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, 2015 - June 30, 2016
NAAG members covered a lot of work territory during my 2015-2016 term as NAAG president. It’s been an honor to lead the Association and to help implement its bipartisan goals for the year.

As we look back on our activity, state and territorial attorneys general tackled the opioid epidemic, online gaming, criminal justice, consumer scams and Medicaid fraud. Forty-two states and the District of Columbia reached a June settlement with Volkswagen (VW) over emission fraud, and state cases before the U.S. Supreme Court were decided with just eight justices after the February passing of Justice Antonin Scalia.

NAAG committees remained an active way for our members to work collaboratively on important issues. One example is we established a new charities committee designed to protect consumers and businesses. Members worked to ensure the public’s generosity made it to the intended charity or recipient of goodwill and did not fall prey to a scam or theft.

We also collectively engaged in the NAAG Presidential Initiative, “To Protect & Serve with 21st Century Policing.” From campus sexual assaults and officer-involved shootings to police body-worn cameras and state of the art technology for solving and preventing crime, we focused on the latest approaches, processes and solutions to improving criminal justice. More details on that campaign are described on page 4.

NAAG’s accomplishments reflect the power of our unified membership and our ability to make a difference together in the lives of the people in our respective jurisdictions. Let’s keep up the great work.

Sincerely,

Marty Jackley
2015-2016 NAAG President & South Dakota Attorney General
NAAG Executive Director’s Report

All too often, an organization’s Annual Report looks daunting and has limited readership as a result. We purposefully make ours succinct, easy to read, and informative. It provides a snapshot of the tremendous work the association has done supporting its members and in turn to their constituents.

Consider the final paragraph of the President’s Message:

“NAAG’s accomplishments reflect the power of our unified membership and our ability to make a difference together in the lives of the people in our respective jurisdictions.”

While our membership reflects the wide political spectrum our nation enjoys today, President Jackley’s initiative, “To Protect & Serve with 21st Century Policing” served as a solid foundation bringing all our members together in their common role as chief law enforcement officer. Every NAAG-sponsored meeting shared that theme and provided the opportunity for the attorneys general to work on a common goal.

This year also witnessed a tremendous increase in the vitality and engagement of the various NAAG committees, the foundation for NAAG governance. They focused attention on substantive issues of particular concern to the attorneys general. This ensured NAAG staff provided support to those areas as well.

Please turn a few pages to the section on the National Attorneys General Training & Research Institute (NAGTRI). Under the guidance and leadership of the Training Committee led by its co-chairs, Attorney General Peter Kilmartin and Attorney General Greg Zoeller, NAGTRI has established a national reputation as the preeminent training organ for government counsel. Its capabilities and reputation continue to grow.

Finally, the unparalleled success of NAAG and NAGTRI wouldn’t be possible without the dedicated, hard-working and thoroughly professional staff we enjoy. Your association’s staff is defined by their excellence in everything they do!

Thank you for taking time to review our Annual Report. I am confident you will come away with the same feelings of pride and admiration for your association as we have.

Very respectfully,

Jim McPherson
Executive Director
2015-2016 Presidential Initiative

To Protect & Serve with 21st Century Policing

Although the role of attorneys general with respect to the investigation and prosecution of criminal offenses varies by state, attorneys general have the vital task of cooperatively enforcing our state laws and promoting sound law enforcement policies. To help in this endeavor, NAAG President and South Dakota Attorney General Marty Jackley identified the 2015-2016 Presidential Initiative as “To Protect & Serve with 21st Century Policing.”

The goal was to offer the latest approaches, processes and solutions in such areas community protection and involvement, solving and preventing crime with state-of-the-art technology, mental health issues and criminal behavior, officer-involved shootings, police body-worn cameras, and campus sexual assaults.

Over the last year we conducted numerous sessions at NAAG annual meetings and legal trainings, to address the issues, including:

- Trends in the Increase in Violent Crimes and Innovative Responses (Fall Meeting)
- Sexual Violence on College and University Campuses (Fall Meeting and Midwestern Region Meeting)
- Investigating and Prosecuting High-Profile cases (Fall Meeting)
- DC Police Chief, Burlington Police Chief and President of the National Sheriffs’ Association (Winter, Summer and Fall Meetings)
- Sentencing Reform (Winter Meeting)
- Report from the White House Task Force on 21st Century Policing (Winter Meeting)
- June NAGTRI legal training on Effective Protocols and Practices for Officer-Involved Shootings Symposium
- Coalition of Trust between Police and Communities of Color (Summer Meeting)
A Presidential Initiative Summit convened in Deadwood, S.D., May 2-3, with 14 attorneys general in attendance, along with 120 others. Its goal was to help AG offices become better prepared when a community crisis hits, whether it’s a school- or officer-involved shooting or campus sexual assault. It also offered ideas to try and prevent these acts from happening.

The keynote speaker was U.S. Sen. Mike Rounds of South Dakota, and panelists included current and former state attorneys general, law enforcement officers, and corporate and legal representatives.


Attorney General Jackley said, “To Protect and Serve with 21st Century Policing” has strengthened public safety in our communities. The National Association of Attorneys General works well partnering to share resources and ideas to better protect and serve our citizens.”
NAAG Mission Foundation

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 help NAAG’s mission by engaging in education, research, and training programs, supporting the enforcement of the MSA, and funding other NAAG programs and initiatives.

The Mission Foundation has been active in advancing NAAG programs and meetings this fiscal year by providing approximately $3 million for the three NAAG Annual Meetings, Presidential Initiative Summit, NAAG regional meetings, and a majority of the NAGTRI training courses. It also supported management training reviews of four state and territorial attorney general offices, as well as funded NAAG information technology and website and publication development.
Staff with the National Attorneys General Training and Research Institute (NAGTRI), a NAAG branch, spent the last year working to meet the ever-growing training needs of our 56 members. This effort continues to be funded principally through the generous support of the NAAG Mission Foundation. NAGTRI has expanded the diversity of its course offerings and conducted 101 trainings, reaching over 5000 AG staff – an all-time high.

Trainings and Programs

NAGTRI was excited to launch several new and innovative programs this past fiscal year. In conjunction with the Iowa Attorney General’s Office, a March 14-15 training was held to focus on the challenges confronting law enforcement, prosecutors, and courts posed by mental health issues among defendants and to discuss compassionate and helpful measures that might be effective while still keeping communities safe.

In response to events that created headlines this past year, NAGTRI developed an Officer-Involved Shootings Symposium. It provided an opportunity for attorneys general, local prosecutors, and investigators to collaborate and share ideas on how best to investigate officer-involved shootings and to discuss best practices, jurisdictional challenges, local and state investigative authority, unique trial issues, and media relations. Another new training was developed and offered on elder affairs. It focused on the impact and results of financial exploitation and personal abuse and neglect of our older population, how these situations can be investigated, and the role of attorneys general in protecting a sometimes vulnerable population.

In addition to these courses, NAGTRI introduced webinars on a number of topics: state action immunity, e-discovery regarding the new amendments to the Federal Rules of Civil Procedure, sexual assault, and a management course on leading yourself and others during transition. Through these webinars, NAGTRI was able to reach over 1,000 participants.
Responding to the Opioid Crisis

In 2004, the attorneys general of the 50 states and the District Columbia, led by the Oregon attorney general, settled litigation with Warner-Lambert Company, LLC, a subsidiary of Pfizer, Inc., regarding allegations of an unlawful marketing campaign for the drug Neurontin. As part of the settlement agreement, the attorneys general received $21 million to fund a consumer and prescriber education grant program, overseen by the Oregon Department of Justice. In July 2015, NAAG received a $2.1 million grant to implement a number of projects to assist attorneys general in their efforts to use evidence-based approaches to reduce opioid abuse. These projects began this year and will continue through the next four years. These include both national and state-specific trainings, participation in the National RX Drug Abuse Summit, and development of brochures regarding drug disposal and consumer education that attorneys general offices can brand and distribute, and research regarding physicians who have been charged with various controlled substances crimes by both state and federal officials.

Research: The Wiki Project

The NAGTRI wiki has been structurally designed and customization and branding of the site is underway. The site is being populated with articles and research created and/or gathered by program counsel and visiting legal fellows with assistance from a number of librarians from attorneys general offices. The wiki will be available as a NAAG member-only resource for personnel in the attorneys general offices to upload or access the latest legal information. It is dynamic and interactive, allowing multi-user editing, revision control and anywhere web accessibility for users. It is anticipated that the wiki will be fully functional by the end of 2016.
International Fellows Program

NAGTRI hosted 25 attorneys and senior level officials during its annual International Fellows program, June 4-11, which starts in Washington, D.C., and ends in New York City. This year, the fellows focused on effective tools to minimize corruption and enhance public integrity. The fellows were from Australia, Brazil, Canada, Hungary, Israel, Jordan, Latvia, Mauritius, Mexico, the Netherlands, Norway, Somalia, Switzerland, Taiwan, Uganda, the United Kingdom, Vanuatu, and the United States. In New York, the fellows presented the papers they had developed before an esteemed panel at the New York University School of Law. In conjunction with the program, NAGTRI published its annual International Fellow newsletter in May. It provided an opportunity for former fellows to update their colleagues on their professional and personal lives.

State Department International Partnership

Through a continued NAGTRI partnership with the U.S. State Department’s Bureau of International Narcotics and Law Enforcement Affairs, attorney general staff from various offices trained attorneys, government officials, and members of civil society on issues involving special prosecutions and legislative drafting. In October 2015, two assistant attorneys general from Connecticut and South Dakota prepared a curriculum and traveled to Ethiopia to provide training to 25 members of the African Union on legislative drafting. In November 2015, two attorney general staff from Wisconsin and Delaware prepared guidance materials and served to assist 15 attorneys working on special prosecutions in Macedonia.
Publications

NAGTRI published *Evidentiary Foundations for Government Attorneys*, in fall 2015. This manual equips litigators with a better understanding of the process of laying a proper and sufficient evidentiary foundation for a wide variety of types of evidence. A copy of the manual has been given to each attorney general’s office and is available for purchase at a reduced rate for assistant and deputy attorneys general.

The NAGTRI Journal launched in October 2016. It is a quarterly publication containing in-depth legal articles on issues of interest to the attorney general community.

In addition, NAGTRI published a manual in June for state prosecutors on prosecuting intellectual property theft. The manual highlights the importance of prosecutors and investigators tackling this crime to protect the economy and citizens’ health and safety. Tips on both investigation and prosecution strategies are also detailed.

NAGTRI also continues to expand the number of offered newsletters related to attorney general practice. Newsletters are now published on the topics of bankruptcy, corruption, civil rights, consumer protection, criminal law, cybercrime, electronic discovery, human trafficking, nuclear waste, privacy law, substance abuse, and U.S. Supreme Court practice.

Bridge to Practice: Visiting Legal Fellows

NAGTRI was assisted in its research projects by utilizing the bridge to practice program supported by a number of law schools. During the last fiscal year, NAGTRI hosted visiting fellows from Emory University, George Washington University, the University of Virginia, and Catholic University.
NAAG Financials

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.

Funding Sources

✦ **NAAG Dues**—funds NAAG core programs and general administrative expenses
✦ **Registration Income**—contributes to fund meeting expenses
✦ **Federal and other grants**
✦ **Settlement funds**—usually restricted to fund certain prescribed programs, trainings or expenses
✦ **Interest and investment income on Tobacco portfolio**—funds a portion of the Tobacco Center’s program expenses and Tobacco grants
✦ **Interest and investment income on Mission Foundation portfolio**—funds NAAG annual meetings, NAGTRI legal trainings, and other meetings
✦ **Rental Income on Mission Foundation**—funds general and administrative expenses related to the owned office space

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 government body is tax-exempt. NAAG’s Mission Foundation is a 501 (c) 3 organization.

The National Association of Medicaid Fraud Control Units’ (NAMFCU) financials are separate from NAAG and are not reflected in this report.
Consolidated Statements of Financial Position
As of June 30, 2015 and June 30, 2016

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<th>(In Thousands)</th>
<th>6/30/2015</th>
<th>6/30/2016</th>
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<td>Other Liabilities</td>
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<td>TOTAL LIABILITIES AND NET ASSETS</td>
<td>89,791</td>
<td>77,820</td>
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</table>
## Consolidated Statements of Activity

*As of June 30, 2015 and June 30, 2016*

### (In Thousands)

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>Consol’d Total</th>
<th>Consol’d Total</th>
</tr>
</thead>
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<tr>
<td><strong>For the Year Ended in 6/30/2015</strong></td>
<td></td>
<td><strong>For the Year Ended in 6/30/2016</strong></td>
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<tr>
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<td>$2,627</td>
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<td>Registration fees</td>
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<tr>
<td>Settlement Income</td>
<td>5,635</td>
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<td>Grant Reimbursement - Federal</td>
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<td>413</td>
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<tr>
<td>Other</td>
<td>450</td>
<td>631</td>
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<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td><strong>9,761</strong></td>
<td><strong>5,028</strong></td>
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</tbody>
</table>

### EXPENSES

#### Program Expenses

- Core Programs: 2,132, 2,184
- NAGTRI Trainings: 1,591, 1,964
- Meetings: 1,357, 1,355
- Grants: 246, 384
- Settlement Funds: 1,409, 2,069
- Tobacco Center: 2,067, 2,073
- Tobacco Grants and Meetings: 356, 239

**Total Program Expenses**: 9,159, 10,270

- General and Administrative: 1,072, 1,252

**TOTAL EXPENSES**: 10,231, 11,522

### Net Change Programs

- (470), (6,495)

### Net Income from Investments

- 234, (4,121)

### Net Income from Building Operations

- 257, 215

### Net Change Other

- 491, (3,907)

### Change in Net Assets

- **$21**, **($10,401)**

### Net Assets

- **Beginning**: $165,032, $165,053
- **Ending**: $165,053, $154,651
2015-2016 Association Policy Action

NAAG Sign on Letter and Comments

Sign on letters or comments are policy-oriented documents sent to members of Congress, congressional committees, federal agencies or private companies, expressing the viewpoint of the signatories. If a document reaches 36 attorneys general signatures, it becomes NAAG policy. Below are the NAAG letters or comments for 2015-2016 fiscal year.

- Attorneys general support legislation to combat drug abuse. Sept. 29, 2015

- Attorneys general urge phone companies to offer call-blocking technology to customers. July 22, 2015
- Federal data breach legislation should not preempt states. July 7, 2015

The NAAG Sign on Letter archive can be found online here: http://www.naag.org/naag/policy/sign-on_archive.php
Administration & Association Services

Attorney General’s Office
Management Review

The NAAG Mission Foundation underwrites a management review program offered as a benefit to NAAG members. This review program is an opportunity for any attorney general’s office to receive objective, expert assessment of various office operations.

NAAG’s chief of staff, joined by management staff from various AG offices, completed four management reviews within this fiscal year. This is the first year of the program that NAAG integrated best practice principles of management and leadership into the review process and to provide hands on and practical solutions. It is part of the curriculum developed and now being offered through the NAGTRI Center for Leadership Development. Seven management trainings were conducted through the Center in this fiscal year.

Managing Member Data

NAAG selected a new association software management system, MemberSuite, which is expected to be fully operational in the coming fiscal year.
NAAG Committee Action

Agricultural

The NAAG Agricultural Committee was formed at the beginning of this fiscal year, July 2015, to address the new challenges facing consumers, farmers and the agriculture industry. The committee provided a platform on matters relating to agriculture and food production. It works with decision makers to identify developing trends and implement sound policy that promotes the safe, affordable American-grown agricultural products on which the world depends.
Antitrust

The NAAG Antitrust Committee met with top officials from the U.S. Department of Justice Antitrust Division and the Federal Trade Commission at the 2016 NAAG Winter Meeting in Washington, D.C., to discuss mutual enforcement matters. The committee also selected a new chair for the NAAG Multistate Antitrust Task Force, Vic Domen of the Tennessee Attorney General’s Office. In October 2015, the committee held a successful antitrust seminar in Little Rock, Ark., attended by more than 50 state antitrust enforcers, featuring panels on state action immunity after the U.S. Supreme Court’s decision in FTC v. N.C. State Dental Board and antitrust enforcement actions in the pharmaceutical industry. A webinar, with more than 150 attendees, also provided attorney general offices with updates on preserving state action immunity for state regulatory boards and commissions. NAAG antitrust counsel assisted states with amicus briefs in cases in the U.S. Court of Appeals for the First and Third Circuits, including a brief supporting the Pennsylvania attorney general in her challenge to an anticompetitive health care acquisition. NAAG continues to maintain the Multistate Antitrust Litigation Database, with more than 700 antitrust cases brought by state attorneys general, including complaints, settlements and judicial decisions.

Civil Rights

NAGTRI hosted a civil rights training in Kansas City, Mo., on April 21-22 with 30 assistant attorneys general, entitled, Advancing Fair Housing Practices and Principles: Compliance of the Fair Housing Act. Doug Noland, chief counsel for financial services in the Missouri Attorney General’s Office, welcomed the group. The training featured five faculty members who serve in senior level positions in their respective attorney general offices. Other faculty members were from the U.S. Department of Justice’s Housing and Civil Enforcement Section and a nationally-recognized expert on housing discrimination matters from the private sector. The training focused on attorneys with less than six years of experience litigating housing discrimination matters. It was interactive and focused on attorneys working in small breakout groups to address complex hypothetical housing discrimination scenarios. The participants were also heard lectures on issues related to investigating and litigating a housing discrimination case. These covered areas such as understanding the fair housing landscape, recognizing housing discrimination and identifying prohibited practices, tackling investigations, using testing measures, requesting adequate relief, and understanding emerging trends.
2015-2016 Association Accomplishments

Energy & Environment

NAGTRI hosted an energy training in Charlotte, N.C., on March 17-18 with 35 assistant attorneys general, entitled, *Developing Challenges in the Energy & Natural Resources Industry Sectors: Legal Considerations Impacting States*. Ten lecturers and experts from state, federal, and private sectors trained the participants, many of whom are national experts. The Honorable Tony Clark, commissioner with the Federal Energy Regulation Commission, presented to the group. Over two days, mid-level to senior attorneys learned about continuing challenges and emerging trends in the energy space, including jurisdictional challenges to states involving the Federal Energy Regulatory Commission, shale gas extraction and transportation safety, coal mine bankruptcies, clean power plan issues and compliance, electric grid transformation approaches, and cybersecurity of the electric grid.

Federalism/Preemption Committee

The NAAG Federalism/Preemption Committee helped organize the NAAG Southern Region Meeting, which was devoted to federalism. The day-and-a-half-long conference—held on April 18-19 in Atlanta, Ga., with 80 people attending—addressed many of the most pressing federalism issues of the day, including state sovereignty in a time of overlapping federal and state power; federalism and the future of the *Chevron* doctrine; federalism and immigration; when states can sue and be sued; and the Voting Rights Act after *Shelby County v. Holder*. Judge William Pryor provided the keynote address.

Illinois AG Lisa Madigan, Oregon AG Ellen Rosenblum, and Massachusetts AG Maura Healey.
Consumer Protection

Attorneys general are a leading consumer protection force in the country. Most have primary responsibility within their states for enforcing consumer protection statutes.

NAAG assists its members in this issue area by staffing the NAAG Consumer Protection Committee and organizing its two annual educational seminars.

The Fall Consumer Protection Seminar was held in Nov. 2-4, 2015 in St. Louis, Mo., with close to 150 attendees. It covered such issues as debt buying, herbal supplements, First Amendment and consumer protection, crowd funding, chip & pin cards, solar panels, ethics and issues of undercover investigations, and older Americans and consumer scams.

The Spring Consumer Protection Seminar was held in Washington, D.C., in May with 168 attendees. Some of the issues covered were attorney general investigations, fantasy sports, online ticket sales, student loans, dealing with diverse communities and Federal Trade Commission work.

NAAG consumer protection counsel also developed and held a two-and-a-half day Consumer Protection regional training Sept. 23-24, 2015 in Lincoln, Neb., for over 50 attorneys from eight states.

New Charities Committee Formed

In December 2015, NAAG President and South Dakota Attorney General Marty Jackley announced the formation of the new NAAG Charities Committee designed to protect consumers and businesses. Its first meeting was held in March 2016 in Denver, Colo.

Its mission is to address the many challenges facing citizens and businesses every day when solicited for charitable giving. While attorneys general encourage charitable giving, they work to ensure the public’s generosity makes it to the intended charity or recipient of goodwill and does not fall prey to a scam or theft.

Gaming

The NAAG Gaming Committee was established at the beginning of this fiscal year, July 2015, with a mission to examine issues affecting the states, including Internet cafes, sweepstakes, illegal gambling devices and offshore betting.
Human Trafficking

The NAAG Human Trafficking Committee published in November 2015, “Conferences, Concerts, Conventions & Sporting Events – Leading a Human Trafficking Awareness Campaign” as a guide and checklist for attorney general offices. Any event that attracts a large influx of people, especially of non-residents, into the state increases the market for prostitution and the incentive for labor trafficking. A state’s attorney general is in a position to lead and champion anti-trafficking efforts that will occur at these venues.

Intellectual Property (IP)

The NAAG Intellectual Property Committee led the effort in the attorney general community in countering intellectual property theft. Under its auspices, NAGTRI wrote and published a prosecutor’s manual called, “Prosecuting Intellectual Property Theft Under State Law,” in June. The end of this fiscal year saw the IP Committee sunset.

Internet Safety/Cyber Privacy and Security

The Internet Safety/Cyber Privacy & Security Committee updated its internal use Cyber Contacts Directory for attorney general offices and expanded its scope to include additional contact classifications, including data breaches and data privacy.
Issues

U.S. Supreme Court

The NAAG Center for Supreme Court Advocacy conducted 24 moot courts for state attorneys arguing in the U.S. Supreme Court this term. The cases involved a wide range of issues, from voting rights to abortion to immigration on the civil side; and from the Fourth Amendment to the Speedy Trial Clause to the death penalty on the criminal side.

The Center’s director and chief counsel edited about 40 briefs filed by state attorney 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 to help with Center work: Andrés González Berdecía of Puerto Rico, Michele Inan of California, Derrick Mertz of North Carolina, Erin O’Connell of Illinois, Grant Sullivan of Colorado, and Paul Swedlund of South Dakota.

The Center also organized two conferences. The NAAG Supreme Court Advocacy Seminar, held Dec. 2-3, 2015, in Washington, D.C., taught its 60 attendees how effectively to practice in the U.S. Supreme Court. The NAAG State Solicitors General and Appellate Chiefs Conference, held June 23-24 in Burlington, Vt., provided a forum in which 60 state solicitors general and appellate chiefs exchanged ideas and information about managing an appellate practice and heard from outside speakers on important legal issues.
2015-2016 Association Accomplishments

Bankruptcy

NAAG bankruptcy counsel organized and conducted a three-and-a-half day seminar in Seattle, Wash., that used a hypothetical dealing with a bankruptcy and proposed conversion of a nonprofit hospital located in a low-income area of the city to a for-profit venture as the basis for exploration of the range of bankruptcy issues an Attorney General’s Office may face. The seminar had more than 235 attendees from 48 states and the District of Columbia, as well as numerous attendees from cities and counties and from the federal government.

NAAG counsel also worked with Illinois in drafting an amicus brief supporting a petition for a grant of certiorari on a bankruptcy case involving the degree to which a bankruptcy court could approve a settlement that failed to adhere to priorities set out in the Code (including those provided for taxes and other governmental claims). The amicus brief was signed by 19 states and the U.S. solicitor general later also filed a brief supporting the grant of certiorari. On June 28, the U.S. Supreme Court agreed to hear the case in its 2016 calendar.

NAAG counsel also worked closely with counsel for approximately 30 states in defending against an attempt by the trustee in the case to recover some $4 million in tax payments received by the states and about $17 million paid to the United States. The case began in early 2011 and involved issues of sovereign immunity, state tax law, and bankruptcy law. NAAG counsel drafted briefs to the bankruptcy court, the district court, and the Ninth Circuit, took a number of depositions, and worked closely with the states in deciding how and when to settle the trustee’s claims. While the states all eventually settled, the amounts recovered were far less than what the trustee originally sought in large part because of the trustee’s recognition of a number of significant legal issues raised by the states’ defenses. In addition, the states retain the right to file amicus briefs in support of the United States’ position as its litigation continues.
Cyberspace Law

NAAG cyberspace law counsel organized an E-Discovery Negotiations training, Oct. 22-23, 2015 in Fort Lauderdale, Fla., and an E-Discovery in Government Criminal Cases training, April 27-28, 2016 in Chicago, Ill. NAAG counsel also conducted a successful November 2015 webinar on the 2015 Amendments to Federal Rules of Civil Procedure. Four mobile trainings on Advanced E-Discovery were conducted for the Attorney General’s Office in Maryland, Virginia, Washington, and Michigan, as well as an E-Discovery training in Utah.

NAAG counsel support was provided for the NAAG Southern Region, Gaming Committee and Internet Safety/Cyber Privacy & Security Committee. NAAG is also represented on the Task Force on Internet Crimes Against Children for the National Center for Missing and Exploited Children.

A new, monthly newsletter was developed to cover privacy laws. In addition, the bimonthly Cybercrime News and monthly E-Discovery Bulletins were written and published.
Tobacco

The NAAG Center for Tobacco and Public Health (Tobacco Center) provided significant support to the Settling States in connection with a variety of matters. In particular, Tobacco Center counsel continued to assist 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 a tobacco manufacturing company that settled under the MSA (Participating Manufacturer). The Participating Manufacturer disputed the method used to calculate market share pursuant to the MSA. An arbitration panel issued an Amended Corrected Final Award (the Award) in October 2014, which provided the Settling States with a partial victory. In addition to providing significant litigation and logistical support throughout the arbitration, Tobacco Center counsel have worked with the Settling States since the issuance of the Award to communicate with PricewaterhouseCoopers LLP, the MSA’s Independent Auditor, on the Award implementation. In a more general context, the Tobacco Center counsel assisted the Settling States in communicating with the Independent Auditor to ensure proper calculation and disbursement of MSA funds.

In addition, following up on a 2014 letter signed by 29 attorneys general on the Food and Drug Administration’s (FDA) proposed rule deeming certain tobacco products to be subject to the Federal Food, Drug, and Cosmetic Act, as amended by the Family Smoking Prevention and Tobacco Control Act (TCA), Tobacco Center counsel continued to monitor developments on the proposed rule. Also, Tobacco Center counsel joined the Tobacco Committee co-chairs at a meeting with Office of Management and Budget (OMB) personnel in December 2015 to urge OMB to finalize the proposed deeming rule as soon as possible. The final deeming rule was issued on May 5, 2016.

Tobacco Center counsel assisted the NAAG Tobacco Committee co-chairs in submitting letters to the U.S. House of Representatives and U.S. Senate Committees on Appropriations to share their concerns regarding a provision in an appropriations bill that would have weakened the TCA and undermined FDA’s ability to protect public health, by grandfathering from FDA review certain tobacco products already on the market.

Tobacco Center counsel undertook efforts to obtain information from the Participating Manufacturers about advertising, promotion or marketing that they are conducting via the Internet, digital social media, or other direct electronic communication. This was done so that the Settling States could better monitor compliance with Section III of the MSA.

Additionally, Tobacco Center counsel coordinated the States’ liaison with a variety of federal agencies, including the Bureau of Alcohol, Tobacco, Firearms and Explosives; Alcohol and Tobacco Tax Trade Bureau; U.S. Postal Service; and U.S. Customs and Border Protection. Tobacco Center counsel also coordinated the States’ liaison with the FDA Center for Tobacco Products (CTP), and engaged in quarterly discussions with CTP with the objective of improving communication and facilitating cooperation between the States and CTP.
Bankruptcy and Tobacco

NAAG Bankruptcy and Tobacco Center counsel continued to represent the States in tobacco manufacturer bankruptcy cases and in a criminal forfeiture suit involving a tobacco manufacturer. On Aug. 26, 2015, the United States District Court for the Western District of Virginia entered an order approving the settlement negotiated and structured by Tobacco Center counsel resolving the States’ claims in a criminal forfeiture case brought by the United States against Belcorp of America, Inc. (a tobacco manufacturer). Under the settlement, the litigating States received $13.5 million in cash previously forfeit by Belcorp from its qualified escrow funds to the United States and $9 million from Belcorp’s qualified escrow funds, which had been subject to a U.S. writ of garnishment. All litigating States received an agreed portion of the forfeit cash, and States owed restitution were paid in full. In addition, the recovery fully reimbursed the Tobacco Enforcement Fund grant that helped to finance the litigation.

Tobacco Center counsel continued to monitor the enforcement of a settlement with Carolina Tobacco Corp., a non-participating manufacturer that twice defaulted on its escrow deposit obligations, that provides for all interest earnings on the escrow account to be used to first complete the delinquent deposits, and then to pay some $12.25 million (plus interest) in taxes, penalties, and attorneys’ fees. As of the most recent distribution, the original delinquency for 2004 sales has been fully cured and all payments through sales year 2009 have also been made; it is expected that it will take approximately two more years before the remaining deposits are completed and payments will begin to be made to the States.

Tobacco Center attorneys have also been involved in litigation with Native Wholesale Supply Company (NWS), over its compliance with the terms of its reorganization plan. Under that plan, it is required to set aside approximately $500,000 per month towards its final payment obligations (which are still being litigated with California and New York) and not to make any unnecessary or unreasonable expenses. The States asserted that an agreement between NWS and its supplier to split the cost of a $6.4 million Las Vegas “Gala” for their customers violated that provision. NWS and the supplier have now agreed that the supplier will return the Gala payment and that such funds will, instead, be used to pay down an existing debt between NWS and the supplier. In addition, Tobacco Center counsel successfully defended Oklahoma’s $47 million judgment against NWS’ attempt to have the amount “reconsidered” by the bankruptcy court and lowered to less than $1 million.
2015-2016 Association Accomplishments

National Association of Medicaid Fraud Control Units (NAMFCU)

The most noteworthy accomplishments of the National Association of Medicaid Fraud Control Units (NAMFCU) continue to be resolving global cases and providing professional training to Medicaid Fraud Control Unit (MFCU) staff. This fiscal year, 20 global cases were resolved. Of the 20, the Wyeth $784.6 million settlement represents the most noteworthy case. In addition to the large settlement amount, Wyeth was noteworthy because it represents the first time that NAMFCU appointed a team that was prepared to litigate a global case on behalf of the states.

NAMFCU held three 101 Medicaid Fraud Training Programs this fiscal year; one in Santa Fe, N.M. in July 2015; one in Raleigh, N.C. in November 2015; and one in Montgomery, Ala., in February 2016. Three 102 Medicaid Fraud Training Programs were held this fiscal year; one in Columbus, Ohio in August 2015; one in Austin, Texas in January 2016; and one in Columbus Ohio in May 2016. Two 103 Medicaid Fraud Training Programs were held this fiscal year: one in Santa Fe, N.M. in March 2016 and one in San Antonio, Texas in June 2016.

In 2016 NAMFCU, for the first time, adopted a three-year strategic plan. It is intended to serve as a roadmap to assist NAMFCU with navigating challenges facing the Association, with prioritizing its goals, and to ensuring the Association’s sustainability for the good of all of its members.
2015-2016 NAAG Award Recipients

Kelley-Wyman Award
- South Dakota Attorney General Marty Jackley

AG Senior Staff Member of the Year Award
- Jeff Milsteen, Georgia Department of Law
- Hugh Jones, state of Hawaii, Department of the Attorney General

AG Career Staff of the Year Award
- Laura Dupaix, Utah Attorney General’s Office
- Nathan Blake, Iowa Attorney General’s Office
- Jessica Whitney, Iowa Attorney General’s Office

NAGTRI Faculty of the Year Award
- Dawn Jordan, Tennessee Attorney General’s Office
- Glenn King, New York Attorney General’s Office

NAAG Executive Director’s Award
- Jeanette Manning, NAGTRI Program Counsel

Francis X. Bellotti Award from SAGE (Society of Attorneys General Emeritus)
- Former Pennsylvania Attorney General Walter Cohen
These awards are given annually for excellence in brief writing for the U.S. Supreme Court. This year’s recipients of the NAAG Supreme Court Best Brief Awards were:

**New York**

- Solicitor General Barbara D. Underwood, Deputy Solicitor General Steven C. Wu, and Assistant Solicitor General Judith N. Vale

**Ohio**

- Solicitor General Eric Murphy, Deputy Solicitors General Michael Hendershot and Hannah Wilson

**Texas**

- Solicitor General Scott A. Keller, Deputy Solicitor General J. Campbell Barker, Assistant Solicitors General Ari Cuenin and Alex Potapov

**Utah**

- Solicitor General Tyler R. Green, Deputy Solicitor General Laura B. Dupaix, Criminal Appeals Director Thomas B. Brunker, and Search & Seizure Section Director Jeffrey S. Gray

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**California**

- Solicitor General Edward C. DuMont and Deputy Solicitor General Aimee Feinberg

**Colorado**

- Solicitor General Frederick R. Yarger, Chief Deputy Attorney General David Blake, First Assistant Attorney General Claudia Brett Goldin, Assistant Solicitors General Scott Steinbrecher and Grant T. Sullivan, and Assistant Attorney General Sueanna P. Johnson
NAAG Annual Meetings

Fall Meeting
Attorneys General and AG Staff Only
Dec. 1-2, 2015
Charleston, S.C.

Winter Meeting
Feb. 22-24, 2016
Washington, D.C.

Presidential Initiative Summit
“To Protect & Serve with 21st Century Policing”
May 2-3, 2016
Deadwood, S.D.

Chief Deputies/Chiefs of Staff Meeting
May 18-20, 2016
Savannah, Ga.

Summer Meeting
June 21-23, 2016
Burlington, Vt.

AGs with Sheriff Glick at Theater Reception in South Carolina
NAAG Regional Meetings

Conference of Western Attorneys General (CWAG)
July 19-22, 2015
Maui, Hawaii

Midwestern Region
“Gender Violence: Addressing the Challenges & Building Effective Responses”
Chicago, Ill.

Eastern Region
“Combating the Heroin and Prescription Opioid Epidemic: Opportunities for Attorneys General”
Oct. 29-30, 2015
New York, N.Y.

Southern Region
“Federalism”
April 18-19, 2016
Atlanta, Ga.

Passing of the NAAG leadership gavel at Summer Meeting
2015-2016 NAAG Executive Committee

✦ Attorney General Marty Jackley (SD)
  President

✦ Attorney General George Jepsen (CT)
  President-Elect

✦ Attorney General Derek Schmidt (KS)
  Vice President

✦ Attorney General Jim Hood (MS)
  Immediate Past President

✦ Attorney General Peter Kilmartin (RI)
  Chair, Eastern Region

✦ Attorney General Lisa Madigan (CT)
  Chair, Midwestern Region

✦ Attorney General Sam Olens (GA)
  Chair, Southern Region

✦ Attorney General Ellen F. Rosenblum (OR)
  Chair, Western Region (CWAG)

✦ Attorney General William Sorrell (VT)
  Chair, Mission Foundation

✦ Attorney General Karl A. Racine (DC)
  Presidential Appointment

✦ Attorney General Pam Bondi (FL)
  Presidential Appointment

✦ Attorney General Tim Fox (MT)
  Presidential Appointment

2015-2016 Finance Committee

✦ Attorney General George Jepsen (CT)
  Co-Chair

✦ Attorney General Tim Fox (MT)
  Co-Chair

2015-2016 Ex Officio

✦ Attorney General Janet Mills (ME)
  Tobacco Co-Chair

✦ Attorney General Brad Schimel (WI)
  Tobacco Co-Chair beginning Feb. 2016

✦ Attorney General Greg Zoeller (IN)
  Tobacco Co-Chair until Feb. 2016