorney General Jack Conway (KY), Presidential Appointment
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Attorney General Chris Koster (MO), Tobacco Committee Co-Chair