



STATE OF NEVADA

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FOR IMMEDIATE RELEASE
January 31, 2002

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ATTORNEY GENERAL HAS NEW PUBLIC INFORMATION OFFICER

Carson City—Attorney General Frankie Sue Del Papa is pleased to announce that Tom Sargent has been tapped as Public Information Officer for the Attorney General's office. Tom comes to the position with communications, technology and management experience in both the public and private sector, most visibly as the Director of TMCC's Institute for Business and Industry. He will be the liaison between the Attorney General's office and the media, as well as managing special projects during the remainder of her term.

"Tom has an interesting mix of experience that will be of particular value now as we work to fulfill our commitment to citizens and consumers over this coming year. In addition to assisting us with keeping the public informed, we have a number of projects for him that will benefit the State both now and in the future," Del Papa said.

Tom will operate from the Attorney General's Carson City office. He fills the position vacated by Steve George, who has since taken a position with Secretary of State Dean Heller.

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FOR IMMEDIATE RELEASE
January 31, 2002

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**COMPANY AND PRESIDENT PLEAD GUILTY
TO MEDICAID FRAUD**

Las Vegas—Attorney General Frankie Sue Del Papa announced today that Reliable Medical Care, Inc. and its President, Lilliana Vazquez Mirchou, appeared in Clark County District Court, Department XI, Judge Michael L. Douglas presiding, to plead guilty to Medicaid Fraud allegations. Ms. Mirchou, both individually and as the officer of Reliable Medical Care, Inc. along with her brother, Rogelio Vazquez, were originally charged with four counts of Felony Medicaid Fraud - Submitting False Claims and two counts of Gross Misdemeanor Medicaid Fraud. Each felony carried a potential of four years incarceration and a \$5,000.00 fine.

“When a company agrees to provide services for Medicaid recipients, it enters into a position of trust with all Nevadans,” Del Papa said. “When a company violates that trust, the operators may be held personally liable.”

Reliable Medical Care, Inc., pled guilty to single counts of both Felony Medicaid Fraud and Conspiracy to Commit Medicaid Fraud. Additionally, Ms. Mirchou entered a no contest plea to a single gross misdemeanor count of Medicaid Fraud: Failure to Maintain Records. Judge Douglas accepted the pleas and rendered both defendants guilty. Sentencing will be on July 16, 2002. Ms. Mirchou will also pay the State of Nevada \$400,000 for restitution, penalties, and costs.

Medicaid Fraud Control Unit (MFCU) Director Tim Terry said the charges stem from an investigation into allegations that Mirchou’s company was improperly billing for services that either did not occur or were provided by someone other than the person listed on the billing claim. Rogelio Vasquez was allegedly employed in the billing department and has an outstanding warrant for his arrest.

Anyone with questions about Medicaid fraud or the Attorney General’s policy towards those who are voluntary self-reporters of provider fraud is urged to contact the MFCU in Carson City at (775) 687-4704 or in Las Vegas at (702) 486-3420. Medicaid fraud information can also be found on the Attorney General’s web site at <http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE
January 30, 2002

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**ATTORNEY GENERAL FILES SUIT ON BEHALF OF SECRETARY OF STATE
AGAINST DELINQUENT CANDIDATES**

Carson City—Attorney General Frankie Sue Del Papa announced today that her office has filed suit against 18 candidates who either failed to file Contribution and Expenditure Reports (C&E Reports) during the 2000 election cycle, or filed their C&E Report late and have failed to pay fines imposed by Secretary of State Dean Heller. These candidates have also failed to respond to correspondence from the Attorney General's office.

"One of the responsibilities of this office is to represent constitutional officers, so on behalf of the Secretary of State we are pursuing these lawsuits," Del Papa stated.

Heller said, "As the state's chief elections officer, I take my responsibility to require candidates to adhere to Nevada's disclosure statutes very seriously. I believe very strongly in the public's right to know and have worked hard during my tenure as Secretary of State to pass legislation requiring full financial disclosure by candidates."

Nevada Revised Statutes (NRS) 294A.120 and 294.200 require every candidate for state, district, county or township office to file a C&E Report. Each candidate in the state of Nevada is presumed to have knowledge of the laws when he/she files their declaration of candidacy. At that time, each candidate receives instructions from the filing officer notifying the candidate of his/her requirement to file timely C&E Reports.

Additionally, at the time candidates file for office, they are provided with and sign an acknowledgement wherein they swear that they understand that: (1) they received the required forms and filing date schedule; (2) they must file the forms by the specified statutory date for each reporting period; (3) a violation of the reporting requirements set forth in NRS chapter 294A may result in a civil penalty of up to \$5,000 for each violation, in addition to payment of court costs and attorney's fees; and (4) they must file the required reports even though they neither received campaign contributions nor made campaign expenditures, withdrew their candidacy, had no opposition, lost the primary, or their name did not appear on either the primary or general election ballot.

-more-

"Protecting Citizens, Solving Problems, Making Government Work"

Prior to referring the cases to the Attorney General's office, the Secretary of State's office sent several notices to each of the delinquent candidates informing them of the need to file their C&E Reports and that they risked the possibility of additional fines if they failed to do so.

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List of candidates attached.

C&Es – Court Complaints Filed

Marion Bennett (\$5,750) – did not file #3
Assembly – Clark

Vickie Cross (\$3,275) – filed #2 late
School Board – Nye

Chuck Geshlider (\$15,000) – no filings
Pahrump Town Board - Nye

Byron Goynes (\$5,150) – filed all three late
Assembly – Clark

Christopher Grant (\$25) – filed #2 late
Assembly – Clark

Craig Jorgenson (\$15,000) – no filings
District Judge - Nye

Robert Koger (\$5,000) – did not file #3
Fire District – Humboldt

Danny Lunsford (\$10,050) – did not file #2 and #3
Fernley Town Board - Lyon

Carol McCracken (\$50) – filed #3 late
School Board - Storey

Verla Purdy (\$75) – filed #2 late
Public Administrator - Nye

Chester Richardson (\$15,000) – no filings
Assembly – Clark

Sean Ryan (\$225) – filed #1 late
Fernley Swim Pool GID - Lyon

Bradley Smith (\$225) – filed #2 late
Assembly – Clark

Diane Titus (\$15,000) – no filings
Fernley Swim Pool GID – Lyon

Roland Weddell (\$11,775) – filed all 3 late
Justice of the Peace – Carson City

Jeff White (\$5,100) – did not file #3
County Commission – Clark

Lee Wilson (\$525) – filed #1 late
School Board - Storey

Jane Wisdom (\$25) – filed #1 late
Pahrump Town Board - Nye



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FOR IMMEDIATE RELEASE

January 25, 2002

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**ATTORNEY GENERAL CITES TECHNICAL REVIEW BOARD'S FINDING AS
MORE EVIDENCE OF DOE'S PREMATURE ACTION**

Carson City—Attorney General Frankie Sue Del Papa cites a finding of the President's Nuclear Waste Technical Review Board as more evidence that the Department of Energy is moving forward with the Yucca Mountain Project without an adequate scientific foundation. In a letter from the Board to the Secretary of Energy, the Board states that "when the DOE's technical and scientific work is taken as a whole, the Board's view is that the technical basis for the DOE's repository performance estimates is weak to moderate at this time."

"The Nuclear Waste Technical Review Board's assessment of the weak foundation upon which the DOE is proceeding, combined with the recent findings of the General Accounting Office, show that DOE is not proceeding on sound science but is instead rushing to a judgment that is not supported by science at all," stated Attorney General Frankie Sue Del Papa. "Certainly, if Secretary of Energy Abraham goes ahead with a site recommendation, as he has indicated he will, his action takes place with an incomplete and weak to moderate technical basis," explained Del Papa.

Attorney General Del Papa, along with most of Nevada's elected officials, has vigorously opposed the Yucca Mountain Project from its inception. Her office is currently litigating the radiation standard established for Yucca Mountain by the Environmental Protection Agency and the site suitability guidelines established by DOE. Her office is also gearing up for other key legal challenges against the proposed repository when DOE issues its final site recommendation.

"It is imperative that the State continue to present a strong and unified front to the nation that Nevada does not accept the inevitability of the Yucca Mountain Project," Del Papa stated. "The very basis of the Nuclear Waste Policy Act is to geologically isolate high-level radioactive waste from the human and natural environment," explained Del Papa. Although Congress amended the Act in 1987 to characterize Yucca Mountain only, Congress retained the critical provisions requiring geological isolation.

"The findings of the Board support the State's position that DOE does not have sound science supporting its proposed site recommendation," Del Papa concluded.

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FOR IMMEDIATE RELEASE
JANUARY 18, 2002

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RENO MAN SENTENCED FOR INSURANCE FRAUD

Attorney General Frankie Sue Del Papa announced today that Wendell K. Parks, age 21, was sentenced to probation and ordered to pay back almost \$4000 in restitution by Judge Brent Adams in the Washoe County Courthouse after pleading guilty to Insurance Fraud. Wendell Parks had someone take his car and wreck it, and he subsequently filed a false claim with the insurance company. The Sparks Police Department combined efforts with the Attorney General's Office to discover this crime.

“While it appears as though insurance companies are the victims, ultimately it is the policyholders, taxpayers and the general public who pick up the tab through increased insurance rates, higher taxes and inflated prices for consumer goods and services,” said Del Papa.

If you have any information regarding insurance fraud, please call the Nevada Attorney General's Insurance Fraud Hotline at 1-800-266-8688. For more information about Nevada's Insurance Fraud Unit, please visit the Attorney General's website at <http://ag.state.nv.us>

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Protecting Citizens, Solving Problems, Making Government Work

1 I.

2 **INTRODUCTION**

3 1. The STATE OF NEVADA, through Attorney General Frankie Sue Del Papa, brings this
4 action for monetary damages, civil penalties, declaratory and injunctive relief, restitution, disgorgement
5 of profits and punitive damages on behalf of the State of Nevada, and restitution on behalf of persons in
6 Nevada including thousands of Patients¹ who have paid inflated charges for medications based
7 in whole or in part on defendants' use of the Average Wholesale Price ("AWP") Scheme, as described
8 below.

9 2. Each of the defendants is or has been engaged in the business of manufacturing,
10 marketing and selling prescription pharmaceuticals throughout the United States. The principal payors
11 for such prescription pharmaceuticals are federal and/or state governments (under, respectively, the
12 Medicare and Medicaid Programs), private insurers and self-insured employers (Third-Party Payors),
13 and private individuals (Patients), including elderly patients who make payments for drugs under the
14 Medicare program.

15 **A. THE DEFENDANTS' UNLAWFUL SCHEME**

16 3. The standard practice in the pharmaceutical industry is that the federal Medicare
17 Program, state Medicaid agencies, Third-Party Payors and Patients reimburse physicians and
18 pharmacies for hundreds of prescription drugs based upon the Average Wholesale Price ("AWP"), as
19 published and reported by third-party publications such as *First Data Bank*, *Red Book*, *Blue Book*, or
20 *Medispan*.

21 4. Physicians and pharmacies purchase the prescription drugs for which they are
22 reimbursed directly from the pharmaceutical manufacturer or indirectly through wholesalers.

23 5. The AWP is generally not independently determined by the *First Data Bank* or other
24 third-party reporting agencies. Rather, as part of the AWP Scheme described in this Complaint,
25 pharmaceutical companies purportedly "self-police" and "self-report" the AWP to third-party
26

27 ¹ As used herein, Patients refers to two groups of persons as follows: (1) Persons who were prescribed drugs
28 manufactured by any defendants which were subject to defendants' Average Wholesale Price scheme as alleged herein and
who paid for such drugs out-of-pocket, and (2) Persons who were prescribed such drugs and incurred an obligation for co-
payment (or actually made co-payments) under either a government or private insurance program where the amount of co-
payment was based on the total reimbursement by the government or private insurer.

1 publications (such as *First Data Bank*), which then publish the purported AWP, as provided to them by
2 the pharmaceutical manufacturers.

3 6. Pursuant to federal regulation and industry and State practice, reimbursement for
4 prescription drugs is based upon the reported AWP.

5 7. In fact, as an extensive and ongoing Congressional investigation has recently revealed,
6 numerous pharmaceutical manufacturers (including each of the defendants named herein as well as
7 others not yet named herein) have engaged in a scheme involving the fraudulent reporting of fictitious
8 AWP for certain prescription pharmaceuticals including but not limited to prescription pharmaceuticals
9 covered by Medicare and Medicaid.

10 8. Specifically, defendants' AWP Scheme involves the reporting by each defendant of
11 inflated Average Wholesale Prices. The fraudulent reporting of Average Wholesale Prices has the
12 effect of materially misrepresenting the actual prices paid to defendants by physicians and pharmacies
13 for prescription drugs.

14 9. Plaintiff alleges upon information and belief that, in many instances, the purported AWP
15 reported by the defendant pharmaceutical manufacturers bears little or no relationship to the prices
16 actually paid by physicians or pharmacies.

17 10. In addition, while federal Medicaid law requires the defendants to provide quarterly
18 rebates to the State of Nevada if it charges the State more than the lowest or "best price" offered to any
19 commercial customer, the defendants routinely failed to do so as a direct result of the AWP Scheme.

20 11. As a result of the fraudulent and illegal manipulation of AWP for certain drugs by the
21 defendant pharmaceutical manufacturers, they and the other manufacturers have reaped tens of millions
22 of dollars in illegal profits at the expense of American governmental payors and consumers, including
23 the State of Nevada, and Patients who are residents of the State of Nevada. In particular, the elderly
24 who are on Medicare bear the burden of this scheme as they make payments or co-payments based on
25 the fictitious AWP charges.

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27 //

28 //

1 **B. THE DAMAGES CAUSED BY DEFENDANTS' ILLEGAL CONDUCT.**

2 12. The intended and foreseeable consequences of the defendants' scheme are several and
3 far reaching, including but not limited to increased drug costs to the State of Nevada and its agencies,
4 and increased drug costs to Patients who are Nevada residents.

5 **1. DAMAGES TO THE STATE OF NEVADA.**

6 13. One of the foreseeable and intended consequences of defendants' conduct has been to
7 unjustly enrich the defendants at the expense of Nevada's health care system, the state health care
8 authority, and ultimately, all Nevada residents and taxpayers.

9 14. In particular, the AWP Scheme has cost the State of Nevada millions of dollars in excess
10 Medicaid payments made for medications as a direct result of the illegal AWP Scheme.

11 15. In addition, the AWP Scheme has cost the State of Nevada millions of dollars in excess
12 drug costs for the public employees for whom it provides health care.

13 16. Finally, numerous state agencies purchase medications at illegally inflated prices based
14 on the AWP Scheme.

15 17. The State seeks to recover these costs as actual damages and/or restitution in this case.

16 **2. DAMAGES TO PATIENTS.**

17 18. As further intended and foreseeable effects of the defendants' AWP Scheme, many
18 private persons residing in Nevada also suffered losses.

19 19. The general public, who must make co-payments for drugs based upon these inflated
20 AWP prices, suffered immense damages. A major group of consumers adversely impacted by this
21 practice are the elderly who make co-payments as part of Medicare.

22 20. Through its *parens patriae* and statutory powers, the State of Nevada also seeks
23 restitution of these losses in this case.

24 **C. THE OBJECTIVES OF THIS ACTION.**

25 21. In this action, the Attorney General seeks to secure for the people of the State of Nevada
26 a fair and open market, free from unfair or deceptive acts or practices, and to enable Patients in this
27 State to better shoulder the financial burden of necessary medications.

28 //

1 sale of the pharmaceuticals that are the subject of the AWP Scheme alleged herein. This Court has
2 personal jurisdiction over Bayer and venue is properly laid in this County.

3 27. Defendant Bristol-Myers Squibb Company (“Bristol”) is a highly diversified health care
4 company whose principal business is the development, manufacture and sale of health care products
5 and services, including pharmaceuticals. Bristol conducts extensive business in the State of Nevada,
6 including the sale of the pharmaceuticals that are the subject of the AWP Scheme alleged herein. This
7 Court has personal jurisdiction over Bristol and venue is properly laid in this County.

8 28. Defendant Dey, Inc. (“Dey”) is a highly diversified health care company whose principal
9 business is the development, manufacture and sale of health care products and services, including
10 pharmaceuticals. Dey conducts extensive business in the State of Nevada, including the sale of the
11 pharmaceuticals that are the subject of the AWP Scheme alleged herein. This Court has personal
12 jurisdiction over Dey and venue is properly laid in this County.

13 29. Defendant GlaxoSmithKline Corporation (“GSK”) is a highly diversified health care
14 company whose principal business is the development, manufacture and sale of health care products
15 and services, including pharmaceuticals. GSK conducts extensive business in the State of Nevada,
16 including the sale of the pharmaceuticals that are the subject of the AWP Scheme alleged herein. This
17 Court has personal jurisdiction over GSK and venue is properly laid in this County.

18 30. Defendant Glaxo Wellcome, Inc. (“Glaxo”) is a highly diversified health care company
19 whose principal business is the development, manufacture and sale of health care products and services,
20 including pharmaceuticals. Glaxo conducts extensive business in the State of Nevada, including the
21 sale of the pharmaceuticals that are the subject of the AWP Scheme alleged herein. This Court has
22 personal jurisdiction over Glaxo and venue is properly laid in this County.

23 31. Defendant Pharmacia Corporation (“Pharmacia”) is a highly diversified health care
24 company whose principal business is the development, manufacture and sale of health care products
25 and services, including pharmaceuticals. Pharmacia conducts extensive business in the State of
26 Nevada, including the sale of the pharmaceuticals that are the subject of the AWP Scheme alleged
27 herein. This Court has personal jurisdiction over Pharmacia and venue is properly laid in this County.

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1 32. Defendant Pharmacia & Upjohn Company (“Pharmacia Upjohn”) is a highly diversified
2 health care company whose principal business is the development, manufacture and sale of health care
3 products and services, including pharmaceuticals. Pharmacia Upjohn conducts extensive business in
4 the State of Nevada, including the sale of the pharmaceuticals that are the subject of the AWP Scheme
5 alleged herein. This Court has personal jurisdiction over Pharmacia Upjohn and venue is properly laid
6 in this County.

7 33. Defendant SmithKline Beecham Corporation (“SmithKline”) is a highly diversified
8 health care company whose principal business is the development, manufacture and sale of health care
9 products and services, including pharmaceuticals. SmithKline conducts extensive business in the State
10 of Nevada, including the sale of the pharmaceuticals that are the subject of the AWP Scheme alleged
11 herein. This Court has personal jurisdiction over SmithKline and venue is properly laid in this County.

12 34. Defendant TAP Holdings, Inc. (“TAP”), originally established as TAP Pharmaceuticals,
13 Inc., is a joint venture of Abbott Laboratories located in Abbott Park, Illinois, and Takeda Chemical
14 Industries, Ltd. of Osaka, Japan. TAP headquarters is located at 2355 Waukegan Road, Deerfield,
15 Illinois.

16 35. Defendant Warrick Pharmaceuticals Corporation (“Warrick”) is a corporation organized
17 under the laws of Delaware with its principal place of business in Reno, Nevada. At all times material
18 to this action, Warrick has transacted business in the State of Nevada including but not limited to,
19 selling and distributing to purchasers in the State of Nevada pharmaceutical products that are the
20 subject of this action. This Court has personal jurisdiction over Warrick and venue is proper in this
21 County.

22 36. The true names and capacities, whether individual, corporate, associate, or otherwise, of
23 defendants named herein as Does 1 – 100 are unknown to plaintiff, who therefore sues such defendants
24 by such fictitious names. Each of the defendants designated herein as a Doe Defendant is legally
25 responsible in some manner for the unlawful acts referred to herein. Plaintiff will seek leave of Court
26 to amend this Complaint to reflect the true names and capacities of the defendants designated herein as
27 Does when such identities become known. Collectively, these companies are referred to as the
28 “pharmaceutical defendants” or defendants.

1 (b) Methodology. Payment for a drug or biological described in
2 paragraph (a) of this section is based on the lower of the actual charge on
the Medicare benefits *or 95 percent of the national average wholesale
price of the drug or biological.*

3 (c) Multiple-source drugs. For multiple-source drugs and biologicals, for
4 purposes of this regulation, the average wholesale price is defined as the
5 lesser of the median average wholesale price for all sources of the generic
forms of the drug or biological or the lowest average wholesale price of
the brand name forms of the drug or biological. (Emphasis added.)

6 43. Medicare and many Medicaid programs and other Third-Party Payors base
7 reimbursement to physicians and other providers of drugs on AWP. AWP is published for each drug
8 identified by a National Drug Code (“NDC”).² Manufacturers periodically report AWP for NDCs to
9 publishers of drug pricing data, such as Medical Economics Company, Inc., which publishes the *Red
10 Book*, or First Data Bank, which compiles the National Drug Data File. Publishers of AWP and other
11 drug prices state that they list the prices reported to them by the manufacturers. There is no required
12 frequency for manufacturers to report AWP, but publishers claim that they attempt to update AWP at
13 least annually. Medicare carriers, the contractors responsible for paying Part B claims, use published
14 AWP to determine the Medicare-allowed amount, or payment level, which is 95 percent of AWP for
15 each HCPCS-coded drug.³

16 44. Physicians are able to obtain drugs at prices significantly below current Medicare
17 reimbursements. The widely available prices that are available from wholesalers and group purchasing
18 organizations (“GPOs”) for physician-administered drugs are considerably less than AWP used to
19 establish the Medicare payment. For most of the high-expenditure or high-volume physician-
20 administered drugs, widely available discounts from AWP ranged from 13 percent to 34 percent.
21 Physicians who have been identified as low-volume billers for oncology drugs can also purchase drugs
22 for considerably less than Medicare’s payment. In addition to receiving reimbursement for drugs,
23 physicians are paid separately for services associated with drug administration under the Medicare
24 physician fee schedule.

25 _____
26 ² NDCs are the universal product identifiers for drugs for human use; the Food and Drug Administration assigns the first
27 part of the NDC, which identifies the firm that manufactures, repackages, or distributes a drug. Each NDC is specific to a
chemical entity, dosage form, manufacturer, strength, and package size. For example, a drug made by one manufacturer, in
one form and strength, but in three package sizes, would have three NDCs.

28 ³ HCPCS is the Health Care Financing Administration Common Procedure Coding System, as maintained and
distributed by the Department of Health and Human Services.

1 45. Prior to January 1, 1998, the Medicare Part B “allowed amount” was interpreted as being
2 the lower of the “estimated acquisition cost” *or* 95% of the “national average wholesale price,” *i.e.*, the
3 AWP for the drug. The estimated acquisition cost for a drug could be determined by the Medicare
4 Program “based on surveys of the actual invoice prices paid for the drug,” taking into consideration the
5 estimated acquisition cost, including “factors such as inventory, waste and spoilage.” However,
6 historically the AWP published in the *First Data Bank* and similar publications has been used to
7 determine Medicare reimbursement.

8 46. In determining the AWP, HCFA uses the AWP published in industry publications such
9 as *First Data Bank*, *Blue Book*, or *Medispan* as the basis for reimbursement. Specifically, in PM AB-
10 99-63 (as of January 1, 1998), HCFA stated that it will pay drug and biologicals based on the lower of
11 the actual billed charge or 95 percent of the AWP reflected in pharmaceutical industry publication
12 sources such as *Red Book*, *Blue Book*, or *Medispan*.

13 47. In fact, and by common understanding, usage and practice in the industry, Medicare,
14 Medicaid and other providers have continued to determine the allowable payment for a prescription
15 drug based upon the AWP reported by the applicable pharmaceutical manufacturer. This is due, in
16 large measure, to practical problems with ascertaining “actual” or “estimated acquisition cost” charges,
17 given necessary adjustments for the enumerated factors such as spoilage, waste, and inventory.

18 48. Medicare Part B reimburses medical providers for 80% of the allowable amount. The
19 remaining 20% is paid by the Medicare beneficiary and is called the “co-payment” amount. In
20 addition, beneficiaries under Medicare Part B are required to pay an annual deductible amount before
21 Part B benefits are payable.

22 49. Throughout the 1990s, the *Red Book* and other publications such as *Blue Book* and
23 *Medispan* published AWPs for pharmaceuticals. The *Red Book* and other publications simply publish
24 the prices that are supplied to them by the pharmaceutical manufacturers, including defendants,
25 generally without independent verification. Defendants knew that they could directly control and
26 fraudulently inflate the AWP for pharmaceuticals at any time by simply forwarding a higher, fictitious
27 AWP to the *Red Book* or other publication.

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1 50. The actual price that providers pay for Medicare Part B drugs is not disclosed to the
2 State and certainly not to patients. Physicians and suppliers may belong to “GPOs” that pool the
3 purchase of multiple entities to negotiate prices with wholesalers or manufacturers. GPOs may
4 negotiate different prices for different purchasers, such as physicians, suppliers, or hospitals. In
5 addition, providers can purchase Part B-covered drugs from general or specialty pharmaceutical
6 wholesalers or they can have direct purchase agreements with manufacturers.

7 51. Certain practices involving these various entities has resulted in prices paid at the time of
8 sale that do not reflect the final net cost to the purchaser. Manufacturers or wholesalers offer
9 purchasers rebates based on the volume of products purchased not in a single sale but over a period of
10 time. Manufacturers also establish “chargeback” arrangements for end purchasers, which result in the
11 AWP overstating what those purchasers pay. Under these arrangements, the purchaser negotiates a
12 price with the manufacturer that is lower than the price the wholesaler charges for the product. The
13 wholesaler provides the product to the purchaser for the lower negotiated price, and the manufacturer
14 then pays the wholesaler the difference between the wholesale price and the negotiated price.

15 52. Most manufacturers sell drug products to physicians at a discount from AWP.
16 Sometimes these discounts are substantial. As noted herein, under Medicare rules physicians are
17 permitted to bill for such drugs at 95 percent of AWP, regardless of the drug’s cost to the physician.
18 This practice of taking advantage of the difference between the physician’s purchase price and the
19 amount that a physician is permitted to bill Medicare is referred to internally by defendants as
20 “marketing the spread.”

21 53. There is a wide disparity between a drug’s estimated acquisition cost and Medicare’s
22 payment for that drug. Physician-billed drugs account for the bulk of Medicare spending on Part B
23 drugs. Of those billed by physicians, drugs used to treat cancer accounted for most of Medicare’s
24 expenditures.

25 54. In a September 21, 2000, report, the United States Government Accounting Office
26 (“GAO”) found that:

27 Widely available discounts for 17 of the physician-billed drugs we
28 examined averaged between 13 percent and 34 percent less than AWP.

For two other physician-billed drugs, Dolasetron mesylate and Leucovorin calcium, average discounts were considerably larger – 65 percent and 86 percent less than AWP.

55. Two drugs, albuterol and ipratropium bromide for respiratory conditions, account for most of the pharmacy-supplied drugs paid for by Medicare. In 2001, they were available to pharmacy suppliers at prices that averaged, respectively, 85 percent and 78 percent less than AWP.

56. Two of the four high-volume oral immunosuppressives were available from wholesalers with average discounts of 14 percent and 77 percent. Wholesale price information on the other two was not available, but retail prices from online pharmacies were as much as 13 percent and 8 percent below AWP.

57. According to the GAO report, the discounts on physician-billed drugs, based on wholesaler and the GPOs' catalogue prices, are notably lower than Medicare's payment, which reflects a discount of five (5) percent below AWP. The discounts indicate that, on a national level, Medicare's payments for these drugs were *at least \$532 million higher* than providers' acquisition costs in just the year 2000. Further, the discounts reported may only be the starting point for additional discounts provided to certain purchasers, as chargebacks, rebates, and other discounts may drive down the final sale price.

58. The following table illustrates some of the discounts provided to physicians⁴:

Table 1: Widely Available Discounts From AWP for Medicare-Covered Drugs Billed Primarily by Physicians, 2001

Drug name	Specialty most frequently billed for drug	Average AWP^a	Average widely available discount from AWP (percentage)^b
Leuprolide acetate (for depot suspension)	urology	\$618.93	17.6
Rituximab	oncology ^c	\$478.47	19.2
Goserelin acetate implant	urology	\$469.99	21.9
Docetaxel	oncology	\$313.51	22.0
Filgrastim (G-CSF) 480 mcg	oncology	\$300.40	18.0 ^d
Pamidronate disodium	oncology	\$279.86	16.8
Hylan G-F 20	orthopedic surgery	\$225.13	17.7 ^d
Filgrastim (G-CSF) 300 mcg	oncology	\$193.62	18.4 ^d
Paclitaxel	oncology	\$180.57	19.0
Irinotecan	oncology	\$141.32	22.9

⁴ Source: September 2001 GAO Report-01-1118.

1	Carboplatin	oncology	\$120.48	20.3
	Gemcitabine HCl	oncology	\$112.34	21.3
2	Dolasetron mesylate, injection	oncology	\$45.02	65.0 ^d
	Granisetron HCl, injection	oncology	\$19.52	29.3
3	Leucovorin calcium	oncology	\$18.44	85.6
	Epoetin alpha for non-ESRD use	oncology	\$12.91	15.2
4	Ondansetron HCl, injection	oncology	\$6.41	12.8
	Botulinum toxin type A	neurology	\$4.86	N/a ^e
5	Imiglucerase	oncology	\$3.95	N/a ^e
	Dexamethasone sodium phosphate	oncology	\$1.44	14.2
6	Heparin sodium	oncology	\$0.43	34.4

7 ^a“Average AWP” is the average of AWP of each NDC for that product adjusted to the HCPCS-defined dosage.

8 ^b“Average widely available discount from AWP” for each drug was calculated by
9 (1) determining the average widely available price(s) for each NDC for that drug,
10 (2) determining the percentage difference between the average widely available price(s) and the
11 AWP for each NDC for the drug, and (3) averaging the percentage differences for all NDCs for
12 that drug.

13 ^c“Oncology” specialty includes hematology/oncology and medical oncology.

14 59. The “spread” is so significant that in some instances a patient’s 20% co-payment is more
15 than the cost of the drug to the doctor or provider, as evidenced in the table below⁵:

16	Drug	HCPCS Code	1999 Florida Medicare Allowable	20% Co-Payment	1999 Wholesale Cost
17	Leucovorin 50mg	J0640	\$19.50	\$3.90	\$1.48
18	Gentamycin 80mg	J1580	\$4.74	\$0.95	\$0.56
19	Sodium Chloride 0.9% 500ml	J7040	\$10.30	\$2.06	\$1.46
20	5% Dextrose/Sodium Chloride 0.9% 500ml	J7042	\$10.75	\$2.15	\$2.00
21	Sodium Chloride 0.9% 250ml	J7050	\$10.90	\$2.18	\$1.33
22	5% Dextrose in Water 500ml	J7060	\$9.73	\$1.95	\$1.50
23	Lacted Ringers 1000ml	J7120	\$12.67	\$2.53	\$2.25
24	Doxorubicin 10mg	J9000	\$46.42	\$9.28	\$6.10
25	Cyclophosphamide Lyophilized	J9096	\$48.85	\$9.77	\$9.95
26	Etoposide 10mg	J9181	\$12.93	\$2.59	\$0.75
27	Etoposide 100mg	J9182	\$129.34	\$25.87	\$7.50
28	Vincristine 1mg	J9370	\$30.16	\$6.03	\$3.50
	Vincristine 2mg	J9375	\$33.33	\$6.67	\$5.95

⁵ Source: Stark Investigative Materials.

1 60. Examples of the manipulation of AWP are contained in the investigative materials
2 compiled by Congressman Pete Stark (D-Calif.):

3 (a) In the 2000 edition of the *Red Book*, defendant Bristol reported an AWP of
4 \$1,296.64 for one 20mg/ml, 50ml vial of Vepesid (Etoposide) for injection, while selling the exact
5 same drug to a GPO for \$70. This represents a spread between Bristol’s falsely inflated AWP and the
6 real price of \$1,226.64.

7 (b) As the following excerpts from Bristol’s own documents reveal, Bristol’s earlier
8 participation in the false price manipulation scheme with respect to Etoposide (Vepesid) interfered with
9 physicians’ medical decisions to use Etopophos: “The Etopophos product profile is significantly
10 superior to that of etoposide injection....” “Currently, physician practice can take advantage of the
11 growing disparity between VePesid’s [name brand for Etoposide] list price (and, subsequently, the
12 Average Wholesale Price [AWP] and the actual acquisition cost when obtaining reimbursement for
13 etoposide purchases. If the acquisition price of Etopophos is close to the list price, the physician’s
14 financial incentive for selecting the brand is largely diminished.”

15 (c) Thus, defendant Bristol acknowledges that financial inducements influence the
16 professional judgment of physicians and other healthcare providers. Bristol’s strategy of increasing the
17 sales of its drugs by enriching, with taxpayer dollars, the physicians and others who administer drugs is
18 reprehensible and a blatant abuse of the privileges that Bristol enjoys as a major pharmaceutical
19 manufacturer in the United States.

20 (d) Bristol employed a number of other financial inducements to stimulate the sales
21 of its drugs at the expense of the Medicare and Medicaid Programs that were concealed from the U.S.
22 Government and the State of Nevada. Such inducements included volume discounts, rebates, off-
23 invoice pricing and free goods designed to lower the net cost to the purchaser while concealing the
24 actual cost of the drug from reimbursement officials. For example, Bristol provided free Etopophos to
25 Drs. Lessner and Troner in exchange for these Miami, Florida oncologists’ agreement to purchase other
26 Bristol cancer drugs. This arrangement had the effect of lowering the net cost of the cancer drugs to the
27 oncologists and creating an even greater spread than would already result from the invoiced prices. The
28 value of the free goods is often significant. Similarly, other documents show that Bristol provided free

1 Cytogards in order to create a lower than invoice cost to physicians that purchased other cancer drugs
2 through the Oncology Therapeutic Network.

3 (e) The above-referenced free goods examples created financial incentives to the
4 physicians that were over and above the spread created by the difference between Bristol's reported
5 prices and regular prices provided to the market.

6 (f) Bristol's price manipulation scheme was directed at both the Medicare and
7 Medicaid Programs. Bristol commonly reported prices directly to Medicare carriers as well as state
8 Medicaid Programs.

9 (g) Defendant Glaxo was no different, as evidenced in a letter from SmithKline. In
10 an apparent effort to increase reimbursement to physicians and clinics, effective January 10, 1995,
11 defendant Glaxo increased the AWP for Zofran by 8.5% while simultaneously fully discounting this
12 increase to physicians. The net effect of these adjustments was to increase the amount of
13 reimbursements available to physicians from Medicare and other Third-Party Payors whose
14 reimbursement is based on the AWP. Because the net price paid to Glaxo for the non-hospital sales of
15 the Zofran multi-dose vial is actually lower, it does not appear that the increase in the AWP was
16 designed to increase revenue per unit to Glaxo. Absent any other tenable explanation, this adjustment
17 appears to reflect an intent to induce physicians to purchase Zofran based on the opportunity to receive
18 increased reimbursement from Medicare and other Third-Party Payors.

19 (h) Defendant Pharmacia also engaged in use of inflated AWP; for example, it wrote
20 to an oncology clinic boasting of the savings offered off AWP:

21 Some of the drugs on the multi-source list offer you savings of over 75%
22 below list price of the drug. For a drug like Adriamycin, the reduced
23 pricing offers [the clinic] a reimbursement of over \$8,000,000 profit
when reimbursed at AWP.

24 (i) Defendant Bayer acknowledged the AWP Scheme in an internal e-mail message,
25 stating that "many" health care providers are "paid on a discount from AW[P]."

26 (j) In a document entitled "Confidential Baxter Internal Use Only," defendant
27 Baxter admitted to the impact of the AWP Scheme:

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1 Increasing AWP's was a large part of our negotiations with the large
2 homecare companies.

3 Homecare companies that reimburse based on AWP make a significantly
4 larger margin

5 (k) TAP offered free samples to doctors to effectuate the AWP Scheme. According
6 to an indictment issued by the U.S. Attorney in Boston, Dr. SF was a urologist with a principal place of
7 business in the San Francisco area in California. Dr. SF from time to time in the 1990s diagnosed and
8 treated patients suffering from prostate cancer, many of whom were insured by the Medicare Program.
9 As a part of the treatment of some of those patients, and beginning as early as 1993, Dr. SF prescribed
10 Lupron. Dr. SF informed the sales representatives calling upon Dr. SF, who so informed TAP
11 employees, that he would switch his business and prescribe Zoladex to his patients suffering from
12 prostate cancer if TAP and its employees did not provide him financial incentives that were being
13 provided to him by another company. In order to prevent Dr. SF from switching his patients to
14 Zoladex, and as an inducement to him to continue to purchase Lupron and to prescribe that drug to his
15 patients, many of whom were insured by the Medicare Program, TAP authorized its sales
16 representatives calling upon Dr. SF to give to him free samples of Lupron. At times, TAP approved
17 giving Dr. SF ten free samples in exchange for each order by him of more than 100 one-month
18 injections of Lupron, and at times, TAP's corporate headquarters authorized those free samples for
19 Dr. SF. Beginning in or about July 1994 and continuing through in or about December 1997, TAP sales
20 representatives gave to Dr. SF more than 85 one-month doses of Lupron for free, on or about the dates
21 indicated in the following chart:

Date	Quantity
7/1/94	10
1/27/95	10
7/22/95	10
11/20/95	10
8/9/96	10
4/16/97	15

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These 85 samples, more or less, were given by sales representatives as an inducement to get and keep his business. That doctor thereafter prescribed and administered these free dosages to patients insured by the Medicare Program and other insurance companies and submitted claims to those insurers and the patients for the prescription of these free dosages to turn those samples into a cash kickback and rebate. These free samples were not used by TAP in calculating AWP.

(I) OTHER EXAMPLES INCLUDE THE FOLLOWING:

Adriamycin, an antibiotic used in cancer treatment and manufactured by Pharmacia, had an AWP of \$241.36 as of April 2000. The real wholesale price was \$33.43. In 1997, when the reported AWP for this drug was \$946.94, it was being offered to physicians for as low as \$152.00.

Amikacin, used to treat an infection that HIV+ people get and manufactured by Abbott, had an AWP of \$54.56. The actual best price was \$6.75.

Toposar, also manufactured by Pharmacia, is used to treat testicular and lung cancer. Its AWP as of April 2000 was \$28.38; DOJ found that retailers were buying it for \$1.70.

Vancomycin, an antibiotic used to treat intestinal infections and manufactured by Abbott, had an AWP of \$68.77 as of April 2000. DOJ adjusted it to \$8.14.

61. Upon information and belief, each of the defendant pharmaceutical companies has also utilized a large array of other inducements to stimulate sales of their drugs. These inducements, including “educational grants,” volume discounts, and rebates or free goods, were designed to result in a lower net cost to the purchaser while concealing the actual cost price beneath a high invoice price. A product invoiced at \$100 for ten units of a drug item might really only cost the purchaser one-half that amount. If we assume a subsequent shipment of an additional ten units at no charge, or a “grant,” “rebate” or “credit memo” in the amount of \$50, the transaction would truly cost just \$5.00 per unit net. Through all these “off-invoice” means, drug purchasers were provided the substantial discounts that induced their patronage while maintaining the fiction of a higher invoice price – the price that corresponded to reported AWPs and inflated reimbursement from Medicaid and Medicare. Some examples of this are set forth below:

1 BAYER: "I have been told that our present Kogennate price, \$.66, is the
2 highest price that Quantum is paying for recombinant factor VIII. In
3 order to sell the additional 12mm/u we will need a lower price. I suggest
4 a price of \$.60 to \$.62 to secure this volume. From Quantum's stand
5 point, a price off invoice, is the most desirable. We could calculate our
6 offer in the form of a marketing grant, a special educational grant,
7 payment for specific data gathering regarding Hemophilia treatment, or
8 anything else that will produce the same dollar benefit to Quantum Health
9 Resources."

6 BAXTER: "The attached notice from Quantum Headquarters was sent
7 on April 10th to all their centers regarding the reduction on Recombinate
8 pricing. Please note that they want to continue to be invoiced at the 4.81
9 price. They have requested that we send them free product every quarter
10 calculated by looking at the number of units purchased in that quarter and
11 the \$.13 reduction in price.....free product given to achieve overall price
12 reduction"⁶

10 62. In 2000, state and federal investigators challenged the reported AWP of various drugs.
11 Thereafter Abbott lowered its reported AWP on various drugs, thereby admitting that prior reported
12 AWPs were artificially inflated.

13 63. Among those directly harmed by the defendants' manipulation of the AWP in the
14 Medicare context are Nevada residents who, as Patients, have been compelled to pay excessive
15 co-payments for medications based upon the falsely inflated AWPs.

16 **IV.**

17 **THE AWP SCHEME ALSO INFLICTS DAMAGES ON THE STATE OF NEVADA**

18 64. The damages inflicted by the AWP Scheme are not confined to Medicare payors.

19 65. In addition, numerous State agencies have overpaid for medications based upon the
20 fraudulently reported AWPs.

21 66. Likewise, most Medicaid payors including the State of Nevada historically have also
22 typically based reimbursement on the AWP.

23 67. On August 10, 2001, the U.S. Department of Health and Human Services, Office of the
24 Inspector General ("OIG"), reported the results of a survey of 216 pharmacies in eight states and
25 obtained 16,024 invoices for brand name drug products. The OIG report concluded that nationally,
26 pharmacy cost was 21.84 percent below AWP, a 19.3 percent increase from 1994. This report further
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⁶ Source: Attachments to U.S. House Committee on Ways and Means correspondence dated September 28, 2000.

1 concluded that although many states paid a discount of 10 percent off AWP, this was not sufficient to
2 “ensure that a reasonable price is paid for drugs.”

3 68. Recently, defendant Bayer agreed to settle claims asserted by the U.S. Government
4 arising from this practice. According to the Department of Justice’s litigation release:

5 The government’s investigation of the allegations revealed that Bayer
6 beginning in the early 1990s falsely inflated the reported drug prices –
7 referred to by the industry as the Average Wholesale Price (AWP), the
8 Direct Price and the Wholesale Acquisition Cost – used by state and
9 federal governments to set reimbursement rates for the federally and state
10 funded Medicaid Program. By setting an extremely high AWP and,
11 subsequently, selling the product to doctors at a dramatic discount, Bayer
12 enabled physicians to receive excess reimbursement from private and
13 government insurers. The Bayer AWP, at issue in the investigation,
14 involved several of Bayer’s biologic products such as Kogenate, Koate-
15 HP, and Gamimmune, which are widely used in treating hemophilia and
16 immune deficiency diseases.

17 The investigation further revealed that Bayer was engaging in a practice
18 referred to as “marketing the spread” that also has the effect of
19 discouraging market competition from companies that do not inflate
20 AWP as a way of attracting doctors to their products. The department’s
21 probe also showed that some physicians and home health companies
22 ignore the products of companies that refuse to create these profit
23 windfalls for customers.

24 The parties also are settling allegations that Bayer knowingly underpaid
25 the Medicaid Program for rebates owed by it to the states. The Medicaid
26 Rebate program was initiated in 1991 to require drug companies to pay
27 quarterly rebates to states in a way that accounts for discounts that drug
28 companies give to customers. Under the program, Bayer was required to
report the best price offered to any commercial, for-profit customer to the
government and calculate a quarterly rebate based, in part, upon the best
price. The investigation revealed that certain of Bayer’s customers
received discounts unaccounted for by the multi-national pharmaceutical
company in its quarterly best price calculations thereby allowing Bayer to
underpay the rebates it owed.

69. Under 42 U.S.C. § 1396r-8, in order for a manufacturer of a drug to have its products
compensated under a state’s Medicaid Program, the manufacturer had to enter into a rebate agreement
with the Secretary of Health and Human Services. Pursuant to the rebate agreement, the manufacturer
promised to report to the Medicaid Program its best price. The statute defines the best price as “the
lowest price available from the manufacturer during the rebate period to any wholesaler, retailer,
provider, health maintenance organization, nonprofit entity or governmental entity.” The section also

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1 provides that “best price” includes “cash discounts, free goods that are contingent on any purchase
2 requirement, volume discounts and rebates” and does not include “prices that are merely nominal in
3 amount.”

4 70. Each defendant entered into a Rebate Agreement with the U.S. Secretary of Health and
5 Human Services. In that agreement, each agreed to comply with Section 1396r-8, and hence:

6 (a) Agreed to report its best price, inclusive of cash discounts, free goods contingent
7 upon any purchase requirements, volume discounts and rebates, in any quarter and to make rebates
8 where necessary;

9 (b) Agreed that it would determine its best price based upon its average
10 manufacturer’s price, calculated as “net Sales divided by numbers of units sold, excluding free goods
11 (*i.e.*, drugs or any other items given away, but not contingent on any purchase requirements)” and that it
12 would include in that calculation cash discounts and all other price reductions “which reduce the actual
13 price paid”; and

14 (c) Agreed that the best price would not take into account nominal prices, defined as
15 prices that are less than 10 percent of the average manufacturer’s price in that quarter, so long as the
16 sale of product at a nominal price was not contingent on any other sale.

17 71. After execution of this agreement, each defendant reported its average manufacturer’s
18 price in each quarter to the Medicaid Program.

19 72. In keeping with their artificial inflation of the AWP’s, each defendant did not report the
20 actual “best price” but, instead, excluded from best price discounts and other inducements offered to
21 physicians to increase use of a drug being reimbursed by governmental entities at AWP.

22 **V.**

23 **MOTIVATION FOR DEFENDANTS’ AWP PRICING SCHEME**

24 73. The purpose and intent of defendants’ fraudulent AWP Scheme is to manipulate and
25 thereby increase the amount of reimbursement received by physicians or other health care providers
26 who prescribe drugs manufactured and sold by defendants.

27 74. Specifically, defendants’ AWP Scheme contemplates that (a) defendants will
28 intentionally report falsely and fraudulently inflated AWP prices for these drugs to industry

1 publications; and (b) defendants will actually charge health care providers amounts for these drugs that
2 are substantially less than the AWP that defendants have fraudulently reported.

3 75. The health care provider then receives reimbursement from Medicare, Medicaid, or a
4 Third-Party Payor based upon the fraudulently inflated AWP. This circumstance results in a substantial
5 financial incentive to the provider, representing the difference between the inflated AWP-based
6 reimbursement to the provider and the significantly lower direct price charged by defendants to the
7 health care provider.

8 76. Defendant pharmaceutical manufacturers refer to the amount received by the health care
9 provider resulting from the difference between the fraudulently inflated AWP reimbursement and the
10 price actually paid by the provider as the “spread.”

11 77. Each of the defendants has sought to manipulate the market for drugs covered by Part B
12 by inducing health care providers to prescribe these drugs, rather than competing drugs, because of the
13 higher “spread” resulting from the falsely and fraudulently inflated AWP.

14 78. By participating in the AWP Scheme, defendants seek to influence doctors to prescribe
15 the drug with the greatest “spread” between the AWP and the actual direct price paid by the provider to
16 the manufacturer. In fact, defendants have greatly increased their market share and resulting profits by
17 manipulating the AWP to create falsely inflated “spreads” and resulting financial incentives to
18 providers to prescribe specific drugs subject to the AWP Scheme.

19 79. The manipulation of AWP at the expense of Medicare, Medicaid and their respective
20 patients is further revealed when the defendants sell drugs that are not reimbursed by Medicare or
21 Medicaid. In these circumstances, the drug companies often report accurate AWP and actually
22 compete with other drug companies on the basis of having a lower AWP than the other company. The
23 company with the lower AWP will urge physicians to consider the cost to the patient when selecting
24 drugs and promote its lower AWP as a selling tool. Thus, where Medicare and Medicaid are not
25 involved, defendants often ensure that their AWP are accurate so as to compete for market share based
26 on price.

27 80. Defendants were aware that physicians would purchase and utilize products that have the
28 widest spread between the providers’ true costs and the reimbursement paid by third parties. All

1 defendants made representations of their AWP for various drugs, which representations were not
2 accurate. In doing so, defendants hoped that providers would view the inflated AWP as a reason for
3 selecting their drug. Defendants also knew that this selection would be at the expense of patients who
4 were making a co-payment and at the expense of governmental payors.

5 81. For example, a GAO report focusing on sales of a drug in Florida found that Medicaid
6 usage of Vancomycin nearly doubled when Abbott raised the AWP. When Bayer retained its spread on
7 Whin Rho while other manufacturers did not, its use “skyrocketed.”

8 82. The AWP Scheme has a profound and dangerous additional effect by influencing some
9 medical practitioners’ judgments. This is acknowledged, for example, by defendant Bristol who
10 developed a second-generation etoposide, namely, Etopophos:

11 Bristol: “The Etopophos produce profile is significantly superior to that of
12 etoposide for injection...”

13 “Currently, physician practices can take advantage of the growing
14 disparity between VePesid’s lists price (and, subsequently, the Average
15 Wholesale Price [AWP]) and the actual acquisition cost when obtaining
16 reimbursement for etoposide purchase. If the acquisition price of
17 Etopophos is close to the list price, the physicians’ financial incentive for
18 selecting the brand is largely diminished.”⁷

19 83. This influence is further demonstrated by SmithKline Beecham and TAP:

20 SMITHKLINE: “In the clinic setting however, since Medicare
21 reimbursement is based on AWP, product selection is largely based upon
22 the spread between acquisition cost and AWP Therefore, the spread
23 between the AWP and clinic cost represents a profit to the clinic of
24 \$50.27 for the medication alone.... From this analysis, there seems to be
25 no other reason, other than profitability, to explain uptake differentials
26 between the hospital and clinic settings, therefore explaining why
27 physicians are willing to use more expensive drug regiments.”

28 TAP: “As we have also discussed, Northwest Iowa Urology is very
upset about the allowable not going up. I personally met with the doctors
to discuss the issue 4/17. The physicians have started using Zoladex but
would stop if the allowable issue was taken care of. NWI Urology has
180 patients on Lupron.”⁸

84. Thus, although they are competitors, each of the defendants agreed to a scheme whereby
each would publish in the *Red Book*, *Blue Book* and *Medispan* its artificially inflated “AWP.” Each

⁷ Source: Correspondence from Committee on Ways and Means dated September 28, 2000, to Alan Holmes.

⁸ Source: *Id.*

1 defendant knew that the AWP's were fictitious, but each one followed course and published its own
2 fictitious AWP pursuant to its express or tacit agreement to do so.

3 **VI.**

4 **THE CONGRESSIONAL INVESTIGATION**

5 85. The United States Congress has been investigating defendants' wrongful activities. In a
6 letter sent to each of the defendants dated October 31, 2000, Congressman Stark stated in pertinent part:

7 You should by now be aware of Congressional investigations revealing
8 that Abbott has for many years reported and published inflated and
9 misleading data and has engaged in other deceptive business practices.
10 This letter is a call for your company to immediately cease overcharging
11 taxpayers and jeopardizing public health . . . The price manipulation
12 scheme is executed through Abbott's inflated representations of average
13 wholesale price (AWP) and direct price ("DP") which are utilized by the
14 Medicare and Medicaid Programs in establishing drug reimbursements to
15 providers. The difference between the inflated representations of AWP
16 and DP versus the true price providers are paying, is regularly referred to
17 in your industry as "the spread." The evidence amassed by Congress
18 clearly shows that Abbott has intentionally reported inflated prices and
19 has engaged in other improper business practices in order to cause its
20 customers to receive windfall profits from Medicare and Medicaid when
21 submitting claims for certain drugs. The evidence further reveals that
22 Abbott manipulated prices for the express purpose of expanding sales and
23 increasing market share of certain drugs. This was achieved by arranging
24 financial benefits or inducements that influenced the decisions of health
25 care providers submitting Medicare and Medicaid claims . . . Based on
26 the evidence collected, Abbott should make arrangements to compensate
27 taxpayers for the financial injury caused to federally funded programs.
28 Any refusal to accept responsibility will most certainly be indicative of
the need for Congress to control drug prices. If we cannot rely upon drug
companies to make honest and truthful representations about their prices,
then Congress will be left with no alternative but to take decisive action
to protect the public.

21 86. In a letter dated September 28, 2000, sent from the House of Representatives Committee
22 on Ways and Means, Subcommittee on Health to the President of the trade organization known as the
23 Pharmaceutical Research and Manufacturers of America, Congressman Stark stated:

24 This corruptive scheme is perverting financial integrity of the Medicare
25 program and harming beneficiaries who are required to pay 20% of
Medicare's current limited drug benefit.

26 87. In his letter, Congressman Stark made the following five "shocking conclusions":

27 First – Certain drug manufacturers have abused their position of privilege
28 in the United States by reporting falsely inflated drug prices in order to
create a de facto improper kickback for their customers.

1 Second – Certain drug manufacturers have routinely acted with impunity
2 in arranging improper financial inducements for their physicians and
other healthcare provider customers.

3 Third – Certain drug manufacturers engage in the fraudulent price
4 manipulation for the express purpose of causing federally funded health
5 care programs to expend scarce tax dollars in order to arrange de facto
kickbacks for the drug manufacturers’ customers at a cost of billions of
dollars.

6 Fourth – Certain drug manufacturers arrange kickbacks to improperly
7 influence physicians’ medical decisions and judgments notwithstanding
the severely destructive effect upon the physician/patient relationship and
8 the exercise of independent medical judgment.

9 Fifth – Certain drug manufacturers engage in illegal price manipulation in
10 order to increase utilization of their drugs beyond that which is necessary
and appropriate based on the exercise of independent medical judgment
not affected by improper financial incentives.

11 **VII.**

12 **DIRECT DAMAGE SUSTAINED BY THE STATE OF NEVADA,**
13 **PATIENTS AND THIRD-PARTY PAYORS**

14 88. Patients are directly damaged by defendants’ AWP Scheme because patients frequently
15 are required to make a co-payment for a pharmaceutical, or because patients occasionally make
16 payment in full. The amount of the co-payment is often a direct function of the overall reimbursement
17 paid on behalf of the patient by Medicare or Third-Party Payors.

18 89. For example, as alleged herein, Medicare recipients must pay 20% of the total amount
19 that is reimbursed by Medicare to the pharmaceutical manufacturer. Thus, if Medicare reimburses \$100
20 for a covered drug based upon the reported AWP, the Medicare beneficiary is responsible for 20% (or
21 \$20) in this situation.

22 90. Many Medicare beneficiaries obtain supplemental insurance known as “Medigap” or
23 “Medicare Plus” to cover the costs of pharmaceuticals as well as other costs not paid by Medicare.
24 Such supplemental insurers are also Third-Party Payors who are damaged by the AWP Scheme.

25 91. The AWP Scheme also affected the State of Nevada because, in each instance of a drug
26 payment made under Medicaid, the State paid an inflated amount.

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1 (a) Defendants have failed to disclose material facts in
2 connection with the sale of goods in that they have not disclosed that the
3 AWP does not reflect the true average wholesale price of the drug
4 products they sell, but are instead inflated in order to drive up the prices
5 paid by Patients within the State of Nevada;

6 (b) Defendants have made false or misleading statements of
7 facts concerning the price of goods in that they have lied about the true
8 AWP paid for their medications in order to drive up the prices paid by
9 Patients within the State of Nevada;

10 (c) Defendants have knowingly made false representations in
11 a transaction by representing that the AWP is an accurate reflection of the
12 average wholesale price paid for their drugs; and

13 (d) Defendants have violated state and federal statutes and
14 regulations relating to the sale or lease of goods including, without
15 limitation, the Nevada RICO statute (NRS 207.470 *et seq.*), the federal
16 regulations governing the determination of Medicare payments for drugs
17 (42 C.F.R. § 405.517), the federal mail and wire fraud statutes, 18 U.S.C.
18 §§ 1341 and 1343 and the Racketeer Influenced and Corrupt
19 Organizations Act (RICO), particularly 18 U.S.C. § 1962(c) & (d).

20 100. Defendants acted willfully and knowingly in committing the actions set forth above.

21 101. The wrongful conduct alleged in this Complaint occurs and continues to occur in the
22 ordinary course of defendants' business or occupation and has caused great harm to the State of Nevada
23 and its residents, who were foreseeable and direct victims of defendants' wrongful conduct.

24 102. Defendants' violations of the Deceptive Trade Practices Act were committed with the
25 intent to mislead and defraud.

26 103. Defendants' wrongful, deceptive and illegal conduct has resulted in excessive and illegal
27 profits to defendants and excessive payments made by Patients who are Nevada residents.

28 WHEREFORE, the State of Nevada prays as follows:

A. That the Court adjudge and decree that defendants have engaged in the conduct alleged
herein.

B. That the Court adjudge that the conduct is unlawful and in violation of
NRS 598.0915(13), 598.0915(15) and 598.0923(3).

C. That the Court enjoin and restrain defendants and their officers, agents, servants, and
employees, and those in active concert or participation with them, from continuing to engage in such
conduct or other conduct having similar purpose or effect.

/////

1 D. That the Court enjoin defendants and order that any and all future disseminations of
2 AWP and “best price” accurately reflect the average wholesale prices paid by physicians and
3 pharmacies.

4 E. That, pursuant to NRS 598.0993, the Court make such orders or judgments as may be
5 necessary to restore to Patients who reside in the State of Nevada all moneys which defendants acquired
6 from them by means of any of the deceptive trade practices complained of herein.

7 F. That the State of Nevada recover from defendants the costs of this action, including
8 reasonable attorneys’ fees.

9 G. That the Court Order such other and further relief as it may deem just, necessary and
10 appropriate.

11 **COUNT II**

12 **DECEPTIVE TRADE PRACTICES DIRECTED AT ELDERLY NEVADA RESIDENTS**
13 **(Violations Of NRS 598.0973)**

14 **CLAIM FOR CIVIL PENALTIES AND INJUNCTIVE RELIEF**

15 104. The State of Nevada repeats and realleges the preceding paragraphs of this Complaint as
16 if fully set forth herein.

17 105. This Claim is brought for civil penalties and injunctive relief to prevent the harm caused
18 to elderly Patients in Nevada by the AWP Scheme.

19 106. Defendants’ conduct as alleged in this Complaint constitutes deceptive acts or practices
20 in violation of NRS 598.0915(13), 598.0915(15), 598.0923(2), and 598.0923(3) in that:

21 (a) Defendants have failed to disclose material facts in
22 connection with the sale of goods in that they have not disclosed that the
23 AWP does not reflect the true average wholesale price of the drug
products they sell, but are instead inflated in order to drive up the prices
paid by Patients within the State of Nevada;

24 (b) Defendants have made false or misleading statements of
25 facts concerning the price of goods in that they have lied about the true
26 AWP paid for their medications in order to drive up the prices paid by
elderly Patients within the State of Nevada;

27 (c) Defendants have knowingly made false representations in
28 a transaction by representing that the AWP is an accurate reflection of the
average wholesale price paid for their drugs; and

1 (d) Defendants have violated state and federal statutes and
2 regulations relating to the sale or lease of goods including, without
3 limitation, the Nevada RICO statute (NRS 207.470 *et seq.*), the federal
4 regulations governing the determination of Medicare payments for drugs
(42 C.F.R. § 405.517), the federal mail and wire fraud statutes, 18 U.S.C.
§§ 1341 and 1343 and the Racketeer Influenced and Corrupt
Organizations Act (RICO), particularly 18 U.S.C. § 1962(c) & (d).

5 107. Defendants' conduct was in disregard of the rights of elderly persons, many of whom are
6 forced to make expensive co-payments based on defendants' falsified AWP. The defendants knew or
7 should have known that their AWP Scheme would adversely affect elderly persons, and such persons
8 are more vulnerable to defendants' scheme given their age and/or conditions and their need for
9 defendants' drugs. Further, defendants' conduct caused elderly persons to suffer substantial economic
10 damage.

11 108. The wrongful conduct alleged in this Complaint occurs and continues to occur in the
12 ordinary course of defendants' business or occupation and has caused great harm to the State of Nevada
13 and its residents.

14 109. Defendants' violations of the Deceptive Trade Practices Act were committed with the
15 intent to mislead and defraud.

16 110. Defendants' wrongful, deceptive and illegal conduct has resulted in excessive and illegal
17 profits to defendants and excessive payments made by elderly Patients in Nevada.

18 WHEREFORE, the State of Nevada prays as follows:

19 A. That the Court adjudge and decree that defendants have engaged in the conduct alleged
20 herein.

21 B. That the Court adjudge that the conduct is unlawful and in violation of
22 NRS 598.0915(13), 598.0915(15), 598.0923(2), 598.0923(3) and 598.0973.

23 C. That the Court enjoin and restrain defendants and their officers, agents, servants, and
24 employees, and those in active concert or participation with them, from continuing or engaging in such
25 conduct or other conduct having similar purpose or effect.

26 D. That the Court enjoin defendants and order that any and all future disseminations of
27 AWP accurately reflect the average wholesale prices paid by physicians and pharmacies.

28 //

1 E. That, pursuant to NRS 598.0973(1), the Court assess civil penalties of \$10,000 from
2 each defendant for each violation directed toward an elderly person as complained of herein.

3 F. That the State of Nevada recover from defendants the costs of this action, including
4 reasonable attorneys' fees.

5 G. That the Court order such other and further relief as it may deem just, necessary and
6 appropriate.

7 **COUNT III**

8 **DECEPTIVE TRADE PRACTICES**
9 **(Violations Of NRS 598.0903 *Et Seq.*)**

10 **CLAIM FOR CIVIL PENALTIES, INJUNCTIVE RELIEF, AND**
11 **RESTITUTION FOR THE STATE OF NEVADA**

12 111. The State of Nevada repeats and realleges the preceding paragraphs of this Complaint as
13 if fully set forth herein.

14 112. This Claim is brought for restitution of the losses suffered by State of Nevada as a result
15 of the AWP Scheme and the failure to accurately report the "best price," to recover civil penalties for
16 defendants' massive violations of Nevada law, and to impose injunctive relief ending the unlawful
17 AWP Scheme.

18 113. Defendants' conduct as alleged in this Complaint constitutes deceptive acts or practices
19 in violation of NRS 598.0915(13), 598.0915(15), 598.0923(2), and 598.0923(3) in that:

20 (a) Defendants have failed to disclose material facts in
21 connection with the sale of goods in that they have not disclosed that the
22 AWP does not reflect the true average wholesale price of the drug
23 products they sell, and that the "best prices" they report are not the actual
24 "best prices" offered to other commercial entities, but are instead inflated
25 in order to drive up the prices paid for medications by the State of
26 Nevada;

27 (b) Defendants have made false or misleading statements of
28 facts concerning the price of goods in that they have lied about the true
29 AWP and "best prices" paid for their medications in order to drive up the
30 prices paid by the State of Nevada;

31 (c) Defendants have knowingly made false representations in
32 a transaction by representing that the AWP is an accurate reflection of the
33 average wholesale price paid for their drugs, and that their reported "best
34 prices" are in fact the "best prices" offered to a commercial entity for
35 their drugs; and

1 (d) Defendants have violated state and federal statutes and
2 regulations relating to the sale or lease of goods including, without
3 limitation, the “best price” requirement of the Medicaid statute (Nevada
4 RICO statute (NRS 207.470 *et seq.*), the federal regulations governing the
5 determination of Medicare payments for drugs (42 C.F.R. § 405.517), the
6 federal mail and wire fraud statutes, 18 U.S.C. §§ 1341 and 1343 and the
7 Racketeer Influenced and Corrupt Organizations Act (RICO), particularly
8 18 U.S.C. § 1962(c) & (d).

9 114. Defendants acted willfully and knowingly in committing the actions set forth above.

10 115. The wrongful conduct alleged in this Complaint occurs and continues to occur in the
11 ordinary course of defendants’ business or occupation and has caused great harm to the State of Nevada
12 and its residents.

13 116. Defendants’ violations of the Deceptive Trade Practices Act were committed with the
14 intent to mislead and defraud.

15 117. Defendants’ wrongful, deceptive and illegal conduct has resulted in excessive and illegal
16 profits to defendants and excessive payments by the State of Nevada and its residents.

17 WHEREFORE, the State of Nevada prays as follows:

18 A. That the Court adjudge and decree that defendants have engaged in the conduct alleged
19 herein.

20 B. That the Court adjudge that the conduct is unlawful and in violation of
21 NRS 598.0915(13), 598.0915(15) and 598.0923(3).

22 C. That the Court enjoin and restrain defendants and their officers, agents, servants, and
23 employees, and those in active concert or participation with them, from continuing to engage in such
24 conduct or other conduct having similar purpose or effect.

25 D. That the Court enjoin defendants and order that any and all future disseminations of
26 AWP and “best price” accurately reflect the average wholesale prices paid by physicians and
27 pharmacies, and the “best price” offered to any commercial entity, respectively.

28 E. That, pursuant to NRS 598.0999, the Court assess civil penalties of \$2,500 from each
defendant for each willful violation of NRS 598.0903 to 598.0997 complained of herein.

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1 F. That, pursuant to NRS 598.0993, the Court make such additional orders or judgments as
2 may be necessary to restore to the State all moneys which defendants acquired from it by means of any
3 of the deceptive trade practices complained of herein.

4 G. That, pursuant to NRS 598.0993, the Court order defendants to pay restitution which
5 restores the State to the financial position that it would be in, absent the defendants' conduct.

6 H. That the State of Nevada recover from defendants the costs of this action, including
7 reasonable attorneys' fees.

8 I. That the Court order such other and further relief as it may deem just, necessary and
9 appropriate.

10 **COUNT IV**

11 **RACKETEERING**
12 **(Violations of NRS 207.470 *Et Seq.*)**

13 **CLAIM FOR TREBLE DAMAGES TO STATE OF**
14 **NEVADA AND CIVIL FORFEITURE**

15 118. The State of Nevada incorporates by reference all preceding paragraphs as if fully set
16 forth herein.

17 119. This Claim is brought for treble damages to the State of Nevada and civil forfeiture of
18 the profits wrongfully obtained by defendants as a result of their racketeering activities as detailed
19 herein.

20 120. At all relevant times, defendants each conducted the affairs of an association-in-fact
21 enterprise within the meaning of NRS 207.380.

22 121. Subsequent to July 1, 1983, and within five-year periods, each defendant engaged in far
23 more than two crimes related to racketeering that have the same or similar pattern, intents, results,
24 accomplices, victims or methods of commission, and are otherwise related by distinguishing
25 characteristics and are not isolated instances.

26 122. The "enterprise" is an association-in-fact consisting of the various and independent
27 medical providers (physicians) who prescribed the Covered Drugs and engaged in fraudulent billing
28 practices on the one hand, and defendants, including their directors, employees, and agents on the other

1 hand (“the AWP Enterprise”). The AWP Enterprise is an ongoing and continuing business organization
2 consisting of both corporations and individuals that are and have been associated for the common
3 purposes of selling, purchasing, prescribing, and administering the Covered Drugs to Patients in the
4 State of Nevada and across the country, and deriving profits from these activities.

5 123. The AWP Enterprise affects commerce by engaging in the sale and/or purchase of the
6 Covered Drugs, the transmission of sales and marketing literature, and the transmission and/or receipt
7 of invoices and payments related to the use of the Covered Drugs within the State of Nevada. In
8 addition, the AWP Enterprise prescribes and/or administers the Covered Drugs to thousands of
9 individuals located within the State of Nevada.

10 124. Defendants’ illegal conduct and practice was carried out by an array of employees,
11 working across state boundaries including Nevada, who necessarily relied upon frequent transfer of
12 false information, products and funds.

13 125. Defendants have exerted control over the AWP Enterprise, and have directly or
14 indirectly conducted or participated in the conduct of the affairs of that enterprise, in the following
15 ways:

16 (i) Defendant pharmaceutical companies have directly controlled the price at which
17 medical providers purchase the Covered Drugs;

18 (ii) Defendants have directly controlled the AWP’s that are reported in the *Red Book*
19 and similar industry publications;

20 (iii) Defendants have directly controlled the price at which medical providers
21 (physicians) are reimbursed by the Medicare and Medicaid Programs;

22 (iv) Defendants have directly controlled the creation and distribution of marketing,
23 sales, and other materials used to inform medical providers (physicians) nationwide of the profit
24 potential of the Covered Drugs;

25 (v) Defendants have directly controlled the marketing and sales scheme to artificially
26 and unlawfully inflate the Medicare and Medicaid reimbursement rates (and co-payment rate) to induce
27 medical providers (physicians) to prescribe the Covered Drugs to their patients;

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1 (vi) Defendants have directly controlled the use and distribution of free samples of
2 the Covered Drugs to medical providers (physicians);

3 (vii) Defendants have directly or indirectly controlled the ability of medical providers
4 (physicians) to unlawfully seek reimbursement from the Medicare Program for free samples;

5 (viii) Defendants have relied upon their employees and agents to promote the
6 fraudulent marketing schemes alleged herein; and

7 (ix) Defendants have controlled and participated in the affairs of the AWP Enterprise
8 by using a fraudulent scheme to manufacture, market and sell the Covered Drugs through the use of
9 unlawful inducements to medical providers (physicians).

10 126. Defendants have conducted and participated in the affairs of the AWP Enterprise
11 through a pattern of racketeering activity that includes acts indictable under NRS 205.380. In
12 particular, by (i) reporting artificially high AWP, and (ii) not selling medications to Medicaid
13 providers at the “best price” as required, and (iii) representing that their sales price was related to the
14 AWP, defendants obtained money from the State of Nevada, and Patients and Third-Party Payors
15 residing therein, under false pretenses.

16 127. In conducting the AWP Scheme as detailed above and throughout this Complaint, each
17 defendant: (1) had the intent to defraud the State of Nevada, and Patients and Third-Party Payors
18 residing therein, and (2) made numerous false representations concerning AWP and the “best price”
19 paid for their medications.

20 128. The State of Nevada, and Patients and Third-Party Payors residing therein, were
21 defrauded out of money by the AWP Scheme in that (1) they relied on defendants’ representations
22 concerning AWP and the “best price” paid for their medication, and (2) they paid excessive prices for
23 the medications as a result.

24 129. Defendants’ pattern of racketeering involved hundreds, if not thousands, of separate
25 instances of obtaining money under false pretenses pursuant to NRS 205.380, and insurance fraud in
26 violation of NRS 686A.291 and 686A.2815. Each of these instances constitutes a “crime related to

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1 racketeering” within the meaning of NRS 207.360.26. Collectively, these violations constitute
2 “racketeering activity” within the meaning of NRS 207.390 in which the defendants intended to defraud
3 Plaintiff and other intended victims of the scheme.

4 130. Defendants’ fraudulent and unlawful scheme consisted first of deliberately overstating
5 the AWP’s for the Covered Drugs, creating a “spread” based on the inflated figure to induce medical
6 providers to prescribe the Covered Drugs to their patients, thereby causing the Medicare Program to
7 pay an artificially-inflated rate of reimbursement for the Covered Drugs. Defendants’ fraudulent and
8 unlawful marketing scheme also consisted of providing free samples of the Covered Drugs to medical
9 providers, instructing these professionals to bill the Medicare Program for these free samples, and
10 providing other unlawful financial incentives, including kickbacks, to induce use of the Covered Drugs.
11 Through the AWP Scheme, the defendants also deliberately misstated the “best price” paid by
12 commercial entities in order to illegally deprive the State of its Medicaid rebates, as well as to
13 overcharge other State agencies.

14 131. Finally, in order to obtain higher payments from residents in Nevada, the defendants
15 fraudulently misrepresented that the AWP’s accurately reflected the average wholesale prices paid by
16 hospitals and physicians for their drugs, thereby committing insurance fraud within the meaning of
17 NRS 686A.2815(2)-(4), (6) and (8).

18 132. These schemes were calculated and intentionally crafted so as to ensure that the
19 Medicare and Medicaid Programs would be over-billed for the Covered Drugs, as well as Patients
20 residing in Nevada. In designing and implementing these fraudulent schemes, defendants were at all
21 times cognizant of the fact that: (1) the entire Medicare Program and all patients for whom the Covered
22 Drugs are prescribed; and (2) the State of Nevada in its Medicaid payments for prescription drugs, as
23 well as payments made by other state agencies all rely upon the honesty of defendants in setting the
24 AWP as reported in the *Red Book* and similar publications.

25 133. By intentionally and artificially inflating the AWP and by providing medical providers
26 with unlawful financial inducements to use the Covered Drugs, and by subsequently failing to disclose
27 such practices to the Patients and others from whom reimbursement was sought, defendants engaged in
28 a repeated, fraudulent, and unlawful course of conduct constituting a pattern of racketeering.

1 134. These racketeering activities amounted to a common course of conduct, with similar
2 pattern and purpose, intended to deceive plaintiff and other victims of the scheme. Each separate
3 instance of racketeering activity perpetrated by the defendants was related, had similar intended
4 purposes, involved similar participants and methods of execution, and had the same results affecting the
5 same victims, including the State of Nevada, and Patients residing therein. Defendants have engaged in
6 this racketeering activity for the purpose of conducting the ongoing business affairs of the AWP
7 Enterprise.

8 135. Defendants' violations and pattern of racketeering activity have directly and proximately
9 caused the State of Nevada and Patients and Third-Party Payors residing therein to be injured in their
10 property insofar as they have paid millions of dollars in inflated reimbursements or other payments for
11 the Covered Drugs, and the State has been deprived of its proper Medicaid rebates.

12 136. The State of Nevada and Patients residing therein have relied to their detriment on
13 billing statements that were based on information reported directly or indirectly by defendants. As a
14 result of defendants' fraudulent acts, the billing statements so distributed have resulted in inflated
15 payments for the State and its resident Patients.

16 WHEREFORE, the State of Nevada prays as follows:

17 A. That the Court adjudge and decree that defendants have engaged in the conduct alleged
18 herein.

19 B. That the Court adjudge that the conduct is unlawful and in violation of NRS 207.400,
20 and NRS 207.360.26.

21 C. That the Court enjoin and restrain defendants and their officers, agents, servants, and
22 employees, and those in active concert or participation with them, from continuing to engage in such
23 conduct or other conduct having similar purpose or effect.

24 D. That the Court enjoin defendants and order that any and all future disseminations of
25 AWP accurately reflect the average wholesale prices and best prices paid by physicians and
26 pharmacies.

27 E. That, pursuant to NRS 207.460, the Court order that defendants forfeit all property,
28 including money, derived from or gained through defendants' conduct in violation of NRS 207.400.

1 F. That, pursuant to NRS 207.470, the Court find that defendants are jointly and severally
2 liable to the State of Nevada for three times the damages it has sustained as a result of the defendants'
3 violations of NRS 207.400.1.

4 G. That, pursuant to NRS 207.480, the Court order defendants to pay restitution that
5 restores the State to the financial position that it would be in, absent the defendants' conduct.

6 H. That, pursuant to NRS 207.480, the State of Nevada recover from defendants the costs of
7 this action, including reasonable attorneys' fees.

8 I. That the Court order such other and further relief as the Court deems just, necessary and
9 appropriate.

10 **COUNT V**

11 **BREACH OF CONTRACT**

12 **CLAIM BROUGHT TO RECOUP STATE'S DAMAGES**

13 137. The State of Nevada incorporates by reference all preceding paragraphs as if fully set
14 forth herein.

15 138. As required by 42 U.S.C. § 1396r-8, each defendant entered into a Rebate Agreement
16 with the Secretary of Health and Human Services ("DHHS"). In that agreement, each agreed to comply
17 with Section 1396r-8, and hence:

18 (a) Agreed to report its best price, inclusive of cash discounts, free goods contingent
19 upon any purchase requirements, volume discounts and rebates, in any quarter and to make rebates
20 where necessary; and

21 (b) Agreed that it would determine its best price based upon its average
22 manufacturer's price, calculated as "net Sales divided by numbers of units sold, excluding free goods
23 (i.e., drugs or any other items given away, but not contingent on any purchase requirements)" and that it
24 would include in that calculation cash discounts and all other price reductions "which reduce the actual
25 price paid;" and

26 (c) Agreed that the best price would not take into account nominal prices, defined as
27 prices that are less than 10 percent of the average manufacturer's price in that quarter, so long as the
28 sale of product at a nominal price was not contingent on any other sale.

1 139. The State of Nevada was an intended third-party beneficiary of these contracts between
2 the defendants and the DHHS.

3 140. After execution of this agreement, each defendant reported its average manufacturer's
4 price in each quarter to the Medicaid Program.

5 141. In keeping with their artificial inflation of the AWP's, each defendant did not report the
6 actual "best price," but instead excluded discounts and other inducements offered to physicians to
7 increase use of a drug being sold at AWP.

8 142. Defendants have therefore breached their contracts with the DHHS, and caused massive
9 damage to the State of Nevada.

10 WHEREFORE the State of Nevada prays as follows:

11 A. That the Court adjudge and decree that defendants have engaged in the conduct alleged
12 herein.

13 B. That the Court order defendants to pay damages to the State of Nevada in an amount to
14 be determined after trial.

15 C. That the Court order such other and further relief as the Court deems just, necessary and
16 appropriate.

17 **COUNT VI**

18 **MEDICAID FRAUD**
19 **(Violations Of NRS 422.540 *Et Seq.*)**

20 **CLAIM FOR CIVIL PENALTIES**

21 143. The State of Nevada incorporates by reference all preceding paragraphs as if fully set
22 forth herein.

23 144. This Claim is brought for civil penalties pursuant to NRS 422.580.

24 145. Each of the defendant pharmaceutical companies is a manufacturer of drugs included in
25 the Nevada Medicaid drug formulary.

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1 146. Pursuant to 42 U.S.C. § 1396r-8, each of the defendant pharmaceutical companies
2 entered into a rebate agreement with the Medicaid Program under which the Medicaid Program would
3 receive rebates determined in part by “best price,” which is defined as “the lowest price available from
4 the manufacturer.”

5 147. In particular, as part of the rebate agreement, each defendant agreed that:

6 (a) It would determine its best price, taking into account discounts, free goods
7 contingent upon any purchase requirements, volume discounts and rebates, in any quarter and would
8 make quarterly rebates where necessary to bring the price down to the actual lowest price offered to any
9 commercial entity;

10 (b) It would also determine its best price based upon its average manufacturer’s
11 price, calculated as “net Sales divided by numbers of units sold, excluding free goods (*i.e.*, drugs or any
12 other items given away, but not contingent on any purchase requirements)” and that it would include in
13 that calculation cash discounts and all other price reductions “which reduce the actual price paid;” and

14 (c) It would not take into account nominal prices, defined as prices that are less than
15 10 percent of the average manufacturer’s price in that quarter, so long as the sale of a product at a
16 nominal price was not contingent on any other sale.

17 148. After execution of its agreement, each defendant reported its “best price” in each quarter
18 to the Medicaid Program.

19 149. In keeping with their artificial price inflation scheme, each defendant did not report the
20 actual “best price” or “average manufacturer’s price,” but instead (i) reported higher prices and (ii)
21 excluded discounts and other inducements offered to physicians that resulted in lower prices than the
22 prices reported to the Medicaid Program.

23 150. Each of the defendants thereby violated NRS 422.540(1)(a) in that, acting with the intent
24 to defraud, each defendant made or caused claims to be made to the effect that the Medicaid Program
25 was receiving rebates based upon accurately reported “best price” information, knowing the claims to
26 be rendered false, in whole or in part, by falsely reporting the prices paid by commercial entities for its
27 products and not accounting for the discounts and other inducements offered to commercial entities.

28 // // // //



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FOR IMMEDIATE RELEASE
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**NEVADA FILES MAJOR LAWSUIT,
CHARGES DRUG COMPANIES WITH CONSUMER FRAUD AND RACKETEERING**

The Nevada Attorney General's office has charged 12 major drug companies with grossly inflating the cost for prescription drugs by employing an elaborate pricing scheme that robs states and consumers nationwide of millions of dollars.

"This country and our state have struggled to provide cost effective health care while the elderly are often forced to choose expensive medicines over food or housing. We believe that what these drug manufacturers have done is outrageous," Attorney General Frankie Sue Del Papa said. "Today we have fired the first salvo sending a message on behalf of our state and our citizens that we aren't going to take it any more."

Nevada's lawsuit, filed today in state district court in Reno, seeks substantial restitution for the state and its mostly elderly victims and charges the drug companies with violation of the state's consumer protection, Medicaid fraud, and racketeering laws. The lawsuit also seeks to stop the companies from engaging in the illegal pricing practice, which has been the subject of a Congressional inquiry.

"The alleged pricing scheme has serious implications for all consumers, including the elderly, many of whom make co-payments for their medication," Del Papa said.

Nevada's action has nationwide implications because of its similarities to the historic tobacco litigation in which the states eventually recovered billions of dollars. In this case, Nevada wants to be compensated for the millions of dollars various state programs and consumers have overpaid because of the pricing scheme. Del Papa said she expects some other states will also file similar litigation.

-More-

“This practice has and continues to deplete our state coffers, which affects all taxpayers,” Del Papa said. “But it really hurts the most vulnerable in our society, that being our seniors. Ask any elderly person or those who care for them and they will tell you that the unbelievable amounts of money older people spend on prescription drugs greatly affects their quality of life.”

Nevada consumer protection laws provide harsh penalties, \$10,000 per violation in this case, if the victims are over 65, meaning that, if found liable, penalties alone could cost the drug companies millions. According to Congressional research information, Americans currently pay the highest prices for prescription drugs in the world. Last year, the gap in prices grew by almost 9%, with Americans on average paying 174% higher prices than the rest of the world.

The complaint charges that the drug companies engaged in deceptive trade practices by manipulating or misstating the average wholesale price (AWP) forcing the states, consumers and others into grossly overpaying for the drugs. The complaint also alleges that one of the drug manufacturers being sued provided financial incentives to stimulate drug sales such as volume discounts, rebates, off-invoice pricing and free goods at the expense of the Medicaid and Medicare programs. The incentives were not offered to the state and federal government.

The high cost of prescription drugs has been a hot-button political issue over the last few years. According to an independent non-profit institute specializing in health issues, seniors are 12% of the population and they use 37% of prescription drugs. Skyrocketing cost is a serious problem for a third of America's elderly without prescription coverage -- many who must choose between buying medicine or food. Some take their medications every other day to make them last longer or just skip their medications altogether.

Some elderly patients in states bordering on Canada or Mexico cross the border so they can buy their prescription drugs for less money. Almost a third of our senior citizens have health insurance through Medicare but lack drug coverage.

“What the drug companies are doing hurts us all,” Del Papa said. “It is time to stand up, expose the fraud and hopefully cut costs.”

To review a copy of the complaint filed by Nevada, please visit <http://ag.state.nv.us>.

###

**OPTIMAL ADDITION INFORMATION FOR CONSUMERS
(NOT A PART OF THE ATTORNEY GENERAL'S NEWS RELEASE)**

The National Institute for Health Care Management, a non-profit, non-partisan group researching health care issues, has instituted the following ten tips to help slash drug prescription costs:

1 - Generic vs. Brand-name Drugs

Ask your pharmacist if there is a generic equivalent available for the drug your doctor has prescribed. Generic and brand-name drugs contain the same active ingredients. Generic drugs are considered safe and effective overall, but there can be subtle differences in how they are formulated. Bottom line: it is worth it to try generic drugs since they can be considerably cheaper.

2 - Obtain larger quantity

Ask your doctor to write your prescriptions for a 3-month supply rather than a 1-month supply. Take advantage of the price break given to orders for larger quantities.

3 - Shop around to save

Not all stores are created equal. Price variation exists between competitors. Call or ask for a price quote before filling a particular prescription. While a particular drug may be cheaper at one store, another drug may be cheaper at a different store. [Online pharmacies](#) are an option too.

4 - Choice of medications

The drug industry has given us several new medications within the last few years, but newer is not always better. For example, Celebrex and Vioxx are a new category of nonsteroidal anti-inflammatory drugs (NSAIDS) known as [COX-2 inhibitors](#). Are they necessarily better choices than older, traditional NSAIDS? The cost of the new drugs is higher, but if not more effective for you, why pay more?

5 - Strength of the pill

Consider the price of a higher strength pill. If a drug is more commonly prescribed in the 20 mg. strength, but you have been prescribed 10 mg., would it be cheaper to order the 20 mg. strength and break them in half? A price break is usually given to drugs which are more commonly prescribed or more commonly available.

6 - [Borderline drugs](#)

You've heard about it and read about it. Have you considered it yourself? Taking a trip across the border to Mexico or Canada can yield significant savings on some drugs.

7 - Drug assistance programs

Many drug companies offer **drug assistance programs** for people with medical and financial need. Once again, not all programs are created equal. Check with the drug manufacturer to see if such a program exists and if you qualify.

8 - Government programs

Many states offer a drug benefit with Medicaid. Check with the Medicaid office in your state to see if you qualify.

9 - Discounts, free samples, and coupons

Take advantage of everything available to you.

Mail-order pharmacies sometimes offer group discounts (i.e. **AARP**).

Your doctor usually has a collection of free samples. Ask if your doctor has free samples available for the drug you are taking.

Don't forget about coupons. Drugstores sometimes offer coupons to try to win your business.

10 - Be knowledgeable about insurance

Know the details of your **health insurance** coverage. Know the extent of the benefits, co-payments, and annual caps. Determine which drugs are on the formulary list of your insurance company. A formulary is a list of approved drugs. Typically, drugs on the formulary list are less expensive than drugs not on the list.

Clearly, it is the objective of every patient to obtain the most effective treatment for the best possible price. By considering the ten tips and implementing those which apply to your situation, you will be giving your best effort to controlling your prescription drug cost.



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FOR IMMEDIATE RELEASE
January 16, 2002

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**ATTORNEY GENERAL JOINS OTHER STATES IN OPPOSING
MEXICAN EXTRADITION PRACTICES**

Carson City - Attorney General Frankie Sue Del Papa announced today that she has joined with 28 other states' Attorneys General in signing a letter to Secretary of State Colin Powell and Attorney General John Ashcroft regarding extradition practices between Mexico and the United States.

A recent Mexican Supreme Court opinion holds that a person facing extradition from Mexico to the United States cannot be sentenced to life imprisonment because Mexico's sentencing structure does not provide for life sentences. This would mean, for example, that if someone committed a terrorist act in the United States that resulted in multiple fatalities and then escaped into Mexico, the person could not be extradited back to the United States unless assurances were given that a life sentence would not be imposed.

"Although our state and federal governments cannot make Mexico change its present policy, this letter will send a strong signal to our leadership in Washington that we are taking this situation very seriously. We will work on many fronts to try to bring extradition practices into conformance with such goals," Del Papa said. "This present state of affairs is unacceptable and is contrary to Nevada's goal of punishing serious acts, including terrorism, by the state's toughest penalties," concluded Del Papa.

Extradition was one of the many topics discussed at a recent joint meeting of the Western Attorneys General and their counterparts in Mexico.

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FOR IMMEDIATE RELEASE
JANUARY 16, 2002

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(775) 688-1835

RENO WOMAN SENT TO PRISON FOR FELONY INSURANCE FRAUD

Carson City - Attorney General Frankie Sue Del Papa announced today that Washoe County District Judge Steven Kosach sentenced Janet Kay Andrews, age 51, to 12 to 34 months in prison and ordered her to pay back \$1,279.00 in restitution after she plead guilty to Felony Insurance Fraud. Andrews had submitted forged documentation and receipts in support of a claim after an alleged accidental fire to her residence.

“Insurance fraud is a felony and a person found guilty of insurance fraud can be sentenced to up to four years in prison,” Del Papa said. “While it appears as though insurance companies are the victims, ultimately it is the policyholders, taxpayers, and the general public who pick up the tab through increased insurance rates, higher taxes, and inflated prices for consumer goods and services,” said Del Papa.

If you have any information regarding insurance fraud, please call the Nevada Attorney General’s Insurance Fraud Hotline at 1-800-266-8688. For more information about Nevada’s Insurance Fraud Unit, please visit the Attorney General’s website at **<http://ag.state.nv.us>**.

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FOR IMMEDIATE RELEASE
January 15, 2002

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INMATE SENTENCED FOR POSSESSION OF DANGEROUS WEAPON

Carson City - Attorney General Frankie Sue Del Papa announced today that on Monday, January 14, 2002, Humboldt County District Judge Jerry V. Sullivan sentenced inmate Anthony Meeks, 26, to 12 to 30 months imprisonment with the Nevada Department of Corrections for Possession of a Dangerous Weapon by an Incarcerated Person. Meeks was also ordered to pay \$3,461 in restitution for the medical treatment of fellow inmate Terry Young, as well as submit to a test for the purpose of determining genetic markers. Meeks will serve his new sentence consecutive with the remainder of his current sentence for Robbery with Use of a Deadly Weapon.

Meeks was involved in a fight with inmate Terry Young at the Humboldt Conservation Camp in Humboldt County on February 12, 2001. During the fight with Young, Meeks used a nail and then a box-cutter type weapon to injure Young. Investigators with the Inspector General's Office of the Nevada Department of Corrections took part in the investigation of the fight.

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FOR IMMEDIATE RELEASE
January 10, 2002

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**ATTORNEY GENERAL SAYS THAT THE YUCCA MOUNTAIN FIGHT
IS FAR FROM OVER**

Carson City--Attorney General Frankie Sue Del Papa stated that today's notification by Energy Secretary Spencer Abraham to Governor Kenny Guinn of his decision to recommend Yucca Mountain as the nation's first high-level nuclear waste dump comes as no surprise and the public should remain confident that this fight is far from over.

"Abraham's notice to Governor Guinn today certainly does not signal that the repository will become a reality," Del Papa emphasized. "In fact, we have been preparing for a site recommendation for at least the last 15 years. Never before has Nevada had such a fine team ready and eager to undertake this battle. We are optimistic that the repository at Yucca Mountain will never be built," Del Papa stated.

The Attorney General referred to the numerous steps that the Department of Energy (DOE) must still follow before such a repository can be authorized. Following today's secretarial notification to the Governor, the Nuclear Waste Policy Act requires that after 30 days, the Secretary must recommend the site to the President. It is likely that Nevada will quickly file a legal challenge to the secretarial action at the appropriate time. It is also vitally important that President George W. Bush be made aware of Nevada's continuing opposition. Should the President recommend Yucca Mountain as a site to Congress, at that point the State will again likely initiate legal action. When DOE issues its final environmental impact statement, the State will likewise file a legal challenge.

"It is critical that the public understand that DOE has major hurdles to address, not the least of which is the Governor's expected notice of disapproval to Congress," Del Papa explained. "With our strong and committed leadership in Congress, it remains questionable that Nevada's veto will be overridden," stated Del Papa.

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“Even if Nevada’s veto is overridden, there will be additional legal challenges. Given recent developments, including the release of the GAO report estimating that DOE cannot construct an operational repository before 2015 and the resignation of DOE’s outside counsel, we have reason to believe that DOE cannot meet its statutory deadlines,” Del Papa continued. “The message I’m sending is that there is time for Nevada to make its case and stop the dump. We’re committed for the long haul,” Del Papa concluded.

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January 9, 2002

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**PUBLIC WORKSHOP ON TOBACCO SETTLEMENT REPORTING
TO BE HELD IN LAS VEGAS**

Carson City--Attorney General Frankie Sue Del Papa announced today that the Department of Taxation will be holding a workshop to generate public ideas and input for regulations to be drafted to implement provisions of the tobacco Master Settlement Agreement (MSA). The MSA resulted in the major cigarette manufacturers paying \$206 billion over the next 25 years to 46 states, including Nevada. Nevada will receive \$1.2 billion.

Under the terms of the settlement, the cigarette manufacturers that signed the settlement may reduce their payments to the states if the manufacturers can show a market share loss in excess of 2% attributed to signing the MSA. To help prevent this, Nevada must enforce a state law requiring manufacturers that did not sign the MSA to place revenues equaling 1 cent per cigarette sold into an escrow account. The State may later recover monies from that account for health care related costs. To ensure the law is enforced, the Taxation Department must require cigarette wholesalers to report the number of cigarettes sold of each brand. The regulations that will be written following public input at this workshop will guarantee that the reporting by wholesalers is accurate.

"I will continue to follow up with all steps necessary to ensure the maximum recovery to the State of Nevada under the tobacco MSA," stated Attorney General Del Papa.

The workshop will be held in the Grant Sawyer State Office Building, LCB Room 4412E, 555 East Washington Avenue, Las Vegas, on January 15, 2002, and will begin at 9 a.m. Anyone who is interested may attend.

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FOR IMMEDIATE RELEASE
January 8, 2002

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(702) 486-3199

**NEVADA MAN SENTENCED TO 30 MONTHS
FOR FORGERY**

Las Vegas - Attorney General Frankie Sue Del Papa announced today that on Monday, January 7, 2002, Clark County District Court Judge Lee A. Gates sentenced Jouko Johannes Lankinen, of Las Vegas, Nevada, to a minimum of 12 months and a maximum of 30 months in the state prison. Lankinen was also ordered to pay the \$12,639 in restitution that remains owing to his victims.

Lankinen had previously pled guilty to one felony count of forgery resulting from charges in a criminal complaint filed by the Attorney General's Bureau of Consumer Protection. That complaint charged Lankinen with defrauding the Stratosphere Hotel and Casino, as well as an out-of-state business and a Las Vegas visitor, by altering the amount on checks made payable to his travel agency, Las Vegas Welcome Center. Lankinen entered a plea agreement in which he agreed to pay over \$26,000 in restitution to his victims. However, he did not make the restitution payments as promised, and also failed to make numerous court appearances. As a result of the hearing held on Monday, Lankinen was sentenced to a maximum term of 30 months in the Nevada State Prison.

Prior to this case, the Attorney General's Office had also arrested and prosecuted Lankinen for a scheme in which he defrauded other Las Vegas visitors by accepting payments for hotel rooms that he never booked.

Consumers who suspect they may be the victims of fraudulent or deceptive trade practices should contact the Attorney General's Bureau of Consumer Protection in Las Vegas at (702) 486-3194, or in Carson City at (775) 687-6300. Consumer protection information can be found on the Attorney General's web site at <http://ag.state.nv.us>.

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January 8, 2002

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**CONSUMER ADVOCATE TO REPRESENT NEVADA AT
ENERGY SECURITY AND ELECTRIC INDUSTRY FORUM**

Carson City – Consumer Advocate Timothy Hay will serve as a member of the Consumer Energy Council of America’s (“CECA”) Energy Security and Electric Industry Restructuring Forum. CECA is a public interest organization that focuses on energy, telecommunications, and other network industries that provide essential services to consumers. CECA’s projects and reports address public policies that affect consumers and small businesses. The purpose of the Forum is to quickly move the nation toward long-term energy solutions that will assure consumers a safe and secure supply of reliable electrical service at reasonable prices.

“This forum provides a significant opportunity to ensure that the needs of Nevada are considered by those who will be shaping national energy policy and making decisions that impact our state,” Hay said.

“Nevada has been and will be affected by the changing dynamics of the energy markets. I’m pleased my office will be able to represent Nevada interests on this forum,” said Attorney General Frankie Sue Del Papa.

Hay will be joined on the forum by FERC Commissioners Nora Brownell, Linda Breathitt and Bill Massey; Representative Joe Barton (R-TX), who Chairs the Energy and Air Quality Subcommittee of the House Energy and Commerce Committee; Vicky Bailey, Department of Energy Assistant Secretary for Policy and International Affairs; Betsy Moler, former Chair of the Federal Energy Regulatory Commission (FERC) and Former Congressman Phil Sharp.

Others serving on the forum include representatives of the Environmental Protection Agency’s Office of Atmospheric Programs, the Federal Trade Commission, leading utilities and energy companies, state utility regulators and consumer advocates from across the country.

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National security, market power, reliability, transmission access, and consumer protection are among the issues the forum will examine at six planned plenary sessions to be held in the coming year. A final report to guide policy and recommend solutions will be widely distributed to policymakers, the media and the public.

The report will provide:

- A detailed analysis of the energy security capabilities and needed upgrades of the system to assure safety and reliability;
- A comprehensive summary of policy issues and concerns identified by participants on market power, transmission, and consumer protection;
- A stand-alone policy document incorporating the findings, conclusions, and recommendations of the forum.

For more consumer protection information, go to <http://ag.state.nv.us>.



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January 8, 2002

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****MEDIA ADVISORY****

Attorney General Frankie Sue Del Papa will be in Las Vegas January 9, 10 and 11, 2002. While in Las Vegas, Del Papa will attend several public meetings.

On Thursday, January 10, she will chair the Nevada Domestic Violence Prevention Council meeting to be held at Caesars Las Vegas from 9:30 a.m. until 2:00 p.m. She will then participate in a public hearing on highway landscaping and aesthetic improvements sponsored the Nevada Department of Transportation, which will be at held the Grant Sawyer State Building at 555 East Washington Avenue in Room 1100 from 4:00 p.m. to 7:00 p.m. Del Papa is a member of the Nevada Transportation Board and serves as co-chair of the Board's "NDOT Landscape and Aesthetic Master Plan Committee."

On Friday, January 11, Del Papa will chair the Corporate Citizenship Initiative (CCI) and Prosecution Advisory Council meetings. She will also attend and participate in the District Attorneys Association meeting. The CCI meeting will be held from 9:30 p.m. to 1:30 p.m. at Caesars Las Vegas. The District Attorneys Association meeting will be held from 1:30 p.m. to 3:00 p.m. in Conference Room 4 at McCarran International Airport. The Prosecution Advisory Council meeting will be held from 3:00 p.m. to 4 p.m. in Conference Room 4 at McCarran International Airport.

To schedule an interview with the Attorney General while she is in Las Vegas, please call Linda Martin, Office Manager for the Las Vegas Attorney General's Office, at (702) 486-3420.

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FOR IMMEDIATE RELEASE
January 7, 2002

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**CONSUMERS WATCH YOUR MAIL FOR RESTITUTION INFORMATION
REGARDING BRIDGESTONE/FIRESTONE SETTLEMENT**

Carson City – Attorney General Frankie Sue Del Papa reminds consumers that today Bridgestone/Firestone, Inc. is mailing out approximately 30,000 notices to consumers nationwide regarding the restitution program established by the Attorneys General from a \$51.5 million settlement with Bridgestone/Firestone, Inc. announced in November 2001.

“We want to make sure consumers understand the need to take timely action in this matter,” Del Papa said. “We believe it is vital for anyone who feels they have been wrongly denied reimbursement to be afforded every opportunity available for reconsideration.”

Today, the first round of notices were sent to approximately 30,000 consumers who requested reimbursement under Bridgestone/Firestone’s Voluntary Safety Tire Recall Reimbursement Program or Customer Satisfaction Program. The notices were sent to consumers who received a full denial of their refund request from Bridgestone/Firestone. In late January, an estimated 100,000 additional notices will be sent to consumers who requested reimbursement and received a partial denial. Forms from the first round of notices must be returned no later than March 11, 2002 to: State Attorneys General Multistate Working Group – Attn: Bridgestone/Firestone Settlement, Post Office Box 5155, Des Plaines, IL 60019-9971. Consumers will also receive a list of contacts to answer any questions they may have about the settlement.

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January 7, 2002

AG's CONTACT: Kim Rushton

(702) 486-3420

GOVERNOR'S CONTACT: Greg Bortolin

(775) 684-5670

**GOVERNOR AND ATTORNEY GENERAL ANNOUNCE
ANTI-TERRORISM AND SECURITY MEASURES**

CARSON CITY AND LAS VEGAS – Governor Kenny Guinn and Attorney General Frankie Sue Del Papa announced Monday a comprehensive package including anti-terrorism legislative proposals and additional security measures for Nevada which would not only enhance existing laws, but would also provide new tools to fight terrorism and further increase Nevada's emergency and disaster preparedness.

One goal of the Governor and Attorney General is to create a new crime of "Terrorism" in Nevada statutes, making it punishable by the State's toughest penalties. Similarly, persons committing a deadly act of terrorism such as that which occurred on September 11, 2001 would be subject to the death penalty.

"This is an on-going initiative which compliments the work of the Department of Emergency Management and the Homeland Security Committee. This critical process involves many people throughout the state," Governor Guinn said. "After preliminary work concerning weapons of mass destruction and bio-terrorism preparedness, we are moving forward on a number of fronts. With the help of our Congressional delegation, additional federal funding to fight terrorism is expected soon. Nevada will put its best foot forward to make certain those funds are used for our highest priorities."

"Our goal has been to outline proposals designed to bolster legal efforts to both combat terrorism and continue to increase our state's readiness for any disaster," Attorney General Del Papa said. "Partnerships and resource allocation are critical. Input from Nevada's law enforcement, health care provider, and information management communities will help us refine these initiatives before the 2003 legislative session. We also want to make certain that Nevada law is in step with the federal Patriot Act.

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Other aspects of the proposed criminal and civil law provisions would seek to:

- ? Protect public infrastructure systems and food supply
- ? Allow the state to freeze or seize assets used by terrorists
- ? Criminalize terrorist threats or hoaxes
- ? Punish those who provide material support to terrorists
- ? Create new penalties for price gouging

“We also look forward to working with legislators such as Speaker Richard Perkins and Senator Ray Rawson, both of whom have shown leadership on these vital issues,” Governor Guinn said.

The proposal will be circulated to Nevada’s law enforcement community and to health community entities statewide, among others. With additional input and refinement, a final package will be completed by September to meet early legislative deadlines so that the initiatives requiring legislative action can be dealt with soon after the next session begins.

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January 7, 2002

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**FORMER INMATE SENTENCED FOR CONSPIRACY
AND AIDING INMATE'S ESCAPE**

Carson City—Janine Nish, 41, was sentenced today by Lyon County District Judge David A. Huff for aiding the escape of a female inmate. Nish will serve 12 to 48 months imprisonment with the Nevada Department of Corrections, and was also fined \$1,000, ordered to submit to a test for the purpose of determining genetic markers, and ordered to pay a \$150 analysis fee to the Lyon County District Court Clerk. Nish will serve a twelve-month sentence for conspiracy concurrent with her sentence for aiding escape.

Nish, a former prison inmate, aided in the escape of a female prisoner from the Silver Springs Conservation Camp in Lyon County on July 9, 2000. Investigators with the Inspector General's Office of the Nevada Department of Corrections and the Attorney General took part in the investigation of the escape and conspiracy.

Anyone with information regarding inmates who have escaped from the Nevada Department of Corrections or pertaining to persons assisting or harboring escapees from the Nevada Department of Corrections should contact the Attorney General's office at (775) 684-1139 in Carson City or (702) 486-3797 in Las Vegas.

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FOR IMMEDIATE RELEASE
January 3, 2002

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NOMINATIONS SOUGHT FOR YEAR 2002 NEVADA WOMEN'S ROLE MODEL AWARDS

Attorney General Frankie Sue Del Papa is seeking nominations for the Eighth Annual **Nevada "Women's Role Model Awards."** The recipients, five each from the north and south, will be announced during media events in March, Women's History Month.

"Every community in Nevada has a women's role model who deserves to be recognized for her contributions to the community at large, and women and young girls specifically," Del Papa said. "The Women's Role Model Awards seek to honor those women in our state who have actively worked to better the lives of others through their contribution of time, energy, devotion, spirit and community activism."

Nomination forms are available by calling the Attorney General's office in Las Vegas at (702) 486-3420, in Reno at (775) 688-1818, or in Carson City at (775) 684-1100, or forms can be accessed on the Attorney General's web site at <http://ag.state.nv.us>. **Completed nomination forms should be postmarked no later than February 10, 2002. They can be mailed to:**

Office of the Attorney General
Attn: Steve George
100 N. Carson Street
Carson City, NV 89701-4717

Nominations may also be faxed to (775) 684-1108.

"This is an opportunity to recognize outstanding Nevada Women: their achievements and their impact on our state," Del Papa said.

Previous recipients have included educators, health care workers, administrators, community activists, business leaders, and individuals active in community-minded organizations.

"What they all have in common is their dedication and commitment to not only their communities, but to the unfolding history of our state," Del Papa said.

For more information, please call (775) 684-1100.

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"Protecting Citizens, Solving Problems, Making Government Work"

January 2, 2002
Page 2



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February 27, 2002

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Public Information Officer
(775) 684-1114

**Nevada Attorney General Promotes Alcohol Education
Among College Students and High School Seniors Using Alcohol 101[®]**

RENO, NV—Today Nevada Attorney General Frankie Sue Del Papa announced that over 6,000 Alcohol 101[®] interactive CD-ROMs have been mailed to parents of graduating high school seniors in Nevada to provide students with additional tools necessary to help them to decide not to drink alcoholic beverages before they are 21. The Alcohol 101[®] program was created by The Century Council, a national not-for-profit organization funded by America's leading distillers, in collaboration with University of Illinois at Urbana-Champaign. A founding member of The Century Council, Guinness UDV, brought the Alcohol 101[®] CD-ROM to Attorney General Del Papa's attention.

The announcement follows a press conference Tuesday, February 26th in Las Vegas where the Attorney General, former Congresswoman and Century Council Chair Susan Molinari, as well as Century Council representatives touted the program at UNLV's Artemus Ham Performing Arts Center.

"I know parents want to do all they can to prepare their sons and daughters for the challenges they will face as independent adults. Upon graduating from high school, the availability of beverage alcohol, the absence of parents, and the desire to fit in with new friends have the potential to bring about risky behaviors concerning beverage alcohol," said Attorney General Del Papa. "I am encouraged that Guinness UDV introduced me to the program and it is my hope that, by sending the Alcohol 101[®] program to graduating high school seniors and their parents, these young adults will have the tools required in order to make responsible decisions about drinking—and choosing not to drink."

Protecting Citizens, Solving Problems, Making Government Work

“This may come as a shock, but both nationally and here in the State of Nevada, nearly one-third of high school student say they binge-drink *at least once a month.*” Del Papa said. “I personally found this nearly unbelievable.” (The national study was conducted over two years by the National Center on Addiction and Drug Abuse; in Nevada, the figures come from a survey conducted by the Nevada Department of Education last year.) “Worse, *eight percent* of those surveyed reported that they had had an alcoholic drink during the last month *on school grounds.* What we’re trying to do is to foster honest dialogue between parents and kids, counselors and students, so that we can reduce or eliminate this behavior. Clearly many of our children aren’t performing to their capabilities due, in large measure, to some kind of dependence upon alcohol and/or drugs.”

Alcohol 101[®] makes exciting use of interactive technology in a user-friendly, non-judgmental style. The “virtual reality” program demonstrates that not drinking is an acceptable choice and helps students understand the consequences of harmful drinking. Alcohol 101[®] prompts users to participate in several multiple choice exercises hosted by a talking lava lamp named “Norm” and learn about real-life tragedies involving alcohol misuse. Students can even go to “drink” at a virtual bar that, through a blood alcohol content (BAC) estimator, provides personalized information on the effects and BAC levels at different amounts of alcohol consumed.

After extensive survey and focus group work, over 13,000 students on 55 demonstration campuses and the U.S. Navy’s Great Lakes Training Center tested Alcohol 101[®] throughout 1999 and students, faculty and administrators gave the program high marks. The Century Council makes the program available at no cost to over 1,100 colleges and universities across the country.

“According to the annual Harvard University College Alcohol Study, while frequent binge drinkers make up only 21% of the college population, they account for 68% of the alcohol consumed on college campuses. That is a startling number and I hope that educational programs like The Century Council’s Alcohol 101[®] CD-ROM will encourage students to make smart choices about alcohol,” said Susan Molinari, Chairman of The Century Council.

Alcohol 101[®] is supported by three major national fraternity/sorority umbrella organizations: the National Interfraternity Conference, National Panhellenic Conference and Professional Fraternity Association. It also has the support of the National Collegiate Athletic Association (NCAA), and the BACCHUS & GAMMA Peer Education Network.

National support within the academic community is further expanded through support from the American Council on Education, the American Counseling Association, the American College Personnel Association, the Association of Governing Boards of Universities and Colleges and the National Association of Student Personnel Administrators.

“I want Nevada graduating seniors to get their post-high school lives off to a positive start. I encourage parents of graduating seniors to discuss the issues raised in Alcohol 101[®] with your teen and discourage your teen from using alcohol before he or she is 21,” said Attorney General Del Papa.

In addition to the mass mailing to households with high school seniors, the CDROM has been distributed to counselors at high schools and faith communities throughout the state. An
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informational packet in Spanish, together with a CDROM, is being delivered next week to Hispanic organizations and media outlets throughout the state as well. All materials, in English and in Spanish, have been generously provided *at no cost* by the Century Council.

The Century Council is a national, not-for-profit organization dedicated to fighting drunk driving and illegal underage drinking. Founded in 1991, the Council is funded by America's leading distillers. The Council's website address is www.centurycouncil.org.

Diageo plc is a global company, trading in some 185 markets around the world. Diageo has a brand portfolio that includes Smirnoff, Johnnie Walker, Tanqueray, Guinness, J&B, Baileys, Malibu and Cuervo. The recent acquisition of the Joseph E. Seagram Cos., has added Crown Royal, Captain Morgan Original Spiced Rum, Seagram's Seven Crown, Seagram's V.O., and Myers Original Dark Rum to its extended portfolio. Diageo is listed both on the London Stock Exchange [DGE] and on the New York Stock Exchange [DEO]. For more information about Diageo, its brands, people and performance, visit www.diageo.com.

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FOR IMMEDIATE RELEASE
February 28, 2002

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ATTORNEY GENERAL SUES PROMOTER OF "MIRACLE CREAM"

Las Vegas— The Attorney General's Bureau of Consumer Protection filed suit today seeking to halt the alleged deceptive trade practices of **Debra L. Peebles** and **Roger J. Peebles**, who market a non-prescription topical hormone cream from their home using the trade name **Health Notification Service**.

The Defendants, residents of Henderson, Nevada, have been charged with misleading consumers in marketing the product they refer to alternatively as "The 'Miracle' Natural Progesterone Cream" and the "The 'Miracle' Wild Yam Cream." The marketing has taken place nationally primarily through a direct mail solicitation that purports to be an official recall notice of prescription estrogen drugs. "However," as Attorney General Frankie Sue Del Papa explains, "the literature is nothing more than an advertisement for the product, which claims to be a natural alternative to prescription hormone replacement therapy drugs."

The lawsuit accuses the Defendants of multiple violations of Nevada's Deceptive Trade Practices Act, including making false statements regarding the uses and benefits of the product, failing to disclose material facts in conjunction with the sale of the product, conducting business in violation of federal laws enforced by the U.S. Food and Drug Administration, and engaging in these acts with the intent to injure competitors.

The Attorney General's Office is seeking a court order halting further illegal practices, reimbursement for injured consumers and civil penalties in the amount of \$2,500 for each violation. Similar cases were also filed this week in Illinois and Maryland.

Consumers who wish to file complaints concerning their transactions with Health Notification Service may contact the Attorney General's Bureau of Consumer Protection in Las Vegas at (702) 486-3194 or in Carson City at (775) 687-6300. Additional consumer protection and contact information may be found on the Attorney General's website at <http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE
February 28, 2002

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**NEVADA ATTORNEY GENERAL WITHDRAWS OPEN MEETING LAW OPINION
CONCERNING DOUGLAS COUNTY BOARD OF COMMISSIONERS**

Carson City – Attorney General Frankie Sue Del Papa announced today that her office has withdrawn an Open Meeting Law opinion issued on February 13, 2002 concerning a meeting of the Douglas County Board of Commissioners held on February 5, 1998.

The opinion was withdrawn following a review of additional facts and arguments brought forth by the Douglas County District Attorney. The opinion was replaced by a letter of opinion to the complainant stating that, under the facts and circumstances of the complaint, the Office of the Attorney General does not have jurisdiction to consider the complaint concerning the February 5, 1998 meeting.

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FOR IMMEDIATE RELEASE
February 27, 2002

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**NEVADA JOINS WITH 26 OTHER STATES IN EFFORT
TO PROTECT CONSUMERS' PRIVACY**

Carson City - Attorney General Frankie Sue Del Papa announced today an agreement with the nation's largest credit card issuer to reform the way products are marketed to its customers by telemarketing firms. Citibank has agreed to pay \$1.6 million to the states to settle the case.

The 27-state settlement with Citibank follows a two-year investigation by the attorneys general.

Attorney General Del Papa said, "It is important that Citibank does not allow telemarketers using its customer list to engage in deceptive practices. This agreement benefits Nevada consumers."

Citibank has often contracted with telemarketing firms to sell a variety of products and services to bank customers. In exchange for providing its customer lists, Citibank received a percentage of the sales by these companies.

The states raised concerns that the marketing practices of Citibank's business partners were deceptive and often resulted in consumers being charged for products and services - such as discount buying clubs, roadside assistance, credit card loss protection and dental plans - that they had no idea they agreed to purchase.

For example, many solicitations relied on free trial offers that failed to adequately disclose that it was the responsibility of the consumer to cancel during a trial period. Making matters worse, because individuals were not asked to provide their credit card information directly to the vendor, many consumers did not understand they would be charged once the free trial period expired.

The settlement agreement requires Citibank to include sweeping new consumer protection policies in its contracts with telemarketing firms. These reforms will:

- Prohibit deceptive solicitations;

- more -

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- Require the bank to review and approve all scripts and marketing materials;
- Require telemarketing firms to comply with all applicable consumer protection laws;
- Prohibit customer charges unless there is express authorization of the account holder; and
- Require clear and conspicuous disclosure of the identity of the telemarketing company if the script makes reference to the bank.

Joining New York in today's announcement are Arizona, California, Colorado, Florida, Kansas, Hawaii, Idaho, Illinois, Indiana, Iowa, Kentucky, Maryland, Michigan, Mississippi, Missouri, Montana, New Mexico, New York, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Vermont, Washington, Wisconsin. Puerto Rico also joined in the settlement.

For additional consumer protection information, visit the Attorney General's web site at <http://ag.state.nv.us>.

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**LAS VEGAS MAN PLEADS GUILTY FOR INSURANCE
FRAUD AFTER SUBMITTING FALSE RECEIPTS**

Las Vegas - Neal Jay Katz, 38, plead guilty this morning before District Court Judge Nancy M. Saitta for making a false insurance claim. Katz was sentenced to pay a fine of \$500.00 and reimburse the Insurance Fraud Unit, (IFU) \$500.00 in investigative costs. He accepted responsibility for his fraudulent behavior upon confrontation by IFU officials and has paid the fine of \$500.00 plus an administrative fee of \$25.00. Katz faced up to 1 year in jail and a fine up to \$2,000.00 on the charge.

Neal Jay Katz, in March of 2000, informed United Services Automobile Association, USAA, that his home had been burglarized. He alleged that numerous items of property had been stolen, filing a claim for over \$8,000. Investigation revealed that many of the purported receipts were for items that actually had been purchased by a roommate and that Neal Jay Katz had altered these receipts to make it appear that the items belonged to him.

“Insurance fraud is the one of the costliest of all white-collar crimes, ranking second only to tax evasion,” said Attorney General Frankie Sue Del Papa. “The *average* Nevada taxpayer pays an additional \$300 per year in increased premiums to cover the costs of fraud.” The National Insurance Crime Bureau, NICB, estimates that the total cost of insurance fraud exceeds \$120 billion annually.

If you have knowledge that someone has committed insurance fraud, please contact the Insurance Fraud Hotline at 1-800-266-8688. Information on how to combat insurance fraud can be found at the Attorney General’s website at <http://ag.state.nv.us>.

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**LAS VEGAS MAN PLEADS GUILTY TO INSURANCE
FRAUD AFTER SUBMITTING FALSE RECEIPTS**

Las Vegas—Cesar Pag Contreras, 61, plead guilty this morning to insurance fraud and was sentenced to pay a fine of \$500 and reimburse the Insurance Fraud Unit \$500 in investigative costs. He accepted responsibility upon confrontation by IFU officials following the investigation. He faced up to 1 year in jail and a fine of up to \$2,000.

Said Frankie Sue Del Papa, “Insurance fraud increases the cost of insurance for everyone and is second only to tax fraud in terms of the cost to honest citizens. It may not sound like a lot when you consider a single case, but in the aggregate the cost is monumental. It’s important that we be aggressive in pursuing these cases on behalf of Nevada citizens.”

In December of 2000 Contreras informed American Express Property Casualty Company that his washing machine had overflowed, causing water damage throughout the house. He submitted a receipt that purported to substantiate payment for carpet replacement of over \$3,300. Investigation revealed that this receipt was a fabrication.

If you have knowledge that someone has committed insurance fraud, please contact the Insurance Fraud Hotline at 1-800-266-8688. Information on how to combat insurance fraud can be found at the Attorney General’s website at <http://ag.state.nv.us>.

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**CONSUMER ADVOCATE SAYS NEVADA POWER COMPANY'S RATE
INCREASE REQUEST SHOULD BE DENIED**

Carson City — State Consumer Advocate Timothy Hay, who heads the Attorney General's Bureau of Consumer Protection ("BCP"), today filed testimony with the Public Utilities Commission which he says provides compelling evidence that the costs included in Nevada Power's deferred energy rate case filing should not have been incurred and therefore are not eligible for recovery from ratepayers. Documents filed with the Public Utilities Commission today included written testimony of the BCP's technical experts who have conducted extensive analyses of the company's filing and related transactions. Hay said BCP's analyses and supporting evidence prove Nevada Power would have reduced its cost of purchased power by \$940 million had the utility followed its own policy and exercised prudent purchasing strategies.

"Nevada Power clearly purchased power *in excess of its own approved purchasing policies* and in excess of the amount required to meet demand. To make the matter worse, they paid too much for it," Hay said. "Based on the evidence we are presenting, any objective observer would conclude these practices were clearly imprudent. By law, imprudent costs cannot be passed through to ratepayers via increased rates. The utility failed repeatedly to correct its purchasing strategy, even after ratepayers bailed out the company with the Global Settlement of 2000. To put the ratepayers on the hook again belies the contempt Nevada Power exhibits for its customers in this case."

Hay also notified Nevada Power Company Tuesday of his intention to include in testimony information from the transcripts of depositions taken in the case. "We do not believe information of this nature should be confidential," Hay stated in a letter addressed to Nevada Power Associate General Counsel Elizabeth Elliot. Hay asked the company to waive its claim of confidentiality to all information provided in discovery, including information disclosed by company officials in the depositions.

For more information, contact the Attorney General's Bureau of Consumer Protection in Las Vegas at (702) 486-3132; or in Carson City at (775) 687-6300. Additional consumer protection and contact information may be found on the Attorney General's website at <http://ag.state.nv.us>.

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February 19, 2002

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**ATTORNEY GENERAL ANNOUNCES \$1.7 MILLION SETTLEMENT PROPOSAL
TO BE DISTRIBUTED TO NEVADA UNIVERSITIES, NON-PROFIT GROUPS,
AND OTHER CHARITABLE AGENCIES**

Carson City—Attorney General Frankie Sue Del Papa today announced the pending approval of a settlement proposal in an antitrust lawsuit filed against six vitamin makers for price-fixing. The Attorney General's Bureau of Consumer Protection, 21 other state attorneys general, the District of Columbia, and Puerto Rico reached a settlement with the vitamin makers and federal approval is expected on February 25, 2002. On April 18, 2002, Timothy Hay, the state consumer advocate, will present the settlement proposal to District Court Judge Michael Griffin in Carson City for Nevada's final approval.

The settlement funds in Nevada, as outlined in the proposal, will be distributed to Nevada universities, non-profit groups, government agencies, and charitable organizations across the state. These funds will be used to improve the health and nutrition needs of Nevada citizens. The funds will also benefit agricultural science at UNR and UNLV.

The proposal to go before Judge Michael Griffin provides funds to the following:

- A statewide pilot school breakfast program;
- "Meals on Wheels" programs across Nevada;
- UNR and UNLV agricultural science programs;
- Statewide dietary education programs; and

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- Non-profit, charitable, and government programs to help seniors, low-income and homeless individuals in the state.

“This is a significant settlement for our state antitrust division,” Del Papa said. “This is another example of the hard work and determination of the Antitrust Division of the Bureau of Consumer Protection in the fight for consumer protection.”

The six vitamin manufacturers were charged with federal and state antitrust violations arising out of an international agreement to fix prices and allocate sales of vitamins and vitamin products. Three European companies: F. Hoffman-LaRoche, BASF, and Aventis (formerly Rhone-Poulenc), and three Japanese companies: Takeda Chemical Industries Ltd., Eisai Co. Ltd., and Daiichi Pharmaceutical Co. Ltd., agreed to the settlement. Vitamins made by these companies go into a wide variety of products; from vitamin pills, feed for chicken, beef and fish; to foods such as milk, cereal and bread. Together, these companies controlled more than 80% of the world's vitamin market.

"Consumer Advocate Tim Hay and his staff at the Bureau of Consumer Protection deserve our gratitude for the outstanding work they have done on behalf of the citizens of Nevada in assuring that consumers are not overcharged due to unscrupulous business practices," Del Papa said.

If you would like more information on how the office of the Consumer Advocate assists the people of Nevada, please call (775) 687-6300 or visit the Attorney General's website at www.state.nv.us/ag/.

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FOR IMMEDIATE RELEASE
February 19, 2002

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Carson City—Raylene Sue Golden, former manager of the child care center at Western Nevada Community College, was sentenced today after admitting she hired her sister to work at the day care center in violation of state law.

Carson District Judge Michael Griffin sentenced Golden to eight months in the Carson City Jail but suspended the sentence with substantial conditions. Golden must: (1) submit to a search and seizure for evidence of stolen documents or embezzlement; (2) obtain a psychological evaluation; (3) notify her employer of this conviction if she has a fiduciary capacity in her present job; (4) maintain full time employment; (5) pay restitution in the amount of \$5,633.91.

Golden pleaded guilty to nepotism in November of last year after being charged both with nepotism and obtaining money under false pretenses. The charges followed allegations that Golden had hired her sister, Elizabeth Stuart, at the community college day care center. While some day care center employees recall Golden introducing Stuart as her sister, none remember seeing Stuart working at the day care center as an employee.

“Nepotism is, simply put, another word for unfair hiring practice,” said Attorney General Frankie Sue Del Papa. “Couple that with non-performance, and we’re looking at serious abuse of the public trust.”

Deputy Attorney General David Neidert, who prosecuted Golden, was pleased with Judge Griffin’s decision saying, “It puts the tiny minority of public employees who might consider such behavior on notice that we take such cases very seriously.”

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FOR IMMEDIATE RELEASE
February 15, 2002

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**NEVADA HAS FILED A NEW LEGAL CHALLENGE
AGAINST YUCCA MOUNTAIN DECISION**

Carson City—In response to Secretary of Energy Spencer Abraham's recommendation that the Yucca Mountain site be developed as the nation's first high-level nuclear waste repository and the President's submittal of his decision to Congress, Nevada has filed a new legal challenge in the District of Columbia Circuit Court of Appeals.

Attorney General Frankie Sue Del Papa stated, "We are frankly outraged by the Administration's rush to judgment without sound scientific determinations on the suitability of the site and with reckless disregard for the health and safety of Nevada's citizens"

"Yucca Mountain is not the geologic repository envisioned by the Nuclear Waste Policy Act and it cannot pass scientific muster. To move forward on this colossal project without adequate safeguards portends disaster," Del Papa emphasized.

"The Department of Energy also issued its final EIS on the proposed repository at Yucca Mountain without consideration of the comments of Nevada citizens and without a published Record of Decision," Del Papa stated.

"Our legal team has filed a Petition for Judicial Review challenging both the Secretarial and the Presidential decisions as being faulty and relying on premises that are illegal under the Nuclear Waste Policy Act," Del Papa stated. "It is impossible for the DOE to make an informed decision on this project without the State of Nevada's comments and identification of impacts associated with this ill-conceived project," Del Papa explained.

"I certainly support Governor Guinn's dismay at this rush to judgment and the Governor's intention to file a notice of disapproval to this ill-conceived project," Del Papa said.

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**ATTORNEY GENERAL FILES SECOND ROUND OF LAWSUITS
AGAINST DELINQUENT CANDIDATES**

Carson City – Attorney General Frankie Sue Del Papa announced today that her office has filed lawsuits against seven additional candidates who either failed to file Contribution and Expenditure Reports (C&E Reports) during the 2000 election cycle, or filed their C&E Reports late and have either failed to pay or refused to pay fines imposed by Secretary of State Dean Heller.

On January 30, 2002, the Attorney General's office filed suits against 18 other candidates. "It's unfortunate we have had to initiate lawsuits to get the attention of these candidates," Del Papa said.

Additionally, two other candidates paid their fines and two others have entered into payment agreements. Among the latter is Assemblyman Wendell Williams who paid \$3,000 of his \$6,800 fine and filed his campaign contributions portion of his C&E Report No. 3 which was due January 16, 2001.

Nevada Revised Statute (NRS) 294A.120 and 294.200 require every candidate for state, district, county or township office to file a C&E Report. Each candidate in the state of Nevada is presumed to have knowledge of the laws when he/she files their declaration of candidacy. At that time, each candidate receives instructions from the filing officer notifying the candidate of his/her requirement to file timely C&E Reports.

Heller said, "We need to send a clear message to candidates who wish to serve the people of Nevada that the State's disclosure statutes must be adhered to. The public has a right to know who candidates received donations from and how that money was spent."

Additionally, at the time candidates file for office, they are provided with and sign an acknowledgement wherein they swear that they understand that: (1) They received the required forms and filing date schedule; (2) they must file the forms by the specified statutory date for each reporting period; (3) a violation of the reporting requirements set forth in Chapter 294A of

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the NRS may result in a civil penalty of up to \$5,000 for each violation in addition to payment of court costs and attorney's fees; and (4) they must file the required reports even though they neither received campaign contributions nor made campaign expenditures, withdrew their candidacy, had no opposition, lost the primary, or their name did not appear on either the primary or general election ballot.

Prior to referring the cases to the Attorney General's office, the Secretary of State's office sent several notices to each of the delinquent candidates informing them of the need to file their C&E Reports and that they risked the possibility of additional fines if they failed to do so. In addition, the Attorney General's office has made attempts to also contact all concerned prior to filing these lawsuits.

(Attachment: list of seven additional candidates)

**C&E CANDIDATES
LAWSUITS FILED 2/14/02**

Doug Brozyna (\$150) – filed #2 late
Assembly - Washoe

Richard Gardner (\$5,000) – filed #3 late
Senate - Clark

Jonathan Hansen (\$25) – filed #2 late
Assembly - Clark

Joshua Hansen (\$10,000) – did not file #2 and #3
County Commission - Clark

Mark Scarborough (\$5,000) – filed #3 late
Assembly - Clark

Sharnel Silvey (\$5,025) – filed 3# late
County Commission - Storey

Michael Wisner (\$475) – filed #1 and #3 late
Assembly - Clark



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**BOULDER STRIP BUSINESS ASSOCIATION FEARS
PUBLIC UTILITY RATE CASE EFFECT ON SMALL BUSINESS**

Las Vegas—State Consumer Advocate Tim Hay will speak before the Boulder Strip Business Association at their February 20th meeting at 1:00 p.m. in the Arizona Charlie's Sunrise Room. He will discuss the Consumer Advocate's position on the upcoming public utility rate case filed by Nevada Power and its potential effect on small businesses.

"It's often difficult for the small businessperson to stay abreast of important developments that affect the bottom line, let alone have the time away from their enterprise to act upon them," Hay said. "Forums like this are a way for them to get informed, discuss action plans and get back to running their businesses."

The Consumer Advocate represents the public interest before the Public Utilities Commission (PUC) of Nevada, federal utility regulatory agencies, courts and all other forums with jurisdiction over Nevada public utilities.

If you would like more information on how the office of the Consumer Advocate assists the people of Nevada, please call (775) 687-6300 or visit the Attorney General's website at <http://ag.state.nv.us>.

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**RENO WOMAN INVOLVED IN HIT-AND-RUN ACCIDENT
PLEADS GUILTY TO INSURANCE FRAUD**

Carson City--Attorney General Frankie Sue Del Papa announced today that Laura Jean Oldham, age 41, has pleaded guilty to Conspiracy to Commit Insurance Fraud before Judge Steve Elliot in the Washoe County Courthouse. Oldham was involved in a hit and run accident and misrepresented to Geico Insurance Company that damage to her vehicle occurred while she was hiking and that she was unaware of it until she returned to her car. In fact, Oldham had caused a traffic accident, hit an elderly lady, and left the scene of the crime. Oldham will face up to one year in jail and a fine of \$2000.00.

“Insurance fraud is one of the costliest white collar crimes in the United States, second only to tax evasion,” Del Papa said. “Ultimately, policyholders, taxpayers and the general public pick up the tab through increased insurance rates, higher taxes and inflated prices for consumer goods and services as a result of insurance fraud,” Del Papa said.

If you would like to report an instance of possible insurance fraud, please call the Nevada Attorney General’s Insurance Fraud Hotline at 1-800-266-8688. For more information about Nevada’s Insurance Fraud Unit, please visit the Attorney General’s website at <http://ag.state.nv.us>

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**ATTORNEY GENERAL IS PREPARED TO CHALLENGE
BUSH'S RECOMMENDATION OF YUCCA MOUNTAIN**

Carson City--With Secretary of Energy Abraham's recommendation of the proposed nuclear waste repository at Yucca Mountain to the President, and the President's decision to recommend the site to Congress, reported to occur simultaneously tonight, Attorney General Frankie Sue Del Papa states that her office is preparing legal challenges to go forward and will file them imminently.

"When the Secretary recommends the Yucca Mountain site to the President, we will file a legal challenge based on our belief that sound science proves that the site is unsuitable," Del Papa said. "Likewise, should the President accept the recommendation we will challenge that decision, we will challenge his decision," Del Papa stated.

Although Secretary of Energy Abraham has notified the Governor of his intention to recommend the Yucca Mountain site for development of the \$60 billion high-level nuclear waste repository, DOE has still not yet issued its final environmental impact statement for the site nor has it considered Nevada's comments upon the document. "Even though Nevada's delegation has received word that a final EIS will be issued tonight along with the Secretary's and the President's decision, the National Environmental Policy Act provides for a procedure that is not being followed," Del Papa emphasized.

"When the final EIS is released, this office will challenge it and continue to raise key concerns relating to Yucca Mountain's scientific unsuitability," Del Papa emphasized. "It is impossible for the DOE to make an informed decision on this project without a final EIS and without the State of Nevada's comments and identification of impacts associated with this ill-conceived project," Del Papa explained.

"This fight is not over, in fact, it is just beginning," Del Papa stated. "Despite the Administration's obvious rush to judgment, there remain numerous grounds of contention which will be addressed in the courts and in the court of public opinion," Del Papa concluded.



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**ATTORNEY GENERAL AND CONSUMER ADVOCATE ASK GAS
COMPANY FOR RATE REDUCTIONS IN NORTHERN NEVADA**

Carson City -- Nevada Attorney General Frankie Sue Del Papa and Consumer Advocate Timothy Hay today asked officials of Southwest Gas Company for a meeting to discuss possible rate reductions in northern Nevada. A letter sent to Southwest Gas Corporation Vice President of Pricing, Roger Montgomery and Assistant General Counsel, Andy Bettwy, expressed appreciation for the company's recent application to reduce the rates charged in southern Nevada. The letter also thanked Southwest for working with the Attorney General's Office to reduce rates in Southern Nevada further than originally contemplated.

"Utility consumers are facing difficult times and the rate reductions in Southern Nevada are appreciated," Del Papa said.

Del Papa and Hay would like to see similar reductions for customers in northern Nevada.

"Rates for customers in northern Nevada are still based on costs for natural gas purchased last year when prices were substantially above historical levels," Hay said. "Southwest's customers in northern Nevada are paying almost twice as much for natural gas as they were a year ago. Many customers in northern Nevada are experiencing significant hardships this winter and find it difficult to pay the higher price."

Del Papa and Hay have invited officials from Southwest to join them in a conference call to discuss the possibility of rate reductions for northern Nevada.

"It is incumbent upon all of us to explore options to reduce rates and lessen the impact of record high utility bills on consumers," Del Papa said.

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FRANKIE SUE DEL PAPA
Attorney General

THOMAS M. PATTON
First Assistant Attorney General

FOR IMMEDIATE RELEASE
February 12, 2002

CONTACT: Marti Stefanovich
(702) 796-9600

PRESS CONFERENCE: NATIONAL DONOR AWARENESS DAY, FEBRUARY 14

Nevadans Encouraged to “Give the Gift of Life” through Blood, Organ and Tissue Donation

Carson City—Attorney General Frankie Sue Del Papa, Assemblywoman Dawn Gibbons, Saturn dealerships across Nevada, United Blood Services of Nevada, and numerous community organizations are encouraging Nevada citizens to consider organ, tissue and blood donations in honor of National Donor Awareness Day February 14, 2002.

Saturn of West Sahara (5325 West Sahara) is host to a press conference at 11:30 a.m. on Valentine’s Day, February 14th.

The press conference will highlight the need for donors and will feature Jerry Prose, a heart transplant recipient, local volunteers, and a look at the new “Organ Donor” plates available from the DMV. Also present at the press conference will be Ken Richardson, Executive Director of the Nevada Donor Network, and Michael Curtis of Saturn Las Vegas.

Organ donor pamphlets and brochures will be available and there will be ample opportunities for attendees to ask questions of the participants.

Saturn Las Vegas is simultaneously hosting community car-washes and barbeques from 11:00 a.m. to 6:00 p.m. to help raise Organ Donor awareness. These events are at both Saturn West Sahara (5325 West Sahara) and Saturn Henders on (310 North Gibson Road).

For a copy of the Nevada Organ and Tissue Donor Task Force Action Plan or “*The Gift of Life! Pass It On,*” brochure, please go to <http://www.nevadadmvc.state.nv.us/nvdl.htm> or <http://ag.state.nv.us>.

For more information on becoming a donor, call the Living Bank at 1-800-528-2971, or go to www.thetransplantnetwork.com, www.nevadadonornetwork.org, or to www.livingbank.org.

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February 12, 2002

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PRESS CONFERENCE: NATIONAL DONOR AWARENESS DAY, FEBRUARY 14

Nevadans Encouraged to “Give the Gift of Life” through Blood, Organ and Tissue Donation

Carson City—Attorney General Frankie Sue Del Papa, Assemblywoman Dawn Gibbons, Saturn dealerships across Nevada, United Blood Services of Nevada, and numerous community organizations are encouraging Nevada citizens to consider organ, tissue and blood donations in honor of National Donor Awareness Day February 14, 2002.

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February 4-8 is National Consumer Awareness Week. In conjunction with the National Association of Attorneys General, the Nevada Attorney General's Bureau of Consumer Protection will send out a daily press release designed to increase consumer awareness of a particular subject. This year's theme is consumer privacy.

**UNWANTED TELEMARKETING: "DO NOT CALL" ISSUES
TOP THE LIST FOR CONSUMERS**

Carson City— All Americans have come to expect the right to privacy in their own homes. Being bombarded by unsolicited telemarketing calls at dinner or other inconvenient times truly frustrates consumers who are unable to keep these unwanted intrusions out of their homes. Complaints about unwanted telemarketing solicitations are among the most frequent complaints reported to the Nevada Attorney General and the Consumer Affairs Division offices. Undoubtedly, many consumers would favor a law restricting telephone solicitations to their private residences.

In response to these consumer concerns, during the 2001 legislative session the Nevada Attorney General's Office helped sponsor legislation which would have allowed consumers to place their name on a "do not call" list to be maintained by the Consumer Affairs Division at no cost to the consumer. Telemarketers doing business in Nevada would have been required to obtain the list and refrain from making sales calls to numbers on the list. Unfortunately, the proposed bill met opposition from several business groups and died in a Senate committee. However, the Attorney General's Office sponsored legislation that was approved by the 2001 Legislature that prohibits threatening or abusive telemarketing practices and restricts telemarketers from blocking their telephone numbers from caller identification when making a telephone solicitation.

At this time, one option available for Nevada citizens to help reduce the number of telemarketing calls they receive from national companies is to submit a written request to the Direct Marketing Association's Telephone Preference Service, requesting to have their names removed from their member's telephone solicitation lists. This service is provided free of charge. Written requests may be made to: Direct Marketing Association Telephone Preference Service, P.O. Box 9014, Farmingdale, NY 11735-9014. Consumers should be advised that compliance by the Direct Marketing Association Members is strictly voluntary.

In addition, consumers should also consider the following steps to reduce unwanted telephone solicitations:

- Tell the person making the unwanted phone call that you want them to put your name on their "do not call" list. Federal law requires most telemarketers to keep lists and prohibits them from calling anyone on that list for at least 10 years.
- Consider having your telephone number unlisted in the local telephone directory.
- Call (888) 5OPT-OUT to have your name removed from the consumer credit lists provided to telemarketers by credit reporting agencies.
- Consider restricting the use of shopper/discount cards issued by supermarkets and other stores; often information about your buying habits is sold to marketers.
- Remember: Nevada law prohibits telemarketers from using devices to block caller identification.

For more information regarding "do not call" issues or telemarketing practices, visit the Attorney General's web site at <http://ag.state.nv.us>. If you have a complaint or would like to comment regarding a "do not call" registry for Nevada, you may contact the Attorney General's Office in Las Vegas at (702) 496-3194 or in Carson City at (775)-687-6300.

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FOR IMMEDIATE RELEASE

February 7, 2002

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DEL PAPA REASSURED BY *HAGE* DECISION

Carson City--Attorney General Frankie Sue Del Papa said today she is reassured by the U.S. Court of Federal Claim's recent decision rejecting rancher Wayne Hage's claims of ownership in public lands that he used to graze livestock in central Nevada. "Public lands belong to all of us," Del Papa said. "We absolutely support a rancher's ability to use public lands to earn a living. But land managers have to consider other users of the same land." She said the State's big game and other wildlife particularly depend on public lands. "Preserving multiple use is one of the reasons the State originally became involved in the case as a friend of the court. Wayne Hage claimed he owned all of the forage on 750,000 acres of public land, which are also vital deer, antelope, and elk habitat. The Court correctly rejected this claim."

Del Papa said the decision also recognized that Hage owns some stockwater rights: "It's no surprise that Mr. Hage owns water rights for his livestock. The concern about Hage's water rights isn't about whether he owns any, it's about who decides that he owns them. The State Engineer should decide, not a federal judge in Washington, D.C." She said this concern was the reason for the Engineer's separate participation in the case. She added that, although the decision tends to encroach on the Engineer's authority, it appears the Court's ruling is consistent with the Engineer's preliminary rulings in the ongoing Monitor Valley adjudication. "The Engineer's attorneys will continue to watch this case closely to make sure the State's jurisdiction is not impaired."

Another part of the decision raised separate concerns for the State. "The decision also determined that Hage owns certain ditch rights," said Del Papa, "and it may have determined he owns the forage in the ditch rights-of-way, although the Court has not yet decided to what extent the government can regulate use of those ditch rights-of-way." She said that, if there is a right to forage that cannot be reasonably regulated, it is a concern. "Although this forage right is a small fraction of the total acreage, it is a concern because it includes streamside vegetation, which is some of the most important habitat on public lands."

Del Papa added: "The Court's decision only resolved the preliminary questions about what property Wayne Hage owned. The case is far from over. One of the important remaining issues is what an owner of water rights can do to use his water when he no longer has a grazing permit to federal lands surrounding the water. So far, from the State's perspective, it appears to be headed in the right direction, but no one can claim victory at this point." The decision sets a date for a conference with the parties on March 13, 2002, to plan the next stage of litigation.

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February 7, 2002

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NATIONAL DONOR AWARENESS DAY IS FEBRUARY 14
Nevadans Encouraged to "Give the Gift of Life" through Blood, Organ and Tissue Donation

Carson City—Attorney General Frankie Sue Del Papa, Assemblywoman Dawn Gibbons, Saturn dealerships across Nevada, United Blood Services of Nevada, and numerous community organizations are encouraging Nevada citizens to consider organ, tissue and blood donations in honor of National Donor Awareness Day February 14, 2002. Del Papa, Gibbons and the Nevada Department of Motor Vehicles are also promoting specialized license plates that call attention to organ donation that will be available from major DMV offices in Carson, Las Vegas, and Reno beginning February 14, 2002, and in satellite DMV office shortly thereafter. Further, Gibbons and Del Papa are teaming up to support Hollywood's February 15, 2002, release of a new motion picture dealing with organ donation entitled "John Q" starring Denzel Washington.

"I would like to call on all Nevadans to please give careful thought to giving 'The Gift of Life' by becoming an organ, tissue or blood donor," Del Papa said. "The decision you make today will help save lives tomorrow. 'National Donor Awareness Day' is a time when family members and loved ones are encouraged to reflect and talk about their choice to become a donor."

Gibbons said, "National Donor Awareness Day falls on Saint Valentine's Day as a way to call attention to the importance of being an organ donor. By agreeing to give the 'Gift of Life' Nevadans can play a significant role in helping to save the lives of others through their thoughtful act of kindness."

Saturn of Reno and United Blood Services of Northern Nevada will kick off the campaign to encourage Nevada residents to consider giving the *Gift of Life* for National Donor Awareness Day. Saturn of Reno will host a blood drive at the dealership on Saturday, February 9, from 9:00 a.m. to 12:00 p.m. Saturn of Reno is located at 1000 Kietzke Lane. Says Keith Myers of Saturn Reno: "I got over my reservations about giving blood by thinking about the good a single donation can do for several people. If I can do it, anyone can."

Saturn of West Sahara and Saturn of Henderson will team together with the Nevada Donor Network for National Donor Awareness Day. Saturn of West Sahara and Henderson will

host information booths as well as community barbeques at both dealerships on Thursday, February 14, from 11:00 a.m. to 6:00 p.m. Saturn of West Sahara is located at 5325 West Sahara Avenue. Saturn of Henderson is located at 310 North Gibson Road. Says Michael Curtis on behalf of Saturn Las Vegas locations: “Saturn West Sahara and Saturn of Henderson are proud to be taking part in a vital community event—especially one with such obvious potentially life-saving benefits.”

The specialized organ donor license plates will be available for a cost of \$35, plus all applicable registration and licensing fees. The license plates are renewable for \$10 each subsequent year.

Del Papa said, “These specially designed license plates will help achieve the goal of alerting more Nevada citizens to the overwhelming need for additional organ and tissue donors. I would encourage all Nevadans to consider ordering one of these specially designed plates.”

Gibbons said, “The more we can get the message out to the general public about the vital importance of organ and tissue donation, the more we will be able to benefit people here in Nevada and throughout the U.S. who are in desperate need of a transplant. The license plates are another example of how people can help spread the word.”

On February 15, 2002, Denzel Washington will take to the big screen in a movie entitled, “John Q”, the story of a young boy who unexpectedly collapses on a baseball field. Rushed to the hospital, it’s evident he’ll need a heart transplant. When his distraught father discovers their health insurance won’t cover the transplant operation, the boy is taken off the donor waiting list. Consequently, the infuriated father violently takes over the hospital’s emergency room.

More than 80,000 people in the United States are in need of a lifesaving organ transplant; more than 6,100 will die this year alone waiting for a suitable donor; and eleven transplant candidates die every day waiting for their second chance at life.

Currently, there are some 300 Nevadans on the waiting list for an organ donation. According to DMV figures, only about 5% of all Nevadans are registered as organ donors. When getting or renewing a driver’s license at DMV, the applicant will be asked to become an organ donor. If someone agrees, the words “ORGAN DONOR” are stamped on the person’s license. The final critical step is signing the driver’s license and donor registry application to *The Living Bank*, a national organ and tissue donor registry.

Del Papa and Gibbons are co-chairs of the Nevada Organ and Tissue Donation Task Force. The Task Force is comprised of members from the transplant community, organ and tissue procurement agencies, health organizations, Nevada Legislature, DMV, and the Attorney General’s Office. Its campaign slogan is “*The Gift of Life! Pass It On.*” The Task Force has developed an action plan and a brochure addressing the staggering need for more donors in Nevada.

Assembly Bill 497, sponsored by Gibbons and passed by the 2001 Legislature, created a funding mechanism being used by the Attorney General’s Bureau of Consumer Protection to produce and disseminate educational materials about the critical need for more organ and tissue donors, along with empowering DMV to periodically send a list of Nevada citizens who have volunteered to be a donors to *The Living Bank*.

Under the provisions of A.B. 497, when a person agrees to become an organ donor, DMV will ask that person if he would like to donate \$1 or more to the Anatomical Gift Account. The money collected will be forwarded to the Bureau of Consumer Protection for the purchase and dissemination of educational literature and brochures addressing the importance of organ and tissue donation. If

enough money is donated, A.B. 497 also allows money to be used to provide financial assistance to those in need of a transplant. Donations can also be sent directly to:

Anatomical Gift Account
Office of the Attorney General
100 N. Carson Street
Carson City, NV 89701-4717

With the passage of A.B. 497, each interested DMV customer will be given a brochure on organ and tissue donation, along with an application to register with *The Living Bank*. The application will provide an additional guarantee that an individual's wish of becoming a donor will be carried out. *The Living Bank* provides rapid access to next of kin contact information, thereby allowing a licensed organ procurement organization instant access to this critical information nationwide, 24-hours a day.

For personal testimonials of organ and tissue donor recipients and survivors, please contact:

In Northern Nevada:

Wesley Knowlden (liver recipient) at (775) 626-5789

Joe Stivers (heart recipient) at (775) 425-3562

Sue Dely (heart recipient) at (775) 324-4475

Erik Lauritzen (kidney recipient-30 yrs ago) at (775) 747-3440

In Southern Nevada:

Debbie Port for Brandon Port (donor family) at (775) 764-2423

Betty Redmond for former Judge Gary Redmond (heart recipient and cornea donor)
(702) 438-8060 or (702) 768-2102

Denise Earl for Judge Allen Earl (kidney recipient) at (702) 734-1828

Shelly Friedman (kidney recipient) at (702) 363-2112

For a copy of the Nevada Organ and Tissue Donor Task Force Action Plan or "*The Gift of Life! Pass It On,*" brochure, please go to <http://www.nevadadm.state.nv.us/nvdl.htm> or <http://ag.state.nv.us>.

For more information on becoming a donor, call the Living Bank at 1-800-528-2971, or go to www.thetransplantnetwork.com, www.nevadadonornetwork.org, or to www.livingbank.org.

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February 7, 2002

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February 4-8 is National Consumer Awareness Week. In conjunction with the National Association of Attorneys General, the Nevada Attorney General's Bureau of Consumer Protection will send out a daily press release designed to increase consumer awareness of a particular subject. This year's theme is consumer privacy.

**ATTORNEY GENERAL WARNS CONSUMERS
ABOUT PROTECTING THEIR PRIVACY WHEN USING THE INTERNET**

Carson City -- Attorney General Frankie Sue Del Papa advises Nevada consumers that although using the Internet is an increasingly popular method to obtain information or to make purchases, consumers need to be aware that Internet sites are not just used to distribute information and products: they can also be used to collect information about users. This can be as innocuous as search engines that use the topic of a search in order to select ads for display, or as sinister as selling your personal information for a profit without your consent.

"The issue here is the same as with any form of commerce," Del Papa said. "In order for the buyer to *beware*, he or she must be aware."

It is important for consumers to understand that every time they provide any personal information on a web site, that information is often placed in a database that could be sold to a third party for telemarketing or other sales purposes.

The Attorney General's Bureau of Consumer Protection offers the following tips for consumers to remember when using the Internet:

- **Deal only with established, reputable retailers.** An impressive looking Internet site or e-mail solicitation does not guarantee that the retailer is legitimate. By "e-shopping" at stores with whom you are familiar, the risk of being a victim of Internet fraud may be lessened.

- **Protect your privacy.** Think carefully before disclosing any personal information on-line. Remember that on-line sellers may be collecting information to market back to you or to sell to other companies. For example, when entering that “free contest,” or signing up for a credit card, remember that your personal details could be distributed to others.
- If you do decide to provide personal information on a web site, investigate what, if any, “privacy policy” the site maintains. Ideally, shop with a vendor that posts privacy policies online and offers options about the use of personal information. In most cases, your password, credit card number and shipping information are all that a vendor should require. Look for a method of indicating to the company that you don’t want your information to be provided to third parties, which will reduce unwanted direct mail and telemarketing calls.
- Never provide your Social Security Number, address, or other vital information in response to an e-mail or proposal in which you are contacted first by the provider.
- When shopping on-line, make sure to make purchases only from those web sites that possess a secured method for making the transaction. By doing so, you decrease the chances of becoming a victim of credit card fraud or identity theft.

If you believe that you may be a victim of on-line fraud or identity theft or would like further information, please call the Attorney General’s Bureau of Consumer Protection in Las Vegas at 702-486-3194; in Reno at 775-688-1818; or in Carson City at (775) 687-6300. Consumer information can also be found on the Attorney General’s web site at <http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE
February 6, 2002

Contact: John Albrecht
(775) 688-1872

Nevada Teens Don't Get Cigarettes from Stores

Carson City -- Results of a 2001 survey of Nevada high school students show stores are checking ID's more and students are not using stores to obtain cigarettes as often as students nationally. Nevada High School students responding to a survey said that only 26% of all students who smoke purchased their cigarettes from a store or vending machine. Nationally, 34% of all students who smoke purchased their own cigarettes. Similarly, 53% of Nevada students who tried to buy cigarettes in a store were asked to show ID. Nationally, 46% of all students were asked for an ID when they attempted to purchase cigarettes.

"These statistics show that our program of working with retailers and enforcing the law has been successful for Nevada," said Attorney General Del Papa. "Fewer Nevada youth are attempting to obtain tobacco products from stores and store associates are more strict when they do."

The statistics are from Nevada Youth Risk Behavior Survey that was recently released by the Nevada Department of Education. The survey of Nevada High School students was conducted in Spring 2001.

The Nevada survey showed several decreases in underage smoking since 1999 including a 4% reduction in the percentage of students who tried smoking for the first time and an increase by 19% of the students who never smoked an entire cigarette. Further, the percentage of students who smoked in the last 30 days decreased by 11%.

For further information, contact John Albrecht at 775-688-1872. Additional information can also be found on the Attorney General's web site at <http://ag.state.nv.us>.

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February 6, 2002

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CARSON JUDGE BLOCKS SUBPOENAS

Carson City -- Judge William Maddox prohibited a state hearing officer from issuing subpoenas in grievances filed with the Nevada Bureau of Services to the Blind. Five members of the Nevada Committee of Blind Vendors filed grievances against the Bureau asking, among other things, that the Committee not be required to comply with the Nevada Open Meeting Law. They asked Hearing Officer Greg Krohn of the State Department of Administration Hearing Division to issue 10 subpoenas. The Bureau argued that state law did not authorize the Hearing Officer to issue subpoenas. Hearing Officer Krohn agreed to issue the subpoenas. The Bureau appealed that ruling to the District Court in Carson City. Judge Maddox order the hearing officer to not issue the subpoenas pending arguments before him.

“The State’s authority to compel citizens to testify before a state agency is limited by the Legislature,” Del Papa said. “This protects citizens from unnecessary intrusions into their lives.”

The Bureau administers a program where blind or visually impaired individuals operate businesses in federal, state, and local government buildings. The Committee of Blind Vendors is made up of people who operate those businesses. The Committee also participates in the administration of the program.

For further information, contact John Albrecht at 775-688-1872. Additional information can also be found on the Attorney General’s web site at <http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE
February 6, 2002

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**CONSUMER ALERT:
ATTORNEY GENERAL WARNS CONSUMERS
ABOUT PROTECTING YOUR PRIVACY FROM
JUNK MAIL ADVERTISERS AND TELEMARETERS**

Carson City--Attorney General Frankie Sue Del Papa warns Nevada citizens about consumer activity that could lead to personal information being sold to direct mail advertisers and telemarketers:

"We as individual consumers seldom think beyond the immediate transaction when we subscribe or purchase," Del Papa said. "Information technology increases the value of such exchanges for vendors because of the marketability of consumer data. As consumers, we need to be aware of what we're giving away so that we can make a determination as to whether the exchange is worth the potential annoyance of solicitations."

Have you ever wondered how your name gets on mailing lists for junk mail advertisers and telemarketers? Remember back to that time when you signed up for a drawing for a "free TV" or a "free vacation?" Remember when you registered software for your computer or signed a warranty card for that new toaster? Remember buying that set of steak knives advertised on television over the telephone using a credit card? These and a number of other innocent-looking activities are the basis for the development of customer lists, the lifeblood of the mail advertising and telemarketing industries. Current mailing and telephone lists are extremely valuable to advertisers. They are repeatedly—and legally—sold for thousands or even tens of thousands of dollars. Who gives them permission? Each of us as consumers!

Consumer Alert

Re: Protecting Personal Information

January 30, 2002

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The best protection for consumers is to understand the effects of one's activities in the marketplace. Knowing that signing up for that raffle or drawing, sending in that registration card or buying items over the telephone or internet may result in personal information becoming part of a telemarketer's customer list allows us as consumers to utilize practices that protect personal information and reduce unwanted calls and/or mail:

- Unless you are a consumer who desires to get mail advertising and telemarketing calls, be cautious whenever someone asks for your personal information.
- Never disclose banking or credit card information to any business you do not know and trust.
- Whenever you want to stop getting junk mail or unwanted telemarketing calls, ask the business to be taken off of their telephone or mailing list. (Legitimate businesses will appreciate the notice so they do not spend money or time advertising to people who will never be customers.)
- Always watch for disclosure notices or check boxes when registering the purchase of a product with a manufacturer. Don't authorize disclosure by default.
- Read the fine print on any document asking you to give away personal information.
- When shopping on the Internet, look for and read the privacy notices or note the lack thereof.
- Watch for any disclosure notice from those businesses with which you regularly do business, especially your local, long-distance and wireless telephone companies.

If you authorize disclosure in any manner, you may be assured that your personal information will wind up on a list, which will be sold to others. While these are not foolproof methods of protecting your personal information, reputable businesses will respect your request not to disclose that information to other businesses. If you don't ask for non-disclosure, do not expect it.

By becoming an alert and informed consumer, you can vastly decrease the amount of unwanted mail and telephone advertising, and significantly reduce your exposure to fraudulent telemarketing and sales scams. For more information about protecting your privacy you may contact the Nevada Office of the Attorney General, Bureau of Consumer Protection at (775) 687-6300 in northern Nevada, or (702) 486-3194 in southern Nevada.



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**CONSUMER ALERT:
ATTORNEY GENERAL WARNS CONSUMERS
ABOUT PROTECTING FINANCIAL PRIVACY**

Carson City -- Attorney General Frankie Sue Del Papa wishes to remind Nevada consumers about their rights under the federal Financial Services Modernization Act (also known as the Gramm-Leach-Bliley Act or GLB). The act was adopted in November 2000 and the implementing regulations took effect on July 1, 2001. GLB now allows banks, insurance companies, and brokerage firms to operate as one, meaning these companies can now merge customer data from several sources and can sell that information to third parties.

Title V of the Gramm-Leach-Bliley Act gives consumers certain rights in protecting their privacy. Specifically, GLB requires that a consumer's various financial institutions must provide notice via the mail of three things:

- 1) **Privacy Policy:** The consumer should receive a privacy notice from every financial institution with whom he/she has an ongoing relationship. In this notice, the financial institution must explain the types of information it collects about the consumer and how it uses that information. Since the law does not require that the consumer receive a separate notice of this privacy policy, it may be mailed along with the consumer's account statements or may be included in other notices that the consumer is required to receive.

- 2) **Right to Opt-Out:** Your financial institutions must explain your ability to prevent the sale of your customer data to unaffiliated third parties. Consumers then have a reasonable time to “opt out” (usually within 30 days after the notice was sent) before their personal data can be disclosed. By failing to return the “opt out” notice, the consumer gives his/her implied consent that the financial institution may sell or share personal information with unaffiliated third parties. However, consumers should be aware that should they later decide to “opt out,” they may do so.

In order to properly “opt out”, the Attorney General advises Nevada consumers to follow the procedures provided by your financial institution. Therefore, be on the lookout for any forms with check off boxes, a simple reply form, e-mail forms, or a toll free number to call and opt out.

- 3) **Safeguards:** Financial institutions are required to develop policies to prevent fraudulent access to confidential financial information. These policies must also be disclosed to you.

The Attorney General advises Nevada consumers that the burden is on them to assert their privacy rights. By following these simple guidelines, Nevada consumers will be better informed about privacy policies that affect them and, therefore, better protect themselves from having personal information shared with unaffiliated third parties.

For more information on the GLB and its implications for consumers, call Deputy Attorney General Gianna Orlandi at (775) 486-3782. For additional consumer protection information, visit the Attorney General’s web site at <http://ag.state.nv.us>.

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FRANKIE SUE DEL PAPA
Attorney General

THOMAS M. PATTON
First Assistant Attorney General

FOR IMMEDIATE RELEASE
February 4, 2002

CONTACT: Kathleen E. Delaney
Deputy Attorney General
(702) 486-3788

ATTORNEY GENERAL SUES TWO LOCAL "IRS DEFENSE" COMPANIES

Las Vegas--Attorney General, Frankie Sue Del Papa, filed suit today seeking to halt the alleged deceptive trade practices of two Las Vegas-based companies, **National Audit Defense Network, Inc.**, and **Tax Coach, Inc., d.b.a. Tax Ready**. The Better Business Bureau of Southern Nevada recently listed one of the defendants, National Audit Defense Network, as the company for which they received the most consumer complaints in 2001.

The companies, which market nationwide, primarily via radio advertisements, offer tax-related programs and services that promise consumers thousands of dollars in tax deductions or their money back. The companies also promise a 30-day unconditional money-back guarantee, but the Attorney General cites the receipt of over 140 consumer complaints of delayed or denied refunds as evidence of the alleged intent of both companies to harm consumers and competitors alike.

The lawsuit, the result of a joint investigation by the Attorney General's Bureau of Consumer Protection and the Federal Trade Commission, seeks a court order halting further illegal practices, requiring full restitution for all injured consumers and civil penalties in the amount of \$2,500 for each violation. The Federal Trade Commission filed a parallel case in Federal court last week and has obtained a court order placing both companies in receivership pending further action.

Consumers who wish to file complaints regarding their transactions with National Audit Defense Network or Tax Ready may contact the Attorney General's Bureau of Consumer Protection in Las Vegas at (702) 486-3132; or in Carson City at (775) 687-6300. Additional consumer protection and contact information may be found on the Attorney General's website at <http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE
February 4, 2002

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*****Media Advisory*****

NATIONAL DONOR AWARENESS DAY IS FEBRUARY 14TH
Nevadans Encouraged to “Give the Gift of Life” through Blood, Organ and Tissue Donation

Carson City— Attorney General Frankie Sue Del Papa, Assemblywoman Dawn Gibbons, Saturn dealerships across Nevada, United Blood Services of Nevada, and numerous community organizations are encouraging Nevada citizens to consider organ, tissue and blood donations in honor of National Donor Awareness Day February 14, 2002. Del Papa, Gibbons and the Nevada Department of Motor Vehicles are also promoting specialized license plates that call attention to organ donation that will be available from major DMV offices in Carson, Las Vegas, and Reno beginning February 14, 2002, and in satellite DMV office shortly thereafter. Further, Gibbons and Del Papa are teaming up to support Hollywood’s February 15, 2002, release of a new motion picture dealing with organ donation entitled “John Q” starring Denzel Washington.

More detailed releases will follow. Please note the following dates:

Tuesday, February 5 th	Attorney General Del Papa available for interviews in Las Vegas
Wednesday, February 6 th	Attorney General Del Papa available for interviews in Reno
Saturday, February 9 th	Reno Blood Drive sponsored by Saturn of Reno
Thursday, February 14 th	National Donor Awareness Day, Valentine’s Day

Thursday, February 14th Nevada DMV Unveils New “Donate Life” License Plate
Thursday, February 14th Saturn of West Sahara and Henderson Community BBQ’s

I will send out releases the day before so you can plan an article or story. For interview availability information please call Tom Sargent at (775) 684-1114 or Michael Pennington at (775) 684-1112.

More than 80,000 people in the United States are in need of a lifesaving organ transplant; more than 6,100 will die this year alone waiting for a suitable donor; and eleven transplant candidates die every day waiting for their second chance at life.

Thank you for your assistance in helping to get this important information to your audience.

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FOR IMMEDIATE RELEASE
February 4, 2002

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February 4-8 is National Consumer Awareness Week. In conjunction with the National Association of Attorneys General, the Nevada Attorney General's Bureau of Consumer Protection will send out a daily press release designed to increase consumer awareness of a particular subject. This year's theme is consumer privacy.

CRISIS OF IDENTITY: HOW TO AVOID IDENTITY THEFT

Carson City--Attorney General Frankie Sue Del Papa and the Bureau of Consumer Protection are encouraging Nevadans to take steps to safeguard themselves from identity theft.

"Identity theft is a growing problem around the nation," Del Papa notes. "This form of financial sabotage can devastate someone's credit and requires endless hours of telephone and written communication to resolve." But, Del Papa adds, "there are steps we can all take to protect ourselves from those who prey on unsuspecting victims."

Identity theft occurs when an impostor misuses your personal identifying information to commit fraud or theft. Enterprising identity thieves have opened fraudulent credit card accounts, secured deposits on cars and housing, and even robbed retirement savings accounts. By following these helpful tips, however, you can significantly decrease your chances of becoming a criminal's next victim:

- Never give out personal information over the telephone. If a caller claims to represent a particular financial institution, ask for a call back number and initiate your own call at a later time to verify that the caller is legitimate.
- Shred or otherwise destroy all documents containing personal information, including unwanted direct mailings such as credit card or loan solicitations, before putting them in the trash.
- Mail letters at the post office or by using a secure U.S. Postal Service mailbox.

- Carefully review all billing statements for unauthorized charges and report them to the appropriate company immediately.
- Order your credit report once a year from each of the three credit bureaus and review the reports for inaccuracies and fraudulent use of your accounts: Equifax, 1-800-685-1111; Experian, 1-888-397-3742; and Trans Union, 1-800-916-8800.

Monitoring your credit report and credit card statements are the most important steps you can take to safeguard your credit identity.

Consumers who believe they have been victims of identity theft should file a complaint with the Federal Trade Commission by contacting its Identity Theft Hotline by telephone toll-free at 1-877-IDTHEFT (1-877-438-4338); TDD: 202-326-2502; by mail: Identity Theft Clearinghouse, Federal Trade Commission, 600 Pennsylvania Avenue, NW, Washington, D.C. 20580; or online: www.consumer.gov/idtheft. For general consumer protection information, visit the Nevada Attorney General's web site at <http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE
DATE: March 29, 2002

CONTACT: Marta Adams, (775) 684-1237
Tom Sargent, (775) 684-1114

ATTORNEY GENERAL CONTINUES FIGHT OVER WATER FOR YUCCA MOUNTAIN

Carson City—Attorney General Frankie Sue Del Papa announced today that her office is filing an Answer and Motion to Strike Project in U.S. District Court in Las Vegas in the pending dispute over water for the controversial Yucca Mountain. Simultaneously, the Attorney General, on behalf of the Agency for Nuclear Projects, will be seeking an expedited briefing schedule in state district court in Tonopah.

U.S. District Court Judge Roger Hunt had originally dismissed the federal government's case challenging a February, 2000 Ruling of former State Engineer Mike Turnipseed denying the U.S. Department of Energy water for the Yucca Mountain Project based on his interpretation of the public interest. Judge Hunt agreed with the State that the matter was properly before the state district court and dismissed the federal complaint. On appeal to the U.S. Court of Appeals for the Ninth Circuit, the appellate panel, in spite of a strongly-worded dissent by Judge Procter Hug, reversed Judge Hunt and remanded the case to the federal district court.

"The sole issue before Judge Hunt on remand is whether the State Engineer's ruling denying DOE permanent water rights for the Yucca Mountain Project is preempted by federal law," explained Del Papa. "We have always argued that unless DOE is authorized to construct the proposed Yucca Mountain repository, the issue of federal preemption is not ripe," argued Del Papa. "Now DOE is attempting to interject a new grievance, namely the State Engineer's recent denial of extensions to DOE's site characterization permits," continued Del Papa. "This new claim is clearly improper and separate from the on-going dispute before Judge Hunt," Del Papa concluded.

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FOR IMMEDIATE RELEASE

DATE: March 26, 2002

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NORTHERN NEVADA 2002 WOMEN'S ROLE MODEL AWARD RECIPIENTS HONORED AT CEREMONY

Carson City—Attorney General Frankie Sue Del Papa held an award ceremony and press conference today at the Girl Scout Council Headquarters in Reno to honor this year's Women's Role Model Award recipients for Northern Nevada.

"The Women's Role Model Awards are a humble recognition of outstanding achievement," Del Papa said. "A panel has to choose five from nearly seventy nominees, all of whom deserve our admiration. The process is heart wrenching and incredibly difficult, to say the least. The results you see here are just the tip of the iceberg in terms of the accomplishments of Nevada women."

The annual awards are a celebration of Women's History Month and Nevada women particularly: their extraordinary accomplishments, devotion to family and community, and the example they set for the State of Nevada and the country. The theme of Women's History Month this year is "Women Sustaining the American Spirit."

Following are biographical briefs on the honorees:

MARCIA DE BRAGA: Marcia has been a State Assemblywoman for 10 years and her achievements are many. Marcia was one of the first to sound the alert regarding the childhood leukemia cluster in Fallon and was relentless about seeking solutions and information. Marcia was instrumental in securing approval for a statue of Sara Winnemucca in the United States Capitol. She is not only an inspiration to her friends, family and neighbors, but to seemingly divided constituent groups: She helped to negotiate a water rights agreement between ranchers, environmentalists and Native Americans in the 1999 Legislature—something that many claimed couldn't be done—and she continues to bring them together under the auspices of the Nevada Land Summit to discuss land management issues. Marcia was nominated by Jan Gilbert, who says of her: "Two years ago, Marcia was thrown off a horse, but it didn't stop her from using a walker and continuing her work for the people of her community. Her energy, intelligence and wit alone make her a wonderful example to Nevada women."

- more -

DAWN GIBBONS: received no less than *five* separate nominations. Amy Harvey, Washoe County Clerk, says of Ms. Gibbons, “Dawn instills a desire in everyone to be better citizens and to be informed and participate in government, locally, statewide and on a national level. Dawn's exuberance in her work is infectious. This energy transmits to those around her and helps promote unity across party lines.”

To Dawn, community involvement is a communicable affliction, and she uses her enthusiasm to distribute the bug. Following is a *partial* list of honors and activities: Reno Business and Professional Woman of the Year, Founding Board Member, Sierra Bank, RSCVA Trustee, Founding Member of the Nevada Network Against Domestic Violence, Children’s Cabinet Chair, Bernice Matthews Elementary School Foundation, Habitat for Humanity Advisory Board, Desert Research Foundation Trustee, Republican Women’s Federal Forum, and tireless champion and Founding Chair of the Organ and Tissue Donation Task Force.

DIANNE NICHOLSON: Dianne began a career in law enforcement in 1974 with the U.S. Army; today she holds the number two post at the Washoe County Sheriff’s Department. Dianne’s favorite quote is from Charlotte Witton, who said, “Whatever women do they must do twice as well as men to be thought half as good. Luckily, this is not difficult.”

Dianne has led the way for future generations of women, especially those who seek careers in “traditionally male” domains. She continues to do so in her volunteer work as well.

Sheriff Dennis Balaam says of Dianne: “This is the second year I have nominated Dianne and feel she is even more worthy of consideration. Throughout her 17-year career, Dianne has played a number of roles making our success possible. Dianne began her career in law enforcement with the U.S. Army in 1974 when few women had entered the field and fewer still were attracted to the military. She is a role-model for the entire law enforcement community, and especially inspiring to young women.”

DEIDRE PIKE: Deidre is the first female editor of the Reno News & Review, and the absolute first recruitment choice of former editor, Jimmy Boegle, who nominated her and says, “One of the reasons she's such an amazing journalist is that she cares about her town, her state and her community. One story comes to mind that sums Deidre up as a person. One busy day, a young woman came to the RN&R's office and said she needed the phone. She apparently worked in Carson City, and had missed her PRIDE bus; she needed to call a friend to get a ride. When that friend was unavailable, the girl started to cry, fearing she'd lose her job. Well, Deidre couldn't help but offer her a ride. (I must admit I tried to talk Deidre out of it.) The girl accepted, and that excursion ended up costing Deidre nearly two hours. She worked late that day before rushing off to family commitments. She did all that to help a person she didn't even know - and got her work done and the kids tucked in to boot. That's a hero in my book.”

Within four months of her arrival at the News & Review, Deidre was already winning Nevada Press Association recognition for “Best Investigative,” and “Best Business” stories. In addition to writing and editing for the Reno News & Review, Deidre has held positions as health editor, technology editor, and general assignment reporter for the Reno-Gazette Journal.

Deidre is a graduate in Journalism from the University of Nevada, Reno and is currently both a graduate student and instructor in the UNR English department.

KATY SINGLAUB: Katy serves as the County Manager for Washoe, the second-largest county in Nevada. As Chief Executive Officer for the County, she oversees a budget of \$455 million and over 2800 employees. Katy was appointed County Manager in 1998, after serving two years as Assistant County Manager for Finance and one year as Deputy County Manager.

Prior to working with Washoe County, Katy was President and principal consultant for Simon and Associates Management Consulting (providing training, development and strategic planning throughout the United States and abroad); spent seven years in various executive capacities at Washoe health system; and taught at both community college and university levels.

In terms of for volunteer work, Katy devotes time to the Board of Directors of Western Industrial Nevada, the Economic Development Authority of Western Nevada, the Nevada Women's Fund, the Children's Cabinet and Soroptomist International.

Her nominator, Washoe County Commissioner Pete Sferrazza, says of Katy, "As a civic leader, business executive, public servant, community volunteer, neighbor, wife and mother, Katy sets a standard that empowers all women with the knowledge that they can make a difference."

EREN AKMEN: Eren is owner, Chief Financial Officer and Vice President of Finance for Sierra Nevada Corporation, a nationwide technology company with headquarters located in Sparks.

Eren immigrated to the United States from Turkey to complete her master's degree at UNR. despite initial language and cultural barriers, Eren has emerged as a leader in her field. Through strategic planning efforts and strong financial management, Eren was instrumental in growing SNC from a ten million dollar company to eighty-five million annually in just a few short years.

Eren doesn't simply foster business growth, however. She established a thriving licensed daycare center at the SNC facility for the company's employees, something other companies have attempted without long-term success. Eren is also generous with her support outside of her job duties, sponsoring regular blood drives at SNC as well as supporting local charities with time and donations.

Her nominator, Dawn Gibbons, has this to say of Eren, "She is a supporter of career, family, community and personal growth. Her husband is CEO of SNC, and together they promote teamwork and wellness among their employees. Theirs is a family business, and they honor their own commitment to family by promoting those same values within their company."

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FOR IMMEDIATE RELEASE
DATE: March 25, 2002

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(775) 232-9516

ATTORNEY GENERAL ANNOUNCES ARREST FOR EMBEZZLEMENT IN OPERATION OF AUTO REPAIR SHOP

Carson City—Attorney General Frankie Sue Del Papa announced today the arrest in Reno of Victor Manuel Fuentes-Hernandez (a.k.a. Victor Fuentes), operator of Professional Auto in Reno on three felony counts of theft by embezzlement and one misdemeanor count of engaging in deceptive trade practices. The charges carry a potential penalty of 5 years imprisonment in state prison and a \$10,000 fine for each felony count, and imprisonment in the county jail for 6 months and/or a fine of not more than \$1,000 on the misdemeanor count. Prosecution of the case is being handled by the Attorney General's Bureau of Consumer Protection, headed by Consumer Advocate Tim Hay.

According to the complaints filed in Reno Justice Court, Fuentes-Hernandez is charged with embezzling money from deposits paid by customers, which were supposed to be used to purchase rebuilt transmissions, rebuilt engines and other parts for vehicles Fuentes-Hernandez had contracted to repair. In addition, Fuentes-Hernandez is charged with engaging in deceptive trade practices for violation of state statutes and regulations requiring the operators of automobile repair businesses to maintain records related to estimates and repairs performed on customer vehicles. These cases arose through complaints filed with the Reno office of the Consumer Affairs Division of the Department of Business and Industry, which investigated the matters then referred the complaints to the Bureau of Consumer Protection for prosecution. The Consumer Affairs Division and the Attorney General's Bureau of Consumer Protection work closely together to identify, investigate and prosecute deceptive trade practices in Nevada.

Attorney General Frankie Sue Del Papa warns: "Business operators who are tempted to cheat and deceive consumers under the assumption that "white collar" business crimes are not prosecuted should think again. The Bureau of Consumer Protection and the Consumer Affairs Division actively

investigate and prosecute deceptive business practices brought to the attention of these offices. Nevada is not a safe haven for the dishonest businessman or the scam artist.”

For more information on how you can help prevent illegal deceptive trade practices, you may contact the Consumer Affairs Division at (775) 688-1800 in Northern Nevada, or (702) 486-7355 in Southern Nevada; or you may contact the Attorney General’s Bureau of Consumer Protection at (775) 687-6300 in Northern Nevada, or (702) 486-3194 in Southern Nevada.

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FOR IMMEDIATE RELEASE
DATE: March 19, 2002

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DEL PAPA ATTENDS NATIONAL ASSOCIATION OF ATTORNEYS GENERAL SPRING MEETING

Carson City—Attorney General Frankie Sue Del Papa is in Washington, D.C. this week, March 19th-22nd, to attend the spring meeting of the National Association of Attorneys General.

As one of the Association's three national meetings held each year, the Spring Meeting allows Attorneys General to become acquainted with Administration officials to discuss issues involving national security, criminal justice and consumer protection issues; to share information with colleagues about significant state legal developments; and to have informal opportunities to network and exchange views with many interested organizations and individuals.

“As we convene in the nation's capital to conduct the business of the Association and discuss issues facing our various jurisdictions, this gathering has taken on new significance since the events of September 11,” NAAG President and Kansas Attorney General Carla Stovall. “As Attorneys General, we now face once unimaginable threats to our domestic security and unprecedented legal challenges in the areas of civil rights, law enforcement authority, bioterrorism and public health.”

As a result, this year the membership will be meeting with a number of key national figures, including President George W. Bush, U.S. Attorney General John Ashcroft, Federal Bureau of Investigation Director Robert Mueller, Secretary of the Interior Gail Norton and Federal Trade Commission Chairman Timothy J. Muris.

General Stovall will provide an update on her Presidential initiative with the National Center for Missing and Exploited Children (NCMEC). As the newly elected Vice Chair of NCMEC's Board, General Stovall will discuss the AMBER Plan, which is an innovative community-based program that's saving abducted children and apprehending their predators. The program partners law enforcement and broadcasters and activates urgent alerts to the public in serious child abductions.

Other invited guests include Asa Hutchinson, Administrator of the Drug Enforcement Administration; U.S. Senator Joe Lieberman; Bill Novelli, Executive Director of the American Association of Retired Persons; Dov Zakheim, Under Secretary of Defense Comptroller, and a panel of guests representing the Arab American Institute, the Sikh community, the American-Arab Anti-

Discrimination Committee and the U.S. Department of Justice's Community Relations Service, who will discuss concerns raised in the aftermath of the September 11th terrorist attacks.

The public plenary session begins Wednesday. For more information, call Tom Sargent at (775) 684-1114 or trsargen@ag.state.nv.us, or visit the Nevada Attorney General's website at <http://ag.state.nv.us>, or <http://naag.org> or contact NAAG's press office at (202) 326-6047.

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FOR IMMEDIATE RELEASE
DATE: March 15, 2002

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FINANCIAL PUBLICATION REPORTS NEVADA POWER OVERPRICED PURCHASES THE RESULT OF INCOMPETENCE

Carson City – Consumer Advocate Timothy Hay announced today that a well-respected international financial publication reported today that Nevada Power’s \$922 million rate increase request appears to be the result of the company’s thorough incompetence. A neutral observer from the Financial Times monitored the hearings before the Public Utilities Commission in Las Vegas that concluded this week. “Nevada Power’s problem – and Sierra Pacific’s – is that there is really nothing in company records showing that any analysis was done before the purchases were made,” the article reports. “In fact, there is virtually no record of the decision-making process, apart from recollections of a voice-mail here or an email there. These were the biggest monetary decisions ever made by the people who made them, and yet the memories of the company’s witnesses are astonishingly vague.”

“The conclusions of Financial Times, drawn from hearing the extensive testimony provided during several days of hearing, are consistent with the conclusions of our office that Nevada ratepayers are being asked to pay nearly one billion dollars over the next three years for the utilities imprudent business decisions,” said Hay. “The case presented by the Bureau of Consumer Protection provided persuasive evidence that these costs cannot legally be passed through to the ratepayers.”

The Financial Times article also raises concern over Nevada Power’s transactions with Enron following Sierra Pacific’s failed attempt to purchase Portland General Electric from Enron. It suggests that Sierra Pacific’s fear of a lawsuit by Enron may have influenced subsequent transactions between the two companies and that such a lawsuit could have netted Enron hundreds of millions of dollars. Instead Enron settled for \$8 million just after the deal fell through in April. “But,” the article reports, Enron “nevertheless walked away with substantial profits on the questionable sales during February and March 2001. On top of that, Enron was able to profit heavily from the sale of transmission capacity to Nevada Power.”

The full article is available on the Internet at <http://news.ft.com>.

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FOR IMMEDIATE RELEASE

DATE: March 14, 2002

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SOUTHERN NEVADA 2002 WOMEN'S ROLE MODEL AWARD RECIPIENTS HONORED AT CEREMONY

Las Vegas—Attorney General Frankie Sue Del Papa held an award ceremony and press conference today at UNLV's Barrick Museum of Natural History to honor this year's Women's Role Model Award recipients for Southern Nevada.

"The Women's Role Model Awards are a humble recognition of outstanding achievement," Del Papa said. "A panel has to choose five from nearly seventy nominees, all of whom deserve our admiration. The process is heart wrenching and incredibly difficult, to say the least. The results you see here are just the tip of the iceberg in terms of the accomplishments of Nevada women."

The annual awards are a celebration of Women's History Month and Nevada women particularly: their extraordinary accomplishments, devotion to family and community, and the example they set for the State of Nevada and the country. The theme of Women's History Month this year is "Women Sustaining the American Spirit."

Following are biographical briefs on the honorees:

Karen Clyne is Director of St. Rose Dominican Hospital Home Health Services, where Julie Tousa and a number of associates conspired to nominate Karen. They say, "...since the 1980's, Karen has dedicated her life to continuous innovation and expansion of healthcare services in Nevada." It shows. At St. Rose and elsewhere, Karen has received far too many accolades to list completely here. Among them are Distinguished Woman of Southern Nevada, St. Rose Hospital's Leadership Award, March of Dimes Nurse of the Year Award, and others. Karen was instrumental in the opening of the pediatric unit at Valley Hospital and Nevada Regional Homecare for Desert Springs Hospital—the second largest such operation in the state. She also developed the first infusion services program for pediatric patients in Southern Nevada, with a focus on HIV/AIDS and Cystic Fibrosis patients. In her "spare" time, Karen obtained a doctorate in healthcare management. Her volunteer activities include (but certainly aren't limited to) Vice President of the Homecare Association of Nevada, Helping Hands and Family to Family Advisory boards, Leadership Las Vegas projects, the creation of a drop-in center

for homeless youths, and board member of the Henderson Salvation Army. Karen also has a son who attends UNLV.

Helena (Hel-AY-na) **Garcia**, a native of Las Vegas and real estate consultant, is founder of Camino Al Futuro, Inc., a life-skills training center and the first such bilingual organization to establish a welfare-to-work program . . . including one geared toward women prison inmates with an incredible 70% success rate following release. She is on the board of the Hispanic American Partnership and serves as an advocate in that capacity nearly 30 hours a week. She is also the founding president of the Downtown Central Development Committee, an organization whose mission is to assist with the revitalization of downtown Las Vegas, as well as an advisory council member of the Hispanic-American Resource Team of the Metropolitan Police Department. Helena is also involved in the Boys & Girls Club, Master Plan 2020 for the City of Las Vegas, the Association of Realtors. In addition, she works with the “Safe House” to counsel and find employment for non-English speaking, domestically abused women. Her friend and associate, Eddie Escobedo, nominated her: “Ms. Garcia’s strength is turning difficult experiences into valuable lessons that open doors of opportunity.” This from a single mother and sole provider to her two daughters, ages 8 and 10.

Nancy LaCombe is a school counselor for Clark County School District at the Mable Hoggard Magnet School. Over the course of her career, Nancy has co-authored papers included in the school district’s Substance Abuse and Violence Prevention Manual, established a Peer Mediator program at Mable Hoggard, and she heads a team of students who design alternative behavioral and education plans for children. Nancy earned her Master’s Degree in Counseling at Vanderbilt University while in England. She holds numerous board members at her church including Church Leadership, Day School, Finance, Altar Guild, Youth Group, Lay Ministry, and the Fellowship Committee, in addition to teaching both day and Sunday school. She is also a Youth For Understanding exchange program regional representative. Nancy and the LaCombe family have hosted five foreign exchange students over the years, yet have seven children of their own! Nancy was nominated by her husband George and more friends than we could count. Says a friend Linda Orr, “A role model lives life the way she expects other to live theirs . . . willing to take advice as well as give it, to share experiences as well as riches, willing to give back more than is taken.”

Ann O’Connell is a Nevada State Senator, and indeed one of the finest: she was voted “Best Senator of the 2001 Session” in a poll conducted by the Las Vegas Review-Journal; she appeared in the charter edition of the Distinguished Women’s Book of Nevada and continues to the present. She pioneered a consensus building approach to studying Nevada’s distribution of state and local tax revenues among local governments. In the context of four decades of being the fastest growing state in the union, Ann shepherded a technical advisory committee composed of representatives of local communities that recommended potential legislation. Ann was the 1991 National Legislator of the Year, and was the first Nevadan to receive the Guardian of Small Business Award from the National Federation of Independent Businesses. According to Assemblywoman Barbara Cegavske, “Ann tackles the most difficult issues by a process of inclusion, which fosters long-standing public and private partnerships. She works to make legislation a product of those she represents.” Her volunteer activities include a seat on the Council to Establish Academic Standards, another on the Boy Scouts of America Advisory Board; she is Past President and Board Member of Secret Witness and Citizens for Private Enterprise. Ann also teaches Sunday school to young adults. She and her husband Robert have two sons.

Connie Ross is Executive Director of Corporate Advertising and Publicity for the Imperial Palace Hotel and Casino. Nominated by associate Sheila Wallitsch, Connie’s “hands-on involvement

creates an enjoyable working atmosphere that promotes volunteerism in others.” Among her professional achievements are numerous awards and superlatives for marketing and advertising on behalf of the Imperial Palace, including a 1998 “Best of Las Vegas” award. She co-hosted, on her own time, the nationally syndicated “Backstage Live” television program for nine years to promote Las Vegas to the rest of the world. Connie spearheaded the effort to name the Las Vegas Strip an “All-American Road and National Scenic Byway.” She has been an active elected member of councils at the Las Vegas Chamber of Commerce, and has chaired many events in that capacity including “Annual Tourism Week,” “Wheels to Vegas,” and Las Vegas’ three-millionth wedding celebration, which drew worldwide media coverage. Connie has been recognized repeatedly as an “Outstanding Woman in Tourism” with both nominations and that distinctive honor from the Chamber of Commerce in 1998. On the way she raised a son, Sean, a *summa cum laude* graduate of UNLV.

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STATE OF NEVADA

OFFICE OF THE ATTORNEY GENERAL

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Attorney General

THOMAS M. PATTON
First Assistant Attorney General

FOR IMMEDIATE RELEASE
March 13, 2002

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(775) 684-1116

**NEVADA SUPREME COURT GRANTS ATTORNEY GENERAL'S
WRIT AND ORDERS DISMISSAL OF ANZALONE LITIGATION**

The Office of the Attorney General is pleased to announce that the Nevada Supreme Court today issued its decision granting a writ of mandamus and directing the Eighth Judicial District Court to grant summary judgment against former AG Investigator Michael Anzalone and in favor of the Office of the Attorney General as well as Attorney General Frankie Sue Del Papa and current and past employees Donald Haight, David Thompson and J.T. Healy. This decision follows a previous decision in the District Court dismissing claims against Del Papa in her individual capacity and dismissing claims against former AG Investigator Ronald Wheatley.

General Del Papa stated: "I am extremely gratified that the Nevada Supreme Court decision confirms that the allegations in this case lacked merit or cannot be sustained. Most people realize that we live in a litigious society. What we experienced here brought that home to me. My primary regret is the time and energy this office and the State of Nevada have had to expend in response to this litigation. I am very appreciative for the hard work that went into responding to this litigation. I also want to thank those employees of this office who were named in this litigation for their patience and understanding."

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State of Nevada Office of the Attorney General

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FOR IMMEDIATE RELEASE
DATE: March 12, 2002

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LAS VEGAS PODIATRIST ENTERS PLEA TO MEDICAID FRAUD

Las Vegas—Attorney General Frankie Sue Del Papa announced that Las Vegas podiatrist Teddy A. Cohen, age 51, appeared today to face misdemeanor charges of Medicaid Fraud (one count) and Obtaining Money By False Pretense (three counts). Each count carried a potential penalty of six months incarceration and a \$1,000.00 fine. Cohen made his appearance in front of Las Vegas Township Justice of the Peace, Jennifer P. Togliatti.

Dr. Cohen entered no contest pleas to all counts. Justice Togliatti found Dr. Cohen guilty, allowed him credit for any time already served and sentenced him to pay \$200,000.00 in penalties and restitution.

Medicaid Fraud Control Unit (MFCU) Director Tim Terry said the charges stem from an investigation that Dr. Cohen was submitting claims for services on dates after patients had died or been discharged from a facility he claimed them to be in. The MFCU worked closely with the U.S. Department of Health & Human Services, Office of Inspector General, to resolve this case.

“This is another example of how our state and federal agencies are able to cooperate to bring health-care fraud cases to justice.” Del Papa said.

Anyone with questions concerning Medicaid fraud or the Attorney General’s policy towards those who are voluntary self-reporters of provider fraud is urged to contact the MFCU in Carson City at (775) 687-4704 or in Las Vegas at (702) 486-3420. Medicaid Fraud information can also be found on the Attorney General’s web site at <http://ag.state.nv.us>

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FOR IMMEDIATE RELEASE
DATE: March 12, 2002

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****MEDIA ADVISORY****

NEVADA WOMEN'S ROLE MODEL AWARD PRESENTATION

--SOUTHERN NEVADA--

Sponsored by Krispy Kreme Donuts and the Las Vegas School of Floral Design

Carson City---Attorney General Frankie Sue Del Papa will recognize the Nevada Women's Role Model Award recipients from southern Nevada on:

THURSDAY, MARCH 14
8:30 am
Marjorie Barrick Museum of Natural History
University of Nevada Las Vegas

The Women's Role Model Awards serve to recognize some of Nevada's outstanding women, their achievements, and their impact on family, community, Nevada and the nation. The recognition ceremony occurs during Women's History Month, the theme for which this year is "Women Sustaining the American Spirit."

"These women are being recognized for making a difference in their community. They were selected from among a very distinguished group of women nominated for a Women's Role Model Award by people who have witnessed their deeds firsthand," Del Papa said.

Members of the public and the press are invited to attend the awards presentation.

The five 2002 honorees from southern Nevada are: **Karen Clyne**, Director of St. Rose Dominican Hospital Home Health Services; **Helena Garcia**, real estate consultant and principal of Camino Al Futuro, a bi-lingual life skills training center; **Nancy LaCombe**, a Clarke County

--more—

NEVADA WOMEN'S ROLE MODEL AWARD PRESENTATION, cont'd

elementary school counselor; **Ann O'Connell**, Nevada State Senator; and **Connie Ross**, Executive Director of Corporate Advertising and Publicity, Imperial Palace Hotel and Casino.

Biographical briefs outlining each recipient's accomplishments will be available at the ceremony.

Members of the press please note well: Krispy Kreme Donuts is a sponsor of this event, and you know what that means!

Refreshments will be served. For more information on the Women's Role Model Awards, please call Tom Sargent at (775) 684-1114 or (775) 232-9516.

###



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FOR IMMEDIATE RELEASE
DATE: March 11, 2002

CONTACT: Wayne Howle, (775) 684-1227
Tom Sargent, (775) 684-1114

LINCOLN COUNTY AND PRIVATE COMPANY JOIN IN SUIT TO PROHIBIT ISSUANCE OF ATTORNEY GENERAL OPINION

Carson City—Frankie Sue Del Papa announced today that Vidler Water Company and Lincoln County, Nevada, filed suit against the Attorney General's office on Friday, March 8. Vidler and Lincoln sued in State Court in Carson City to stop the Office of the Attorney General from issuing an opinion. The opinion would address the legality of two agreements signed by Lincoln County and Vidler, a private company.

“Lincoln County and Vidler formed a partnership to develop and sell water for a profit,” Del Papa said, “and the District Attorney in Clark County questions whether a county can enter into that kind of venture. The water rights at issue are currently the subject of petitions pending before the State Water Engineer. One of the responsibilities of the Office of the Attorney General is to give legal advice to district attorneys who ask for it. In my twelve years in office, this is the first time anyone has ever sued to prevent the issuance of an opinion.”

Del Papa said that her office has 45 days to answer the complaint, but a hearing is set for Wednesday, March 13, to determine whether a preliminary injunction should be ordered to stop the opinion from issuing until the entire case is decided. “We will obviously oppose an injunction,” said Del Papa, “because the plaintiff cannot demonstrate that they will be irreparably harmed should this office issue an opinion.”

###

\$1425

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9
10 **IN THE SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**
11 **IN AND FOR WASHOE COUNTY**

13 STATE OF NEVADA,)
14) Plaintiff,) CASE NO. _____
15 v.) DEPT. NO. _____
16 AMERICAN HOME PRODUCTS)
CORPORATION; AMGEN INC.;)
17 ASTRAZENECA; AVENTIS PHARMA;)
18 CHIRON; PHARMACIA CORPORATION;)
HOECHST MARION ROUSSEL, INC.;)
19 IMMUNEX CORPORATION; ELI LILLY)
AND COMPANY; SCHERING-PLOUGH)
20 CORP.; and DOES 1 through 100; DOES 101-)
125; DOES 126-150 and DOES 151-200,)
21)
22 Defendants.)

23 **COMPLAINT FOR INJUNCTIVE RELIEF, DAMAGES, RESTITUTION, DISGORGEMENT,**
24 **FORFEITURE, CIVIL PENALTIES AND OTHER RELIEF EXEMPT FROM ARBITRATION**
25 **THIS COMPLAINT: 1. SEEKS INJUNCTIVE RELIEF; 2. PROBABLE JURY VALUE**
26 **EXCEEDS \$40,000; AND 3. PRESENTS SIGNIFICANT PUBLIC POLICY ISSUES**

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I. INTRODUCTION

1. The STATE OF NEVADA, through Attorney General Frankie Sue Del Papa, brings this action for monetary damages, civil penalties, declaratory and injunctive relief, restitution, disgorgement of profits and punitive damages on behalf of the State of Nevada, and restitution on behalf of persons in Nevada including thousands of Patients¹ who have paid inflated charges for medications based in whole or in part on defendants' use of the Average Wholesale Price ("AWP") Scheme, as described below.

2. Each of the defendants is or has been engaged in the business of manufacturing, marketing and selling prescription pharmaceuticals throughout the United States. The principal payors for such prescription pharmaceuticals are federal and/or state governments (under, respectively, the Medicare and Medicaid Programs), private insurers and self-insured employers (Third-Party Payors), and private individuals (Patients), including elderly patients who make payments for drugs under the Medicare program.

3. Prescription drugs are an increasingly important part of life for most Nevada citizens. The development of new drugs can benefit consumers through better overall health, avoidance of more expensive surgical procedures, and, in some cases, longer life. Because for many people prescription drugs are necessary to live or function normally, consumers often have no choice but to pay whatever price is necessary to obtain their medications. In economic terms, this means that demand for some prescription drugs is highly inelastic: the quantity demanded does not drop significantly even if prices rise. Drug manufacturers, therefore, spend enormous sums to develop and market new drugs, recognizing that they likely will be able to charge prices that will ultimately generate substantial profits for their investors. Of course, if the profit incentive was completely removed from drug manufacturers, much of the research and development that now takes place would vanish. Thus, the optimal market would both reward innovative drug manufacturers and keep prices as affordable as possible. Balancing these worthwhile goals can be difficult and, unfortunately, abuses take place that have unfairly gouged

¹ As used herein, Patients refers to two groups of persons as follows: (1) Persons who were prescribed drugs manufactured by any defendants which were subject to defendants' Average Wholesale Price Scheme as alleged herein and who paid for such drugs out-of-pocket, and (2) Persons who were prescribed such drugs and incurred an obligation for co-payment (or actually made co-payments) under either a government or private insurance program where the amount of co-payment was based on the total reimbursement by the government or private insurer.

1 consumers and injured the State and its Medicaid program as described below. The Attorney General
2 seeks to enjoin and remedy these abuses.

3 **A. THE DEFENDANTS' UNLAWFUL SCHEME**

4 4. The standard practice in the pharmaceutical industry is that the federal Medicare
5 Program, state Medicaid agencies, Third-Party Payors and Patients reimburse physicians and
6 pharmacies for hundreds of prescription drugs based upon the Average Wholesale Price ("AWP"), as
7 published and reported by third-party publications such as *First Data Bank*, *Red Book*, *Blue Book*, or
8 *Medispan*.

9 5. Physicians and pharmacies purchase the prescription drugs for which they are
10 reimbursed directly from the pharmaceutical manufacturer or indirectly through wholesalers.

11 6. The AWP is generally not independently determined by *First Data Bank* or other third-
12 party reporting agencies. Rather, as part of the AWP Scheme described in this Complaint,
13 pharmaceutical companies purportedly "self-police" and "self-report" the AWP to third-party
14 publications (such as *First Data Bank*), which then publish the purported AWP, as provided to them by
15 the pharmaceutical manufacturers.

16 7. Pursuant to federal regulation and industry and State practice, reimbursement for
17 prescription drugs is based upon the reported AWP.

18 8. In fact, as an extensive and ongoing Congressional investigation has recently revealed,
19 numerous pharmaceutical manufacturers (including each of the defendants named herein as well as
20 others not yet named herein) have engaged in a scheme involving the fraudulent reporting of fictitious
21 AWP for certain prescription pharmaceuticals including, but not limited to, prescription
22 pharmaceuticals covered by Medicare and Medicaid.

23 9. Specifically, defendants' AWP Scheme involves the reporting by each defendant of
24 inflated Average Wholesale Prices. The fraudulent reporting of Average Wholesale Prices has the
25 effect of materially misrepresenting the actual prices paid to defendants by physicians and pharmacies
26 for prescription drugs.

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1 10. Plaintiff alleges upon information and belief that, in many instances, the purported AWP
2 reported by the defendant pharmaceutical manufacturers bears little or no relationship to the prices
3 actually paid by physicians or pharmacies.

4 11. In addition, while federal Medicaid law requires the defendants to provide quarterly
5 rebates to the State of Nevada if it charges the State more than the lowest or “best price” offered to any
6 commercial customer, the defendants routinely failed to do so as a direct result of the AWP Scheme.

7 12. As a result of the fraudulent and illegal manipulation of AWP for certain drugs by the
8 defendant pharmaceutical manufacturers, they and the other manufacturers have reaped tens of millions
9 of dollars in illegal profits at the expense of American governmental payors and consumers, including
10 the State of Nevada, and Patients who are residents of the State of Nevada. In particular, the elderly
11 who are on Medicare bear the burden of this scheme as they make payments or co-payments based on
12 the fictitious AWP charges.

13 **B. THE DAMAGES CAUSED BY DEFENDANTS’ ILLEGAL CONDUCT.**

14 13. The intended and foreseeable consequences of the defendants’ scheme are several and
15 far reaching, including, but not limited to, increased drug costs to the State of Nevada and its agencies,
16 and increased drug costs to Patients who are Nevada residents.

17 **1. DAMAGES TO THE STATE OF NEVADA.**

18 14. One of the foreseeable and intended consequences of defendants’ conduct has been to
19 unjustly enrich the defendants at the expense of Nevada’s health care system, the state health care
20 authority, and ultimately, all Nevada residents and taxpayers.

21 15. In particular, the AWP Scheme has cost the State of Nevada millions of dollars in excess
22 Medicaid payments made for medications as a direct result of the illegal AWP Scheme.

23 16. In addition, the AWP Scheme has cost the State of Nevada millions of dollars in excess
24 drug costs for the public employees for whom it provides health care.

25 17. Finally, numerous state agencies purchase medications at illegally inflated prices based
26 on the AWP Scheme.

27 ///

1 18. The State seeks to recover these costs as actual damages and/or restitution in this case.

2 **2. DAMAGES TO PATIENTS.**

3 19. As further intended and foreseeable effects of the defendants' AWP Scheme, many
4 private persons residing in Nevada also suffered losses.

5 20. The general public, who must make co-payments for drugs based upon these inflated
6 AWP prices, suffered immense damages. A major group of consumers adversely impacted by this
7 practice are the elderly who make co-payments as part of Medicare.

8 21. Through its *parens patriae* and statutory powers, the State of Nevada also seeks
9 restitution of these losses in this case.

10 **C. THE OBJECTIVES OF THIS ACTION.**

11 22. In this action, the Attorney General seeks to secure for the people of the State of Nevada
12 a fair and open market, free from unfair or deceptive acts or practices, and to enable Patients in this
13 State to better shoulder the financial burden of necessary medications.

14 23. In addition, the Attorney General brings this action to return to the State and its resident
15 Patients the increased medication costs caused by defendants' wrongful conduct and to disgorge
16 defendants' excessive profits from the artificially inflated AWP Scheme accomplished through
17 violations of state law.

18 **II. PARTIES**

19 **A. PLAINTIFF.**

20 24. This action is brought for and on behalf of the State of Nevada and damaged persons and
21 entities within the State of Nevada, by Frankie Sue Del Papa, Attorney General of the State of Nevada,
22 pursuant to, *inter alia*, the provisions of the Nevada Deceptive Trade Practice Act, NRS 598.0903 *et*
23 *seq.*, Nevada's Civil RICO statute, NRS 207.470 *et seq.*, Nevada's Medicaid Fraud Statutes,
24 NRS 422.580 and the common law and statutory authority of the Attorney General to represent the
25 State of Nevada and its residents.

26 **B. DEFENDANTS.**

27 28 25. Defendant American Home Products Corporation ("AHP") is the parent company of

1 Wyeth Worldwide. It is organized and exists under the laws of the state of New Jersey. American
2 Home Products is one of the largest pharmaceutical and health care product companies in the world. Its
3 annual sales in 2000 exceeded \$13.3 billion. Through its subsidiaries, AHP manufactures and
4 distributes prescription drugs, including Ativan® (convulsive disorder medication), for clinical
5 distribution by Medicare providers nationwide, and sells Premarin® in the state.

6 26. Defendant Amgen Inc. is a corporation organized and existing under the laws of the state
7 of California. Amgen is in the business of manufacturing and distributing prescription pharmaceuticals,
8 including Epogen/Procrit® (for treatment of anemia), Neupogen® (bone marrow transplant infection
9 prevention), and Aransep (anemia in kidney patients) for clinical distribution by Medicare providers
10 nationwide. In 2000, Amgen's revenues exceeded \$3.6 billion.

11 27. Defendant AstraZeneca US is a corporation organized and existing under the laws of the
12 state of Delaware. AstraZeneca is in the business of manufacturing and distributing prescription
13 pharmaceuticals, including Zoladex® and Casdex (for prostate cancer), for clinical distribution by
14 Medicare providers nationwide.

15 28. Defendant Aventis Pharma ("Aventis") is a corporation organized and existing under the
16 laws of the state of New Jersey and operating in more than 120 countries in the world. Aventis is in the
17 business of manufacturing and distributing prescription pharmaceuticals, including Pentacarinat®
18 (pneumonia treatment), for clinical distribution by Medicare providers nationwide. In 1999, Aventis's
19 *pro forma* sales for its pharmaceuticals were \$3.3 billion.

20 29. Defendant Chiron is a corporation organized and existing under the laws of the state of
21 California. Chiron is in the business of manufacturing pharmaceuticals, including Depocyt®
22 (anticancer drug), among other prescription drugs, for distribution to Medicare clinical outsourcers.
23 Revenues for 2000 were \$972 million.

24 30. Defendant Hoechst Marion Roussel, Inc. ("HMR") is a wholly-owned subsidiary of
25 Aventis S.A. (former Hoechst AG). HMR is a corporation organized and existing under the laws of the
26 state of Delaware, and has its headquarters located at 10236 Marion Park Drive, Kansas City, Missouri.

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1 HMR develops and manufactures prescription drugs, including Lasix® (high blood pressure
2 treatment), for clinical distribution by Medicare providers nationwide.

3 31. Defendant Immunex Corporation is a corporation organized and existing under the laws
4 of the state of Washington. Its principal place of business is located at 51 University Street, Seattle,
5 Washington. Immunex manufactures immune system disorder and cancer treatment prescription drugs,
6 including Novantrone®, for clinical distribution by Medicare providers nationwide. Immunex's total
7 revenues for 1999 were \$542 million.

8 32. Defendant Eli Lilly and Company ("Lilly") is a corporation organized and existing under
9 the laws of Indiana. Lilly is in the business of manufacturing prescription drugs, such as Nebcin® (for
10 bacterial eye infection treatment), Vancocin® (bacterial infection treatment), and Oncovin® (for the
11 treatment of some cancerous conditions), for clinical distribution by Medicare providers nationwide.

12 33. Defendant Schering-Plough Corp. is a corporation organized and existing under the laws
13 of the state of New Jersey. Its headquarters are located at 2000 Galloping Hill Rd., Kenilworth, New
14 Jersey. Schering-Plough manufactures prescription drugs, including Garamycin® (eye infection
15 treatment), IntronA® (cancer) and Temodar® (cancer), for distribution by Medicare providers
16 nationwide.

17 **C. CO-CONSPIRATORS AND DOE DEFENDANTS**

18 34. Various other individuals, partnerships, sole proprietors, business entities, companies,
19 and corporations, presently unknown to the State and not named as defendants in this Complaint,
20 participated as co-conspirators in the violations alleged in this Complaint and performed acts and made
21 statements in furtherance thereof. Such unknown persons or entities acted as co-conspirators and aided,
22 abetted, or participated with defendants in the commission of the wrongful acts alleged herein or
23 otherwise caused the damages suffered by the State and its residents.

24 35. DOES 1-100 are corporations, companies, partnerships, or other business entities that
25 participated in the illegal course of conduct that is the subject of this action as alleged herein.

26 36. DOES 101-125 are residents of the state of Nevada and are officers, employees, or
27 agents of the defendants and/or entities owned or controlled by the defendants. DOES 101-125
28 participated in the illegal course of conduct that is the subject of this action as alleged herein.

1 37. DOES 126-150 are residents of states other than the state of Nevada and are officers,
2 employees, or agents of the defendants and/or entities owned or controlled by the defendants. DOES
3 126-150 participated in the illegal course of conduct that is the subject of this action as alleged herein.

4 38. DOES 151-200 are residents of countries other than the United States and are officers,
5 employees, or agents of the defendants and/or entities owned or controlled by the defendants. DOES
6 151-200 participated in the illegal course of conduct that is the subject of this action as alleged herein.

7 39. Except as described herein, plaintiffs are, as yet, ignorant of the true names, capacities,
8 nature and extent of the participation in the course of conduct alleged herein of the persons sued as
9 DOES 1-200 inclusive and, therefore, sues these defendants by such fictitious names. The state will
10 amend this Complaint to allege the true names and capacities of the Doe defendants when ascertained.

11 40. In addition, defendants unknown at this time may include independent physicians and
12 other medical providers who prescribed Covered Drugs and engaged in fraudulent billing practices, as
13 well as various other persons, partnerships, sole proprietors, firms, corporations and individuals that
14 may have participated as co-conspirators with defendants in the offenses alleged in this Complaint and
15 may have performed acts and made statements in furtherance of the alleged illegal conduct.

16 41. Each of the defendants designated herein as a Doe Defendant is legally responsible in
17 some manner for the unlawful acts referred to herein. Plaintiff will seek leave of Court to amend this
18 Complaint to reflect the true names and capacities of the defendants designated herein as Does when
19 such identities become known. Collectively, these companies are referred to as the “pharmaceutical
20 defendants” or defendants.

21 42. Each of the defendants named above participated in the Medicaid Rebate Program.

22 43. At all times relevant hereto, each of the defendants transacted business in the state of
23 Nevada, including but not limited to, selling and distributing products in the State.

24 **III. THE MEDICARE INSURANCE PROGRAM**

25 44. America’s prescription drug prices, already the highest in the world, have risen nearly
26 three times faster than inflation in the last ten years. This rapid increase has forced some people to
27 make difficult choices between drugs that keep them healthy or other life necessities like food and rent.

1 Although a variety of factors have contributed to the price increases, in some instances the
2 competitive market for prescription drugs has been abused.

3 45. Many state Medicaid administrators have been placed in the unenviable position of
4 having to ration needed health care services to the poor due to a lack of funds. For example, major
5 newspapers such as the Washington Post reported that the Clinton Administration abandoned its effort
6 to extend Medicaid coverage for AIDS therapies due to the high cost of drugs needed to treat HIV
7 patients (December 5, 1997).

8 46. While this case is not solely about Medicare, the Medicare program and its method of
9 using AWP as a basis for reimbursement is an important factual predicate to the scheme alleged herein.

10 47. In 1965, Congress enacted Title XVIII of the Social Security Act (known as “Medicare”
11 or the “Medicare Program”) to pay for the cost of certain medical services and care.

12 48. The Department of Health and Human Services (“HHS”) is an agency of the United
13 States Government that is responsible for the funding, administration and supervision of the Medicare
14 Program. At all relevant times, the Health Care Financing Administration (“HCFA”) was a division of
15 HHS, now known as the Center for Medicare and Medicaid Services (“CMS”), and was directly
16 responsible for the administration of the Medicare Program.

17 49. As a general matter, the Medicare Program does not cover the cost of prescription
18 pharmaceuticals which a Medicare beneficiary obtains pursuant to a prescription and thereafter self
19 administers (*e.g.*, by swallowing the drug in liquid or pill form). However, Medicare Part B does cover
20 some drugs, namely, those that cannot be self-administered and are furnished incident to a physician’s
21 services, including injectables that are administered by a medical provider.

22 50. Medicare calculates the “allowable amount” (*i.e.*, the amount that Medicare will pay)
23 based upon the payment methodology set forth in 42 C.F.R. § 405.517, which regulation was published
24 in the Federal Register on November 25, 1991, and became effective on or about January 1, 1992.

25 Section 405.517 provides:

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1 Payment for drugs and biologicals that are not paid on a cost or
prospective payment basis.

2 (a) Applicability. Payment for a drug or biological that is not paid on a
3 cost or prospective payment basis is determined by the standard
4 methodology described in paragraph (b) of this section. Examples of
5 when this procedure applies include a drug or biological furnished
6 incident to a physician's service, a drug or biological furnished by an
independent dialysis facility that is not included in the ESRD composite
rate set forth in § 413.170(c) of this chapter, and a drug or biological
furnished as part of the durable medical equipment benefit.

7 (b) Methodology. Payment for a drug or biological described in
8 paragraph (a) of this section is based on the lower of the actual charge on
the Medicare benefits **or 95 percent of the national average wholesale
9 price of the drug or biological.**

10 (c) Multiple-source drugs. For multiple-source drugs and biologicals, for
11 purposes of this regulation, the average wholesale price is defined as the
12 lesser of the median average wholesale price for all sources of the generic
forms of the drug or biological or the lowest average wholesale price of
the brand name forms of the drug or biological. (Emphasis added.)

13 51. Medicare and many Medicaid programs and other Third-Party Payors base
14 reimbursement to physicians and other providers of drugs on AWP. AWP are published for each drug
15 identified by a National Drug Code ("NDC").² Manufacturers periodically report AWP for NDCs to
16 publishers of drug pricing data, such as Medical Economics Company, Inc., which publishes the *Red
17 Book*, or First Data Bank, which compiles the National Drug Data File. Publishers of AWP and other
18 drug prices state that they list the prices reported to them by the manufacturers. There is no required
19 frequency for manufacturers to report AWP, but publishers claim that they attempt to update AWP at
20 least annually. Medicare carriers, the contractors responsible for paying Part B claims, use published
21 AWP to determine the Medicare-allowed amount, or payment level, which is 95 percent of AWP for
22 each HCPCS-coded drug.³

23 52. Physicians are able to obtain drugs at prices significantly below current Medicare
24 reimbursements. The widely available prices that are available from wholesalers and group purchasing

25 _____
26 ² NDCs are the universal product identifiers for drugs for human use; the Food and Drug Administration assigns the first
part of the NDC, which identifies the firm that manufactures, repackages, or distributes a drug. Each NDC is specific to a
chemical entity, dosage form, manufacturer, strength, and package size. For example, a drug made by one manufacturer, in
one form and strength, but in three package sizes, would have three NDCs.

27 ³ HCPCS is the Health Care Financing Administration Common Procedure Coding System, as maintained and
28 distributed by the Department of Health and Human Services.

1 organizations (“GPOs”) for physician-administered drugs are considerably less than AWP used to
2 establish the Medicare payment. For most of the high-expenditure or high-volume physician-
3 administered drugs, widely available discounts from AWP ranged from 13 percent to 34 percent.
4 Physicians who have been identified as low-volume billers for oncology drugs can also purchase drugs
5 for considerably less than Medicare’s payment. In addition to receiving reimbursement for drugs,
6 physicians are paid separately for services associated with drug administration under the Medicare
7 physician fee schedule.

8 53. Prior to January 1, 1998, the Medicare Part B “allowed amount” was interpreted as being
9 the lower of the “estimated acquisition cost” or 95% of the “national average wholesale price,” *i.e.*, the
10 AWP for the drug. The estimated acquisition cost for a drug could be determined by the Medicare
11 Program “based on surveys of the actual invoice prices paid for the drug,” taking into consideration the
12 estimated acquisition cost, including “factors such as inventory, waste and spoilage.” However,
13 historically the AWP published in the *First Data Bank* and similar publications has been used to
14 determine Medicare reimbursement.

15 54. In determining the AWP, HCFA uses the AWP published in industry publications such
16 as *First Data Bank*, *Blue Book*, or *Medispan* as the basis for reimbursement. Specifically, in PM AB-
17 99-63 (as of January 1, 1998), HCFA stated that it will pay drug and biologicals based on the lower of
18 the actual billed charge or 95 percent of the AWP reflected in pharmaceutical industry publication
19 sources such as *Red Book*, *Blue Book*, or *Medispan*.

20 55. In fact, and by common understanding, usage and practice in the industry, Medicare,
21 Medicaid and other providers have continued to determine the allowable payment for a prescription
22 drug based upon the AWP reported by the applicable pharmaceutical manufacturer. This is due, in
23 large measure, to practical problems with ascertaining “actual” or “estimated acquisition cost” charges,
24 given necessary adjustments for the enumerated factors such as spoilage, waste, and inventory.

25 56. Medicare Part B reimburses medical providers for 80% of the allowable amount. The
26 remaining 20% is paid by the Medicare beneficiary and is called the “co-payment” amount. In
27 addition, beneficiaries under Medicare Part B are required to pay an annual deductible amount before
28 Part B benefits are payable.

1 57. Throughout the 1990s, the *Red Book* and other publications such as *Blue Book* and
2 *Medispan* published AWP for pharmaceuticals. The *Red Book* and other publications simply publish
3 the prices that are supplied to them by the pharmaceutical manufacturers, including defendants,
4 generally without independent verification. Defendants knew that they could directly control and
5 fraudulently inflate the AWP for pharmaceuticals at any time by simply forwarding a higher, fictitious
6 AWP to the *Red Book* or other publications.

7 58. The actual price that providers pay for Medicare Part B drugs is not disclosed to the
8 State and certainly not to patients. Physicians and suppliers may belong to “GPOs” that pool the
9 purchases of multiple entities to negotiate prices with wholesalers or manufacturers. GPOs may
10 negotiate different prices for different purchasers, such as physicians, suppliers, or hospitals. In
11 addition, providers can purchase Part B-covered drugs from general or specialty pharmaceutical
12 wholesalers or they can have direct purchase agreements with manufacturers.

13 59. Certain practices involving these various entities has resulted in prices paid at the time of
14 sale that do not reflect the final net cost to the purchaser. Manufacturers or wholesalers offer
15 purchasers rebates based on the volume of products purchased not in a single sale but over a period of
16 time. Manufacturers also establish “chargeback” arrangements for end purchasers, which result in the
17 AWP overstating what those purchasers pay. Under these arrangements, the purchaser negotiates a
18 price with the manufacturer that is lower than the price the wholesaler charges for the product. The
19 wholesaler provides the product to the purchaser for the lower negotiated price, and the manufacturer
20 then pays the wholesaler the difference between the wholesale price and the negotiated price.

21 60. Most manufacturers sell drug products to physicians at a discount from AWP.
22 Sometimes these discounts are substantial. As noted herein, under Medicare rules physicians are
23 permitted to bill for such drugs at 95 percent of AWP, regardless of the drug’s cost to the physician.
24 This practice of taking advantage of the difference between the physician’s purchase price and the
25 amount that a physician is permitted to bill Medicare is referred to internally by defendants as
26 “marketing the spread.”

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1 61. There is a wide disparity between a drug’s estimated acquisition cost and Medicare’s
2 payment for that drug. Physician-billed drugs account for the bulk of Medicare spending on Part B
3 drugs. Of those billed by physicians, drugs used to treat cancer accounted for most of Medicare’s
4 expenditures.

5 62. In a September 21, 2000, report, the United States Government Accounting Office
6 (“GAO”) found that:

7 Widely available discounts for 17 of the physician-billed drugs we
8 examined averaged between 13 percent and 34 percent less than AWP.

9 For two other physician-billed drugs, Dolasetron mesylate and
10 Leucovorin calcium, average discounts were considerably larger – 65
percent and 86 percent less than AWP.

11 63. Two drugs for respiratory conditions, albuterol and ipratropium bromide, account for
12 most of the pharmacy-supplied drugs paid for by Medicare. In 2001, they were available to pharmacy
13 suppliers at prices that averaged, respectively, 85 percent and 78 percent less than AWP.

14 64. Two of the four high-volume oral immunosuppressives were available from wholesalers
15 with average discounts of 14 percent and 77 percent. Wholesale price information on the other two was
16 not available, but retail prices from online pharmacies were as much as 13 percent and 8 percent below
17 AWP.

18 65. According to the GAO report, the discounts on physician-billed drugs, based on
19 wholesaler and the GPOs’ catalogue prices, are notably lower than Medicare’s payment, which reflects
20 a discount of five (5) percent below AWP. The discounts indicate that, on a national level, Medicare’s
21 payments for these drugs were *at least \$532 million higher* than providers’ acquisition costs in just the
22 year 2000. Further, the discounts reported may only be the starting point for additional discounts
23 provided to certain purchasers, as chargebacks, rebates, and other discounts may drive down the final
24 sale price.

25 ////

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27 ////

66. The following table illustrates some of the discounts provided to physicians⁴:

Table 1: **Widely Available Discounts From AWP for Medicare-Covered Drugs Billed Primarily by Physicians, 2001**

Drug name	Specialty most frequently billed for drug	Average AWP^a	Average widely available discount from AWP (percentage)^b
Leuprolide acetate (for depot suspension)	urology	\$618.93	17.6
Rituximab	oncology ^c	\$478.47	19.2
Goserelin acetate implant	urology	\$469.99	21.9
Docetaxel	oncology	\$313.51	22.0
Filgrastim (G-CSF) 480 mcg	oncology	\$300.40	18.0 ^d
Pamidronate disodium	oncology	\$279.86	16.8
Hylan G-F 20	orthopedic surgery	\$225.13	17.7 ^d
Filgrastim (G-CSF) 300 mcg	oncology	\$193.62	18.4 ^d
Paclitaxel	oncology	\$180.57	19.0
Irinotecan	oncology	\$141.32	22.9
Carboplatin	oncology	\$120.48	20.3
Gemcitabine HCl	oncology	\$112.34	21.3
Dolasetron mesylate, injection	oncology	\$45.02	65.0 ^d
Granisetron HCl, injection	oncology	\$19.52	29.3
Leucovorin calcium	oncology	\$18.44	85.6
Epoetin alpha for non-ESRD use	oncology	\$12.91	15.2
Ondansetron HCl, injection	oncology	\$6.41	12.8
Botulinum toxin type A	neurology	\$4.86	N/a ^e
Imiglucerase	oncology	\$3.95	N/a ^e
Dexamethasone sodium phosphate	oncology	\$1.44	14.2
Heparin sodium	oncology	\$0.43	34.4

^a“Average AWP” is the average of AWP of each NDC for that product adjusted to the HCPCS-defined dosage.

^b“Average widely available discount from AWP” for each drug was calculated by (1) determining the average widely available price(s) for each NDC for that drug, (2) determining the percentage difference between the average widely available price(s) and the AWP for each NDC for the drug, and (3) averaging the percentage differences for all NDCs for that drug.

^c“Oncology” specialty includes hematology/oncology and medical oncology.

67. The “spread” is so significant that in some instances a patient’s 20% co-payment is more than the cost of the drug to the doctor or provider, as evidenced in the table below⁵:

⁴ Source: September 2001 GAO Report-01-1118.

⁵ Source: Stark Investigative Materials.

Drug	HCPCS Code	1999 Florida Medicare Allowable	20% Co-Payment	1999 Wholesale Cost
Leucovorin 50mg	J0640	\$19.50	\$3.90	\$1.48
Gentamycin 80mg	J1580	\$4.74	\$0.95	\$0.56
Sodium Chloride 0.9% 500ml	J7040	\$10.30	\$2.06	\$1.46
5% Dextrose/Sodium Chloride 0.9% 500ml	J7042	\$10.75	\$2.15	\$2.00
Sodium Chloride 0.9% 250ml	J7050	\$10.90	\$2.18	\$1.33
5% Dextrose in Water 500ml	J7060	\$9.73	\$1.95	\$1.50
Lactated Ringers 1000ml	J7120	\$12.67	\$2.53	\$2.25
Doxorubicin 10mg	J9000	\$46.42	\$9.28	\$6.10
Cyclophosphamide Lyophilized	J9096	\$48.85	\$9.77	\$9.95
Etoposide 10mg	J9181	\$12.93	\$2.59	\$0.75
Etoposide 100mg	J9182	\$129.34	\$25.87	\$7.50
Vincristine 1mg	J9370	\$30.16	\$6.03	\$3.50
Vincristine 2mg	J9375	\$33.33	\$6.67	\$5.95

68. Upon information and belief, each of the defendant pharmaceutical companies has also utilized a large array of other inducements to stimulate sales of their drugs. These inducements, including “educational grants,” volume discounts, and rebates or free goods, were designed to result in a lower net cost to the purchaser while concealing the actual cost price beneath a high invoice price. A product invoiced at \$100 for ten units of a drug item might really only cost the purchaser one-half that amount. If we assume a subsequent shipment of an additional ten units at no charge, or a “grant,” “rebate” or “credit memo” in the amount of \$50, the transaction would truly cost just \$5.00 per unit net. Through all these “off-invoice” means, drug purchasers were provided the substantial discounts that induced their patronage while maintaining the fiction of a higher invoice price – the price that corresponded to reported AWP and inflated reimbursement from Medicaid and Medicare.

69. In 2000, state and federal investigators challenged the reported AWP of various drugs. Thereafter, certain companies lowered their reported AWP on various drugs, thereby admitting that prior reported AWP were artificially inflated.

70. Among those directly harmed by the defendants’ manipulation of the AWP in the Medicare context are Nevada residents who, as Patients, have been compelled to pay excessive

1 co-payments for medications based upon the falsely inflated AWP.

2 **IV. THE AWP SCHEME ALSO INFLICTS DAMAGES**
3 **ON THE STATE OF NEVADA**

4 71. The damages inflicted by the AWP Scheme are not confined to Medicare payors.

5 72. In addition, numerous State agencies have overpaid for medications based upon the
6 fraudulently reported AWP.

7 73. Likewise, most Medicaid payors including the State of Nevada historically have also
8 typically based reimbursement on the AWP.

9 74. On August 10, 2001, the U.S. Department of Health and Human Services, Office of the
10 Inspector General (“OIG”), reported the results of a survey of 216 pharmacies in eight states and
11 obtained 16,024 invoices for brand name drug products. The OIG report concluded that nationally,
12 pharmacy cost was 21.84 percent below AWP, a 19.3 percent increase from 1994. This report further
13 concluded that although many states paid a discount of 10 percent off AWP, this was not sufficient to
14 “ensure that a reasonable price is paid for drugs.”

15 75. Recently, one drug company agreed to settle claims asserted by the U.S. Government
16 arising from this practice. According to the Department of Justice’s litigation release:

17 The government’s investigation of the allegations revealed that Bayer
18 beginning in the early 1990s falsely inflated the reported drug prices –
19 referred to by the industry as the Average Wholesale Price (AWP), the
20 Direct Price and the Wholesale Acquisition Cost – used by state and
21 federal governments to set reimbursement rates for the federally and state
22 funded Medicaid Program. By setting an extremely high AWP and,
23 subsequently, selling the product to doctors at a dramatic discount, Bayer
24 enabled physicians to receive excess reimbursement from private and
25 government insurers. The Bayer AWP, at issue in the investigation,
26 involved several of Bayer’s biologic products such as Kogenate, Koate-
27 HP, and Gamimmune, which are widely used in treating hemophilia and
immune deficiency diseases.

28 The investigation further revealed that Bayer was engaging in a practice
referred to as “marketing the spread” that also has the effect of
discouraging market competition from companies that do not inflate
AWPs as a way of attracting doctors to their products. The department’s
probe also showed that some physicians and home health companies
ignore the products of companies that refuse to create these profit
windfalls for customers.

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1 The parties also are settling allegations that Bayer knowingly underpaid
2 the Medicaid Program for rebates owed by it to the states. The Medicaid
3 Rebate program was initiated in 1991 to require drug companies to pay
4 quarterly rebates to states in a way that accounts for discounts that drug
5 companies give to customers. Under the program, Bayer was required to
6 report the best price offered to any commercial, for-profit customer to the
7 government and calculate a quarterly rebate based, in part, upon the best
8 price. The investigation revealed that certain of Bayer's customers
9 received discounts unaccounted for by the multi-national pharmaceutical
10 company in its quarterly best price calculations thereby allowing Bayer to
11 underpay the rebates it owed.

12 76. Under 42 U.S.C. § 1396r-8, in order for a manufacturer of a drug to have its products
13 compensated under a state's Medicaid Program, the manufacturer had to enter into a rebate agreement
14 with the Secretary of Health and Human Services. Pursuant to the rebate agreement, the manufacturer
15 promised to report to the Medicaid Program its best price. The statute defines the best price as "the
16 lowest price available from the manufacturer during the rebate period to any wholesaler, retailer,
17 provider, health maintenance organization, nonprofit entity or governmental entity." The section also
18 provides that "best price" includes "cash discounts, free goods that are contingent on any purchase
19 requirement, volume discounts and rebates" and does not include "prices that are merely nominal in
20 amount."

21 77. Each defendant entered into a Rebate Agreement with the U.S. Secretary of Health and
22 Human Services. In that agreement, each agreed to comply with Section 1396r-8, and hence:

23 (a) Agreed to report its best price, inclusive of cash discounts, free goods contingent
24 upon any purchase requirements, volume discounts and rebates, in any quarter and to make rebates
25 where necessary;

26 (b) Agreed that it would determine its best price based upon its average
27 manufacturer's price, calculated as "net Sales divided by numbers of units sold, excluding free goods
28 (*i.e.*, drugs or any other items given away, but not contingent on any purchase requirements)" and that it
would include in that calculation cash discounts and all other price reductions "which reduce the actual
price paid"; and

(c) Agreed that the best price would not take into account nominal prices, defined as
prices that are less than 10 percent of the average manufacturer's price in that quarter, so long as the
sale of product at a nominal price was not contingent on any other sale.

1 manipulating the AWP to create falsely inflated “spreads” and resulting financial incentives to
2 providers to prescribe specific drugs subject to the AWP Scheme.

3 86. The manipulation of AWP at the expense of Medicare, Medicaid and their respective
4 patients is further revealed when the defendants sell drugs that are not reimbursed by Medicare or
5 Medicaid. In these circumstances, the drug companies often report accurate AWP and actually
6 compete with other drug companies on the basis of having a lower AWP than the other company. The
7 company with the lower AWP will urge physicians to consider the cost to the patient when selecting
8 drugs and promote its lower AWP as a selling tool. Thus, where Medicare and Medicaid are not
9 involved, defendants often ensure that their AWP are accurate so as to compete for market share based
10 on price.

11 87. Defendants were aware that physicians would purchase and utilize products that have the
12 widest spread between the providers’ true costs and the reimbursement paid by third parties. All
13 defendants made representations of their AWP for various drugs, which representations were not
14 accurate. In doing so, defendants hoped that providers would view the inflated AWP as a reason for
15 selecting their drug. Defendants also knew that this selection would be at the expense of patients who
16 were making a co-payment and at the expense of governmental payors.

17 88. Thus, although they are competitors, each of the defendants agreed to a scheme whereby
18 each would publish in the *Red Book*, *Blue Book* and *Medispan* its artificially inflated “AWP.” Each
19 defendant knew that the AWP were fictitious, but each one followed course and published its own
20 fictitious AWP pursuant to its express or tacit agreement to do so.

21 VI. THE CONGRESSIONAL INVESTIGATION

22 89. The United States Congress has been investigating defendants’ wrongful activities. In a
23 letter sent to each of the defendants dated October 31, 2000, Congressman Stark stated in pertinent part:
24

25 You should by now be aware of Congressional investigations revealing
26 that Abbott has for many years reported and published inflated and
27 misleading data and has engaged in other deceptive business practices.
28 This letter is a call for your company to immediately cease overcharging
taxpayers and jeopardizing public health . . . The price manipulation
scheme is executed through Abbott’s inflated representations of average
wholesale price (AWP) and direct price (“DP”) which are utilized by the
Medicare and Medicaid Programs in establishing drug reimbursements to

1 providers. The difference between the inflated representations of AWP
2 and DP versus the true price providers are paying, is regularly referred to
3 in your industry as “the spread.” The evidence amassed by Congress
4 clearly shows that Abbott has intentionally reported inflated prices and
5 has engaged in other improper business practices in order to cause its
6 customers to receive windfall profits from Medicare and Medicaid when
7 submitting claims for certain drugs. The evidence further reveals that
8 Abbott manipulated prices for the express purpose of expanding sales and
9 increasing market share of certain drugs. This was achieved by arranging
10 financial benefits or inducements that influenced the decisions of health
11 care providers submitting Medicare and Medicaid claims . . . Based on
12 the evidence collected, Abbott should make arrangements to compensate
13 taxpayers for the financial injury caused to federally funded programs.
14 Any refusal to accept responsibility will most certainly be indicative of
15 the need for Congress to control drug prices. If we cannot rely upon drug
16 companies to make honest and truthful representations about their prices,
17 then Congress will be left with no alternative but to take decisive action
18 to protect the public.

19 90. In a letter dated September 28, 2000, sent from the House of Representatives Committee
20 on Ways and Means, Subcommittee on Health to the President of the trade organization known as the
21 Pharmaceutical Research and Manufacturers of America, Congressman Stark stated:

22 This corruptive scheme is perverting financial integrity of the Medicare
23 program and harming beneficiaries who are required to pay 20% of
24 Medicare’s current limited drug benefit.

25 91. In his letter, Congressman Stark made the following five “shocking conclusions”:

26 First – Certain drug manufacturers have abused their position of privilege
27 in the United States by reporting falsely inflated drug prices in order to
28 create a de facto improper kickback for their customers.

Second – Certain drug manufacturers have routinely acted with impunity
in arranging improper financial inducements for their physicians and
other healthcare provider customers.

Third – Certain drug manufacturers engage in the fraudulent price
manipulation for the express purpose of causing federally funded health
care programs to expend scarce tax dollars in order to arrange de facto
kickbacks for the drug manufacturers’ customers at a cost of billions of
dollars.

Fourth – Certain drug manufacturers arrange kickbacks to improperly
influence physicians’ medical decisions and judgments notwithstanding
the severely destructive effect upon the physician/patient relationship and
the exercise of independent medical judgment.

Fifth – Certain drug manufacturers engage in illegal price manipulation in
order to increase utilization of their drugs beyond that which is necessary
and appropriate based on the exercise of independent medical judgment
not affected by improper financial incentives.

1 105. The wrongful conduct alleged in this Complaint occurs and continues to occur in the
2 ordinary course of defendants' business or occupation and has caused great harm to the State of Nevada
3 and its residents, who were foreseeable and direct victims of defendants' wrongful conduct.

4 106. Defendants' violations of the Deceptive Trade Practices Act were committed with the
5 intent to mislead and defraud.

6 107. Defendants' wrongful, deceptive and illegal conduct has resulted in excessive and illegal
7 profits to defendants and excessive payments made by Patients who are Nevada residents.

8 WHEREFORE, the State of Nevada prays as follows:

9 A. That the Court adjudge and decree that defendants have engaged in the conduct alleged
10 herein.

11 B. That the Court adjudge that the conduct is unlawful and in violation of
12 NRS 598.0915(13), 598.0915(15) and 598.0923(3).

13 C. That the Court enjoin and restrain defendants and their officers, agents, servants, and
14 employees, and those in active concert or participation with them, from continuing to engage in such
15 conduct or other conduct having similar purpose or effect.

16 D. That the Court enjoin defendants and order that any and all future disseminations of
17 AWP and "best price" accurately reflect the average wholesale prices paid by physicians and
18 pharmacies.

19 E. That, pursuant to NRS 598.0993, the Court make such orders or judgments as may be
20 necessary to restore to Patients who reside in the State of Nevada all moneys which defendants acquired
21 from them by means of any of the deceptive trade practices complained of herein.

22 F. That the State of Nevada recover from defendants the costs of this action, including
23 reasonable attorneys' fees.

24 G. That the Court Order such other and further relief as it may deem just, necessary and
25 appropriate.

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1 **COUNT II**

2 **DECEPTIVE TRADE PRACTICES DIRECTED AT ELDERLY NEVADA RESIDENTS**
3 **(Violations of NRS 598.0973)**

4 **CLAIM FOR CIVIL PENALTIES AND INJUNCTIVE RELIEF**

5 108. The State of Nevada repeats and realleges the preceding paragraphs of this Complaint as
6 if fully set forth herein.

7 109. This Claim is brought for civil penalties and injunctive relief to prevent the harm caused
8 to elderly Patients in Nevada by the AWP Scheme.

9 110. Defendants' conduct as alleged in this Complaint constitutes deceptive acts or practices
10 in violation of NRS 598.0915(13), 598.0915(15), 598.0923(2), and 598.0923(3) in that:

11 (a) Defendants have failed to disclose material facts in
12 connection with the sale of goods in that they have not disclosed that the
13 AWP does not reflect the true average wholesale price of the drug
14 products they sell, but are instead inflated in order to drive up the prices
15 paid by Patients within the State of Nevada;

16 (b) Defendants have made false or misleading statements of
17 facts concerning the price of goods in that they have lied about the true
18 AWP paid for their medications in order to drive up the prices paid by
19 elderly Patients within the State of Nevada;

20 (c) Defendants have knowingly made false representations in
21 a transaction by representing that the AWP is an accurate reflection of the
22 average wholesale price paid for their drugs; and

23 (d) Defendants have violated state and federal statutes and
24 regulations relating to the sale or lease of goods including, without
25 limitation, the Nevada RICO statute (NRS 207.470 *et seq.*), the federal
26 regulations governing the determination of Medicare payments for drugs
27 (42 C.F.R. § 405.517), the federal mail and wire fraud statutes, 18 U.S.C.
28 §§ 1341 and 1343 and the Racketeer Influenced and Corrupt
Organizations Act (RICO), particularly 18 U.S.C. § 1962(c) & (d).

111. Defendants' conduct was in disregard of the rights of elderly persons, many of whom are
forced to make expensive co-payments based on defendants' falsified AWP. The defendants knew or
should have known that their AWP Scheme would adversely affect elderly persons, and such persons
are more vulnerable to defendants' scheme given their age and/or conditions and their need for
defendants' drugs. Further, defendants' conduct caused elderly persons to suffer substantial economic
damage.

1 112. The wrongful conduct alleged in this Complaint occurs and continues to occur in the
2 ordinary course of defendants' business or occupation and has caused great harm to the State of Nevada
3 and its residents.

4 113. Defendants' violations of the Deceptive Trade Practices Act were committed with the
5 intent to mislead and defraud.

6 114. Defendants' wrongful, deceptive and illegal conduct has resulted in excessive and illegal
7 profits to defendants and excessive payments made by elderly Patients in Nevada.

8 WHEREFORE, the State of Nevada prays as follows:

9 A. That the Court adjudge and decree that defendants have engaged in the conduct alleged
10 herein.

11 B. That the Court adjudge that the conduct is unlawful and in violation of
12 NRS 598.0915(13), 598.0915(15), 598.0923(2), 598.0923(3) and 598.0973.

13 C. That the Court enjoin and restrain defendants and their officers, agents, servants, and
14 employees, and those in active concert or participation with them, from continuing or engaging in such
15 conduct or other conduct having similar purpose or effect.

16 D. That the Court enjoin defendants and order that any and all future disseminations of
17 AWP accurately reflect the average wholesale prices paid by physicians and pharmacies.

18 E. That, pursuant to NRS 598.0973(1), the Court assess civil penalties of \$10,000 from
19 each defendant for each violation directed toward an elderly person as complained of herein.

20 F. That the State of Nevada recover from defendants the costs of this action, including
21 reasonable attorneys' fees.

22 G. That the Court order such other and further relief as it may deem just, necessary and
23 appropriate.

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1 **COUNT III**

2 **DECEPTIVE TRADE PRACTICES**
3 **(Violations of NRS 598.0903 *Et Seq.*)**

4 **CLAIM FOR CIVIL PENALTIES, INJUNCTIVE RELIEF, AND**
5 **RESTITUTION FOR THE STATE OF NEVADA**

6 115. The State of Nevada repeats and realleges the preceding paragraphs of this Complaint as
7 if fully set forth herein.

8 116. This Claim is brought for restitution of the losses suffered by State of Nevada as a result
9 of the AWP Scheme and the failure to accurately report the “best price,” to recover civil penalties for
10 defendants’ massive violations of Nevada law, and to impose injunctive relief ending the unlawful
11 AWP Scheme.

12 117. Defendants’ conduct as alleged in this Complaint constitutes deceptive acts or practices
13 in violation of NRS 598.0915(13), 598.0915(15), 598.0923(2), and 598.0923(3) in that:

14 (a) Defendants have failed to disclose material facts in
15 connection with the sale of goods in that they have not disclosed that the
16 AWP does not reflect the true average wholesale price of the drug
17 products they sell, and that the “best prices” they report are not the actual
18 “best prices” offered to other commercial entities, but are instead inflated
19 in order to drive up the prices paid for medications by the State of
20 Nevada;

21 (b) Defendants have made false or misleading statements of
22 facts concerning the price of goods in that they have lied about the true
23 AWP and “best prices” paid for their medications in order to drive up the
24 prices paid by the State of Nevada;

25 (c) Defendants have knowingly made false representations in
26 a transaction by representing that the AWP is an accurate reflection of the
27 average wholesale price paid for their drugs, and that their reported “best
28 prices” are in fact the “best prices” offered to a commercial entity for
their drugs; and

(d) Defendants have violated state and federal statutes and
regulations relating to the sale or lease of goods including, without
limitation, the “best price” requirement of the Medicaid statute (Nevada
RICO statute (NRS 207.470 *et seq.*), the federal regulations governing the
determination of Medicare payments for drugs (42 C.F.R. § 405.517), the
federal mail and wire fraud statutes, 18 U.S.C. §§ 1341 and 1343 and the
Racketeer Influenced and Corrupt Organizations Act (RICO), particularly
18 U.S.C. § 1962(c) & (d).

118. Defendants acted willfully and knowingly in committing the actions set forth above.

1 119. The wrongful conduct alleged in this Complaint occurs and continues to occur in the
2 ordinary course of defendants' business or occupation and has caused great harm to the State of Nevada
3 and its residents.

4 120. Defendants' violations of the Deceptive Trade Practices Act were committed with the
5 intent to mislead and defraud.

6 121. Defendants' wrongful, deceptive and illegal conduct has resulted in excessive and illegal
7 profits to defendants and excessive payments by the State of Nevada and its residents.

8 WHEREFORE, the State of Nevada prays as follows:

9 A. That the Court adjudge and decree that defendants have engaged in the conduct alleged
10 herein.

11 B. That the Court adjudge that the conduct is unlawful and in violation of
12 NRS 598.0915(13), 598.0915(15) and 598.0923(3).

13 C. That the Court enjoin and restrain defendants and their officers, agents, servants, and
14 employees, and those in active concert or participation with them, from continuing to engage in such
15 conduct or other conduct having similar purpose or effect.

16 D. That the Court enjoin defendants and order that any and all future disseminations of
17 AWP and "best price" accurately reflect the average wholesale prices paid by physicians and
18 pharmacies, and the "best price" offered to any commercial entity, respectively.

19 E. That, pursuant to NRS 598.0999, the Court assess civil penalties of \$2,500 from each
20 defendant for each willful violation of NRS 598.0903 to 598.0997 complained of herein.

21 F. That, pursuant to NRS 598.0993, the Court make such additional orders or judgments as
22 may be necessary to restore to the State all moneys which defendants acquired from it by means of any
23 of the deceptive trade practices complained of herein.

24 G. That, pursuant to NRS 598.0993, the Court order defendants to pay restitution which
25 restores the State to the financial position that it would be in, absent the defendants' conduct.

26 H. That the State of Nevada recover from defendants the costs of this action, including
27 reasonable attorneys' fees.

1 I. That the Court order such other and further relief as it may deem just, necessary and
2 appropriate.

3 **COUNT IV**

4 **RACKETEERING**
5 **(Violations of NRS 207.470 *Et Seq.*)**

6 **CLAIM FOR TREBLE DAMAGES TO STATE OF**
7 **NEVADA AND CIVIL FORFEITURE**

8 122. The State of Nevada incorporates by reference all preceding paragraphs as if fully set
9 forth herein.

10 123. This Claim is brought for treble damages to the State of Nevada and civil forfeiture of
11 the profits wrongfully obtained by defendants as a result of their racketeering activities as detailed
12 herein.

13 124. At all relevant times, defendants each conducted the affairs of an association-in-fact
14 enterprise within the meaning of NRS 207.380.

15 125. Subsequent to July 1, 1983, and within five-year periods, each defendant engaged in far
16 more than two crimes related to racketeering that have the same or similar pattern, intents, results,
17 accomplices, victims or methods of commission, and are otherwise related by distinguishing
18 characteristics and are not isolated instances.

19 126. The “enterprise” is an association-in-fact consisting of the various and independent
20 medical providers (physicians) who prescribed the Covered Drugs and engaged in fraudulent billing
21 practices on the one hand, and defendants, including their directors, employees, and agents on the other
22 hand (“the AWP Enterprise”). The AWP Enterprise is an ongoing and continuing business organization
23 consisting of both corporations and individuals that are and have been associated for the common
24 purposes of selling, purchasing, prescribing, and administering the Covered Drugs to Patients in the
25 State of Nevada and across the country, and deriving profits from these activities.

26 127. The AWP Enterprise affects commerce by engaging in the sale and/or purchase of the
27 Covered Drugs, the transmission of sales and marketing literature, and the transmission and/or receipt
28 of invoices and payments related to the use of the Covered Drugs within the State of Nevada. In

1 addition, the AWP Enterprise prescribes and/or administers the Covered Drugs to thousands of
2 individuals located within the State of Nevada.

3 128. Defendants' illegal conduct and practice was carried out by an array of employees,
4 working across state boundaries including Nevada, who necessarily relied upon frequent transfer of
5 false information, products and funds.

6 129. Defendants have exerted control over the AWP Enterprise, and have directly or
7 indirectly conducted or participated in the conduct of the affairs of that enterprise, in the following
8 ways:

9 (i) Defendant pharmaceutical companies have directly controlled the price at which
10 medical providers purchase the Covered Drugs;

11 (ii) Defendants have directly controlled the AWP's that are reported in the *Red Book*
12 and similar industry publications;

13 (iii) Defendants have directly controlled the price at which medical providers
14 (physicians) are reimbursed by the Medicare and Medicaid Programs;

15 (iv) Defendants have directly controlled the creation and distribution of marketing,
16 sales, and other materials used to inform medical providers (physicians) nationwide of the profit
17 potential of the Covered Drugs;

18 (v) Defendants have directly controlled the marketing and sales scheme to artificially
19 and unlawfully inflate the Medicare and Medicaid reimbursement rates (and co-payment rate) to induce
20 medical providers (physicians) to prescribe the Covered Drugs to their patients;

21 (vi) Defendants have directly controlled the use and distribution of free samples of
22 the Covered Drugs to medical providers (physicians);

23 (vii) Defendants have directly or indirectly controlled the ability of medical providers
24 (physicians) to unlawfully seek reimbursement from the Medicare Program for free samples;

25 (viii) Defendants have relied upon their employees and agents to promote the
26 fraudulent marketing schemes alleged herein; and
27

28 ///

///

1 (ix) Defendants have controlled and participated in the affairs of the AWP Enterprise
2 by using a fraudulent scheme to manufacture, market and sell the Covered Drugs through the use of
3 unlawful inducements to medical providers (physicians).

4 130. Defendants have conducted and participated in the affairs of the AWP Enterprise
5 through a pattern of racketeering activity that includes acts indictable under NRS 205.380. In
6 particular, by (i) reporting artificially high AWP, (ii) not selling medications to Medicaid providers at
7 the “best price” as required, and (iii) representing that their sales price was related to the AWP,
8 defendants obtained money from the State of Nevada, and Patients and Third-Party Payors residing
9 therein under false pretenses.

10 131. In conducting the AWP Scheme as detailed above and throughout this Complaint, each
11 defendant: (1) had the intent to defraud the State of Nevada, and Patients and Third-Party Payors
12 residing therein, and (2) made numerous false representations concerning AWP and the “best price”
13 paid for their medications.

14 132. The State of Nevada, and Patients and Third-Party Payors residing therein, were
15 defrauded out of money by the AWP Scheme in that (1) they relied on defendants’ representations
16 concerning AWP and the “best price” paid for their medication, and (2) they paid excessive prices for
17 the medications as a result.

18 133. Defendants’ pattern of racketeering involved hundreds, if not thousands, of separate
19 instances of obtaining money under false pretenses pursuant to NRS 205.380, and insurance fraud in
20 violation of NRS 686A.291 and 686A.2815. Each of these instances constitutes a “crime related to
21 racketeering” within the meaning of NRS 207.360.26. Collectively, these violations constitute
22 “racketeering activity” within the meaning of NRS 207.390 in which the defendants intended to defraud
23 Plaintiff and other intended victims of the scheme.

24 134. Defendants’ fraudulent and unlawful scheme consisted first of deliberately overstating
25 the AWP for the Covered Drugs, creating a “spread” based on the inflated figure to induce medical
26 providers to prescribe the Covered Drugs to their patients, thereby causing the Medicare Program to
27 pay an artificially-inflated rate of reimbursement for the Covered Drugs. Defendants’ fraudulent and
28

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1 unlawful marketing scheme also consisted of providing free samples of the Covered Drugs to medical
2 providers, instructing these professionals to bill the Medicare Program for these free samples, and
3 providing other unlawful financial incentives, including kickbacks, to induce use of the Covered Drugs.
4 Through the AWP Scheme, the defendants also deliberately misstated the “best price” paid by
5 commercial entities in order to illegally deprive the State of its Medicaid rebates, as well as to
6 overcharge other State agencies.

7 135. Finally, in order to obtain higher payments from residents in Nevada, the defendants
8 fraudulently misrepresented that the AWPs accurately reflected the average wholesale prices paid by
9 hospitals and physicians for their drugs, thereby committing insurance fraud within the meaning of
10 NRS 686A.2815(2)-(4), (6) and (8).

11 136. These schemes were calculated and intentionally crafted so as to ensure that the
12 Medicare and Medicaid Programs would be over-billed for the Covered Drugs, as well as Patients
13 residing in Nevada. In designing and implementing these fraudulent schemes, defendants were at all
14 times cognizant of the fact that: (1) the entire Medicare Program and all patients for whom the Covered
15 Drugs are prescribed; and (2) the State of Nevada in its Medicaid payments for prescription drugs, as
16 well as payments made by other state agencies, all rely upon the honesty of defendants in setting the
17 AWP as reported in the *Red Book* and similar publications.

18 137. By intentionally and artificially inflating the AWP and by providing medical providers
19 with unlawful financial inducements to use the Covered Drugs, and by subsequently failing to disclose
20 such practices to the Patients and others from whom reimbursement was sought, defendants engaged in
21 a repeated, fraudulent, and unlawful course of conduct constituting a pattern of racketeering.

22 138. These racketeering activities amounted to a common course of conduct, with similar
23 pattern and purpose, intended to deceive plaintiff and other victims of the scheme. Each separate
24 instance of racketeering activity perpetrated by the defendants was related, had similar intended
25 purposes, involved similar participants and methods of execution, and had the same results affecting the
26 same victims, including the State of Nevada, and Patients residing therein. Defendants have engaged in
27 this racketeering activity for the purpose of conducting the ongoing business affairs of the AWP

28 Enterprise.

1 139. Defendants' violations and pattern of racketeering activity have directly and proximately
2 caused the State of Nevada and Patients and Third-Party Payors residing therein to be injured in their
3 property insofar as they have paid millions of dollars in inflated reimbursements or other payments for
4 the Covered Drugs, and the State has been deprived of its proper Medicaid rebates.

5 140. The State of Nevada and Patients residing therein have relied to their detriment on
6 billing statements that were based on information reported directly or indirectly by defendants. As a
7 result of defendants' fraudulent acts, the billing statements so distributed have resulted in inflated
8 payments for the State and its resident Patients.

9 WHEREFORE, the State of Nevada prays as follows:

10 A. That the Court adjudge and decree that defendants have engaged in the conduct alleged
11 herein.

12 B. That the Court adjudge that the conduct is unlawful and in violation of NRS 207.400,
13 and NRS 207.360.26.

14 C. That the Court enjoin and restrain defendants and their officers, agents, servants, and
15 employees, and those in active concert or participation with them, from continuing to engage in such
16 conduct or other conduct having similar purpose or effect.

17 D. That the Court enjoin defendants and order that any and all future disseminations of
18 AWP accurately reflect the average wholesale prices and best prices paid by physicians and
19 pharmacies.

20 E. That, pursuant to NRS 207.460, the Court order that defendants forfeit all property,
21 including money, derived from or gained through defendants' conduct in violation of NRS 207.400.

22 F. That, pursuant to NRS 207.470, the Court find that defendants are jointly and severally
23 liable to the State of Nevada for three times the damages it has sustained as a result of the defendants'
24 violations of NRS 207.400.1.

25 G. That, pursuant to NRS 207.480, the Court order defendants to pay restitution that
26 restores the State to the financial position that it would be in, absent the defendants' conduct.

27 H. That, pursuant to NRS 207.480, the State of Nevada recover from defendants the costs of
28 this action, including reasonable attorneys' fees.

1 I. That the Court order such other and further relief as the Court deems just, necessary and
2 appropriate.

3 **COUNT V**

4 **MEDICAID FRAUD**
5 **(Violations of NRS 422.540 *Et Seq.*)**
6 **CLAIM FOR CIVIL PENALTIES**

7 141. The State of Nevada incorporates by reference all preceding paragraphs as if fully set
8 forth herein.

9 142. This Claim is brought for civil penalties pursuant to NRS 422.580.

10 143. Each of the defendant pharmaceutical companies is a manufacturer of drugs included in
11 the Nevada Medicaid drug formulary.

12 144. Pursuant to 42 U.S.C. § 1396r-8, each of the defendant pharmaceutical companies
13 entered into a rebate agreement with the Medicaid Program under which the Medicaid Program would
14 receive rebates determined in part by “best price,” which is defined as “the lowest price available from
15 the manufacturer.”

16 145. In particular, as part of the rebate agreement, each defendant agreed that:

17 (a) It would determine its best price, taking into account discounts, free goods
18 contingent upon any purchase requirements, volume discounts and rebates, in any quarter and would
19 make quarterly rebates where necessary to bring the price down to the actual lowest price offered to any
20 commercial entity;

21 (b) It would also determine its best price based upon its average manufacturer’s
22 price, calculated as “net Sales divided by numbers of units sold, excluding free goods (*i.e.*, drugs or any
23 other items given away, but not contingent on any purchase requirements)” and that it would include in
24 that calculation cash discounts and all other price reductions “which reduce the actual price paid;” and

25 (c) It would not take into account nominal prices, defined as prices that are less than
26 10 percent of the average manufacturer’s price in that quarter, so long as the sale of a product at a
27 nominal price was not contingent on any other sale.

1 146. After execution of its agreement, each defendant reported its “best price” in each quarter
2 to the Medicaid Program.

3 147. In keeping with their artificial price inflation scheme, each defendant with respect to, but
4 not limited to the following drugs, did not report the actual “best price” or “average manufacturer’s
5 price,” but instead (i) reported higher prices and (ii) excluded discounts and other inducements offered
6 to physicians that resulted in lower prices than the prices reported to the Medicaid Program. The drugs
7 include: Ativan®, Premarin®, Epogen/Procrit®, Neupogen®, Aransep®, Zoladex®, Casdex®,
8 Pentacarinat®, Depocyt®, Gammagard®, Alkeran®, Hycamtis®, Amikin®, Neosar®, Toposar®,
9 Andrucil®, Camptosar®, Ellence®, Lasix®, Novantrone®, Nebcin®, Vancocin®, Oncovin®,
10 Garamycin®, IntronA®, and Temodar®.

11 148. In keeping with their artificial price inflation scheme, each defendant did not report the
12 actual “best price” or “average manufacturer’s price,” but instead (i) reported higher prices and (ii)
13 excluded discounts and other inducements offered to physicians that resulted in lower prices than the
14 prices reported to the Medicaid Program.

15 149. Each of the defendants thereby violated NRS 422.540(1)(a) in that, acting with the intent
16 to defraud, each defendant made or caused claims to be made to the effect that the Medicaid Program
17 was receiving rebates based upon accurately reported “best price” information, knowing the claims to
18 be rendered false, in whole or in part, by falsely reporting the prices paid by commercial entities for its
19 products and not accounting for the discounts and other inducements offered to commercial entities.

20 150. Each of the defendants also violated NRS 422.540(1)(b) and (d), in that, acting with the
21 intent to defraud and in order to obtain authorization to qualify as a provider and to provide specific
22 goods, each defendant made or caused to be made false statements promising that it would comply with
23 the mandates of 42 U.S.C. § 1396r-8.

24 151. As a result of the defendants’ violations of NRS 422.540(1)(a), (b) and (d), the Medicaid
25 Program paid substantially higher prices for defendants’ products than it could have, and the Medicaid
26 Program was deprived of its appropriate rebate as a result of defendants’ inaccurate reporting of best
27 price.

1 WHEREFORE, the State of Nevada prays as follow:

2 A. That the Court adjudge and decree that the defendants have engaged in the conduct
3 alleged herein;

4 B. That the Court adjudge that the conduct is unlawful and in violation of NRS
5 422.540(1)(a), (b) and (d);

6 C. That, pursuant to NRS 422.580, the Court find each defendant liable for:

7 (a) An amount equal to three times the amount unlawfully obtained;

8 (b) Not less than \$5,000 for each false claim, statement or representation;

9 (c) An amount equal to three times the total of the reasonable expenses incurred by
10 the State in enforcing NRS 422.580; and

11 (d) Payment of interest on the amount of the excess payment at the rate fixed
12 pursuant to NRS 99.040 for the period from the date upon which payment was made to the date upon
13 which repayment is made pursuant to the plan.

14 D. That the Court order such other and further relief as it may deem just, necessary and
15 appropriate.

16 **COUNT VI**

17 **PUNITIVE DAMAGES**

18 **CLAIM BROUGHT ON BEHALF OF THE STATE OF NEVADA**

19 152. The State of Nevada realleges and incorporates the previous paragraphs of this
20 Complaint as though fully set forth herein.

21 153. The defendants' conduct as described in this Complaint was oppressive, fraudulent, and
22 malicious, and the State is therefore entitled to an award of punitive damages against the defendants.

23 WHEREFORE, the State of Nevada prays as follows:

24 A. That the Court adjudge and decree that defendants have engaged in the conduct alleged
25 herein.

26 B. That the Court order defendants to pay punitive damages to the State of Nevada in an
27 amount to be determined after trial.

1 C. That the Court order such other and further relief as the Court deems just, necessary and
2 appropriate.

3 DATED this _____ day of March, 2002.

4 FRANKIE SUE DEL PAPA
5 Attorney General of the State of Nevada

6
7 By: _____

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FOR IMMEDIATE RELEASE
March 7, 2002

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ATTORNEY GENERAL PROMOTES SAFE AND DRUG-FREE KIDS IN NEVADA

Las Vegas—Frankie Sue Del Papa announced today her continued support to promote safe and drug-free kids in Nevada by joining the BEST Coalition for a Safe & Drug Free Nevada in hosting a family event at Las Vegas Motorspeedway on Saturday March 9, 2002 from 3:00PM to 8:00 PM.

Del Papa and Nevada State Superintendent of Public Instruction Jack McLaughlin have played a major role in establishing a statewide Bully Free For Me Task Force that has focused on the elimination of bullying in our schools. The task force is a partnership between the Nevada Office of the Attorney General, Nevada Department of Education, Nevada Teacher's Association, Nevada PTA Association, Clark County, Washoe and Carson School Districts, members of the Nevada Legislature, and many other community based organizations.

The Journal of the American Medical Association did a study in which 15,686 students throughout the USA were surveyed, found that almost one-third of students in grades 6-10 have been involved in bullying, either as the bully or the target. Bullying is increasingly being recognized as having lasting effects on both the aggressor and the victim. Research shows that the effects persist into adulthood, with victims being at greater risk for depression, and bullies being at four times greater risk for criminal behavior.

The BEST Race for Safe and Drug-Free Kids will promote anti-drug and anti-violence messages in an alcohol-free environment. Nevada State Superintendent Jack McLaughlin will be one of the guest speakers along with several other community leaders prior to the 1st of the 4 races. McLaughlin will be speaking on issues related to making Nevada *safe and drug-free for our children*.

"I will continue to make the safety of children a priority," says Del Papa. "It's our commitment to the present generation and our future as well. This event and others like it send positive messages to our kids in the context of families gathering for good, clean fun."

-more-

For more information on the BEST Race for Safe and Drug-Free Kids please call Rosemary Flores at the BEST Coalition office 385-0684. For more information on Nevada's Bully-Free For Me! Task Force, please go to www.bullyfree.org or call the Nevada Attorney General's Office at (775) 684-1100 or the Nevada Department of Education at (775) 687-9217.

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FOR IMMEDIATE RELEASE
March 7, 2002

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OREGON MAN SENTENCED FOR HOT TUB INVESTMENT SCAM

Las Vegas, NV—Attorney General Frankie Sue Del Papa announced today that District Judge Donald J. Mosley sentenced Todd Surgeon, 35, of Las Vegas, Nevada, to a maximum of 5 years in the state prison. Surgeon must also pay \$305,000 in restitution to his victims upon his parole from prison. Surgeon will be eligible for parole in 24 months.

Surgeon pled guilty to one (1) felony count of securities fraud from a criminal complaint filed by the Attorney General's Bureau of Consumer Protection. The charge was a result of an investigation conducted by the Secretary of State Securities Division.

The Defendant committed securities fraud by misrepresenting to investors that investments in Americana Corporation, purported to be a leisure equipment and spa distribution company, were risk free and guaranteed. He falsely informed potential investors that he would personally buy back their shares of common stock for three times the purchase price within one year of the purchase date. In addition, he failed to disclose to the investors that the Vice President of Operations for Americana Corporation had previously been indicted in U.S. District Court for Conspiracy, Wire Fraud, and Aiding and Abetting.

"Judge Mosley's sentence sends a strong message that white collar criminals will be brought to justice," said Attorney General Del Papa.

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FOR IMMEDIATE RELEASE
March 6, 2002

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**HEARING OFFICER UPHOLDS TERMINATION OF FORMER CANDIDATE FOR SPARKS
CITY COUNCIL**

Carson City—The firing of Nevada Equal Rights Commission (NERC) investigator Jim Martin was upheld yesterday by State Personnel Hearing Officer Patrick Dolan following a hearing held in January.

The hearing officer found that Martin gave campaign materials to an employer's personnel officer during work hours. An examination of work product also revealed that Martin was apparently advocating on behalf of employers rather than performing as a neutral investigator. Lastly, it was determined that Martin had looked through his supervisor's mail, an offense for which he had been previously suspended on three separate occasions without pay.

###



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FOR IMMEDIATE RELEASE
March 5, 2002

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INMATE SENTENCED FOR FORGERY

Carson City—inmate John Bradley, was sentenced today to twelve (12) to thirty-two (32) months imprisonment in the Nevada State Prison for forging letters using photocopies of Bank of America letterhead and a bank employee's signature. Carson City District Judge William A. Maddox ordered that the new sentence be served consecutively to the sentence Bradley is already serving for burglary, grand larceny, and commission of a fraudulent act in a gaming establishment. Bradley faced up to four (4) years imprisonment, and a fine of up to \$5,000 for the forgery conviction.

In August of 2000, while an inmate at the Northern Nevada Correctional Center, Bradley wrote a local Bank of America branch claiming that he would be receiving \$5.3 million from an insurance settlement and that he needed help in opening an account. The bank responded to Bradley's inquiry via letter. Bradley then used the bank's reply letter to forge letters with the bank's letterhead and employee's signature. The forged letters purported to show that Bradley already had a substantial amount of money on deposit and was authorizing the transfer of some of these funds to various individuals. Correctional officers and investigators discovered the forgeries before any money was actually lost.

Information on how to combat fraud can be found at the Attorney General's website at <http://ag.state.nv.us>.

###



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FOR IMMEDIATE RELEASE

DATE: April 30, 2002

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FEDERAL JUDGE DISMISSES HARASSMENT LAWSUIT AGAINST NEVADA HIGHWAY PATROL

Las Vegas—Attorney General Frankie Sue Del Papa announced today that the federal district court in Las Vegas dismissed the lawsuit brought by former Nevada Highway Patrol Trooper Christine Zaporowski. The order was issued last week by Federal District Court Judge Kent Dawson.

Zaporowski had alleged she was subjected to a hostile work environment at the Highway Patrol, and that the Highway Patrol discriminated against her on the basis of gender over the course of her five-year career as a Trooper. In particular, one of Zaporowski's complaints was that she was forced to travel to Carson City in September 1999 to take part in a photo shoot along with the other female Troopers from around the State. The photograph, taken in front of the memorial for law enforcement officers killed in the line of duty, was to be used to encourage more women to join NHP. "To even allege that this 'incident' created a hostile work environment demonstrates the frivolity of Plaintiff's claim," wrote Judge Dawson. "This was not conduct of a sexual nature. Nor could it be objectively viewed as abusive," he added. Judge Dawson also rejected as "baseless" Trooper Zaporowski's claim that the posting at work of an announcement for an activity sponsored by an all-male motorcycle club created a hostile work environment. "The poster which supports Plaintiff's claim merely intended to drum up support for a toy drive around Christmas time. It invited both sexes to participate," the judge noted.

In addition to Zaporowski, four other female Highway Patrol Troopers sued in federal court in April 2000, claiming gender discrimination and hostile work environment. Earlier this year, District Court Judge Howard McKibben dismissed the lawsuit of former Trooper Tammy Tedesko, and District Judge Lloyd George dismissed Sergeant Gina Johnson's case. Those decisions have been appealed to the United States Court of Appeals for the Ninth Circuit. Two other lawsuits will proceed to trial later this year.

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FOR IMMEDIATE RELEASE
DATE: April 26, 2002

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PAROLE AND PROBATION OFFICER SERVED WITH COMPLAINT FOR THEFT

Las Vegas--Attorney General Frankie Sue Del Papa announced that a criminal complaint was served yesterday on Parole and Probation Officer Royal Paul Bradley for alleged theft related to the misuse of a cellular phone provided to him by the State of Nevada for official use only.

The complaint alleges that, over a period of time from August 16, 2001 through January 13, 2002, 286 personal phone calls were made by Bradley costing the State approximately \$1,939.00. The possible punishment for the crime charged includes imprisonment in the state prison for a minimum term of not less than 1 year and a maximum term of not more than 5 years and/or a fine of not more than \$10,000. An initial appearance on the matter has been set in the Las Vegas Justice Court, Department 3 on May 7, 2002.

The Attorney General stresses that the charges are accusations and the defendant is presumed innocent unless and until proven guilty in court.

###



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FOR IMMEDIATE RELEASE
DATE: April 26, 2002

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ATTORNEY GENERAL TO SPEAK ON YUCCA MOUNTAIN AT THE UNIVERSITY OF NEVADA RENO

RENO — “It’s not too late to stop this project,” said Attorney General Frankie Sue Del Papa about the proposed Yucca Mountain high-level nuclear waste repository proposed by President George W. Bush.

Del Papa and Deputy Attorney General Marta Adams will speak and answer questions about what storing nuclear waste at Yucca Mountain would mean to Nevadans as well as the rest of the nation at the University of Nevada, Reno, 4 p.m., Tuesday, April 30.

- **What:** Talk and Q & A session with Frankie Sue Del Papa and Marta Adams about the ramifications of bringing nuclear waste to Yucca Mountain.
- **When:** 4 p.m. – 5:15 p.m., Tuesday, April 30.
- **Where:** Harry Reid Engineering Laboratory, Rooms 109 and 110, on the University of Nevada, Reno campus.
- **Cost:** Free and open to the public.
- **Parking:** Day passes available for \$2 at the information booth at Center Street/9th Street.

“If and when the evidence is considered, it is clear that this project jeopardizes the health and safety of citizens in at least 43 states and imposes an impermissible burden on all American taxpayers,” Del Papa said. Del Papa announced recently that she totally supports Gov. Kenny Guinn’s veto of Congress’ proposal. “It is imperative that all Nevadans should join in support of Governor Guinn,” she said.

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FOR IMMEDIATE RELEASE

DATE: April 25, 2002

CONTACT: Tom Sargent, (775) 684-1114

CONSUMER ALERT: LATEST ATM SCAM

Carson City—Attorney General Frankie Sue Del Papa, along with the Bureau of Consumer Protection, Tim Hay, Chief Deputy Attorney General, today announced that a new ATM machine scam was brought to their attention by the U.S. Secret Service and the San Diego Police Department.

This latest ATM scam involves thieves placing a thin, clear, rigid plastic sleeve into an ATM card slot. When you insert your card, the machine fails to read the strip, so the ATM machine then repeatedly asks for your personal identification number, or PIN. Meanwhile, someone behind you watches as you enter your PIN repeatedly, thereby capturing the code. Eventually you will give up, thinking that the machine has “swallowed” your card. After you walk away, the perpetrator then removes the sleeve containing your ATM card, removes the sleeve, and executes a withdrawal using your card and PIN.

The way to avoid this is to run your finger along the card slot prior to inserting your card. The plastic sleeve used by thieves has several tiny prongs that they use to remove the sleeve from the slot.

For more information on how you can avoid being the target of scams like this and others, contact the Attorney General’s Bureau of Consumer Protection at (775) 687-6300 in Northern Nevada, or (702) 486-3194 in Southern Nevada.

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FOR IMMEDIATE RELEASE

DATE: April 24, 2002

CONTACT: Tim Terry, (775) 687-4704
Tom Sargent, (775) 684-1114

HOME HEALTH CARE NURSE PLEADS GUILTY TO FALSIFYING RECORDS

Las Vegas—Attorney General Frankie Sue Del Papa announced today that a Las Vegas licensed practical nurse, Twana Jean Smart, age 38, pled guilty to a single Gross Misdemeanor offense of Failure to Maintain Adequate Records. The charge carries a potential penalty of one year in jail and a \$ 2,000.00 fine. District Court Judge Joseph T. Bonaventure accepted the plea, adjudicated her guilty and sentenced Smart to pay \$2,000.00 as costs of enforcement and restitution, along with giving her credit for jail time served.

The Medicaid Fraud Control Unit (MFCU) prosecuted the case. According to Unit Director Tim Terry, Smart was accused of falsifying time and attendance records and nursing notes concerning the amount of home health care she was providing to a seriously ill child. The falsified records were then turned into her employer and used as a basis to submit bills to Medicaid.

“We have all heard lately that Medicaid does not have a bottomless well of financial resources. Putting an end to all billing abuses, regardless of the amount of loss, will help ensure resources will be available for those who truly need them,” said Del Papa.

Anyone with questions about Medicaid fraud **or the Attorney General’s policy towards those who are voluntary self reporters of provider fraud** is urged to contact the MFCU in Carson City at (775) 687-4704 or in Las Vegas at (702) 486-3420. Medicaid fraud information can also be found on the Attorney General’s web site at: <http://ag.state.nv.us> .

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FOR IMMEDIATE RELEASE

DATE: April 18, 2002

**CONTACT: Marie Martin-Kerr, (775) 687-6300 x226
Tom Sargent, (775) 684-1114**

\$1.9 MILLION ANTITRUST SETTLEMENT PLAN APPROVED FOR DISTRIBUTION TO NEVADA UNIVERSITIES, NON-PROFIT GROUPS AND OTHER CHARITABLE AGENCIES

Carson City—Attorney General Frankie Sue Del Papa today announced District Court Judge Michael Griffin has given final approval to a \$1.9 million settlement plan that distributes funds to Nevada universities, various non-profit groups, charitable organizations and government agencies across Nevada. Nevada was represented in the settlement by the Antitrust Division of the Attorney General's Bureau of Consumer Protection, under the direction of Consumer Advocate Timothy Hay.

"This is a significant settlement for our state antitrust division," Del Papa said. "Active enforcement of our antitrust laws is necessary to protect the consumers of Nevada."

Governor Kenny Guinn commented, "This settlement is another example of the fine consumer protection work performed by the office of Attorney General on behalf of Nevada Citizens."

The six vitamin manufacturers were charged with federal and state antitrust violations arising out of an international agreement to fix prices and allocate sales of vitamins and vitamin products. Three European companies: F. Hoffman-LaRoche, BASF, and Aventis (formerly Rhone-Poulenc), and three Japanese companies: Takeda Chemical Industries Ltd., Eisai Co. Ltd., and Daiichi Pharmaceutical Co. Ltd., agreed to the settlement. Vitamins made by these companies go into a wide variety of products: from vitamin pills, feed for chicken, beef and fish, to foods such as milk, cereal and bread.

"Consumer Advocate Tim Hay and his antitrust staff at the Bureau of Consumer Protection deserve our gratitude for their tireless efforts in protecting the consumers of Nevada," Del Papa said.

If you would like more information on how the office of the Consumer Advocate assists the people of Nevada, please call (775) 687-6300 or visit the Attorney General's website at www.state.nv.us/ag/.

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FOR IMMEDIATE RELEASE

DATE: April 18, 2002

**CONTACT: Stephanie Parker, (702) 486-3326
Tom Sargent, (775) 684-1114**

ATTORNEY GENERAL PRESENTS SILVER STATE AWARD DURING NATIONAL VICTIM'S RIGHTS WEEK EVENT State of Nevada

Las Vegas—Attorney General Frankie Sue Del Papa acknowledges individual for hard work and dedication above and beyond by awarding the “Silver State” Award at the 26th National Victim’s Rights Awards Luncheon to be held Friday, April 26, 2002 at 11:45 AM at the SUNCOAST Hotel & Casino, Las Vegas.

This year’s award recipient is Rosemary Flores, Executive Director, BEST Coalition for Safe And Drug-Free Nevada. As the NCADI Associate Clearinghouse, BEST has taken the lead in our State to ensure that resources and prevention education materials are distributed through a variety of venues. This comprehensive multi-media library and distribution center provides up-to-date materials on alcohol, tobacco, and drug abuse. The Clearinghouse is the center for the continuing outreach efforts of BEST.

In addition to the wealth of information the clearinghouse provides, Flores, in her professional role has brought many programs that target and benefit youth throughout the state and has been working on many boards and task forces that have made a positive impact in reducing crime. “Not only do these programs encourage youth to take on positive roles in our communities, but these programs actually give youth the tools and opportunities to make a difference,” said Del Papa.

Del Papa’s office has always promoted programs that enhance public safety and improve the safety of our youth in particular. The award will be presented to Fbres at the 2002 National Victims’ Rights Week Awards Luncheon that has been coordinated by the Community Coalition for Victim’s Rights (CCVR). CCVR is a coalition that actively identifies gaps in the systems that are available to victims of crime as well as bringing training opportunities for professionals that deal with services for victims. The coalition is made up of many agencies throughout Clark County such as U.S. Attorney Office, S.A.I.N.T., Nevada Attorney General, SafeNest, Las Vegas Metropolitan Police Department, Henderson Police Department, District Attorney, University of Nevada Las Vegas-Department of Public Safety, North Las Vegas Police Department, Community Action Against Rape, and others. The event will take place April 26, 2001 at the SunCoast Hotel & Casino following a morning workshop “Child

Exploitation & Obscenity.” For information on any of the CCVR coordinated activities to be held during National Victims’ Rights Week please contact Nevada Attorney General’s Office at (702) 486-3326 or refer to the list below.

26th Anniversary
COMMUNITY COALITION FOR VICTIMS RIGHTS
National Victims’ Rights Week 2002
“Bringing Honor To Victims”

Schedule of Events

Date/Time	Event	Contact
Tuesday, April 16 9:00 AM–3:00 PM	UNLV Safety Outreach Moyer Student Union Bldg.	<i>Stephanie Parker</i> <i>Nevada Office of the Attorney General</i> <i>(702) 486-3326</i>
Wednesday, April 17 7:00 PM-8:30 PM	STOP DUI Victim Impact panel Clark County Library 1401 E Flamingo	<i>Sandy Heverly</i> <i>Stop DUI</i> <i>(702) 456-7867</i>
Thursday, April 18 4:30 PM	“Give the Light of Hope to a Child” Family Court Atrium 601 N Pecos	<i>Betsy Sheldon</i> <i>Court Appointed Special Advocate</i> <i>(702) 455-5296</i>
Monday, April 22 5:30 PM-6:00 PM	“Rainbow of Remembrance” Clark County Courthouse	<i>Pat Thacker, Children’s Advocacy Center</i> <i>(702) 455-5371</i> <i>Barb Schell, D.A. Victim Witness Program</i> <i>(702) 455-4204</i>
Tuesday, April 23 9:00 AM-3:00 PM	Community Coalition for Victim’s Rights Agency Fair Family Court Atrium	<i>Vickie Dillon</i> <i>U.S. Attorney’s Office</i> <i>(702) 388-6235</i>
Wednesday, April 24 Noon-3:00 PM	Senior Crime Prevention Awareness Day North Las Vegas Library 2300 Civic Center Dr.	<i>Jo Preston</i> <i>North Las Vegas Police Department</i> <i>(702) 633-1811</i>
5:30 PM-8:00 PM	Sexual Assault Awareness Day “From the Heart” Community Action Against Rape (CAAR) 741 Veterans Memorial Dr.	<i>Susan Reed -Cooper</i> <i>CAAR</i> <i>(702) 385-2153</i>
Thursday, April 25 10:00 AM-Noon	“Domestic Violence in the Workplace” Seminar	<i>Charleen Aydt-Stann, TADC/Safe Nest</i> <i>(702) 877-0133 X 225</i>
6:00 PM-8:00 PM	“Today’s Challenge..Tomorrow’s Healthy Children 4800 W Charleston #140	<i>Vicki Graff, FACT</i> <i>(702) 258-5855</i>
Friday, April 26 8:30 AM-1:00 PM	Annual Victim’s Rights Week Seminar & Awards Luncheon Suncoast Hotel & Casino	<i>Elynn Green</i> <i>Las Vegas Metropolitan Police Department</i> <i>(702) 229-3266</i>
Saturday, April 27	Families of Murder Victims’ Tree Dedication Picnic Floyd Lamb State Park	<i>Sandy Sharp, Families of Murder Victims</i> <i>(702) 873-5696</i> <i>Ron Cornell, Families of Murder Victims</i> <i>(702) 270-6524</i>



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FOR IMMEDIATE RELEASE
DATE: April 15, 2002

CONTACT: Gregory Hojnowski, (702) 486-3783
Tom Sargent, (775) 684-1114

FOURTH MAN SENTENCED FOR INVOLVEMENT IN FALSE INSURANCE CLAIM

Las Vegas—Joseph Anthony Lebron, 26, of San Diego, plead guilty this morning before District Court Judge John S. McGroarty for his involvement in a false insurance claim that was presented by Las Vegas resident Donald Grayson Cox, III, to Progressive Insurance Company in the Fall of 2000. Lebron, as part of his plea agreement, has agreed to reimburse the Insurance Fraud Unit, IFU, \$1,000 in investigative costs and the costs of his extradition. Lebron had spent 19 days in jail following his arrest in Idaho. He faced up to 1-year jail and a fine of \$2,000. All of the participants had no prior criminal record.

Lebron is the fourth individual to be sentenced in this false insurance scam that began in September of 2000 when Cox reported to the Las Vegas Metropolitan Police Department (LVMPD) and Progressive Insurance that his 1999 Ford F250 Pick-Up truck was stolen from a vacant lot at Sahara and Buffalo. Cox alleged that he left the vehicle with a "for sale" sign on the window and later returned to find the truck missing. Progressive paid the leinholder over \$40,000.

Subsequent investigation by the IFU, the San Diego Sheriff's Department, and the LVMPD revealed that Cox actually gave the truck to Lebron *prior* to the purported theft, with the understanding that the truck would be dismantled and sold for parts. Anthony V. Gonzalez, 26, and Kendall Roy Thacker, 21, both of Las Vegas, have already been sentenced for their involvement, receiving sentences similar to that of Lebron. Cox, had been previously sentenced to 12 months in jail but the term was suspended, providing he cooperate with the IFU, reimburse the IFU investigative costs, and make restitution to Progressive in the amount of \$40,665.86. Cox has complied with all these conditions.

If you have knowledge that someone has committed insurance fraud, please contact the Insurance Fraud Hotline at 1-800-266-8688. Information on how to combat insurance fraud can be found at the Attorney General's website at <http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE
DATE: April 12, 2002

CONTACT: Kathleen Delaney
Deputy Attorney General
(702) 486-3788

ATTORNEY GENERAL ENDORSES “NO CALL” LEGISLATION

Las Vegas—Attorney General, Frankie Sue Del Papa, today joined with the Attorneys General of 48 states, the Northern Mariana Islands, Puerto Rico, the Virgin Islands, the District of Columbia Corporation Counsel, and the Hawaii Office of Consumer Protection to express support for the Federal Trade Commission’s efforts to establish a national “No Call” registry. In a formal commentary submitted to the FTC this morning, the group praised this and other proposed amendments to the federal Telemarketing Sales Rule but cautioned against possible interference with ongoing efforts by the states to reduce telemarketing abuses.

“As more states, including Nevada, pursue legislation to curb telemarketing nuisances, it is vitally important that federal actions support, not undermine, the protections afforded at the state level,” said Del Papa. “We are preparing legislation right now for consideration by the 2003 Nevada State Legislature that will create a ‘No Call’ registry for Nevada consumers,” continued Del Papa, “and we are committed to that law going forward with no business exemptions to maximize its effectiveness in addressing the needs of Nevada consumers.” The current federal law lacks jurisdiction over several industries that engage in extensive telemarketing.

In fact, “No Call” registries have already been established in 18 states, and another 5 states have registries that will become effective within the year. More than 7 million consumers have placed their residential telephone numbers on “No Call” registries nationwide, and the numbers continue to grow. The concern amongst the Attorneys General, however, is to ensure that any similar federal efforts will not have a preemptive impact on state laws or cause confusion for consumers wanting to register or file telemarketing complaints.

(more)

“Nevada’s ‘No Call’ proposal will seek compatibility with any federal law that may take effect in the future, and we are simply asking the FTC to ensure that compatibility is reciprocal,” said Del Papa. In addition to asking the FTC to support state laws, the Attorneys General are endorsing federal law changes that will prohibit telemarketers from obtaining consumers’ billing information from third parties and will limit the methods by which telemarketers can acquire “express verifiable authorization” to make electronic debit withdrawals from consumers’ bank accounts.

Consumers who wish to express their support for the enactment of a “No Call” registry in Nevada are encouraged to contact their State Senate and Assembly representatives. General consumer protection information may be found on the Attorney General’s website at <http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE
DATE: April 11, 2002

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Joseph Egan (703) 918-4942
Tom Sargent, (775) 684-1114
(775) 232-9516

NEVADA SUES NRC OVER YUCCA MOUNTAIN RULE

Carson City—The State of Nevada filed suit today against the Nuclear Regulatory Commission (NRC) challenging the legality of its Yucca Mountain licensing rule promulgated last November. The suit was filed in the Court of Appeals for the D.C. Circuit in Washington by Attorney General Frankie Sue Del Papa and Nevada's nuclear legal team, headed by Egan & Associates, PLLC. (This team includes Howard Shapar, the former Executive Legal Director of the NRC and Bill Briggs, the former Solicitor of the NRC.)

“Nevada will leave no stone unturned in our attempt to remind the nation why the Yucca Mountain project is a bad idea,” said Del Papa. “The Yucca Mountain project will not achieve the geological isolation required by the Nuclear Waste Policy Act, and the transportation component of the program will potentially expose 123 million Americans to unacceptable risks as this material is moved continuously by truck and rail through 43 states and many of the nation's major cities over a 38 year period.”

NRC's Yucca Mountain Licensing Rule, 10 C.F.R. Part 63, establishes the regulatory parameters for licensing the Yucca Mountain repository system to meet the primary health and safety requirements established by the Environmental Protection Agency (EPA). The rule embodies the Department of Energy's (DOE's) “total system performance assessment” approach for licensing the repository, but ignores the fundamental requirements in the Nuclear Waste Policy Act that, regardless of design, the repository must serve to isolate radioactive waste primarily by geologic means.

“Under the Part 63 rule, NRC could issue a license for the repository even though it is fundamentally unsafe from a long-term geologic perspective,” said Joe Egan, Nevada's lead nuclear lawyer and a former nuclear engineer. “This violates the Nuclear Waste Policy Act, and departs radically from the recommendations of the global scientific community.” The statutory timeframe for licensing is 3 years with a possible one year extension.

NRC's licensing rule for Yucca Mountain requires only that DOE demonstrate that radioactive emissions from the repository will meet EPA's emission standards for 10,000 years, the hoped-for life of the man-made waste packages inserted into the mountain. But radiation emissions are projected to increase steadily after that time, when the waste packages are presumed to have failed. Due to geologic deficiencies discovered by DOE in the late 1990s and as outlined by former Yucca Mountain Director John Bartlett, Yucca Mountain is no longer expected to isolate radioactive waste when the waste packages fail.

"When Congress considered disposal alternatives, it spoke of isolation for 250,000 years, which only good geology could provide," said Egan. "The National Academy of Sciences recommended a million years. NRC's Yucca Mountain rule would allow the repository to be licensed on the shores of Lake Tahoe, since it really only considers the projected performance of a man-made waste package. This is legally and scientifically unsound."

Currently, the State of Nevada is litigating DOE's use of water in U.S. District Court in Nevada and state district court in Tonopah. Cases pending in the U.S. Court of Appeals for the District of Columbia Circuit include Nevada's challenge to the Yucca Mountain radiation standard and the State's, Clark County's and Las Vegas' consolidated geology case challenging DOE's siting guidelines and the secretarial and presidential decisions recommending the Yucca Mountain site. In addition to Nevada's challenge to the NRC rule being filed today, it is expected that the State will file claims related to DOE's environmental impact statement for Yucca Mountain.

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FOR IMMEDIATE RELEASE

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Tom Sargent, (775) 684-1114**

LAS VEGAS MAN SENTENCED FOR INSURANCE FRAUD FOR PRESENTING FALSE RECEIPTS

Las Vegas—Jonathan David Ault, 20, of Las Vegas, plead guilty yesterday before District Court Judge Michael A. Cherry for making a false claim for insurance benefits. Ault, as part of his negotiated plea, has agreed to reimburse the Insurance Fraud Unit \$500 in investigative costs and pay a fine of \$500. Ault faced up to 1-year jail and a fine of \$2,000.

In May of 2001, Ault reported to State Farm Insurance Company that his 1989 Honda Prelude had been burglarized while parked in front of his residence. He told State Farm that over \$5,300 worth of stereo equipment was stolen from his car. Ault submitted numerous receipts that allegedly documented his ownership of the claimed items. Investigation by State Farm and the Insurance Fraud Unit (IFU) revealed that many of these receipts were fabrications and that Ault was not entitled to payment. Ault did not contest his guilt upon confrontation by the IFU.

A spokesperson for the IFU explained that insurance fraud is the one of the costliest of all white-collar crimes, ranking second only to tax evasion. The National Insurance Crime Bureau, NICB, estimates that the total cost of insurance fraud exceeds \$120 billion annually. The average Nevada taxpayer pays an additional \$300 per year in increased premiums to cover the costs of fraud.

If you have knowledge that someone has committed insurance fraud, please contact the Insurance Fraud Hotline at 1-800-266-8688. Information on how to combat insurance fraud can be found at the Attorney General's website at <http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE
DATE: April 10, 2002

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ATTORNEY GENERAL APPOINTS NEW CHIEF DEPUTY OF CRIMINAL JUSTICE

Carson City—Attorney General Frankie Sue Del Papa is pleased to announce that Gerald J. Gardner has been appointed Chief Deputy Attorney General, Criminal Justice Division. Mr. Gardner's appointment fills the post vacated by David Sarnowski, now General Counsel to the Nevada Commission on Judicial Discipline.

Mr. Gardner, a graduate of Cornell Law School, has held numerous positions in the public and private sectors. Among them: Deputy District Attorney, Clark County 1992-1998; Special Victims Unit, 1998-2000; private practice, 2000-2001; and he was on the Lead Plaintiff's Executive Committee for the Bridgestone/Firestone Tire Products liability litigation.

"Mr. Gardner has been selected to a very important post as Chief of our Criminal Justice Division. It's a busy place and requires someone who is quick yet deliberate. We're excited to have him on our team," Del Papa said.

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FOR IMMEDIATE RELEASE
DATE: April 10, 2002

CONTACT: Tom Sargent, (775) 684-1114

ART GALLERY OPEN HOUSE TO BENEFIT ORGAN DONOR GROUPS AND PROMOTE NATIONAL ORGAN AND TISSUE DONOR AWARENESS WEEK

Nevadans Encouraged to “*Give the Gift of Life*”

Carson City – Attorney General Frankie Sue Del Papa and Assemblywoman Dawn Gibbons, along with members of the Nevada Organ and Tissue Donation Task Force and numerous community organizations, are encouraging Nevada citizens to consider organ, tissue and blood donations in honor of National Organ and Tissue Donor Awareness Week, April 21-27.

“I would like to call on all Nevadans to please give careful thought to giving ‘*The Gift of Life*’ by becoming an organ, tissue or blood donor,” Del Papa said. “The decision you make today will help save lives tomorrow. ‘National Organ and Tissue Donor Awareness Week’ is a time when family members and loved ones are encouraged to reflect and talk about their choice to become a donor.”

Gibbons said, “By agreeing to give the ‘*Gift of Life*’ Nevadans can play a significant role in helping to save the lives of others through their thoughtful act of kindness.”

To promote National Organ and Tissue Donor Awareness Week, the Amaranth Gallery welcomes the public to their 135 North Sierra Street (Suite D) location on Saturday, April 13, 2002:

- 10 a.m. to Noon—Live Remote of Eddie Floyd’s “America Matters” radio show featuring information about organ and tissue donation and interviews with donors, recipients and proponents of the donation effort
- 1 p.m. to 4 p.m.—Amaranth Gallery Open House featuring local artists to benefit the Transplant Network
- Visiting artists, Artown enthusiasts and performers throughout the day

The Gallery is located near the Riverside Theater. Validated parking is available. Coffee and donuts will be served in the morning, wine and snacks all afternoon. The Open House features a trio of artists, Jean Braden, Elizabeth Jones, and Jeanne Vermillion, all members of the Sierra Watercolor Society, in a special showing of water-media art to benefit The Transplant Network. The Transplant

Network is a non-profit organization that consists of transplant candidates, recipients, recipient family members, donors, donor family members, healthcare professionals and concerned individuals.

The public is invited to come and meet the artists, view the gallery and mingle with representatives of the organ donor community any time between 10 a.m. and 4 p.m.

Raffle tickets will be sold for a chance to win several prizes and art related items. Raffle proceeds will be donated to the Kristen Wyak Norris (KWN) Memorial Scholarship Fund. Kristen Wyak Norris died one month after her 13th birthday from anaphylactic shock due to complications from asthma and allergies. Kristen was an organ and tissue donor and her fund promotes education for organ and tissue donation.

Amaranth Gallery is located at 135 N. Sierra Street, Suite D in Reno. For additional information or if you wish to donate an item or service for the raffle, please call Tara Lee Bertucci at Amaranth Gallery at (775) 355-8989, ext. 12.

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FOR IMMEDIATE RELEASE

DATE: April 9, 2002

**CONTACT: Ronda Clifton, (775) 688-1835
Tom Sargent, (775) 684-1114**

RENO WOMAN SENTENCED FOR FELONY INSURANCE FRAUD

Carson City—Attorney General Frankie Sue Del Papa announced today that Tina Marie Thomas, age 46, was sentenced to 5 years probation by Judge Janet Berry in the Washoe County Courthouse after pleading guilty to Felony Insurance Fraud.

Tina Marie Thomas was involved in a high-speed chase in excess of 90 miles per hour with officers in pursuit. Thomas locked her wheels by braking on two occasions in an attempt to cause a crash of the pursuing Nevada Highway Patrol vehicle. Thomas ditched her vehicle and threatened witnesses while trying to get use of a telephone. Thomas then made a false insurance claim telling her Safeco insurance agent that her car was stolen when she parked it while “bar hopping.”

Del Papa says, “While it appears as though insurance companies are the victims, ultimately it is the policyholders, taxpayers and the general public who pick up the tab through increased insurance rates, higher taxes and inflated prices for consumer goods and services.”

If you have any information regarding insurance fraud, please call the Nevada Attorney General’s Insurance Fraud Hotline at 1-800-266-8688. For more information about Nevada’s Insurance Fraud Unit, please visit the Attorney General’s website at <http://ag.state.nv.us>

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FOR IMMEDIATE RELEASE
DATE: April 8, 2002

CONTACT: Marta Adams, (775) 684-1237
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ATTORNEY GENERAL SUPPORTS GOVERNOR'S YUCCA MOUNTAIN VETO

Carson City—Attorney General Frankie Sue Del Papa announced today that she totally supports Governor Guinn's decision to deliver to Congress Nevada's veto to the proposed high-level nuclear waste repository at Yucca Mountain. "It is imperative that all Nevadans should join in support of Governor Guinn's historic mission to Washington today," Del Papa stated.

Today, the Governor flew to Washington to hand carry to Congress Nevada's veto of the President's recommendation that Yucca Mountain become this country's first high-level nuclear waste dump.

"Congress has recognized that Nevada has a right to participate in the selection of a location for the permanent storage of the high-level nuclear waste," Del Papa explained. "In 1982, Nevada was given the unequivocal right to veto the President's recommendation that Yucca Mountain become the nation's nuclear waste dump," Del Papa continued.

In 1987, Congress selected Yucca Mountain to be the only site to be studied for possible disposal of high-level nuclear waste. "Despite the fact that Yucca Mountain is thousands of miles from 90 percent of the nation's 103 nuclear power plants, Congress nevertheless allowed politics, rather than science, to dictate which site should be considered," Del Papa stated. "Now, after nearly 20 years of challenging the Department of Energy's efforts to store nuclear waste at Yucca Mountain, Nevada is exercising its right to veto the President's decision," Del Papa urged. "It is not too late to stop this project, if and when the evidence is considered, it is clear that this project jeopardizes the health and safety of citizens in at least 43 states and imposes an impermissible burden on all American taxpayers," Del Papa argued.

“Even if Congress overrides the Governor’s veto, I remain confident that our legal cases will expose the Yucca Mountain Project as scientifically unsupportable and an indefensible sham upon the American taxpayer,” Del Papa concluded.

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FOR IMMEDIATE RELEASE

DATE: April 5, 2002

CONTACT: Marta Adams, (775) 684-1237
Tom Sargent, (775) 684-1114

ATTORNEY GENERAL SUPPORTS GOVERNOR'S EFFORTS TO OBTAIN ADDITIONAL \$3 MILLION FROM IFC FOR NEVADA PROTECTION FUND

Carson City—Attorney General Frankie Sue Del Papa today expressed her support for Governor Kenny Guinn's efforts to obtain additional funds for the Nevada Protection Plan against Yucca Mountain.

"This is a make it or break it time in Nevada's fight against the proposed nuclear dump at Yucca Mountain," said Del Papa. "If we can obtain support from the Interim Finance Committee, then a special session of the Legislature is unnecessary," stated Del Papa.

Nevada U.S. Senators Harry Reid and John Ensign have asked the State for additional money to support the Governor's veto of President Bush's recommendation. It is expected that the Governor will issue a Notice of Disapproval ("veto") next week. The Notice of Disapproval may be overridden by a simple majority in the U.S. Senate and House, thereby authorizing the Department of Energy to file a licensing application for the proposed repository with the Nuclear Regulatory Commission.

At present, funds from the Nevada Protection Fund are supporting the outside legal services of a legal team headed by Joe Egan in Washington D.C. and additional legal services are being provided by Antonio Rossmann from San Francisco. "We are totally confident that between our excellent in-house attorneys and our world-class outside legal team, we are poised to prevail in our cases in court on the merits," Del Papa commented. "Regardless of the outcome of the Congressional vote, we have a winning case because Yucca Mountain is not a suitable location to isolate the world's most

—more—

dangerous waste,” argued Del Papa. “No matter what so-called “science” the Administration claims to be relying on, we know that Yucca Mountain cannot geologically isolate the waste and that transporting 70,000 tons of nuclear waste to Nevada makes no sense,” Del Papa said.

The 2001 Legislature appropriated \$4 million for the Nevada Protection Fund. Gov. Guinn has raised an additional \$2 million and he will seek \$3 million from the Interim Finance Committee.

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FOR IMMEDIATE RELEASE

DATE: April 5, 2002

CONTACT: Kateri Cavin, (775) 684-1218
Tom Sargent, (775) 684-1114

ATTORNEY GENERAL FILES SUIT AGAINST LAS VEGAS ASSEMBLYMAN WENDELL WILLIAMS

Carson City—Attorney General Frankie Sue Del Papa has announced that her office today filed suit in Carson City District Court against Las Vegas Assemblyman Wendell Williams for failing to pay \$3,800 in fines.

In February 2002, Williams paid \$3,000 of his \$6,800 fine for failing to file his Contribution and Expenditure Reports (C&E Reports) for 2000 following numerous warnings. At that time, he agreed to pay the remaining balance of \$3,800 by March 22, 2002.

“This action follows repeated warnings and a commitment on the part of Assemblyman Williams to pay the fines by an extended date,” Del Papa said. “Financial disclosure through the timely filing of Contribution and Expenditure Reports by candidates is required by law.”

Nevada Revised Statute (NRS) 294A.120 and 294.200 require every candidate for state, district, county or township office to file a Contribution and Expenditure Report. When candidates file a declaration of candidacy, each signs an acknowledgement wherein they swear that they understand that:

- they received the required forms and filing date schedule;
- they must file the forms by the specified statutory date for each reporting period;
- a violation of the reporting requirements set forth in Chapter 294A of the NRS may result in a civil penalty of up to \$5,000 for each violation in addition to payment of court costs and attorney’s fees;
- they must file the required reports even if they neither received campaign contributions nor made campaign expenditures, withdrew their candidacy, had no opposition, lost the primary, or their name did not appear on either the primary or general election ballot.

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FOR IMMEDIATE RELEASE

DATE: April 5, 2002

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(775) 232-9516

STATE FILES COMPLAINT AGAINST MEADOW VALLEY FOR UNPAID WORKERS' WAGES ON BELTWAY AND SPAGHETTI BOWL PROJECTS

Las Vegas—On April 4, 2002, a complaint was filed in the 8th Judicial Court by the Attorney General's Office on behalf of the State Labor Commissioner seeking reimbursement of wages due workers in the amount of \$460,519.78 on the Beltway 7, 8, 9, and 10 projects as well as the Spaghetti Bowl projects. Nevada statute requires a prime contractor to "assume" and be "liable for the indebtedness for labor incurred by any subcontractor" it has on its public works projects. Meadow Valley retained Innovative Construction on the highway projects and Innovative failed to completely pay its workers the appropriate prevailing wages. The U.S. Department of Labor conducted an audit and determined that the amount due Innovative workers was \$460,519.78.

According to Attorney General Del Papa, this action seeks to enforce Nevada statutes and the legislative intent behind those prevailing wage statutes. "That intent is to assure a decent wage for local residents in exchange for contractors receiving lucrative awards for the construction of public works projects," said Del Papa. "Local residents' tax dollars assist in funding these projects, so it follows that contractors should pay a prevailing wage so that local labor can compete with what labor the contractor is inclined to bring from elsewhere."

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FOR IMMEDIATE RELEASE
DATE: April 4, 2002

CONTACT: John Albrecht, (775) 688-1872
Tom Sargent, (775) 684-1114

JUDGE DENIES TEMPORARY ORDER AGAINST NEVADA BUREAU OF SERVICES TO THE BLIND

Carson City—U.S. District Judge James C. Mahan denied an application for a temporary order to stop a state agency from holding an election to a committee which helps run the Blind Vending Program. Under state and federal law, the Nevada Bureau of Services to the Blind places blind vendors at facilities on state and federal property. The law also requires the Bureau to hold an election every two years to a Committee of Blind Vendors.

In February, 2002, the committee held an election under its 1983 bylaws. The Bureau decided the election should be held under the 1999 bylaws and set an election for April 7, 2002. The committee members elected in February asked Judge Mahan to stop the Bureau's election. Judge Mahan refused.

"I am very happy that the Federal Court is allowing this state agency to perform its duty," stated Attorney General Del Papa. "Those dissatisfied may proceed under agency procedures."

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FOR IMMEDIATE RELEASE

DATE: April 4, 2002

CONTACT: Dorene Whitworth, (775) 684-1124
Tom Sargent, (775) 684-1114

EIGHTH JUDICIAL DISTRICT COURT FAMILY DIVISION HOSTS PRESS CONFERENCE FOR SAFE HOUSE OPENING

Las Vegas—Attorney General Frankie Sue Del Papa announced today that Veronica Frenkel, Ombudsman for domestic violence issues for the Attorney General's office, spoke at a press conference to commemorate the opening of "Donna's House," a safe house for visits and exchanges between children and parents.

"Donna's House" is southern Nevada's first access and visitation center for highly conflicted and/or violent parents who are ordered by the Court to have visitations in only a controlled, supervised setting. The safe house was funded by a Violence Against Women Act (VAWA) grant and matching funds from the Court.

The Court's objective is to provide court-ordered opportunities for non-custodial parents to maintain relationships with their children, promote healthier co-parenting and reduce the life-altering effects on children from exposure to family violence.

"The Attorney General's Office is pleased to support Donna's House through its STOP Violence Against Women Grant program," said Del Papa. "We have administrated STOP funds from the U.S. Department of Justice since 1996. These funds have supported critical services for Domestic Violence victims, victim advocates at police departments and prosecution offices, training for law enforcement, and many other important projects."

"STOP" (Service, Training, Officers, Prosecution) grant funds assist in the effort against domestic violence primarily through education and training. The Attorney General's Office will continue to administer the **STOP** Grant funds on behalf of programs throughout Nevada. Since the inception of this program in 1995, nearly \$7 million has been distributed statewide to organizations and groups to assist in combating crimes against women.

Sub-grant application kits are available at the Office of the Attorney General web page at <http://ag.state.nv.us>. For more information on the grants, please call Dorene Whitworth, Office of the Attorney General, at (775) 684-1124. Applications are due by May 17, 2002.



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FOR IMMEDIATE RELEASE

DATE: April 3, 2002

CONTACT: Dorene Whitworth, (775) 684-1124
Tom Sargent, (775) 684-1114

VIOLENCE AGAINST WOMEN GRANT PROGRAM APPLICATIONS AVAILABLE

Carson City—Attorney General Frankie Sue Del Papa has announced that applications for funding under the **STOP** (Service, Training, Officers, Prosecution) Violence Against Women Act Grant program are now available. Nevada is allocated \$1,291,000 from the U.S. Department of Justice under the Violence Against Women Act (VAWA) Grant program. Grant money will be awarded to qualified programs that meet the specific federal and state VAWA Grant objectives.

The purpose of the **STOP** Violence Against Women program is to encourage the development and implementation of more effective law enforcement, court and prosecution strategies to combat violent crimes against women, and the development and enhancement of victim services in cases involving crimes against women.

The Attorney General's Office will continue to administer the **STOP** Grant funds on behalf of programs throughout Nevada. Since the inception of this program in 1995, nearly \$7 million has been distributed statewide to organizations and groups to assist in combating crimes against women.

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FOR IMMEDIATE RELEASE

DATE: April 3, 2002

**CONTACT: Wayne Howle, (775) 684-1227
Tom Sargent, (775) 684-1114**

DEL PAPA PRESENTS *NEVADA v. HICKS* SUPREME COURT DECISION TO FEDERAL BAR ASSOCIATION

Carson City—Attorney General Frankie Sue Del Papa is in Albuquerque, New Mexico today and tomorrow to present the landmark *Nevada v. Hicks* decision to the Federal Bar Association.

The case, presented on behalf of the state to the U.S. Supreme Court by Senior Deputy Attorney General Wayne Howle and Deputy Attorney General Paul Taggart early last year, challenged the jurisdiction of tribal courts to hear civil claims brought against state officials.

The case began in 1991 after a Nevada Division of Wildlife (NDOW) game warden obtained a search warrant for execution on the Fallon Paiute-Shoshone Reservation, east of Fallon, Nevada. A tribal judge also approved the warrant. A mounted bighorn sheep head was taken from Floyd Hicks, but it proved not to be evidence of criminal activity, and it was returned to its owner. A year later, another head was seized from Mr. Hicks based upon a new, tribally-approved warrant, and again was returned after examination.

Hicks sued three game wardens and the NDOW administrator in two separate lawsuits. Significantly, the suits were filed in tribal court. Originally, the suits alleged violation of tribal law, and they named the State of Nevada as well as the individual officials as defendants. The present complaints, however, after several amendments, also allege violations of federal civil rights law, and name only the state officers in their individual capacities.

The U.S. District Court in Reno, and the Ninth Circuit in San Francisco, ruled against the state. They held that tribal courts have jurisdiction whenever individuals willingly enter onto reservations. The state's assertion that state sovereignty should defeat tribal jurisdiction was rejected. Instead, the federal courts ruled that sovereignty would not defeat jurisdiction, and instead would only shield officials in tribal court as a defense.

Del Papa said the tribal court suits against state officials were unprecedented. "No court has ever suggested tribal courts have power to award judgments against state officials for doing state business. This case created new law significant to all the states that deal with tribes. The basis for the state's

argument was the fundamental nature of states as sovereigns. It was also necessary to consider the unique, limited nature of tribal sovereignty, and how tribal and state sovereignty historically interrelate.”

Part of the state’s prevailing argument was that Indian Tribes hold a unique place in the nation, and as such, are entitled to the utmost respect and fair treatment. On the other hand, that does not mean that the U.S. Constitution authorizes tribes to alter, preempt or abrogate state sovereignty.

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FOR IMMEDIATE RELEASE

DATE: April 3, 2002

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Tom Sargent, (775) 684-1114

RENO WOMAN INVOLVED IN HIT AND RUN ACCIDENT SENTENCED FOR INSURANCE FRAUD

Carson City—Attorney General Frankie Sue Del Papa announced today that Laura Jeanne Kreimeyer-Oldham, age 40, was sentenced to probation and ordered to pay \$500.00 to the Attorney General's Office by Judge Brent Adams in the Washoe County Courthouse after pleading guilty to Insurance Fraud.

Oldham caused an elderly woman to spin out of control and left the scene of the accident. She then made a claim to her insurance company stating that she did not know how the damage to her vehicle had occurred. The Attorney General's Office combined their investigative efforts with the Reno Police Department.

“While it appears as though insurance companies are the victims, ultimately it is the policyholders, taxpayers and the general public who pick up the tab through increased insurance rates, higher taxes and inflated prices for consumer goods and services.” said Del Papa.

If you have any information regarding insurance fraud, please call the Nevada Attorney General's Insurance Fraud Hotline at 1-800-266-8688. For more information about Nevada's Insurance Fraud Unit, please visit the Attorney General's website at <http://ag.state.nv.us>

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FOR IMMEDIATE RELEASE
DATE: April 2, 2002

CONTACT: John McGlamery, (775) 687-6300 x238
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MULTI-STATE SETTLEMENT AGREEMENT REGARDING ADVERTISEMENTS FOR LONG DISTANCE SERVICES

Carson City—Attorney General Frankie Sue Del Papa's office announced today the final order of the Carson City District Court approving an Assurance of Discontinuance with the three major long distance carriers, Sprint, AT&T, and MCI WorldCom. The Assurance of Discontinuance compels the companies to cease specific practices deemed misleading by the Court, in this case, practices associated with the advertising of long distance service to consumers. The settlement, part of a combined action by 22 states, ends a two-year investigation by the states into tactics used in the advertising campaigns of the three long distance telephone carriers.

Nevada law requires the review and approval of any Assurance of Discontinuance settlement to be filed with and approved by the District Court.

Two years ago, the carriers were advertising rates as low as 2 to 5 cents per minute. The carriers failed to disclose clearly and conspicuously:

- additional monthly fees assessed in order to get the low per minute rates
- that for some carriers the low per minute rate was only good at night or on weekends
- that in-state long distance rates could be higher than the advertised discount rate

Effectively, consumers were paying much more than the 2 cents or 5 cents per minute rate claimed in the carriers' advertising.

"Nevada consumers have the right by law to be notified up-front of all costs and limitations when signing up for any long distance telephone service," said Del Papa. "Hidden costs result in consumers making poor choices—when they thought they were behaving rationally."

While the carriers deny wrongdoing, they have agreed to collectively pay the 22 states \$1.5 million. In addition, the carriers will now make the critical disclosures to consumers that reveal the total cost of the service they are offering with the exception of taxes that carriers are required to pass to customers. The carriers are also required to disclose clearly and conspicuously any limitations on advertised rates or calling plans.

The states involved in the settlement are: Arkansas, Connecticut, Georgia, Idaho, Illinois, Iowa, Kansas, Maine, Maryland, Michigan, New Jersey, New Mexico, Nevada, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Tennessee, Texas, Vermont, Wisconsin, and the District of Columbia.

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FOR IMMEDIATE RELEASE

DATE: May 30, 2002

CONTACT: Stephanie Parker, (702) 486-3326
Tom Sargent, (775) 684-1114

ATTORNEY GENERAL ANNOUNCES SILVER STATE AWARD RECIPIENT

Las Vegas—Attorney General Frankie Sue Del Papa announced today the presentation of a Silver State Award to 17-year-old Las Vegas resident, Ashley Conners for her appointment as National SADD Student of the Year.

Students Against Destructive Decisions (SADD, formerly Students Against Drunk Driving) has 750,000 participating students across the nation. The focus and mission of this group is to speak to the youth of America on how to utilize positive alternatives and avoid destructive decisions—decisions that often mean the difference between life and death.

“It’s important that we recognize our outstanding youth,” Del Papa said. “They are role models for the rest of us—and most importantly for our children.”

“The Silver State Award is presented to individuals who go above and beyond to serve the people of Nevada. Ashley’s accomplishments are resounding proof that she is totally dedicated to the safety and welfare of our communities. I’d like that all Nevadans join me in expressing our sincere gratitude for her relentless focus and her achievements.” said Del Papa.

Del Papa’s office helps to promote and support programs that solve problems and serve the public in a positive way. The Attorney General is delighted to personally present this award to Conners at a media conference May 31, 2002 at 10:00 a.m. at the Grant Sawyer Building, Room 4700. Light refreshments will be served. Dignitaries joining Attorney General Frankie Sue Del Papa for this ceremony include Executive Director for National SADD Penny Wells; Assemblyman Mark Manendo; District Attorney Stewart Bell; Chuck Abbott from the Nevada Office of Traffic Safety; Sue Daellenbach, Principal, Foothill High School; and others. Members of the press are quite welcome to attend.

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FOR IMMEDIATE RELEASE

DATE: May 30, 2002

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COMPLAINT FILED AGAINST ST. PAUL INSURANCE COMPANIES FOR UNLAWFUL BUSINESS PRACTICES

Malpractice Crisis Precipitated by Companies' Vacating Nevada Market

Las Vegas—Attorney General Frankie Sue Del Papa announced today that the Commissioner of Insurance has been provided with a complaint against St. Paul Insurance Companies for alleged unlawful business practices, unauthorized policy modifications, payment of commissions to unlicensed agents, and unlawful policy cancellations and non-renewals including failure to return unearned premium payments. Each instance of the above violations carry fines of up to \$5,000.00 and in some cases up to \$10,000.00.

Nevada's current medical malpractice crisis was precipitated when the St. Paul Companies ceased providing the coverage to Nevada physicians. The crisis prompted Governor Guinn and the Commissioner of Insurance, Alice Molasky-Arman, to establish the state-operated Medical Liability Association of Nevada (MLAN), essentially a cooperative governed by a board of directors to prevent wholesale flight of physicians from Nevada by providing medical malpractice insurance coverage in the absence of a private market source.

"Our mission is to protect the citizens of the state of Nevada from harm. This is a grave situation where already there are expectant mothers who cannot obtain the services of physicians due to the difficulty OB/GYNs are having in obtaining medical malpractice insurance," Del Papa said. "That's just one example of the ripple effect of unlawful behavior in the marketplace. We're going to do everything we can to ensure that this crisis is resolved and that violations are addressed so that it never happens again."

The action is an administrative procedure where first the Commissioner of Insurance requests that the Attorney General's Office represent the Department of Business and Industry, Division of Insurance, in initiating the complaint on the Division's behalf. The complaint itself is an order to show cause whereby the St. Paul Companies must produce evidence to an impartial hearing officer (appointed by the Commissioner) who then determines whether or not the Commissioner is justified in taking appropriate disciplinary action based upon the allegations contained in the complaint.

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FOR IMMEDIATE RELEASE
DATE: May 28, 2002

CONTACT: John Warwick, (775) 684-1273
Tom Sargent, (775) 684-1114

INMATE SENTENCED FOR CONSPIRACY TO INTRODUCE A CONTROLLED SUBSTANCE INTO A STATE PRISON

Carson City—Attorney General Frankie Sue Del Papa announced today that inmate Eric Davis, age 25, was sentenced by Carson City District Judge Michael R. Griffin to twelve (12) to thirty (30) months imprisonment with the Nevada Department of Corrections for Conspiracy to Introduce a Controlled Substance into a State Prison.

Davis was convicted in 1995 of sexual assault and robbery using a deadly weapon in Clark County. Davis will serve his new sentence consecutive to the remainder of his current sentence.

For today's conviction, Davis attempted to have approximately 24 grams of marijuana mailed to him in a shoebox while incarcerated at the Northern Nevada Correctional Center in Carson City. Investigators with the Inspector General's Office of the Nevada Department of Corrections uncovered the plan before the drugs reached Davis.

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FOR IMMEDIATE RELEASE

DATE: May 28, 2002

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Patrick King, (775) 684-1258
Tom Sargent, (775) 684-1114

DISTRICT COURT JUDGE RULES IN ANZALONE LAWSUIT

Las Vegas—Today in the lawsuit *Anzalone v. State and the Office of the Attorney General*, Las Vegas District Court Judge Michelle Leavitt entered summary judgment in favor of the State of Nevada, Attorney General Frankie Sue Del Papa and other named Defendants. Judge Leavitt also ordered Anzalone to pay the Defendants' costs in the amount of \$50,000.00.

The court had previously entered judgment for Attorney General Frankie Sue Del Papa in her individual capacity. The summary judgment followed the Nevada Supreme Court's decision stating Anzalone's complaint lacked merit or cannot be sustained.

"The Court's decision sends a clear message that meritless lawsuits should be terminated at the earliest possible stage of the proceedings and that a plaintiff who brings such a suit may be ordered to pay the defense costs," said Patrick King, Senior Deputy Attorney General. Assistant Attorney General David Wasick and King served as counsel to the defendants in the case.

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FOR IMMEDIATE RELEASE
May 23, 2002

CONTACT: Timothy Hay, (775) 687-6300, x 225
Bob Cooper, (775) 687-6300, x 230
Tom Sargent, (775) 684-1114

NEVADA ATTORNEY GENERAL ASKS FEDERAL COURT TO UPHOLD STRICTER AIR CONDITIONING STANDARDS

Carson City—The Nevada Attorney General's Office has joined six other states in asking a federal court to uphold a stricter air conditioning efficiency standard that had been previously approved by the Department of Energy. Today, the Department of Energy issued a relaxed national air conditioning standard reducing the benchmark energy rating from SEER 13 to SEER 12. Nevada Consumer Advocate Timothy Hay stated, "I am disappointed that the Department of Energy rolled back this regulation and passed up the opportunity to save energy, prevent potential blackouts, and save consumers substantial amounts of money on their electricity bills. This is particularly important in light of the rate increase imposed today on Las Vegas consumers by the Nevada PUC."

"By lowering the minimum requirements for air conditioner efficiency, the Department of Energy has done a disservice to southern Nevada consumers who must heavily rely on their air conditioners. Southern Nevadans are already turning on their air conditioners this summer facing much bigger electric bills than they had two years ago. The new homes that are built for southern Nevada would be much more affordable if the most cost-effective air conditioners were installed. This new rule will frustrate that."

The State of Nevada favors a higher standard and has joined six other states—California, Maine, Vermont, Connecticut, New York, and New Jersey—seeking a federal court order directing the Department of Energy to enforce the higher minimum efficiency standard. "We are hopeful the federal court will overturn this less stringent regulation that penalizes the consumer, the environment, and the overall reliability of southern Nevada's electric grid," said Hay. "By the Department of Energy's own figures, new home owners would have recouped any additional cost of the more efficient units in just over a year due to lower electric bills."

Mr. Hay added that the SEER 13 standard would have saved Nevada consumers \$39 million on energy bills per year, and that Nevada's electricity grid could achieve 610 megawatts of reduction in peak electricity demand. "Most major manufacturers already produce models that conform to the higher standard, so delaying implementation [of the higher standard] only hurts the consumer in the long term," said Hay.



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FOR IMMEDIATE RELEASE
DATE: May 22, 2002

CONTACT: Stephanie Parker, (702) 486-3326

****Media Advisory****

MAY 25TH IS NATIONAL MISSING CHILDREN'S DAY

Carson City—May 25, 2002 is National Missing Children's Day, a time to bring attention to the plight of missing children and their families, and to renew our efforts nationwide to reunite children with their families. In 1983, former President Ronald Reagan proclaimed May 25 National Missing Children's Day in honor of six-year-old Etan Patz, who disappeared in New York City on his way to school in 1978 and has never been seen again.

In the past month alone, several child abduction attempts have been made in Carson City and Reno.

Unfortunately, children are more likely to be abducted by someone they know such as in domestic disputes. These children are also victims of a tragic crime. Parental abduction should not be considered anything less than a criminal act. It is becoming more common for these abductions to involve the kidnapping of a child and fleeing to another country, which makes it more difficult to locate and return children to the custodial parent—not to mention the difficulties in prosecuting the abductor.

In honor of Missing Children's Day, the Nevada Attorney General's Missing Children Clearinghouse would like to send a message to parents and caretakers of children. To prevent child abduction and exploitation, we as adults must reinforce safety rules with our children:

1. Check first with my parents or the person in charge before going anywhere, even with someone you know.
2. Check first with parents or trusted adult before accepting anything from anyone.
3. Always take a friend when going places or going outside.
4. Know parent's names, address, telephone number, and how to dial "911".
5. Say no if someone tries to touch or treat you in a way that makes you feel uncomfortable, scared or confused.
6. Know that you can tell your parents or a trusted adult if you feel scared, uncomfortable or confused.

7. Know it is OK to say no, and know that there will always be someone who can help.
8. Keep a **current** photo and physical description of your child in a safe place.
9. Always leave an emergency number and location with the trusted adult caretaker when you are not with your child.
10. Do not put your child's first name on clothing, bikes, backpacks or toys, where it is visible.
11. Teach your child never to let anyone in the house and not to give out your address or phone number to strangers.
12. Develop a password known only to you and your child, which authorizes someone to pick your child up in an unexpected emergency.
13. Teach your children that strangers do not always look like bad people.

These are just some ways to reduce the likelihood of becoming a victim. Continually practice and reinforce them.

“One of the most tragic situations that any parent can face is the disappearance of a child, no matter what the circumstance,” Attorney General Frankie Sue Del Papa said. “We must all join forces in our communities to do whatever we can to help prevent the catastrophic heartbreak that a family goes through when a child is abducted or missing.”

On Saturday, May 25, 2002, begin a weekly “Family Briefing” to go over safety tips with your children and take the time to take serious notice of any notifications of missing children; you may be able to assist in the reunification of a missing child with his or her family.

“By taking necessary precautions, including the preparation of an identification packet and teaching your child about safety, a parent can help prevent his or her child from becoming the victim of an abduction,” Del Papa said. “Should a child be abducted or end up as a runaway, precious time will be saved in the search for that child if a completed identification packet can be delivered to law enforcement immediately.”

The State Legislature created the Nevada Missing Children Clearinghouse in 1991 in response to the staggering number of children reported missing in the United States each year. In 2000 alone, the Nevada Missing Children Clearinghouse received a total of 7,006 reported cases of a missing child, including cases of family abductions, parental abductions, runaways and non-family abductions. The Nevada Missing Children's Clearinghouse works in tandem with the National Center for Missing and Exploited Children.

Anyone having information regarding a missing child should contact local authorities or the National Center for Missing and Exploited Children at 1-800-THE-LOST. For more information on Nevada's Missing Children Clearinghouse, visit the Attorney General's Web site at <http://ag.state.nv.us>, or call (702) 486-3539. The Web site address for the National Center for Missing and Exploited Children is www.missingkids.com.

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FOR IMMEDIATE RELEASE
May 21, 2002

CONTACT: John McGlamery, (775) 687-6300 x 238
Tom Sargent, (775) 684-1114

ATTORNEY GENERAL ANNOUNCES THE SENTENCING OF MELVIN REID FOR THE SALE OF ILLEGALLY REGROOVED TIRES

Carson City—Attorney General Frankie Sue Del Papa announced today the sentencing of Melvin (“Mike”) Reid on nine misdemeanor counts related to the sale of illegally re-grooved used tires. The complaint accused Reid of illegally re-grooving scrapped used tires so the tires appeared to have good tread. Reid then sold these tires as “used tires” without notifying customers that the tires had been illegally regrooved. Re-grooving tires not specially manufactured to be regrooved is extremely dangerous. The regrooving process can leave too little rubber covering the cord, which can cause heat build-up, leading to catastrophic tire failure without warning.

Reid operated a number of businesses under the names of Rebel Used Tires, Rebel Paint and Body, Rebel RV Auto & Tire, and Grove Street Paint and Auto Body, which were located on Grove Street and on Gentry Street in Reno. Reid was captured last week by Nevada bail bondsmen in Garden City, Idaho, where he had opened another business selling illegally regrooved tires. Reid, who appeared in Reno Justice Court on Monday, May 20, 2002, plead guilty to the nine misdemeanor counts and was sentenced to 60 days in the Washoe County Jail for each count. His jail sentence was suspended pending the payment of a cumulative fine of \$6,520 and a promise to engage in no further acts of regrooving tires for sale.

Timothy Hay, Chief of the Attorney General’s Bureau of Consumer Protection, warns Nevada consumers who have purchased used tires to check for unusual tread patterns which could indicate that the tires have been regrooved. “If you think that your tires have been illegally regrooved, stop driving on them immediately. Driving on regrooved tires is extremely dangerous. Have the tires checked by a reputable tire dealer, or contact the Nevada Highway Patrol to have the tires checked for safety.” Anyone discovering that they have unknowingly purchased regrooved tires are urged to contact the Attorney General’s Bureau of Consumer Protection at (775) 687-6300 ext. 238 in northern Nevada, or (702) 486-3194 in southern Nevada.



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FOR IMMEDIATE RELEASE

DATE: May 13, 2002

CONTACT: Tim Terry, (775) 687-4704
Tom Sargent, (775) 684-1114

FORMER NURSE GUILTY OF ELDER NEGLECT

Las Vegas--Attorney General Frankie Sue Del Papa announced today that Rebecca Goodman-Yowell (age 57) entered a guilty plea to the gross misdemeanor offense of Elder Neglect. The charge carries a potential penalty of one year in jail and a \$2,000.00 fine. Ms. Goodman-Yowell is scheduled for sentencing on July 2, 2002. The Attorney General's Medicaid Fraud Control Unit (MFCU) prosecuted the case.

According to MFCU Chief Tim Terry, Yowell was accused of criminally neglecting an elderly resident of a private home for whom Yowell was providing "live in" care services. Yowell attempted treatment of the resident's bed sore in a manner that was beyond the scope of practice for licensed practical nursing. This resulted in the continued development and complication of the bed sore. Eventually the resident required emergency treatment and extensive hospitalization.

"Health care professionals must be held accountable when they knowingly act outside the scope of their practice or fail to provide or refer to care appropriately," Del Papa said, emphasizing her office's zero tolerance policy for those who neglect or abuse the elderly.

Anyone suspecting abuse or neglect of an elderly person may report it to the MFCU at (775) 687-4704 (Carson City) or (702) 486-3420 (Las Vegas); the Division of Aging Services (775) 688-2946 (Reno), (775) 687-4210 (Carson City) or (702) 486-3545 (Las Vegas); or to any local law enforcement agency.

Elder abuse/neglect prevention information can be found on the Attorney General's Web site at: <http://ag.state.nv.us> .

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FOR IMMEDIATE RELEASE
DATE: May 13, 2002

CONTACT: John Albrecht, (775) 688-1872
Tom Sargent, (775) 684-1114

ATTORNEY GENERAL SPONSORS “WE CARD” TRAINING FOR RETAILERS, STAFF

Carson City—Attorney General Frankie Sue Del Papa announced today that free training classes on how and when to check ID's and refrain from selling tobacco to those under 18 will be held on May 16 from 9:00 to 11:00 a.m. The training is designed for store owners, managers, and staff of businesses that sell tobacco and will be held in Carson City, Reno, Ely, Elko, Winnemucca, Henderson, and Las Vegas.

"I am happy to co-sponsor this training with the responsible retailing community to reduce the sale of tobacco to minors," stated Attorney General Del Papa. "We can accomplish much more by working together whenever possible."

The training includes how to decide when to ask for an ID from a youthful looking customer and nonconfrontational ways to decline to sell tobacco if the youth does not have an ID. The class is co-sponsored by the Nevada Attorney General's office, the Nevada Petroleum Marketers and Convenience Association, the Retail Association of Nevada, and the Coalition for Responsible Tobacco Retailing.

For information on specific locations for the training, please call John Albrecht at (775) 688-1872, or Tom Sargent at (775) 684-1114.

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FOR IMMEDIATE RELEASE
DATE: May 13, 2002

CONTACT: Tom Sargent, (775) 684-1114

STATE RELEASES LATEST DEADBEAT PARENTS “MOST WANTED” POSTER

Carson City—The Nevada Office of Child Support Enforcement and the Nevada Attorney General’s Office have released the latest in a series of “Most Wanted” posters featuring information and photographs of selected deadbeat parents who have failed to pay child support. The newest poster includes eight notable deadbeat parents, whose whereabouts are unknown, who owe a total of \$289,091.46 to their children as of 10/31/01. The “Most Wanted” poster program has proved to be very successful in helping to locate individuals who owe their children child support payments. The latest poster will be available on the Attorney General’s web site soon at <http://ag.state.nv.us>.

“Since May of 1996, these posters have enabled the Child Support Enforcement Program of Nevada’s Welfare Division to collect thousands of dollars in previously uncollectable money, along with helping to raise public awareness as to the seriousness of non-payment of child support,” Attorney General Frankie Sue Del Papa said. “The children of our state rely on the collective efforts of District Attorneys, their staff, and the State Child Support Program to increase collections and place the money where it belongs: bettering the lives of children entitled to financial support.”

Nevada State Welfare Administrator Nancy Ford stated, “The success of these posters provides new hope that no matter how hard people try to avoid their obligations to their children, there are people out there seeing these posters and trying to help the children of this state receive what they deserve in terms of financial support.”

The poster is distributed throughout Nevada to all state agencies, District Attorneys’ offices and most post offices; is sent nationally to all Attorneys General and Child Support Enforcement offices; and is sent to every district attorney, child support office and to larger branch post offices located in the five states bordering Nevada.

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The names and descriptions of the eight “Most Wanted” individuals on this year’s poster are:

JERMAH YOUGBLOOD

Owes his three children \$54,469 as of 10/31/01; DOB 9/6/46; age 55; 5’5”; 150 pounds; brown eyes; black/grey hair; works as a mechanic/Handyman; last known was in Ely, NV

GERRY WARNER DIVELEY, JR

Owes his child \$41,481 as of 10/31/01; DOB 11/15/62; age 39; 5’8”; 175 pounds; blue eyes; blonde hair; occupation marble finisher, title setter; last known mailing address is 4183 Lord Latimer Court, Las Vegas, NV; last seen in Palm Springs, CA in 2000.

WILLIM ARTHUR SHADLE

Owes his child \$27,576 as of 10/31/01; DOB 1/21/50; age 52; 5’11”; 160 pounds; blue eyes; brown hair; works as a clerk/security guard; last known address is 4433 Lake Mead, Las Vegas, NV

DERIC DAVON COOPER

Owes his child \$34,781 as of 10/31/01; DOB 12/28/73; age 28; 5’6”; 140 pounds; brown eyes; black hair; works as a dishwasher/bus person or sports equipment sales; last known address is 3272 Jericho Street #B, Las Vegas, NV

PATRICK ALLEN SILVERTHORN “PAT”

Owes his two children \$35,056 as of 10/31/01; DOB 12/24/65; age 36; blue eyes; blonde hair; works as in construction, golf pro, groundskeeper; last known address is 1318 S. Vintage #17, Mesa AZ

IGNACIO CAMPOS

Owes his child \$19,112 as of 10/31/01; DOB 8/18/44; age 57; brown eyes; grey hair; works as a handyman; last known address is 2300 Perliter, Las Vegas, NV 89030; Last seen in El Paso, TX

JOHNNY SALINAS

Owes his child \$31,922 as of 10/31/01; DOB 9/9/65; age 36; brown eyes; brown hair; works in computer sales/phone sales; last known address is 2212 N. Dearing Street, Alexandria VA

JERRY RUVALCABA

Owes his child \$44,694.46 as of 10/31/01; DOB 9/8/60; age 41; brown eyes; brown hair; occupation unknwn; last known address is 1221 LaSalle Avenue #H, Seaside, CA

The Nevada Child Support Enforcement Program provides services including: location of absent parents; establishment of parentage; and collection and distribution of support payments. They can be reached at 1-800-992-0900, or in Carson City at (775) 684-0704.

The Attorney General’s Office has published a brochure entitled, “**Tips For Collecting Child Support: Working with the Child Support Enforcement Program,**” which helps answer questions such as who is eligible to receive child support, how to collect payments, and how child support is enforced in Nevada. Copies of the brochure are available by calling the Attorney General’s Office in Las Vegas at (702) 486-3420; in Reno at (775) 688-1818; or in Carson City at (775) 684-1100. The brochure can also be found on the Attorney General’s website at <http://ag.state.nv.us>.



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FOR IMMEDIATE RELEASE
DATE: May 9, 2002

CONTACT: Bill Gang (702) 486-3232
Tom Sargent, (775) 684-1114

FINAL PUBLIC HEARING OF THE NEVADA SUPREME COURT JURY IMPROVEMENT COMMISSION SET IN CARSON CITY

Carson City—Attorney General Frankie Sue Del Papa urges citizens to attend the Nevada Supreme Court's Jury Improvement Commission's final public hearing tomorrow, May 10 at 9 a.m. in the courtroom of the Nevada Supreme Court, 200 South Carson St. The 15-member Commission consists of judges, lawyers, court executives and citizens.

"Democracy is not a spectator sport," said Del Papa. "We've all expressed frustrations with our judicial system from time to time, and here we have an opportunity to impact recommendations made regarding the jury system—a place where the average citizen has more influence than possibly anywhere else in government."

The Commission is exploring:

- Eliminating all exemptions from jury duty; increasing juror pay.
- Allowing those summoned to "schedule," according to their availability, when they will serve.
- Minimizing delays in jury trials by streamlining the process so jurors' time is fully utilized.
- Requiring mini opening statements before jury selection, to provide prospective jurors with a broad understanding of the case and, hopefully, reduce the number who seek to avoid jury duty.
- Requiring the trial courts to let jurors ask questions of witnesses.
- Clustering technical evidence and expert testimony in lengthy trials and then allowing lawyers immediately to present mini closing arguments on that evidence.
- Allowing jurors to discuss evidence and testimony during the course of a trial so long as they do not form or express opinion concerning the outcome of the case.
- Providing jurors with trial notebooks that will include copies of exhibits, jury instructions and photos of witnesses to allow them to better track proceedings.
- Requiring that jurors be instructed on relevant law before any witnesses are called.
- Protecting the identities of prospective jurors in a limited number of criminal cases where there are substantial concerns for jurors' safety. Jurors generally would be identified only by number in those cases.



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FOR IMMEDIATE RELEASE
DATE: May 8, 2002

CONTACT: Marta Adams, (775) 684-1237
Tom Sargent, (775) 684-1114

NEVADA CHALLENGES YUCCA MOUNTAIN RADIATION STANDARD

Carson City—As part of Nevada's efforts to defeat the proposed high-level nuclear waste dump at Yucca Mountain, the Yucca Mountain legal team under Attorney General Frankie Sue Del Papa filed its substantive brief in the United States Court of Appeals for the District of Columbia Circuit late Friday, May 3, 2002. In Nevada's challenge of the radiation standard promulgated by the U.S. Environmental Protection Agency, the State alleges that EPA's standard is not sufficiently protective of the public health and safety, particularly Nevada's groundwater resources.

"Faced with one of the most important decisions of its institutional history, the U.S. Environmental Protection Agency failed to establish a radiation standard for the proposed high-level nuclear repository at Yucca Mountain that complies with the law and adequately protects Nevada's groundwater," Del Papa argued.

"EPA's oddly configured "controlled area" contained in the standard allows radioactive contaminants to be released and to spread through 18 kilometers of groundwater, a serious violation of Nevada's water quality laws and the Safe Drinking Water Act," Del Papa explained. "We have additional grievances relative to the 10,000 year period of compliance and believe that EPA has failed to establish a standard that protects public health and safety," Del Papa said.

Nevada's challenge of the Yucca Mountain radiation standard is but one prong of the State's overall legal strategy to defeat the proposed repository at Yucca Mountain. While the Yucca Mountain radiation standard is intended to protect the public health and the environment, Nevada's own water quality laws are more stringent.

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FOR IMMEDIATE RELEASE
DATE: March 19, 2002

CONTACT: Brady Janes, (775) 684-4052
Tom Sargent, (775) 684-1114

A NATIONAL DAY TO PREVENT TEEN PREGNANCY **May 8, 2002**

Carson City—Attorney General Frankie Sue Del Papa urges teens and their parents to participate in the “National Day to Prevent Teen Pregnancy.”

“With prom and graduation season upon us, teens will be tempted and influence by their peers and the excitement of the moment to take chances they might not otherwise take. Alcohol, drugs, heightened emotions—or a combination of these—often result in teens making poor decisions that they will certainly regret,” said Del Papa. “This ‘National Day’ is designed to give pause for reflection and serious consideration of the risks associated with these behaviors. Our wish is that all Nevada teens have options and opportunity before them—without the burden of a moment’s decision gone bad. By anticipating situations and influences, teens are better equipped to make the right decisions—and stick with them.”

WHAT:

On **May 8, 2002** – the first National Day to Prevent Teen Pregnancy – teens around the country will be asked to stop, think, and take action. By taking an **online interactive quiz**, teens will go through real-life scenarios and decide how *they* would react in certain risky situations. The quiz – created by *Teen People*, the National Campaign, and teens across the country – will be on www.teenpregnancy.org and will have links on popular teen web sites.

WHY:

Despite recent declines, **4 out of 10 girls in the U.S. get pregnant at least once by age 20**. Many teens say they are concerned about pregnancy, but still think it can’t happen to me. But it does – to one million girls every year. And the number one reason teen guys and girls give for not using protection is that they *weren’t planning to have sex* and that it just happened. Our online quiz will help teens come up with their own plans for avoiding pregnancy.

--more--

SUPPORT THE NATIONAL DAY:

Help the National Campaign and its founding partners, *Teen People* and Teen People Online, **get teens to take the online quiz on May 8th**. Join 60 national organizations, media outlets, businesses and youth groups who are getting involved.

To help spread the word about the National Day:

Urge teens to take the National Day quiz on May 8th

Use the quiz as a discussion starter with a youth group, club, or class.

Promote the National Day to Prevent Teen Pregnancy to your colleagues, members, chapters, customers, students, etc. through emails, radio public service announcements, newsletter articles or other communication channels.

Encourage schools and businesses to promote the National Day to Prevent Teen Pregnancy.

FIND OUT MORE

If you're interested in hearing more about the National Day to Prevent Teen Pregnancy, or to share ideas on how you're planning to get involved, email us at: nationalday@teenpregnancy.org, or call Megan Robb at 202-478-8500.

Also, tune in to FM 107.7 or AM 1550 tomorrow, 5 p.m. to 6 p.m., for a special edition of "Nevada Matters" when Eddie Floyd will host representatives from the Attorney General's office as well as the Governor's Youth Advisory Council for the State Partnership for Teen Pregnancy Prevention. They will discuss teen pregnancy prevention measures in Nevada and field questions from callers.



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FOR IMMEDIATE RELEASE

DATE: May 7, 2002

CONTACT: Gregory Hojnowski, (702) 486-3783
Tom Sargent, (775) 684-1114

FALSE RECEIPTS LEAD TO INSURANCE FRAUD CONVICTION

Las Vegas—District Court Judge Valorie J. Vega sentenced Harry Bragg, 64, of Las Vegas, this morning to 6 months in the Clark County Jail for filing a false claim for insurance benefits but the term was suspended. Bragg was placed on probation for a period of 2 years. He was ordered to reimburse National Alliance Insurance Company \$3,935.42 in restitution and pay the Insurance Fraud Unit \$1,000 towards investigative costs. Bragg faced up to 1 year in jail and a fine of \$2,000 on this gross misdemeanor charge.

In August of 1998, Bragg informed Safeco, insurer of his home, that he had suffered "wind/rain" damage from a recent storm. He submitted a series of receipts totaling over \$4,683 that he claimed substantiated his expenses for the necessary repairs. Investigation by Safeco, the National Insurance Crime Bureau, and the Insurance Fraud Unit revealed that most of these receipts were actually estimates. No work was completed, nor did Bragg actually pay for any work, contrary to his purported receipts and assertions. As part of this negotiated plea, Bragg agreed to reimburse National Alliance Insurance Company for a questionable claim he made with them in May of 2000 from a purported vehicle theft.

A spokesperson for the Insurance Fraud Unit explained that the making of a false statement(s) of a material nature in support of a claim for insurance benefits is a felony in Nevada. Insurance fraud costs the average Nevada household approximately \$300 annually in increased premiums. Over the past year, the Insurance Fraud Unit has obtained over 38 convictions and court ordered restitution in excess of \$400,000.

If you have knowledge that someone has committed insurance fraud, please contact the Insurance Fraud Hotline at 1-800-266-8688. Information on how to combat insurance fraud can be found at the Attorney General's website at <http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE
DATE: May 6, 2002

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Tom Sargent, (775) 684-1114

MAN PLEADS GUILTY TO CONSPIRACY TO COMMIT SECURITIES FRAUD

Las Vegas--Attorney General Frankie Sue Del Papa announced today that Robert Marcus Friend plead guilty to one count of Conspiracy to Commit Securities Fraud, a gross misdemeanor, and tendered a money order in the amount of \$10,000 that will go toward the restitution that he owes his victims, a Las Vegas couple. Friend agreed to pay an additional \$30,000 in restitution to his victims over the next ten months.

This Guilty Plea Agreement resolves a criminal complaint filed by the Attorney General's Bureau of Consumer of Protection, under the direction of Consumer Advocate Timothy Hay, charging Friend with various securities violations related to a scam involving his company, MEI World Industries, a purported import-export company. The complaint alleged that Friend told prospective investors that MEI imported consumer products, such as shoes and marble, from China, and earned profits by retailing the imported goods to customers in the United States.

The complaint further alleged that Friend told investors that they could expect a return of 21% to 25% within a period of one year. It was further alleged that Friend failed to disclose material facts to investors, such as the fact that the securities were not registered with the Nevada Secretary of State, Securities Division.

The charges were the result of an investigation conducted by the Secretary of State, Securities Division. Individuals who would like more information about investment scams should contact the Secretary of State, Securities Division at (702) 486-2440, or the Attorney General's Office at (702) 486-3420. Additional consumer protection information can be found on the Attorney General's web site at <http://ag.state.nv.us>

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AG AND PRIVATE PARTNER URGE PROM AND GRAD NIGHT SAFETY

Carson City—Attorney General Frankie Sue Del Papa announced today that the Century Council, a not-for-profit educational organization funded by America's leading distillers, the American School Counselor Association, and Diageo, a leading distributor of beer, wine and spirits, are together getting the message out to teens throughout Nevada that there's little to celebrate if not everyone arrives home safely.

A **Prom-Graduation Safety Kit** was recently distributed to all high schools in Nevada. The kit was developed and distributed nationally through The Century Council and the American School Counselor Association.

A recent online, omnibus survey conducted by Teenage Research Unlimited (TRU) for The Century Council indicates that 52% of youths between the ages of thirteen and twenty obtain alcohol from their parents or their friends' parents and 49% obtain it from someone over the age of 21. The survey also shows that reported alcohol use increases proportionately with age – 29% of 13-15 year olds, 55% of 16-18 year olds and 79% of 19-20 year olds drink alcoholic beverages. Additionally, a separate survey conducted last Fall revealed that while 74% of parents said they spoke to their teens in the past week or month about the dangers of underage drinking, only 33% of teens could recall such a conversation.

One component of the prom kit that is compelling to students is the enclosed videotape, *Brandon Tells His Story*. Brandon Silveria, a spokesperson for The Century Council, was disabled in a car crash after drinking and driving when he was 17. The incident left him in a coma for two months and in rehabilitation for more than two-and-a-half years. Now permanently disabled, Brandon tours high schools nationwide with his dramatic story of the consequences of drinking and driving. His emotionally moving presentation has proven to be a very effective means of reaching out to high school students.

Attorney General Frankie Sue Del Papa asks that school personnel, students and parents:

- ask about the Brandon Silveria tape so they may view it
- reproduce the poster (it can be downloaded at www.centurycouncil.org)
- obtain "Prom Night Tips" either from the school, PTA or at www.centurycouncil.org

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FOR IMMEDIATE RELEASE
DATE: May 6, 2002

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Tom Sargent, (775) 684-1114

CONSUMER ALERT: NIGERIAN INVESTMENT SCAM

The following consumer advisory is offered by the Nevada Office of the Attorney General, Bureau of Consumer Protection as part of an ongoing effort to educate consumers.

Carson City -- Attorney General Frankie Sue Del Papa is warning Nevada residents to be aware of the return of the African/Nigerian scam to Nevada. The most recent version is in the form of an unsolicited e-mail from an African source claiming to be a government, military, or business official seeking a reputable or honest person into whose bank account he can deposit funds. The funds, ranging from \$10-\$60 million dollars, are purported to be unclaimed property, floating funds accounts, contract overpayments, or even the estate of a deceased wealthy person. The emails also include a story describing the difficulties of getting the funds out of Africa/Nigeria and the need for assistance from an American citizen.

The goal of the scam artist is to delude the victim into thinking that he or she has been singled out to participate in a very lucrative - although questionable - arrangement. The latest version suggests the victim open an empty bank account to use for the alleged "transfer" of these accounts. However, the scam artist secretly hopes the victim will simply use an existing account with life savings in it. The intended victim may be reassured of the authenticity of the arrangement by forged or false documents bearing official looking government or business letterhead, and may include, seals, false letters of credit, payment schedules and bank drafts.

Once the victim becomes confident of the potential success of the deal, something will "go wrong." There might be a story that an official needs to be bribed or that the bank holding the funds is now demanding fees and the victim will need to deposit one or more large sums of money into the specified account to save the deal. The victim may be threatened with physical harm if the money is not deposited. The scam ends when the bank account set up by the victim is cleaned out and the scam artists go on to the next victim. Investigators have gone to Africa and have discovered boiler rooms with telephones, fax machines and computers that the scam artists use to perpetrate their fraud. Anything that resembles the scheme described above is a scam. Should you receive such an e-mail, letter or fax, please contact the United States Secret Service at www.secretservice.gov which is the agency coordinating the investigation of these scams.

In order to assist Nevada residents in the protection of their savings, the Attorney General is warning Nevada residents to be aware that anything seeming odd or too good to be true, is almost certainly a scam intended to defraud the unwary citizen. For more information regarding consumer scams and deceptive trade practices, you may contact the Nevada Office of the Attorney General, Bureau of Consumer Protection at (775) 687-6300 in Carson City or (702) 486-3786, in Las Vegas or visit the Attorney General's website at <http://ag.state.nv.us>.



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FOR IMMEDIATE RELEASE
DATE: May 3, 2002

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Tom Sargent, (775) 684-1114

LATEST NEVADA DOMESTIC VIOLENCE STATISTICS RELEASED

Rise in Number of Clark County Incidents Alarming

Carson City—Attorney General Frankie Sue Del Papa, who chairs the Nevada Domestic Violence Prevention Council, announced today the release of the latest *Domestic Violence in Nevada* report, a compilation of statewide law enforcement statistics regarding reported incidents of domestic violence in Nevada. The latest report covers the first and second quarters of 2001 (January-March and April-June 2001). These reports, part of a continuing series, are the result of a collaborative effort between the Domestic Violence Ombudsman of the Attorney General's Office and the Nevada Uniform Crime Reporting (UCR) Program, which is administered by the Nevada Department of Public Safety.

According to the reports, Nevada law enforcement agencies responded to 5,281 domestic violence incidents during the first quarter of 2001, an increase of 563 incidents (12%) from those reported during the first quarter of 2000. Law enforcement responded to 5,943 incidents during the second quarter of 2001, an increase of 983 incidents (20%) from those reported during the second quarter of 2000. Therefore, there was a 16% increase in domestic violence reports statewide between the first half of 2000 and the same period in 2001.

"We must work together to send a clear message that there is no excuse for domestic violence," said Attorney General Frankie Sue Del Papa. "Anything that anyone of us can do to break the cycle of violence is important. Awareness is the key to prevention. There are many ways that people can better educate themselves, their co-workers, neighbors, and their own families about the realities of domestic violence. Together we can make a difference. The statistics indicating a dramatic rise in domestic violence incidents and the large number of homicides in Clark County related to domestic violence during 2001 are particularly distressing."

Verónica Frenkel, Domestic Violence Ombudsman for the State of Nevada and author of the reports, said that, in addition to population increases in our state, one of the reasons for the on-going increase in reports are legislative changes and improved training. "Given the changes in domestic violence laws during recent legislative sessions and improvements in training of law enforcement in responding to and reporting on domestic violence, we should expect to see an increase in the number of reports. In addition, growing public awareness and confidence in the criminal justice system's response to this terrible crime generally results in a greater number of victims choosing to call law enforcement for assistance."

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Each quarter's report also provides a summary table of domestic violence reports by county. This summary shows that the increase in reports has not been consistent among all Nevada counties, and that some counties have registered a decline in reports. The most significant increase in reports was seen in Clark County, which showed a 23% increase between the first half of 2000 and the first half of 2001

The statistics show that roughly 79% of the incidents occurred in Clark County, where 69% of the state's population resides. "The high incidence of reporting in Clark County is likely a reflection of the well-developed systems in place to respond to victims of domestic violence in the region," commented Frenkel. "Additionally, some of the rural jurisdictions of our state probably experience a certain degree of underreporting, which indicates the need to support and strengthen our criminal justice response and victim services in these regions."

According to the report, arrests were made in approximately 53% of the responses, consistent with previous years' reports. The report also indicates that children were present in approximately 57% of the reported cases, a sharp increase from the 38% rate reported during the same period in 2000.

"The increased documentation of children's presence at the scene should serve as a reminder that children learn what they see - not only about violence in the home - but about how society does or does not intervene," stated Sue Meuschke, Executive Director of the Nevada Network against Domestic Violence." "In order to assess the extent of domestic violence in our state, it is also important to recognize that many victims of domestic violence do not contact law enforcement," Meuschke added. 8,841 victims made first-time contacts with domestic violence programs in Nevada during the first quarter of 2001; and 10,450 during the second quarter.

On January 1, 1998, in accordance with NRS 171.1227, the state's UCR Program assumed responsibility for the collection of domestic violence statistics on a statewide basis. To facilitate the collection of data in a uniform manner, the UCR Technical Subcommittee, along with the Domestic Violence Ombudsman, designed the State of Nevada Domestic Violence Statistical Form, which was implemented statewide by 35 Nevada law enforcement agencies. As described in the reports, changes were made to the Statistical Form in 2001 to provide additional information. Since 1998, as required by NRS 228.450 §1a, the Domestic Violence Ombudsman has prepared quarterly reports based on these law enforcement statistics. Copies of the report are distributed statewide to law enforcement, legislators and others interested in domestic violence prevention.

Frenkel said that she and Public Safety officials continue to modify, update, and improve the "Domestic Violence in Nevada" reports in response to public input. Frenkel stated that future reports will include information regarding the number of domestic violence protection orders issued in Nevada as contained in the Central Protection Order Repository. For more information about the report, please contact Veronica Frenkel in the Reno office of the Attorney General at (775) 688-1846.

For more information on how to help with efforts to reduce domestic violence in Nevada, call Nevada's toll free domestic violence information and referral line at 1-800-230-1955. Also, you may visit the Attorney General's Web site at <http://ag.state.nv.us>. If you are being abused, or know someone who is being abused, call Nevada's Domestic Violence Hotline at 1-800-500-1556, 24 hours a day, to get help.

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FOR IMMEDIATE RELEASE
DATE: May 1, 2002

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RENO MAN PLEADS GUILTY TO INSURANCE FRAUD

Carson City—Attorney General Frankie Sue Del Papa announced today that James Edward Anton, age 32, pleaded guilty before Judge James Hardesty in the Washoe County Courthouse on a charge of Conspiracy to Commit Insurance Fraud.

Anton was receiving long term disability payments based on the representation to Hartford Insurance Company that he was too badly injured to work when in fact he was gainfully employed with another company, performing manual labor and collecting disability payments which he was not entitled to.

Anton will face up to one year in jail and a fine of \$2000 at sentencing on May 30, 2002.

“Insurance Fraud has been is one of the costliest white collar crimes in the United States, ranking second only to tax evasion. Lying to insurance companies about injuries costs insurance companies hundreds of thousands of dollars each year,” said Del Papa. Ultimately, policyholders, taxpayers and the general public pick up the tab through increased insurance rates, higher taxes and inflated prices for consumer goods and services as a result of insurance fraud.”

If you have any information regarding insurance fraud, please call the Nevada Attorney General’s Insurance Fraud Hotline at 1-800-266-8688. For more information about Nevada’s Insurance Fraud Unit, please visit the Attorney General’s website at <http://ag.state.nv.us>

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FOR IMMEDIATE RELEASE
June 27, 2002

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CONSUMER ADVOCATE ASKS COURT TO REVIEW COMMISSION DECISION

Carson City—the Attorney General's Bureau of Consumer Protection, under the direction of Consumer Advocate Timothy Hay, today filed suit in District Court seeking to have the court review the decision of the Public Utilities Commission (PUC) in Nevada Power Company's deferred energy rate case. The PUC order, issued in March, authorized Nevada Power to recover from ratepayers more than \$400 million that the Company had incurred for fuel and purchased power.

"We believe evidence presented in this case clearly shows that these costs were incurred because the Company acted imprudently in fuel and power purchases," Hay said. "The legislature wisely provided that only prudently-incurred costs can be passed on to the utility's ratepayers. My office made the decision to challenge this in court because ratepayers are entitled to the full protection the legislature intended and the record clearly shows imprudence on the part of the utility."

"Nevada Power knew that prices for wholesale power were increasing, but failed to take the kind of action that a prudent utility would have taken in order to hold down costs. The company knew it faced financial risks and failed to take steps to minimize or guard against such risk. Nevada Power also failed to secure power on a timely basis beginning in the latter half of 2000. Because it failed to act in a timely fashion, it paid more for power than it should have. Nevada Power's ratepayers should not be forced to pay for the company's mismanagement."

In April, Nevada Power Company also filed for judicial review of the Commission's decision. At a hearing held in May, Judge Maddox indicated that all appeals of this decision should be heard and considered at the same time. This matter is scheduled to be heard in October.

Hay said he is also considering requesting the Commission to reconsider its decision earlier this month to allow Nevada Power to issue up to \$300 million in long-term debt.

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FOR IMMEDIATE RELEASE
DATE: June 25, 2002

CONTACT: Gina Session, (775) 684-1207
Tom Sargent, (775) 684-1114

CHIROPRACTOR GIVEN FINES, LICENSE SUSPENSION FOR FRAUDULENT BILLING PRACTICES

Las Vegas—Attorney General Frankie Sue Del Papa announced today that David Buanno of Las Vegas was disciplined by her office on behalf of the Chiropractic Physicians Board with a 3-year suspension of license as well as being ordered to pay investigative and administrative costs in excess of \$40,000.00, and undergo medical record keeping education in addition to keeping his license otherwise current during his suspension if he is to have it reinstated.

Mr. Buanno was found guilty of billing insurance companies using the provider signature of a medical doctor in order to obtain higher reimbursements; billing insurance companies when payment had already been provided in cash by patients; using false billing codes to increase reimbursements; and failing to keep accurate and complete records; and failing to notify the Board regarding name changes at his practice.

“These are serious violations of the consumers’ trust by a member of a trusted community of service providers,” said Del Papa. “Health care providers are held to a high standard for this very reason, and it’s important that we move quickly in these cases. Fortunately, we were assisted in this regard by some very wary patients of Mr. Buanno’s.”

If you suspect that you may be the target or victim of fraudulent medical practices, call the Attorney General’s office in Las Vegas at 702-486-3420, in Carson City at 775-684-1100, or in Reno at 775-688-1818.

If you have knowledge that someone has committed insurance fraud, please contact the Insurance Fraud Hotline at 1-800-266-8688. Information on how to combat insurance fraud can be found at the Attorney General’s website at <http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE
DATE: June 25, 2002

CONTACT: Roger Applegate (702) 388-6732
Francis Arenas, (702) 486-3199
Tom Sargent, (775) 684-1114

RAID TARGETS “LONGITUDE” ENLARGEMENT SCHEME

Las Vegas—Attorney General Frankie Sue Del Papa announced that a search warrant was executed this morning in conjunction with the Money Laundering and Asset Removal Task Force of the U.S. Customs Service at a business owned and operated by Michael Consoli, Geraldine Consoli, and Vincent Passafiume, and their company, C.P. Direct, incorporated in Nevada.

The Attorney General’s Bureau of Consumer Protection, under the direction of Consumer Advocate Timothy Hay, obtained the search warrant after receiving information that C.P. Direct was conducting fraudulent business practices advertising for sale and selling so-called herbal-based nutrition supplements that are guaranteed to induce gross physical alterations of the body. One product was marketed under the name “Longitude” and was guaranteed to result in permanent enlargement of penile length and girth by several inches in a matter of months. The company also sold “Full and Firm” capsules, represented as an “implant in a bottle” and guaranteed to increase the bust by two or three cup sizes in a matter of a few weeks. A third product, “Stature,” was also sold by the company and guaranteed to stimulate cartilage growth in the spine and knees resulting in increasing the height of the consumer by as much as four inches in a matter of months.

The U.S. Customs Service, Department of Treasury conducted an investigation after receiving numerous consumer complaints about “Longitude.” Consumers complained that despite the “Iron-clad Guarantee,” they were unable to obtain the promised refunds. Consumers have complained that their credit/debit cards have been charged repeatedly and without authorization. This search warrant follows one executed on May 23, 2002 by the Arizona Attorney General’s Office regarding the same individuals and businesses located in Arizona.

It is suspected that Michael Consoli, Geraldine Consoli, and Vincent Passafiume have committed the criminal offenses of Theft by Obtaining Money Under False Pretenses, a felony; Racketeering, a felony; and misdemeanor violations of the Deceptive Trade Practices Act.

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As in all criminal matters, the allegations are merely accusations and individuals are presumed innocent unless and until proven guilty in court.

Individuals who may have been victimized by C.P. Direct should call the Attorney General's Bureau of Consumer Protection in Las Vegas at (702) 486-3194; in Reno at (775) 688-1818; or in Carson City at (775) 687-6300. Additional consumer protection information can be found on the Attorney General's web site at <http://ag.state.nv.us>

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FOR IMMEDIATE RELEASE
DATE: June 25, 2002

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Tom Sargent, (775) 684-1114

INMATE SENTENCED FOR POSSESSION OF DANGEROUS WEAPON

Carson City—Attorney General Frankie Sue Del Papa announced today that inmate Dasha Isaac, age 21, was sentenced today by Carson City District Judge Michael R. Griffin to twelve (12) to thirty (30) months imprisonment with the Nevada Department of Corrections for Possession of a Dangerous Weapon by an Incarcerated Person.

Isaac was convicted in 2000 of robbery in Washoe County. Isaac will serve his new sentence consecutive to the remainder of his current sentence.

Correctional officers discovered the weapon during a routine search at the Northern Nevada Correctional Center. Isaac admitted to possession of the weapon, two toothbrushes melted together and sharpened at one end, but claimed that he was merely holding the weapon for another inmate.

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FOR IMMEDIATE RELEASE
DATE: June 25, 2002

CONTACT: Dorene Whitworth, (775) 684-1124
Tom Sargent, (775) 684-1114

GRANTS AWARDED TO FIGHT DOMESTIC VIOLENCE, SEXUAL ASSAULT

Carson City—Attorney General Frankie Sue Del Papa, chair of the Nevada Domestic Violence Prevention Council, has announced the distribution of approximately \$1.1 million in grants awarded in the fight against domestic violence, sexual assault, and related issues.

The grants are awarded in accordance with the Year 2002 federal funding provided under the Stop Violence Against Women Act (VAWA), and will be distributed statewide. VAWA funds are being distributed to groups and organizations that specifically target coordination of statewide law enforcement and prosecution strategies to combat violent crimes committed against women. Funds are also awarded to assist in developing and enhancing governmental and private advocacy programs that aid such victims.

"Dozens of entities and organizations from throughout Nevada submitted proposals seeking more than \$2.2 million in grant funds for their specific projects," Del Papa said. "Although the funding decisions are always very difficult, we are confident that the approximately \$1.1 million in grants awarded this year will prove to be very valuable in helping to provide additional services to victims, training for law enforcement, and to enhance Nevada's overall response to domestic violence, sexual assault and stalking."

Priority was given to areas showing the greatest need based on the availability of existing domestic violence and sexual assault programs in the population and geographic area to be served in relation to the availability of such services in other populations and areas. Priority was also given to services for underserved populations--elderly, disabled and minority victims--as well as geographically isolated victims and those victims who are isolated for reasons such as homelessness or drug and alcohol dependence.

"In attempting to better reach Nevada's underserved population groups, each grant recipient is being required to extend whatever training is offered to rural and tribal communities," Del Papa said. "Recipients are also encouraged, whenever appropriate, to make publications available in Spanish as well as English."

Awards were provided in the following categories: Prosecution, Law Enforcement, Victim Services, and Courts. A large portion of the funds went toward continuing or increasing advocacy services throughout the state. Advocates were funded in a variety of law enforcement and prosecution agencies across the state, as well as in non-profit victim services organizations.

A number of specialized investigators were also funded within law enforcement and prosecution agencies. Additionally, equipment purchases were supported to improve evidence collection by law enforcement and presentation by prosecutors aimed at holding perpetrators accountable for their actions.

New programs funded this year included expanding the Marshal's Office within the Las Vegas Municipal Court to provide for a dedicated domestic violence marshal to serve outstanding domestic violence warrants in the Las Vegas area, expanding the domestic violence unit within the Las Vegas City Attorney's Office through the hiring of a dedicated investigator, the hiring of an investigator as part of a newly created domestic violence unit within the Sparks Police Department, developing a Sexual Assault Response Team in Nye County, and the hiring additional court personnel dedicated to domestic violence issues.

Since the inception of the Violence Against Women Formula Grant Program in 1995, the Office of the Attorney General has distributed in excess of \$7 million to programs addressing issues of domestic violence, sexual assault and stalking throughout the state. For more information regarding this formula grant program, please contact Dorene Whitworth, (775) 684-1124.

For more information on how to help with efforts to reduce domestic violence in Nevada, call Nevada's toll free domestic violence information and referral line at 1-800-230-1955. Also, you may visit the Attorney General's Web site at <http://ag.state.nv.us>. If you are being abused, or know someone who is being abused, call Nevada's Domestic Violence Hotline at 1-800-500-1556, 24 hours a day, to get help.



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DATE: June 25, 2002

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Tom Sargent, (775) 684-1114

RENO MAN PLEADS GUILTY TO INSURANCE FRAUD

Carson City—Attorney General Frankie Sue Del Papa announced today that Wyatt Starling, age 27, plead guilty before Judge Steve Elliot in the Washoe County Courthouse to conspiracy to commit insurance fraud.

Starling was involved in an automobile accident in which he was at fault. He misrepresented to the insurance company that it was not his fault and he misrepresented his income to an insurance adjuster. Starling will face up to one year in jail and a fine of \$2000.

“Insurance Fraud has been is one of the costliest white collar crimes in the United States, ranking second to tax evasion. Ultimately, policyholders, taxpayers and the general public pick up the tab through increased insurance rates, higher taxes and inflated prices for consumer goods and services as a result of insurance fraud,” said Del Papa.

If you have any information regarding insurance fraud, please call the Nevada Attorney General’s Insurance Fraud Hotline at 1-800-266-8688. For more information about Nevada’s Insurance Fraud Unit, please visit the Attorney General’s website at www.state.nv.us/ag/

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FOR IMMEDIATE RELEASE
DATE: June 19, 2002

CONTACT: Ronda Clifton (775) 688-1835
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RENO MAN FINED FOR INSURANCE FRAUD

Carson City—Attorney General Frankie Sue Del Papa announced today that James Edward Anton, age 32, was fined \$500 by Judge James Hardesty in the Washoe County Courthouse for Conspiracy to Commit Insurance Fraud.

Anton was receiving long term disability payments based on the representation to Hartford Insurance Company that he was too badly injured to work when, in fact, he was gainfully employed with another company performing manual labor—and collecting disability payments which he clearly was not entitled to. Anton paid back nearly \$5,000 to the insurance company.

“Insurance fraud is one of the costliest white-collar crimes in the United States, ranking second only to tax evasion,” said Del Papa. Lying to insurance companies about injuries costs insurance companies hundreds of thousands of dollars each year. Ultimately, policyholders, taxpayers and the general public pick up the tab through increased insurance rates, higher taxes and inflated prices for consumer goods and services.”

If you have any information regarding insurance fraud, please call the Nevada Attorney General’s Insurance Fraud Hotline at 1-800-266-8688. For more information about Nevada’s Insurance Fraud Unit, please visit the Attorney General’s website at www.state.nv.us/ag/

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FOR IMMEDIATE RELEASE

DATE: June 18, 2002

**CONTACT: Marty Howard, (702) 486-3120
Tom Sargent, (775) 684-1114**

LAS VEGAS CHIROPRACTOR PLEADS GUILTY TO INSURANCE FRAUD

Las Vegas—Attorney General Frankie Sue Del Papa announced that Mark Rubin, 46, of Las Vegas, plead guilty this morning before District Court Judge John S. McGroarty to a felony charge of filing a false claim for insurance benefits. Dr. Rubin agreed to pay restitution and to reimburse the office of the Attorney General for investigative costs. He is scheduled to be sentenced on August 13, 2002. The maximum sentence for insurance fraud is 4 years in prison and a \$5,000 fine.

Dr. Rubin reported to his insurance company, Safeco, that his 1994 Toyota Camry had been involved in a parking lot accident on July 18, 1999. However, an investigation revealed the damages to the vehicle in this incident were identical to ones previously reported by him to CSAA for an accident which he alleged took place on July 17, 1999. He failed to inform Safeco of the alleged accident of the prior day. This and other suspicious circumstances led to the filing of the case by the Attorney General's Insurance Fraud Unit (IFU).

IFU Director Marty Howard stated, "Insurance fraud is one of the costliest white-collar crimes in the United States, ranking second only to tax evasion. It is not a victimless crime. A recent study by Conning & Co. stated insurance fraud costs families \$5,000 each year. This amount includes not only higher premiums, but also the resulting higher prices for consumer goods and services."

If you have knowledge that someone has committed insurance fraud, please contact the Insurance Fraud Hotline at 1-800-266-8688. Information on how to combat insurance fraud can be found at the Attorney General's website at <http://ag.state.nv.us>.

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DEFENDANT PLEADS GUILTY IN INSURANCE FRAUD SCAM

Las Vegas—Former Henderson resident, Daniel James Erickson, 37, plead guilty this morning before District Court Judge John S. McGroarty to three felony counts of Insurance Fraud. Erickson faces up to twelve years in prison and total fines of \$15,000. Erickson will be required to reimburse the Attorney General's Insurance Fraud Unit (IFU) \$5,000 in investigative costs, as well as the costs of his extradition. Judge McGroarty set Erickson's sentencing for August 15, 2002.

According to a spokesperson from the IFU, Erickson and his co-defendant, Rory Griffin Graham, were originally indicted by the Grand Jury in November of 1998. The two were accused of fraudulently obtaining numerous automobile insurance policies, often in false names by using phony identifications and falsified ownership documentation, for a 1993 Lexus. The two concealed their insurance claim history(s) and denied the existence of other coverage. Each later falsely reported to their respective insurance company(s) that they had been involved in an accident. In each case, Erickson and Graham told the insurance company(s) that they struck a guardrail to avoid hitting a coyote. The two collected over \$83,000 via false claims.

The scam came to light when an agent from Geico Insurance Company recognized Erickson as someone they had insured in the past and who had made a similar claim. Geico referred their suspicions to the IFU and the National Insurance Crime Bureau, NICB. Both Graham and Erickson had been fugitives since 1998. Graham was arrested in Wisconsin in late 2000 on false credit card charges. Information developed following Graham's arrest lead to Erickson being arrested in Southern California. Erickson had been incarcerated in California; he was delivered to Nevada upon his release from prison two weeks ago.

Last April, Rory Griffin Graham was sentenced to 12-30 months in prison but the term was suspended and he was placed on probation for five years. As part of his plea agreement with the IFU, he agreed to waive all interest in a bank account that had been seized by the IFU. The proceeds from that account were used to reimburse the victim insurance companies. Graham and Erickson still jointly owe approximately \$17,000.

"The success of this investigation, the resulting criminal charges, and the eventual capture of both Graham and Erickson was a direct result of the cooperation between the IFU, the FBI, and the insurance industry," explained Attorney General Frankie Sue Del Papa. "Insurance fraud perpetrated on this advanced level can only be combated by continued partnership between law enforcement, private industry, and concerned, involved citizens. The costs associated with this type of fraud are immense. It takes resources and commitment to detect and prosecute such criminal behavior. All citizens of Nevada pay for fraud through increased insurance premiums."

If you have knowledge that someone has committed insurance fraud, please contact the Insurance Fraud Hotline at 1-800-266-8688. Information on how to combat insurance fraud can be found at the Attorney General's website at [**http://ag.state.nv.us**](http://ag.state.nv.us).

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DATE: June 17, 2002

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Tom Sargent, (775) 684-1114

EMBEZZLEMENT COMPLAINT FILED AGAINST STATE EMPLOYEE

Carson City—Attorney General Frankie Sue Del Papa announced that a complaint was filed against Valonne Harmon, who is accused of embezzling funds from the Nevada State Board of Dental Examiners. Harmon was the executive director for the Dental Board until her employment was terminated in January of 2002.

Senior Deputy Attorney General Brian Kunzi alleges in the complaint that Harmon forged the signature of a member of the Board on at least 199 phony payroll checks dating back to January of 1998. Kunzi states the total amount embezzled is approximately \$602,000.

Harmon is accused of covering up the theft by filing false financial statements to the Board during their regular meetings. As an example, Kunzi stated that Harmon reported to the Board that the Board had \$692,236.13 in the bank as of October 31, 2001. An audit of the account indicated the Board only had \$4,503.19 in the bank at that time.

An investigation revealed biennial audits were not conducted as required. A request for the audits was sent to Harmon by the Legislative Counsel Bureau.

Harmon has been charged with 5 counts of theft, 5 counts of forgery and 3 counts of a public officer filing a false report. The Attorney General stresses that the charges are merely accusations and the defendant is presumed innocent unless and until proven guilty in court.

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FOR IMMEDIATE RELEASE
DATE: June 14, 2002

CONTACT: Tom Sargent, (775) 684-1114

****** MEDIA ADVISORY ******

SUSTAINABLE LIVING EXPO AND NATIONAL SOLAR ENERGY CONFERENCE

Carson City—In light of the electric utility issues throughout the western states, Attorney General Frankie Sue Del Papa encourages everyone in northern Nevada to attend the ‘Sustainable Living Expo’ this weekend and suggests that members of the public and press also be present for next week’s ‘National Solar Energy Conference’ in Reno/Sparks.

The Sustainable Living Expo will be held June 15th and 16th from 10:00 a.m. to 5:00 p.m. at Victorian Square in Sparks. The event is free to everyone and features products, services, workshops, speakers and displays that utilize renewable energy sources. **There is also a “Solar for Kids” exhibition with many hands-on activities for children, so the two-day event is great for the entire family!**

The National Solar Energy Conference is set for June 15th to 20th at John Ascuaga’s Nugget in Sparks. While the breakout sessions and workshops are for a fee, the **exhibit area is open and free to all**. Retired U.S. Senator Richard Bryan will kick off the conference at the opening plenary on Monday, June 17th at 8:15 a.m. For a conference brochure, go to:

<http://www.ases.org/articles//static/1/binaries/confbroch.pdf>.

“Renewable energy sources are important to cultivate as we move on into the 21st century, particularly for residents of the west,” said Del Papa. “We can all benefit greatly by knowing more about renewable energy, whether that be solar, wind, geothermal or biodiesel sources... and we have an abundance of the first three in Nevada. Please attend and bring your children, for they’re certainly the ones who will assist us in truly capitalizing on these alternative sources of energy in the future.”

To learn more about renewable energy sources, please see www.permaearth.org or www.ases.org.

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FOR IMMEDIATE RELEASE
DATE: June 14, 2002

CONTACT: John Albrecht, (775) 688-1872
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STATE BUREAU FOR BLIND SUES CITY OF LAS VEGAS FOR HEARING ON BUSINESS OPERATIONS

Carson City—The Nevada Bureau of Services to the Blind filed a petition for a writ of mandamus to require the city of Las Vegas to hold a hearing and make a decision regarding the priority of a blind vendor to operate a small business within the new parking garage on Stewart Street. State law gives blind people a priority to operate businesses within state and local government buildings and provides employment opportunities to the blind.

The Bureau trains and licenses blind individuals to operate those businesses and work with local governments to establish suitable sites for such businesses. The Bureau tried to negotiate with Las Vegas to provide a location for such a business, and the City of Las Vegas refused. The Bureau, through Myla Florence, the Director of the Department of Employment, Training, and Rehabilitation, requested a hearing and a decision from the Las Vegas City Council. State law requires a local governing body to hold a hearing and make a decision upon receipt of a request from the Director. The City Council failed to respond to the request, and a Clark County District Judge will decide if the city council must hold a hearing.

For more information on the Nevada Bureau of Services to the Blind, please go to the following website: http://detr.state.nv.us/rehab/bvi_srvs.htm.

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FOR IMMEDIATE RELEASE

DATE: June 13, 2002

CONTACT: Tom Sargent, (775) 684-1114

“UPBEAT” PARENTS RECOGNIZED FOR SUPPORTING THEIR CHILDREN

In honor of Father’s Day, the Nevada Attorney General’s Office and the Nevada Division of Child Support Enforcement would like to recognize and publicly thank those non-custodial parents who take their parenting responsibilities seriously by providing for their children through support payments. As in years past, it is important to publicize the fact that many absentee parents do meet their child support obligations.

“I am honored to once again recognize those parents that understand their children are the number one priority in their lives by providing them with their love and attention, as well as financial resources in helping their children to make their way in this world,” Attorney General Frankie Sue Del Papa said.

Humboldt County resident Bennie (Alex) Romo, Jr. said, “As a single dad, it makes me proud to see my children grow and prosper. I’m here to say that dads can do this single parenting stuff pretty well, too. We have a responsibility to our children that extends beyond financial obligations. Our children need us as they do their mothers. After all, each of us has our own gifts and graces to share!”

Humboldt County resident Melvin A. Sannes said, “I wish I had more time available to spend with my children. It is very hard knowing that I am missing out on so much of their growing up. An hour or weekend here and there will never compensate for being a full-time father. When you realize that someone else is raising your kids it really makes you stop and think about where your priorities should be. My daughter once told me jokingly, that she does not kiss or give hugs to strangers. If that does not make a person change their priorities, then nothing ever will.”

Clark County resident Sammie Wiley said, “Over the course of twenty-one years I have supported my children not only financially, but physically as well. Not because I was made to do so, but because I love them dearly.”

Churchill County resident Matthew J. Dufresne said, “My relationship with my son is the most important thing in my life. Therefore, I believe a quality relationship with both parents is fundamental in a child’s healthy development.”

--more--

A brochure entitled, “**Tips for Collecting Child Support: Working With the Child Support Enforcement Program,**” is available from the Attorney General’s Office. The brochure offers advice on how to collect child support, explains how child support is enforced in Nevada, and outlines who is eligible to receive child support. Spanish language copies of this brochure are also available. To obtain a copy, call the Attorney General’s Office in Las Vegas at (702) 486-3420; in Reno at (775) 688-1818; or in Carson City at (775) 684-1100.

The following is a list of “upbeat” parents from throughout the state. The names were provided by Child Support Enforcement programs within county District Attorney offices. Each person listed has given his or her permission to publicize their name. There are more quotes available, but due to space limitations we did not include all of them. **To interview one of the parents listed, please contact your local district attorney’s office.**

WHATEVER YOUR NEWS AGENCY CAN DO TO HELP WITH PUBLIC ACKNOWLEDGEMENT OF THESE INDIVIDUALS AND THE IMPORTANT ROLE THEY PLAY ON BEHALF OF THEIR CHILDREN WOULD BE APPRECIATED.

Clark County

1. Anthony Johnson	
2. Sammie Wiley	

Elko County

1. Doyle Nelson	7. Kevin Hughes
2. Daniel Kohlman	8. Troy Kennedy
3. Shecky Overholser	9. Carl “Mitch” Hartman
4. Miguel Rizo	10. Mikel Lindley
5. James Steers	11. Ronald Grimland
6. Gerald Temoke	12. Thomas Ingersoll

Humboldt County

1. Bennie (Alex) Romo, Jr.	6. Mitch Buckmaster
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2. Karen Foster	7. James McLinden
3. Bryan A. Sandoval	8. Melvin A. Sannes
4. Bret Guariglia	9. David Weisenberger
5. Brett Clymens	

Churchill County:

1. Matthew J. Dufresne Silver Springs, NV 89429	
2. John Stauverman Fallon, NV 89406	



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FOR IMMEDIATE RELEASE
DATE: June 6, 2002

CONTACT: Marta Adams, (775) 684-1237

NEVADA FILES EXTENSIVE LAWSUIT AGAINST DEPARTMENT OF ENERGY

VIOLATIONS OF NATIONAL ENVIRONMENTAL POLICY ACT ALLEGED

WASHINGTON, D.C.— Calling the Environmental Impact Statement (EIS) prepared for the proposed Yucca Mountain high-level nuclear waste dump in Nevada “tantamount to fraud” and “perhaps the least substantive document of its kind ever produced,” the Nevada Attorney General’s Office today filed suit in federal court to stop further development of the project. Nevada’s latest legal action was filed in the U.S. Court of Appeals for the District of Columbia.

“The Department of Energy (DOE) has utterly failed to meet the requirements of the National Environmental Policy Act (NEPA) – the nation’s most fundamental environmental law, and one whose requirements *must* be met,” said Nevada Attorney General Frankie Sue Del Papa. “In its failure to prepare and publish an EIS that thoroughly evaluates the environmental impacts of the Yucca Mountain project, DOE exhibits substantial contempt for NEPA and must be challenged.”

The lawsuit charges DOE with violating NEPA and closely related provisions of the Nuclear Waste Policy Act in a number of areas, including:

- ◆ *Transportation*: DOE failed to address the environmental impacts and terrorism risks of tens of thousands of barge, rail and truck shipments of high-level nuclear waste through 44 states, 109 major cities, and 703 counties with a combined population of more than 123 million.
- ◆ *The Wrong Project*: DOE’s “proposed action” - developing Yucca Mountain as an underground array of man-made waste containers rather than as a geologic repository - is prohibited by statute and, thus, the EIS describes and evaluates a prohibited disposal alternative. (Congress foreclosed all alternatives other than deep geologic isolation.)
- ◆ *Undefined Project Definition*: the EIS fails to describe the Yucca Mountain project with sufficient specificity for the public to evaluate it adequately. Undefined elements include basic repository

design; the amount of real estate to be used; the number, size, and design of surface handling facilities; the number, mode, origin and route of waste shipments; the number and spacing of waste packages; whether underground ventilation will be required; the materials to be used for waste packages; the amount of earth to be excavated; and the operating temperature of the repository.

- ◆ *Missing Sites*: the EIS also fails to address environmental impacts associated with 54 of the 131 U.S. waste sites that would be shipping waste to the proposed repository.
- ◆ *Public Input*: the EIS was completed more than a month prior to DOE's recommendation to the President to proceed with Yucca Mountain, but the document was withheld from Nevada and the public while several federal agencies were allowed to privately comment.
- ◆ *Illegal Above-Ground Storage Facility*: one of DOE's two proposed design options for the Yucca Mountain project would require construction of the world's largest above-ground spent fuel storage facility to house two-thirds of the spent fuel shipped to the site for at least 50 years while it "cools." State law forbids the construction of such a facility in Nevada. Further, DOE failed to demonstrate that it could license the 100-acre facility in the proposed adverse seismic location.
- ◆ *Alternatives*: DOE failed to address viable alternatives to Yucca Mountain, including a program for on-site dry cask storage of spent fuel that has already been approved by DOE and is in place at one Pennsylvania nuclear power plant.
- ◆ *No Record of Decision*: DOE failed to provide a mandatory 30-day circulation period prior to issuance of the final EIS, and failed to issue a mandatory Record of Decision addressing environmental impacts. (This is apparently the only federal EIS ever released without an accompanying Record of Decision.)

"Given that nuclear waste will be with us for thousands of years, the American people deserve an *exemplary* environmental review of this project - better than anything ever before performed," said Del Papa. "Instead, we have a document that has been described to me by highly experienced environmental lawyers as the worst EIS of its kind ever produced."

"This environmental impact statement, produced in haste and not properly availed to public review, is not what the American people expect and deserve," she said. "The development of a nuclear waste repository affects every single American, and will do so for thousands of years to come. Every aspect of proposed nuclear waste storage deserves thoughtful, judicious and comprehensive effort - not to mention compliance with our own national laws."

Nevada Governor Kenny Guinn earlier this year filed a veto of the President's recommendation to Congress that the Yucca Mountain project should go forward. Final action on that veto is expected from the Congress this summer.

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FOR IMMEDIATE RELEASE

DATE: June 4, 2002

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LANDSCAPE AND AESTHETICS PLAN FOR NEVADA HIGHWAYS ADOPTED BY NDOT BOARD OF DIRECTORS

Las Vegas—Attorney General Frankie Sue Del Papa announced today that the Nevada Department of Transportation Board of Directors has approved of NDOT's Landscape and Aesthetics Master Plan proposal at the Board's meeting this morning. As a member of the Board, the Attorney General has been a champion of the Landscape and Aesthetics proposal since its initiation, recognizing its benefits in terms of regional and local economic opportunities and increased tourism, as well as aesthetics.

"The Board's approval, along with recognition from partners and constituents state-wide, substantiates the value of the Master Plan," said Del Papa. "Far from a top-down, one-size-fits-all approach to improving the visual and environmental qualities of our highways, this plan incorporates project-specific, localized public consultation; regionalized, heritage-inspired motifs; and climate-appropriate flora. Simply put, the Master Plan consciously incorporates the local context for design ideas and solutions."

Other features of the Plan include:

- landscape and aesthetics will be considered along with all other design factors in transportation projects throughout their life-cycles;
- local communities, permitting agencies and the private sector are to be actively encouraged to take part in planning, design, construction and maintenance;
- landscape and aesthetic treatments will utilize regionally appropriate materials and plants;
- local governments, business communities, civic groups, private citizens and NDOT will develop cooperative agreements for funding the design, construction and maintenance of landscape and aesthetic improvements.

Del Papa added that, "rather than seeking approval for a massive public works project, the Master Plan establishes an organic process in which public and private interests are weighed, regional and local concerns are heard and heeded, and cost, life-cycle, and ultimate economic benefit are considered. **Master Planning** is merely step one. Steps two through four incorporate similar attributes, offer more occasion for involvement by stakeholders, and, ultimately, economic opportunity at the local and regional level."

For more, please go to: http://www.nevadadot.com/pub_involvement/landscape.

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FOR IMMEDIATE RELEASE

DATE: June 3, 2002

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***** MEDIA ADVISORY *****

LANDSCAPE AND AESTHETICS PLAN FOR NEVADA HIGHWAYS ON NDOT BOARD OF DIRECTORS AGENDA TOMORROW

Las Vegas—Attorney General Frankie Sue Del Papa announced today that the Nevada Department of Transportation Board of Directors will consider approval of NDOT's Landscape and Aesthetics Master Plan tomorrow. The Board of Directors will meet June 4th at 9:30 a.m. in the NDOT District 1 Training Room at 123 East Washington Avenue, Las Vegas. Teleconference access to the meeting is available in Carson at 1263 South Stewart Street, Room 315; and at NDOT's District III office at 1951 Idaho Street, Elko.

Consideration immediately follows a consent agenda, and there will be time for public comment. Members of the press are encouraged to attend.

"We Nevadans spend much of our time on our highways commuting, vacationing, connecting kids with activities, and so on," Del Papa said. Whether to elevate the experience of tourism in our state, or simply to enhance the visual quality of our daily lives, highways that incorporate landscape and aesthetic treatments make a powerful statement, and contribute to local and regional economic opportunity and diversification."

Del Papa added that partners throughout the state and individuals from Governor Guinn to private citizens are endorsing the **Landscape and Aesthetics Master Plan for the Nevada State Highway System**. Far from a top-down, one-size-fits-all approach to improving the visual and environmental qualities of our highways, this plan incorporates project-specific, localized public consultation; regionalized, heritage-inspired motifs; and climate-appropriate flora. Simply put, the Master Plan consciously incorporates the local context for design ideas and solutions.

To view the Master Plan, please go to: http://www.nevadadot.com/pub_involvement/landscape.

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FOR IMMEDIATE RELEASE
DATE: July 26, 2002

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NEVADA RESPONDS TO U.S. SENATE NUKE WASTE VOTE, PRESIDENT SIGNING WITH RESOUNDING “NO”

Las Vegas—The Nevada Commission on Nuclear Projects met today in Las Vegas to hear reports from those leading the battle against the proposed nuclear waste repository at Yucca Mountain.

The Commission and the Office of Attorney General urge Nevadans to continue to express their opposition to the project by writing their representatives at the state and federal level and contributing to the Nevada Protection Fund. Said Del Papa, “There is much that is misleading the public in the way of misinformation and spin from what is a very powerful, well-heeled lobby. If we took a poll today, we’d find that the majority perceive the mountain itself as the repository. We’re out to change that. Why? Because it’s simply not true: the plan is for containers to sit *outside for up to fifty years prior placement in the proposed repository itself*. That’s an open-air container farm, not a geologic repository.”

Even the poll conducted by the Las Vegas Review-Journal is misleading, said Bob Loux, Executive Director of Nevada’s Agency for Nuclear Projects: “That poll was conducted immediately following the Senate vote, and while we expected it to go the way it did, the public was probably hoping for a rally, a clutch-hit, which didn’t happen and so it was a substantive—but temporary—disappointment.” Loux pointed to polls conducted periodically for the past fifteen years by through his agency which have remained consistent through June of this year. In it, nearly 70% of Nevadans feel strongly that we should press on with the court battle despite the political setback. Loux continued: “...the results of this survey support our contention that a majority of Nevada residents remain steadfast in their desire for the state to defeat the project in the courts. We are absolutely convinced that this is the right fight, and so are Nevadans.”

The Commission expressed in the meeting that the Agency for Nuclear Projects and the Attorney General’s office should continue to pursue what are gaping holes and oversights in the Department of Energy’s Environmental Impact Statement which, according to Attorney General Frankie Sue Del Papa, was poorly done. “We’re talking about a report, required by federal law—a law

which happens to be the nation's most fundamental regarding environmental public health and safety concerns—that is shameful in its mediocrity. Americans deserve an exemplary Environmental Impact Statement when it comes to a proposal with a time horizon of *thousands of years*.”

According to the Government Accounting Office, no less than 80 major Department of Energy projects have been undertaken in the past twenty years. Of these, only 15 have been completed, and *none were contested by any major opposition*, unlike the Yucca Mountain proposal. Del Papa responded: “So the question is, given their track record on major projects, combined with their politically manipulative and misleading behavior on this present one—overwhelmingly burdened with controversy and opposition—how is it that we can expect that they will follow through? And even if they were to, it's based on partial science: the part that supports their proposal. As our great Senator Richard Bryan has said many times over, on-site dry-cask storage is safe, it won't have to travel the nation's arteries, and we'll have tens of years for science to figure out what we may safely do with the 97% of active ingredients remaining on those 'spent' fuel rods. The Yucca Mountain proposal is unsafe at any price, and we've got court cases—seven—any one of which will prove it.”

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FOR IMMEDIATE RELEASE
DATE: July 25, 2002

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SEIZURE OF VEHICLE DESTINED FOR UNITED ARAB EMIRATES LEADS TO INSURANCE FRAUD GUILTY PLEA

Las Vegas—Las Vegas resident, Samuel Akopian, age 26, plead guilty this morning before District Court Judge Joseph T. Bonaventure to a felony count of making a false claim for insurance benefits. Akopian faces up to four years in prison and a fine of \$5,000. He will be required to reimburse the Insurance Fraud Unit (IFU) \$1,000.00 in investigative costs. Judge Bonaventure has set Akopian's sentencing for September 19th.

On June 30, 2000, Akopian reported to the Las Vegas Metropolitan Police Department (LVMPD) that his 2000 Mitsubishi Galant was stolen from the parking lot at Meadows Mall. He subsequently notified Allstate Insurance Company and made a claim for \$23,554.93. Investigation by the IFU, the California Highway Patrol's Foreign Export & Recovery Team, the National Insurance Crime Bureau, and the United States Customs Service revealed that the vehicle was actually discovered and seized on June 23, 2000, inside a shipping container with other vehicles at the Port of Los Angeles—destined for the United Arab Emirates.

"Cooperation between state, federal, and private agencies is essential to combat this type of fraud which often crosses national boundaries," explained a spokesperson from the IFU. Allstate was notified of the vehicle's recovery before they paid on the claim. The federal government in the Los Angeles area has charged other defendants. Akopian was born in Armenia but has been a legal resident alien since childhood.

If you have knowledge that someone has committed insurance fraud, please contact the Insurance Fraud Hotline at 1-800-266-8688. Information on how to combat insurance fraud can be found at the Attorney General's website at <http://ag.state.nv.us>.



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FOR IMMEDIATE RELEASE
DATE: July 25, 2002

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Tom Sargent, (775) 684-1114

CAR SALESMAN DECEIVES EMPLOYER, PLEADS GUILTY TO INSURANCE FRAUD

Carson City—Attorney General Frankie Sue Del Papa announced today that Kenneth Watson, age 36, plead guilty before Judge Steven Kosach in the Washoe County Courthouse to conspiracy to commit insurance fraud.

Watson, who is a car salesman at Reno Toyota, submitted forged documents in support of an insurance claim with Traveler's Insurance Company after an accident. Some of the forged documentation was fabricated from business receipts from Reno Toyota without the knowledge of the company's owners. In addition to paying restitution, Bradshaw will face up to one year in jail and a fine of \$2000.00.

"Insurance fraud is often committed after a legitimate accident when people get greedy and lie about expenses to increase the amount they are entitled to from the insurance companies. Ultimately, policyholders, taxpayers and the general public pick up the tab through increased insurance rates, higher taxes and inflated prices for consumer goods and services as a result of insurance fraud," said Del Papa.

If you have any information regarding insurance fraud, please call the Nevada Attorney General's Insurance Fraud Hotline at 1-800-266-8688. For more information about Nevada's Insurance Fraud Unit, please visit the Attorney General's website at www.state.nv.us/ag/

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FOR IMMEDIATE RELEASE
DATE: July 24, 2002

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(775) 232-9516

YUCCA: NOT SCIENCE, NOT SAFE, NOT A MOUNTAIN “Unsafe at any price,” says Attorney General Del Papa

Las Vegas—Nevada Attorney General Frankie Sue Del Papa and lead Yucca Mountain legal counsel Joe Egan appeared together today at a press conference in Las Vegas as a prelude to a status report on pending legal issues for presentation to the Nevada Commission on Nuclear Projects on Thursday, July 25th (see attached agenda for details). Both were present to reassure Nevadans—and the rest of the country—that the effort to defeat the proposed high-level nuclear waste repository at Yucca Mountain is far from over:

“The Yucca project is not scientific. It’s not safe. It’s not even a mountain. It’s an open-air container farm on a ridgeline,” said Del Papa. “Nevada is now engaged in five major cases in the U.S. Court of Appeals in Washington, D.C., as well as two water cases before courts in Nevada, and we expect that additional forums will soon be fully engaged. As Attorney General, my responsibility is not simply legal concerns: I am also duty-bound to consider the public health and safety of present and future generations of Nevadans.”

Del Papa: “We will continue to express our unwillingness to accept as safe and sound the incomplete and defective ‘science’ that is the basis for this proposal. It is untimely and unbecoming to suggest that Nevadans knuckle under and then negotiate from a position of weakness, as has been suggested by the shortsighted and those who would scarcely hesitate to hand Nevada’s children a promissory note in the form of a lethal container farm on a seismic ridge. But first, several hundred thousand tons of the most hazardous waste known to man must travel the nations arteries safely. Think about it: the only double-blind feature about the ‘science’ behind Yucca is that Nevada is expected to turn a blind eye while the project’s benefactors wink.”

The lawsuits principally challenge the suitability of the Yucca Mountain site itself to contain and to geologically isolate spent nuclear fuel and high-level nuclear waste from the human and natural environment—impossible due to seismic potential and groundwater upwelling. Neutral third parties have identified nearly 300 unresolved safety and technical issues relative to the site, and the most basic legal criteria for building the project have not been met. It is this well-founded concern for the public

health and safety consequences of the proposed project that led to the assembly of a crack legal team led by Joe Egan.

Joseph Egan is chairman of D.C.-based Egan & Associates and an MIT-trained nuclear engineer who has handled a number of similar high-profile matters throughout the world. He was recently elected U.S. Director of the International Nuclear Law Association. Joe's firm represented numerous foreign research reactor operators and their governments in successful cases against the Department of Energy involving the disposition of spent nuclear fuel elements—some of which were weapons-grade and at considerable risk of compromise.

Each of Nevada's cases is compelling on the legal merits and any one could halt the project:

“Our expert legal team is currently contemplating filing additional lawsuits, leaving no stone unturned in this continuing battle,” Del Papa said. “In addition, the hurdles the Department of Energy faces in a licensing proceeding are formidable, particularly in view of the technical concerns expressed by the NRC itself.”

“We are committed to this fight over the long haul,” Del Papa continued. “Despite the nuclear industry's political muscle and campaign contributions, Nevada will remain solid in its presentation of the science and the facts. Simply put, the project is unsafe at any price. We remain convinced that the fight is winnable. It is far too soon for the public to be discouraged.”

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FOR IMMEDIATE RELEASE
DATE: July 22, 2002

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***** MEDIA ADVISORY *****

PRESS CONFERENCE ON YUCCA MOUNTAIN LITIGATION OVERVIEW, STRATEGY DISCUSSION

Wednesday, July 24th 2002, 10:00 a.m.
Grant Sawyer Building
555 E. Washington Avenue Suite 3900
Las Vegas

Carson City—Attorney General Frankie Sue Del Papa announced today a press conference on Yucca Mountain issues to be held in Las Vegas, Wednesday, July 24th. The Attorney General urges members of the press to be present for an overview of Yucca Mountain litigation to date, as well as a discussion of strategy for the effort to defeat nuclear waste storage at Yucca Mountain.

The conference will be conducted by the Attorney General and includes Joe Egan, lead counsel in the effort to defeat the proposed high-level nuclear waste repository, and Robert Loux of the Nevada Agency for Nuclear Projects. Focus for the conference will be pending court cases, strategy, and an emphasis on public safety issues surrounding the proposed storage facility.

For more information in advance of the press conference, please go to the following websites:

<http://www.state.nv.us/nucwaste/> (Nuclear Waste Project Office website; a copy of the embattled Environmental Impact Statement is available there, along with other useful documents)

<http://www.ag.state.nv.us> (Office of the Attorney General website; “Yucca Mountain” in the search engine will yield press releases on the topic)

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FOR IMMEDIATE RELEASE

DATE: July 18, 2002

**CONTACT: Ronda Clifton, (775) 688-1835
Tom Sargent, (775) 684-1114**

LOTTERY WINNER PLEADS GUILTY TO INSURANCE FRAUD

Carson City--Attorney General Frankie Sue Del Papa announced today that Nell Elaine Bradshaw, age 47, plead guilty before Judge Connie Steinheimer in the Washoe County Courthouse to Conspiracy to Commit Insurance Fraud.

Bradshaw, who was a winner of the Maryland State Lottery, misrepresented to her State Farm Insurance Company what items were stolen after her vehicle was allegedly stolen. She misrepresented that an expensive laptop computer had been stolen when she in fact did not even own one. She also falsified the mileage on her vehicle and submitted forged documentation in support of her claim. In addition to paying restitution, Bradshaw will face up to one year in jail and a fine of \$2000.

“Insurance fraud is most often perpetrated in relatively small amounts so as not to attract undue attention to the crime. In the aggregate, these small crimes cost consumers and taxpayers huge amounts of money each year, and that’s why it is important to prosecute them,” said Del Papa. “We want the word to get out that we’ll get you--it’s simply a matter of time.”

If you have any information regarding insurance fraud, please call the Nevada Attorney General’s Insurance Fraud Hotline at 1-800-266-8688. For more information about Nevada’s Insurance Fraud Unit, please visit the Attorney General’s website at <http://ag.state.nv.us>

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FOR IMMEDIATE RELEASE

DATE: July 16, 2002

**CONTACT: Stephanie Parker, (702) 486-3326
Tom Sargent, (775) 684-1114**

ATTORNEY GENERAL TEAMS UP WITH SPARKS FARMER'S MARKET TO PROMOTE CHILD SAFETY

Carson City—Attorney General Frankie Sue Del Papa urges all parents, caregivers and press representatives to note the following special event:

**FREE CHILD IDENTIFICATION PACKETS, FINGERPRINTING AND PHOTOS
SPARKS FARMER'S MARKET
JULY 18, 2002 4 p.m. to 9 p.m.
VICTORIAN SQUARE, SPARKS**

At the Farmer's Market, the Nevada Missing Children Clearinghouse and the Office of Attorney General will prepare and distribute—free of charge—child safety ID packets and other information of great interest to parents and children alike. The ID packets are recommended for children from seventeen to infant. Volunteers have been specially trained to fingerprint youngsters, and there will be goodies for the kids to take with them.

“Child safety is a concern all year round, but in the summer months, children will be involved in outdoor activities that child predators see as opportunities,” said Del Papa. “The hours of greatest risk are those between when a child gets home from school and when parents arrive home from work. These community events are ideal venues at which to urge parents and childcare givers to constantly reinforce safety rules with children.”

Public Information Officer Tom Sargent added, “By taking necessary precautions, beginning with the preparation of an identification packet and teaching your child about safety, a parent can help prevent his or her child from becoming the victim of an abduction. Should a child be abducted, precious time will be saved in the search for that child if a completed identification packet can be delivered to law enforcement immediately.”

The State Legislature created the Nevada Missing Children Clearinghouse in 1991 in response to the staggering number of children reported missing in the United States each year. In 2000 alone, the Nevada Missing Children Clearinghouse received a total of 7,006 reported cases of a missing child. The Nevada Missing Children Clearinghouse works in tandem with the National Center for Missing and Exploited Children.

Anyone having information regarding a missing child should contact local authorities or the National Center for Missing and Exploited Children at 1-800-THE-LOST. For more information on Nevada's Missing Children Clearinghouse, visit the Attorney General's Web site at <http://ag.state.nv.us>, or call (702) 486-3539. The Web site address for the National Center for Missing and Exploited Children is www.missingkids.com.



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FOR IMMEDIATE RELEASE
DATE: July 12, 2002

CONTACT: Marta Adams, (775) 684-1237
Tom Sargent, (775) 684-1114

NEVADA PETITIONS THE NUCLEAR REGULATORY COMMISSION TO ADD SAFETY REQUIREMENTS TO YUCCA MOUNTAIN LICENSING RULE

Carson City—Backed by extensive historical research and an affidavit from John Bartlett (the Energy Department's former Yucca Mountain Program Director), Nevada Attorney General Frankie Sue Del Papa today requested the U.S. Nuclear Regulatory Commission (NRC) to amend its rules governing the licensing of the Yucca Mountain nuclear waste repository.* The petition, filed in Washington, D.C., provides a detailed scientific and regulatory history of the requirements for the proposed repository and details how the current NRC rule lacks several essential components needed to assure the long-term safety of storing high-level nuclear waste at Yucca Mountain.

“Governor Guinn and I, and our Congressional delegation, have vowed that we will not rest until this project is totally exposed for the dangerous albatross that it is,” Del Papa said. “The Senate vote this week clearly illustrates that gross misunderstandings exist at the highest levels of our government relating to the safety of this project.”

The petition seeks to add requirements to the NRC licensing scheme in four key areas:

1. Adding a requirement, stemming from the Nuclear Waste Policy Act, that geology must always serve as the primary isolation barrier for waste in the multi-barrier repository system, and not man-made waste containers.
2. Requiring the Department of Energy (DOE) to provide an affirmative safety case for the repository. That is, in addition to showing that the repository can meet the Environmental Protection Agency's radiological dose limits, DOE should also be required to demonstrate that the repository is *safe*.
3. Inserting back into the licensing rule certain disqualifying factors for the geologic setting, such as groundwater travel time, that were recently removed by NRC contrary to federal statute.

* The rules are contained in the Code of Federal Regulations at 10 C.F.R. Part 63.

4. Raising the safety bar from one of a “reasonable expectation” of safety to one of “reasonable assurance” of safety, as required by the Nuclear Waste Policy Act.

“It was remarkable to learn,” Del Papa said, “that, although the NRC’s rule requires DOE to show the repository can meet the numerical requirements of the EPA, it does not also require DOE to demonstrate that the repository is *safe*. Even a small child can understand this simple concept. We hope NRC will do the right thing and amend its rule as we have requested. If not, we’ll ask the courts to do it for us.”

The petition asks NRC to suspend all Yucca Mountain licensing proceedings pending resolution of Nevada’s requests, but only if the Energy Department complies with the law and files an application to NRC within 90 days of the Congressional resolution approving Yucca Mountain. DOE has said it will not be ready to file such an application until at least December 2004.

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FOR IMMEDIATE RELEASE
July 10, 2002

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Tom Sargent, (775) 684-1114

BUREAU OF CONSUMER PROTECTION WILL CONTEST COMPLAINT FOR DECLARATORY JUDGMENT FILED BY NOS COMMUNICATIONS

Carson City—Consumer Advocate Timothy Hay announced today that his office would vigorously contest a complaint for a declaratory judgment that appears to be an attempt by NOS Communications, Inc. and its affiliate, Affinity Networks, Inc. to thwart enforcement actions by the Bureau of Consumer Protection.

Hay said his office has received numerous complaints from consumers regarding NOS and its affiliates' business practices. NOS charges for long distance telephone services by using a complex "call unit" method that is used by no other long distance telephone provider. Instead of providing the length of each call on customers bills NOS Communications only lists the number of "call units" charged for each call. There is no direct relationship between a "call unit" and a minute or second.

NOS Communications' primary customers are small businesses, many of which are sole proprietors, who have complained they were misled by telemarketers whom they say failed to fully disclose how prices for long distance calls were calculated. Many of those complaining said the sales pitch offered what sounded like a competitive price because they were led to believe that a "call unit" is equal to one minute. Consumers have also complained that telemarketers did not explain that each first minute of calling would equal 2.5 call units, although some reported a vague discussion concerning "non-usage" charges that would be included in the cost of each call.

Even upon receiving bills from NOS Communications many customers did not discover the true nature of the rates being charged because the bills reported the call units for each call in the same manner that other companies report the length of the call in minutes or seconds. This practice led many consumers to continue to believe that the call units were actually minutes or seconds, when in fact, absent a complex calculation, there is no real relationship.

Additional complaints were received regarding several "doing business as" entities of NOS Communications. Customers who had cancelled NOS Communications service due to its billing practices often unwittingly found they were again customers of NOS Communications after receiving telemarketing solicitations from other NOS entities which include NOSVA, ANI, iVantage, Quantum Link, International Plus, IVENUE, HorizonOne, SBOA, IBA, IDT Teledata, INETBA, Zero Plus, 011 Communications or CierraCom. According to the complaints, telemarketers failed to disclose their

affiliation with NOS Communications and customers didn't realize they were back with NOS Communications until they received their first bill and noticed they were again being billed by "call units."

The Wisconsin Public Utilities Commission recently revoked NOS' certification and, in its order, cited failure to report the length of each call in minutes or seconds as one of the reasons NOS would no longer be allowed to provide telecommunications services in Wisconsin.

"It is the policy of this office, based on firm statutory authority, that any business operating in the State of Nevada is subject to Nevada's Deceptive Trade Practices Act, regardless of whether they sell goods or services to Nevada citizens or strictly out of state," Hay said. "Nevada is not a shelter for those engaged in deceptive business practices." NOS' telemarketing and billing is performed in Las Vegas.

NOS Communications refused to take steps requested by the Bureau of Consumer to change its business practices to correct deceptive aspects to avoid possible legal action. Instead, Hay said, NOS filed a complaint for declaratory judgment in an effort to prevent the Bureau of Consumer Protection from filing its own action.

"The declaratory judgment complaint filed by NOS Communications is frivolous, without legal merit and is merely an effort to convince a Nevada court to allow NOS to engage in the same conduct that is the subject of prosecution and de-certification by the federal government and state regulatory agencies," noted Hay. "This office will vigorously defend against this complaint and actively seek to convince the Court that enforcement of Nevada's deceptive trade practices law is merited in this case. Let the word go out that Nevada takes consumer protection laws seriously."

For more information on how you can help prevent the illegal deceptive trade practices you may contact the Nevada Office of the Attorney General, Bureau of Consumer Protection at (775) 687-6300 ext. 238 in northern Nevada, or (702) 486-3194 in southern Nevada.



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FOR IMMEDIATE RELEASE
DATE: July 10, 2002

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Tom Sargent, (775) 684-1114

FORMER NURSE SENTENCED FOR ELDER NEGLECT

Las Vegas—Attorney General Frankie Sue Del Papa announced today that Rebecca Goodman-Yowell (age 57) was sentenced by District Court Judge Donald M. Mosley for gross misdemeanor elder neglect. The charge carried a potential penalty of one year in jail and a \$2,000.00 fine. Ms. Goodman-Yowell was sentenced to six months in jail which was suspended with 5 days served. Ms. Yowell was placed on two years probation during which time she will not hold a nursing license, not be employed in any nursing facility, private home, or assisted living facility as a caregiver. She must also complete 16 hours of community service per month during the period of probation. The case was prosecuted by the Attorney General's Medicaid Fraud Control Unit (MFCU).

According to MFCU Chief Tim Terry, Yowell was accused of criminally neglecting an elderly resident of a private home for whom Yowell was providing "live in" care services. Yowell attempted treatment of the resident's bed sore in a manner that was beyond the scope of practice for licensed practical nursing. This resulted in the continued development and complication of the bed sore. The victim later required emergency treatment and extensive hospitalization.

Emphasizing her office's zero-tolerance policy for those who neglect or abuse the elderly, Del Papa said "The defendant has surrendered her nursing license and now has a permanent criminal record for mistreating the elderly. Our office is committed to pursuing actions such as this to the full extent of the law to include prohibitions or severe restrictions on future employment as a health care provider."

Anyone suspecting abuse or neglect of an elderly person may report it to the MFCU at (775) 687-4704 (Carson City) or (702) 486-3420 (Las Vegas); the Division of Aging Services (775) 688-2946 (Reno), (775) 687-4210 (Carson City) or (702) 486-3545 (Las Vegas); or to any local law enforcement agency.

Elder abuse/neglect prevention information can be found on the Attorney General's Web site at: <http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE
July 8, 2002

CONTACT: Timothy Hay (775) 687-6300 x 225
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CONSUMER ADVOCATE REQUESTS REHEARING OF PUC'S ORDER IN NEVADA POWER'S FINANCING DOCKET

Carson City—Consumer Advocate Timothy Hay, Friday, challenged the Public Utilities Commission's (PUC) recent order authorizing Nevada Power Company to issue \$300 million in secured long-term debt. In documents filed with the Commission, the Bureau of Consumer Protection (BCP), under Hay's direction, has requested a new hearing of the matter and charged that the Commission's order is in error because of an incomplete, inaccurate record.

"The Commission's Order of June 19, 2002 was based on an application submitted by Nevada Power Company that was clearly deficient and failed to comply with the filing requirements for such applications," said Hay. Upon ruling on Hay's motion, Commission Chairman Don Soderberg characterized Nevada Power Company's filing as "probably as sketchy as we've ever seen," but nevertheless denied the BCP's motion—instead giving Nevada Power an opportunity to modify its application in the hearing. Hay said this highly unusual procedure deprived his office of any fair opportunity to analyze or verify the content of Nevada Power's testimony.

If a rehearing is granted, Hay said his office plans to question Nevada Power about its actual cash flow. "Publicly available data conflicts with information provided by Nevada Power during the hearing. This discrepancy casts some doubt upon the necessity of this financing," Hay said.

Hay said the order is also unreasonable because it fails to identify an appropriate interest rate to be charged to ratepayers for financial instruments issued pursuant to the order. Hay added he supports the recommendation made by Southern Nevada Water Authority, during the hearing, for an interest rate of no more than seven percent.

"Without any limitation on interest rates, ratepayers bear all of the risk of paying unreasonable rates in order to provide debt service for the power company," said Hay. "The company has a legal obligation to demonstrate that the funds are needed and must provide specifics on how the money will be used in order for the Commission to make an informed, lawful decision."

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FOR IMMEDIATE RELEASE
DATE: July 8, 2002

CONTACT: Jo Anne Embry, (702) 486-3154
Laurie Taylor, (702) 486-3320
Tom Sargent, (775) 684-1114

NEVADA GRANT AWARD TO ASSIST IN FIGHTING MEDICARE AND MEDICAID FRAUD, WASTE AND ABUSE

Carson City—Attorney General Frankie Sue Del Papa announced today that the Nevada Office of the Attorney General ‘s project for curbing Medicare and Medicaid mistakes, fraud and abuse has been awarded another three-year, \$480,000 grant from the Administration on Aging. The Nevada program has been in existence for three years and has succeeded in saving Nevadans millions of tax dollars.

Nevada is a leader among 52 Senior Medicare Patrol Projects nationwide in 45 states, including the District of Columbia and Puerto Rico. Nevada’s project is the only program warehoused by a law enforcement agency.

“Our goal is to create a more informed Medicare beneficiary population in Nevada,” said Del Papa. “While public education is the cornerstone, the effort in Nevada involves partnerships with law enforcement and aging service agencies. Using one valuable resource—our seniors—to protect another valuable resource—our tax money—just makes sense.”

Almost \$1.3 billion Medicare dollars will be spent on the approximate 254,000 Nevada Medicare beneficiaries in 2002. The Office of Inspector General (OIG) estimates that 6.3% of payments made are paid in error and Nevada stands to lose approximately \$81 million dollars this year. Nationally, Medicare payments are expected to reach \$263.9 billion dollars and inappropriate payments may reach almost \$17.9 billion.

Since 1997, the Senior Medicare Patrol Projects nationwide have trained 48,000 volunteers and conducted over 60,000 community education events. During the initial phase of the programs, the OIG reported that for every \$1 spent on the funding of the programs, approximately \$23 had been identified that was recoupable to either Medicare, the beneficiary, or to a supplemental insurance company. Furthermore, the payment error rate has been reduced from almost 14% in 1995 to 6.3% in 2002. This reduction has been attributed in large part to the Senior Medicare Patrol Projects resulting in more alert beneficiaries reporting errors and suspicious activities. Del Papa emphasized, Reducing the abuses to

the Medicare system is absolutely imperative in order to ensure accuracy and continuance of benefits for legitimate recipients.”

Nevada’s project, Senior Nevada Advocates on Guard (SNAG), was established through a grant to the Nevada Division for Aging Services (DAS) in 1999, who contracted with the attorney general’s office to implement the program. Through mutual agreement, the new award was applied for directly through the attorney general’s office, with the Division remaining a crucial partner in the program through its statewide network of aging service providers. The purpose of the projects is to recruit and train retired professional senior volunteers to help their peers in understanding the delivery of their health care through the Medicare system. Better-educated health care consumers will then be better able to spot and report errors, abuses, or potential fraudulent activity to the statewide project.

The three-year, \$480,000 grant award was announced July 3, 2002, by Health and Human Services Secretary Tommy Thompson. The attorney general’s Nevada partners in the new award include the Division for Aging Services, AARP, the United States Attorneys Office, the Nevada Health Care Fraud Task Force, the Medicare Advisory Foundation, the Clark County Senior Advocate Program, and the Family Resource Centers. Federal partners include the Administration on Aging, the Office of Inspector General, and the Centers for Medicare and Medicaid Services.

Jo Anne Embry, project director for the past three years, is located in the Las Vegas office of the attorney general. “Nevada’s project SNAG has made great strides in the last three years in assisting our seniors and Medicare beneficiaries to become critical consumers of their health care. I look forward to working with our terrific partners, our dedicated volunteers, and the Administration on Aging in achieving even greater success in the next three years,” said Embry.

For more information on SNAG or to inquire about volunteer opportunities, call the toll-free information line at 1-888-838-7305 or call 702-486-3320, visit the website at <http://ag.state.nv.us> or email the program at snaginfo@ag.state.nv. For more information on the Administration on Aging and the Senior Medicare Patrol Projects visit <http://www.aoa.gov/smp> and visit <http://www.hhs.gov/news> to access the AoA’s press release.



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FOR IMMEDIATE RELEASE
DATE: July 5, 2002

CONTACT: Tony Clark (775) 684-1100

International scientists issue report concluding: Department of Energy and United States Geological Survey research invalid

Carson City—Nevada Attorney General Frankie Sue Del Papa announced today that she received a 688-page report from a group of international scientists concluding, after 2-years of research, that Yucca Mountain is an unsuitable and potentially catastrophic site to develop as a repository for spent nuclear fuel rods and high-level radioactive waste. The report fulfills a contract between TRAC Corp. and the State of Nevada and provides emerging scientific evidence that will be used in the event of a licensing proceeding before the Nuclear Regulatory Commission. The report comes on the eve of the United States Senate vote to confirm Yucca Mountain as the national repository. The U.S. Senate is expected to vote on this issue next week.

Del Papa said, “The alarming evidence presented in this report reaffirms that the decision to name Yucca Mountain as the national repository has been based purely on politics rather than on sound science. This report establishes that the proposed use of Yucca Mountain as a nuclear waste repository poses an enormous threat to the safety of this entire country, not just to Nevada. The report provides additional convincing ammunition for Nevada’s Congressional delegation and the State’s legal team.”

The report addresses the nature, origin and ages of widespread water borne mineralization at the ground surface and deep into the storage zone of Yucca Mountain. Because of its show-stopping potential, the topic has been the subject of controversy since the mountain was selected as the only site for study as a potential repository. The heart of the controversy is whether the mineral deposits were formed by upwelling hydrothermal fluids or by rainwater. The Department of Energy (DOE) and United States Geologic Survey (USGS) contend that the minerals were deposited by percolating rainfall. A suitability decision was recently made by the Secretary of Energy and approved by the President relying on this faulty assumption. The authors of the report present findings that prove beyond a reasonable doubt the deposits were created by episodes of upwelling water which began millions of years ago and have continued essentially to the present.

- more -

The underlying concern which prompted the research project is that releases of radioactivity from the proposed facility into the biosphere may result from contact at the surface of hot, disposal canisters with significant quantities of water. If a gas- or vapor-assisted hydrothermal plume of water originating deep within Yucca Mountain were to upwell through permeable conduits that feed into the facility, the result would be the complete breakdown of the natural barriers and the rapid deterioration of the integrity of all engineered barriers. The releases of radioactivity, directly into the atmosphere, could be very large, potentially attaining catastrophic proportions.

The report also presents evidence that has forced the DOE's researchers to concede that the mineralization was deposited by hot water. Originally this fact was denied. After the unavoidable concession, the USGS scientists offered a scientifically unproven hypothesis that the interior of Yucca Mountain remained hot for at least five million years and the growth of deposits from the percolation of rainwater through a hot rock mass in the storage zone was exceedingly slow.



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For Immediate Release
Date: July 1, 2002

Contact:
Tim Terry (775) 687-4704
Michael Pennington (775) 684-1100

FORMER NURSING ASSISTANT GUILTY OF BATTERY OF A NURSING HOME RESIDENT

Las Vegas -- Attorney General Frankie Sue Del Papa announced today that Robin Brown-Wesley (age 43) entered a guilty plea to the misdemeanor offense of Battery of a Person 65 years of Age or Older. The charge carried a potential penalty of one year in jail and a \$1,000.00 fine. Justice of the Peace, James M. Bixler, accepted the plea and sentenced Brown-Wesley to credits for time already served. The Attorney Generals' Medicaid Fraud Control Unit (MFCU) prosecuted the case.

According to MFCU Chief Tim Terry, Ms. Brown-Wesley was employed at a local nursing home during January 2001. While working as a nursing assistant, Brown-Wesley slapped a 76-year-old female resident due to a discrepancy about the amount of food the resident was eating.

"This defendant has served jail time and will now have a criminal record memorializing her mistreatment of the elderly. This should prohibit her from future employment as a care provider for the elderly," Del Papa said while emphasizing her offices zero tolerance policy towards those who abuse or neglect the elderly.

Anyone suspecting the abuse or neglect of an elderly person may report it to the MFCU at 775 687-4704 (Carson City) or 702-486-3420 (Las Vegas); the Aging Services Division at 775-688-2946 (Reno) or 775-687-4210 (Carson City) or 702-486-3545 (Las Vegas); or a local law enforcement agency.

Elder abuse/neglect prevention information can be found on the Attorney General's Web site at: <http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE
DATE: July 1, 2002

CONTACT: Tom Sargent, (775) 684-1114



**A National Tire Safety Campaign Sponsored By
The State Attorneys General and State Offices of Consumer Protection**

ATTORNEY GENERAL ISSUES HOT WEATHER TIRE SAFETY ALERT FOR NEVADA DRIVERS

New Survey Shows Too Many Americans Are Not Practicing Tire Safety Basics

Carson City—As families across Nevada take to the roads this Fourth of July weekend, Attorney General Frankie Sue Del Papa is cautioning drivers that hot weather magnifies the dangers posed by improper tire inflation, making the height of summer a critical time to check tire pressure. But a new survey by the State Attorneys General reveals that a majority of Americans are not following tire pressure recommendations, putting them – and their families – at risk of tire failure and blow-outs.

The State Attorneys General and Offices of Consumer Protection today are unveiling two new radio ads to reach families with this important public safety message as they prepare for family vacations and holiday road trips.

“Hot roads, overloaded vehicles and improperly inflated tires can be a recipe for disaster,” said Del Papa. “The simple step of maintaining tire pressure at the level recommended by your automaker could make the difference between a safe trip and a ruined vacation.”

According to the new survey conducted by the State Attorneys General, 96 percent of drivers consider properly inflated tires to be important to car safety, but 60 percent of drivers do not know that

they should check their tire pressure at least once a month, as recommended by the National Highway Traffic Safety Administration (NHTSA) and other car safety experts.

Alarming, almost half of drivers were unable to identify where to find the correct tire pressure for their vehicle. This information is printed on a placard on a vehicle that usually appears on a doorjamb, inside the fuel-filler door, or on the inside of the glove box lid -- not on the tire itself, as one quarter of motorists believes, according to survey results.

Such confusion about tire safety underscores the importance of the Safe Trip campaign's message. Warm weather causes the air pressure in tires to go up 1-2 pounds for every 10 degrees of temperature change, so summer's hot weather could cause problems in vehicles with improperly inflated tires. When tires get too hot, the risk of tire failure increases. Excessive speed, under-inflation or excessive loading, either separately or in combination, can cause heat build-up and possible tire failure. When the weather and roads are hot, these problems can be magnified.

The Safe Trip campaign is a nationwide public awareness campaign on tire safety sponsored by the state Attorneys General and consumer protection agencies. The campaign features television and radio ads, which are airing nationwide around the three peak summer travel holidays: Memorial Day, Fourth of July and Labor Day. The ads send the message that overloaded vehicles and improperly inflated tires can lead to accidents – especially in hot weather. The ads warn drivers to make sure they aren't putting themselves and their families at risk, because “even if your tires look fine, it doesn't mean they're properly inflated – so take a minute to check them out.” The ads remind drivers to “take care of your tires – they take care of you.” And they encourage drivers to visit www.safetrip.org to find out more about tire safety and the importance of proper tire inflation.

Funding for the “Safe Trip” campaign was set aside as part of the settlement reached in November 2001 by the Attorneys General from all 50 states, Puerto Rico, the Virgin Islands, the Corporation Counsel of the District of Columbia and Bridgestone/Firestone, Inc.

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Text of the new “Safe Trip” campaign radio ads is attached. Attorney General Del Papa is available to discuss the campaign and the importance of proper tire maintenance.

TEXT OF NEW SAFE TRIP CAMPAIGN RADIO ADS

“Freedom” (: 30)

Narrator:

July Fourth is a time to celebrate freedom.

One way Americans love to do that is by hitting the road.

But before you head out this holiday, make sure you’re doing everything to keep your family safe.

One important step is checking your tires.

In the summer heat, tires are under a lot of stress – so make sure that they’re properly inflated. And don’t overload your vehicle.

This summer, take care of your tires. They take care of you.

Learn more at Safetrip.org.

Brought to you by your state attorney general and state office of consumer protection.

“Family” (: 30)

Mom:

My family loves the summer.

We go to the lake.

My husband barbeques.

My kids can’t wait to get in the water.

But before all that, I think about safety.

Starting with our tires.

The heat puts extra strain on tires. So I make sure they’re properly inflated.

My whole world travels in this car – so while my kids think about the lake – I think about making sure we get there – safely.

Narrator:

This summer take care of your tires. They take care of you.

Learn more at Safetrip.org.

Brought to you by your state attorney general and state office of consumer protection.



State of Nevada Office of the Attorney General

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FOR IMMEDIATE RELEASE

DATE: August 30, 2002

CONTACT: Marta Adams (775) 684-1237
Joseph Egan (703) 918-4942
Tom Sargent (775) 684-1114

NEVADA SUCCESS IN YUCCA MOUNTAIN LAWSUIT

Carson City—The United States Court of Appeals for the District of Columbia Circuit referred a motion to dismiss filed by the U.S. Nuclear Regulatory Commission to the merits panel for decision. The NRC had sought to dismiss Nevada's challenge of the NRC licensing rule for the proposed high-level nuclear waste repository at Yucca Mountain on procedural grounds. By order dated August 29, 2002, the Court of Appeals declined to dismiss the case. As a result, the actual substance of the case will be examined by the merits panel as opposed to a mere dismissal on procedural grounds.

"Under its current provisions, the NRC rule could allow issuance of a license for the repository even though it is unsafe and fails to assure long-term geologic isolation as required by the Nuclear Waste Policy Act," Del Papa stated. "The court's decision to refer the motion to the merits panel indicates that the court is not inclined to dismiss the case on legal technicalities." Del Papa continued, "This is no small victory, as Nevada deserves its day in court on an issue that has tremendously long-term consequences for the entire nation."

Nevada is challenging NRC's Yucca Mountain Licensing Rule, 10 C.F.R. Part 63, which establishes the regulatory parameters for licensing the proposed Yucca Mountain repository. The current rule embodies the Department of Energy's (DOE's) "total system performance assessment" approach for licensing the repository, but ignores the fundamental requirements in the Nuclear Waste Policy Act that, *regardless of design, the repository must serve to isolate radioactive waste primarily through geologic isolation.*

NRC's current licensing rule for Yucca Mountain requires only that DOE demonstrate that radioactive emissions from the repository will meet EPA's emission standards for 10,000 years, the hoped-for life of the man-made waste packages inserted into the mountain. Due to geologic deficiencies discovered by DOE in the late 1990s and as outlined by former Yucca Mountain Director John Bartlett, Yucca Mountain is no longer expected to isolate radioactive waste when the waste packages fail.

Currently, the State of Nevada is litigating DOE's use of water in U.S. District Court in Nevada and other cases in the U.S. Court of Appeals for the District of Columbia Circuit. Pending cases

include Nevada's challenges to the Yucca Mountain radiation standard, DOE's siting guidelines, DOE's final environmental impact statement and the secretarial and presidential decisions approving the Yucca Mountain site. The State has had similar successes in the EPA standard challenge and in the siting guidelines case where the U.S. Court of Appeals has referred the cases for decisions on the merits.

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FOR IMMEDIATE RELEASE
DATE: AUGUST 29, 2002

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Tom Sargent, (775) 684-1114

FALSE RECEIPTS LEAD TO INSURANCE FRAUD CONVICTION

Las Vegas--District Court Judge John S. McGroarty sentenced Vincent Joseph Bonifatto, 21, of Las Vegas, this morning to six months' informal probation concurrent with six months' incarceration per federal sentence for attempting to make a false claim for insurance benefits, a gross misdemeanor. Bonifatto faced up to one year in the Clark County Detention Center and a \$2,000.00 fine on this charge.

Vincent Joseph Bonifatto reported to Farmers Insurance Company that \$6200 worth of new tires and rims were on his 1998 Pontiac Trans Am when it was allegedly stolen on June 14, 2001. However, an investigation revealed that the receipts presented in support of the loss were written by a company that was not in business on the date the receipts were generated. This and other suspicious circumstances led to the filing of the instant case by the State of Nevada Attorney General's Insurance Fraud Unit (IFU).

Unit Director, Marty Howard stated: "Insurance fraud is one of the costliest white-collar crimes in the United States, ranking second only to tax evasion. It is not a victimless crime. A recent study by Conning & Co. stated insurance fraud cost families \$5,000 each year. This amount includes not only higher premiums, but also the resulting higher prices for consumer goods and services."

If you have knowledge that someone has committed insurance fraud, please contact the Insurance Fraud Hotline at 1-800-266-8688. Information on how to combat insurance fraud can be found at the Attorney General's website at <http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE
DATE: August 29, 2002

CONTACT: Kathleen Delaney
Deputy Attorney General
(702) 486-3788
Tom Sargent
(775) 684-1114

DEFENDANT SENTENCED IN CREDIT REPAIR SCAM

Las Vegas—Attorney General, Frankie Sue Del Papa, announced today that Las Vegas resident Kelly Geib, 33, was sentenced Tuesday on one felony count of theft by obtaining money under false pretenses. Geib, who also used the aliases “Kelly Ann Poalucci” and “Kelly Ann Torello,” owned and operated the now-defunct National Consumer Credit, Inc., in the late 1990’s. According to the charge, which was originally filed in February, 1999, Geib defrauded multiple victims by using the money they paid her to negotiate with and pay off their creditors for her own personal needs.

Pursuant to a plea agreement entered last May, District Court Judge, Jeffrey Sobel, sentenced Geib to 48 months in the Nevada Department of Corrections, with a minimum parole eligibility of 12 months. The sentence was suspended, and Geib was placed on a fixed term of probation of 5 years, with special conditions. Those special conditions include serving up to 3 weeks of prison time during each year of the probationary term, performing 16 hours of community service during each month of the probationary term, and reimbursing her victims in full in the total amount of \$68,875.00.

Hay, who also serves as the Chief of the Attorney General’s Bureau of Consumer protection, which prosecuted the case, cautions consumers who are considering hiring the services of a credit repair organization. “Be very suspicious of credit repair companies that promise to make all of your credit problems disappear,” warns Hay. “Even the legitimate companies can only do so much, and the process can be time-consuming.” Adds Hay, “The consumer credit bureaus have, in fact, made it much easier for consumers to do their own credit repair at little or no expense. But, if you do decide to hire someone, please remember that the State regulates these businesses, and, at a minimum, you should call the Nevada Consumer Affairs Division to make sure the company is properly registered and bonded.”

Consumers who have questions regarding State registered credit repair organizations, or consumers who believe they been the victims of credit repair fraud, should contact the Nevada Consumer Affairs Division in Las Vegas, (702) 486-7355, or in Reno, (775) 688-1800; consumers

outside of Nevada may call toll free, (800) 326-5202. Additional consumer protection information may be found on the Attorney General's website at <http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE

DATE: August 27, 2002

CONTACT: Ronda Clifton, (775) 688-1835

RENO MAN SENTENCED FOR INSURANCE FRAUD

Carson City--Attorney General Frankie Sue Del Papa announced today that Wyatt Starling, age 27, was sentenced to one year, suspended and placed on probation for 3 years and ordered to pay a \$500.00 fine by Judge Steve Elliot in the Washoe County Courthouse for conspiracy to commit insurance fraud.

Starling was involved in an automobile accident which was his fault. He misrepresented to the insurance company that it was not his fault and reported a false income figure to the adjuster. Starling faced up to one year in jail and a fine of \$2000.

"Insurance fraud has been is one of the costliest white collar crimes in the United States, ranking second only to tax evasion. Ultimately, policyholders, taxpayers and the general public pick up the tab through increased insurance rates, higher taxes and inflated prices for consumer goods and services as a result of insurance fraud," said Del Papa. "Individuals often fail to see the connection, and small perpetrators think that it's the insurance company that they're hurting, when in reality it is everyone as consumers and taxpayers."

If you have any information regarding insurance fraud, please call the Nevada Attorney General's Insurance Fraud Hotline at 1-800-266-8688. For more information about Nevada's Insurance Fraud Unit, please visit the Attorney General's website at www.state.nv.us/ag/

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FOR IMMEDIATE RELEASE

DATE: August 27, 2002

CONTACT: Tracey Brierly, (702) 486-3128
Tom Sargent, (775) 684-1114

NEVADA MAN PLEADS GUILTY TO TWO FELONY COUNTS OF SECURITIES FRAUD COMMITTED AGAINST THE ELDERLY

Las Vegas—Attorney General Frankie Sue Del Papa announced today that Gregory J. Olson plead guilty to two felony counts of Securities Fraud Committed Against a Person 65 Years of Age or Older. As part of his Plea Agreement, Olson agreed to pay restitution to his victims in the amount of \$457,500. The victims include three women and three men, all from Las Vegas, over the age of 65.

“Crimes against the elderly are particularly horrible because oftentimes the victims are vulnerable due to age and/or frailty. Increased penalties rightfully apply because the perpetrators take advantage of the victims’ vulnerability. We are proposing a bill for the next legislature that would reduce the age of the victim for the purposes of increased criminal penalties from 65 to 60,” said Del Papa. “Nevada’s elders are often on fixed incomes and live on that plus their savings. To have someone fraudulently divide them from their nest egg is intolerable.”

Pursuant to the Guilty Plea Agreement entered into in District Court today, Olson will make an initial payment of \$50,000 within three months and then make payments on the additional \$407,500 in an amount to be determined by District Court Judge Lee A. Gates. If Olson fails to make any payment in time and in full, the Attorney General’s Office will ask Judge Gates to sentence Olson on the two felonies. Each felony carries a sentence of not less than 1 year and not more than 5 years in state prison. In addition, because the crimes were committed against persons who were 65 years of age or older, Olson would be sentenced to a term equal to and in addition to the term of imprisonment prescribed by statute for the underlying criminal violation. Thus, Judge Gates could sentence Olson to a term of 20 years if he orders Olson to serve the two felony sentences consecutively.

The guilty plea is the result of an Indictment filed by the Attorney General’s Bureau of Consumer Protection charging Olson with multiple counts of Securities Fraud and alleging that he represented to investors that he would generate profits at high rates of return through purchasing,

developing, rehabilitating, financing, and reselling real estate in Las Vegas. Olson made various representations about the investments that were false. For example, Olson told investors that their investments were secured by first trust deeds when in fact the properties were severely encumbered. In some circumstances, Olson did not even own the properties.

The charges were a result of an investigation conducted by the Secretary of State, Securities Division. On November 25, 2002, Olson is expected to tender his first \$50,000 restitution payment in Clark County District Court, Department VIII.

Individuals who would like more information about investment scams should contact the Secretary of State, Securities Division at (702) 486-2440, or the Attorney General's Office at (702) 486-3420. Additional consumer protection information can be found on the Attorney General's web site at <http://ag.state.nv.us>

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FOR IMMEDIATE RELEASE
DATE: August 20, 2002

CONTACT: Stephanie Parker, (702) 486-3326
Tom Sargent, (775) 684-1114

SPARKS FARMER'S MARKET, SIERRA SWIRL AND MODEL DAIRY ASSIST ATTORNEY GENERAL WITH CHILD SAFETY, ABDUCTION PREVENTION

Carson City—Attorney General Frankie Sue Del Papa urges all parents, caregivers and press representatives to note the following special event:

FREE CHILD IDENTIFICATION PACKETS, FINGERPRINTING AND PHOTOS
SPARKS FARMER'S MARKET
AUGUST 22, 2002 4 p.m. to 9 p.m.
VICTORIAN SQUARE, SPARKS



FREE ICE CREAM CONES FOR KIDS GETTING ID's!
(courtesy Sierra Swirl and Model Dairy)

At the Farmer's Market, the Nevada Missing Children Clearinghouse and the Office of Attorney General will prepare and distribute—free of charge—child safety ID packets and other information of great interest to parents and children alike. The ID packets are recommended for children from seventeen to infant. Volunteers have been specially trained to fingerprint youngsters, and there will be goodies for the kids to take with them.

“Child safety is a concern all year round, but in the summer months, children will be involved in outdoor activities that child predators see as opportunities,” said Del Papa. “The hours of greatest risk are those between when a child gets home from school and when parents arrive home from work. These community events are ideal venues at which to urge parents and childcare givers to constantly reinforce safety rules with children.”

Public Information Officer Tom Sargent added, “By taking necessary precautions, beginning with the preparation of an identification packet and teaching your child about safety, a parent can help prevent his or her child from becoming the victim of an abduction. Should a child be abducted, precious time will be saved in the search for that child if a completed identification packet can be delivered to law enforcement immediately.”

The State Legislature created the Nevada Missing Children Clearinghouse in 1991 in response to the staggering number of children reported missing in the United States each year. In 2000 alone, the Nevada Missing

Children Clearinghouse received a total of 7,006 reported cases of a missing child. The Nevada Missing Children Clearinghouse works in tandem with the National Center for Missing and Exploited Children.

Anyone having information regarding a missing child should contact local authorities or the National Center for Missing and Exploited Children at 1-800-THE-LOST. For more information on Nevada's Missing Children Clearinghouse, visit the Attorney General's Web site at <http://ag.state.nv.us>, or call (702) 486-3539. The Web site address for the National Center for Missing and Exploited Children is www.missingkids.com.

FROM THE NEVADA HIGHWAY PATROL

AMBER ALERT:

May be headed to Nevada via US395 North:

**Child abduction Riverside, CA
August 19, morning
10yr old white female brown/hazel
suspect white male
blue/white Dodge Pickup
CA license plate 4L50054**

CALL 911 if sighted



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FOR IMMEDIATE RELEASE

DATE: August 15, 2002

**CONTACT: Greg Hojnowski, (702) 486-3783
Tom Sargent, (775) 684-1114**

CALIFORNIA MAN SENTENCED IN INSURANCE FRAUD SCAM

Las Vegas—Former Henderson resident, Daniel James Erickson, age 37, was sentenced by District Court Judge John S. McGroarty on three felony counts of Insurance Fraud to 12 to 34 months in prison, concurrent, but the term was suspended, with Erickson being placed on probation for three years. Erickson was ordered to make restitution of \$16,920.63 to the victim insurance companies, to reimburse the Attorney General's Insurance Fraud Unit (IFU) \$5,000 towards investigative costs, and to pay the costs of his extradition as well.

According to the IFU, Erickson and his co-defendant, Rory Griffin Graham, were indicted by Grand Jury in November of 1998. They were accused of fraudulently obtaining numerous automobile insurance policies, often in fictitious names, using bogus identification and falsified ownership documentation, for a 1993 Lexus. They concealed their true insurance claim history and denied the existence of other coverage. Each then falsely reported to their respective insurance company(s) that they had been involved in an accident. In each case, Erickson and Graham told the insurance company(s) that they struck a guardrail to avoid hitting a coyote. Graham and Erickson collected over \$83,000 from the scam that became known as the "Coyote case".

The scam came to light when an agent from Geico Insurance Company recognized Erickson as someone they had insured in the past, and who had made a similar claim. Geico referred their suspicions to the IFU and the National Insurance Crime Bureau (NICB). Both Graham and Erickson became fugitives in 1998. Graham was arrested in Wisconsin in late 2000. Information developed following Graham's arrest lead to Erickson being arrested in Southern California, where he has been incarcerated on unrelated charges until his release two months ago.

Last April, Rory Griffin Graham was sentenced to 12-30 months in prison but the term was suspended and he was placed on probation for five years. As part of his plea agreement with the IFU, he agreed to waive all interest in a bank account that had been seized by the IFU. The proceeds from that account were used to reimburse the victim insurance companies nearly all their identifiable loss.

"The success of this investigation, the resulting criminal charges, and the eventual capture of both Graham and Erickson was a direct result of the cooperation between the IFU, the FBI, and the insurance industry," explained Attorney General Frankie Sue Del Papa. "Insurance fraud perpetrated on this sophisticated level can only be combated by continued partnership between law enforcement, private industry, and concerned, involved citizens. The costs associated with this type of fraud are immense. It takes resources and commitment to detect and prosecute these types of cases. All Nevada citizens pay for the fraud through increased insurance premiums."

If you have knowledge that someone has committed insurance fraud, please contact the Insurance Fraud Hotline at 1-800-266-8688. Information on how to combat insurance fraud can be found at the Attorney General's website at [**http://ag.state.nv.us**](http://ag.state.nv.us).

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FOR IMMEDIATE RELEASE
DATE: August 15, 2002

CONTACT: John Albrecht, (775) 688-1872
Tom Sargent, (775) 684-1114

CARSON CITY JUDGE BLOCKS SUBPOENAS

Carson City—Carson City District Judge William Maddox on August 8th ordered a State Hearing Officer to not issue any subpoenas in a proceeding under the state's business enterprise program for the blind. Several blind vendors had filed grievances against the Nevada Bureau of Services to the Blind and asked the hearing officer to issue 14 subpoenas. The Bureau objected arguing that the state law governing this proceeding did not authorize subpoenas. The hearing officer said he would issue them and the Bureau, represented by the Attorney General's office, sued to stop the hearing officer from issuing any subpoenas.

Under the Business Enterprise Program for the blind, the Bureau trains and places blind people into vending facilities in federal, state and local government buildings. The grievance procedure exists to resolve disagreements between blind vendors and the Bureau. In one grievance, the blind vendors are asking that their representative committee to the Bureau, the Committee of Blind Vendors, not be subject to the State's Open Meeting Law.

"Judge Maddox's decision protects Nevadans from illegal subpoenas. Only the Legislature can authorize a state agency to issue a subpoena and it has not given the hearing officer that authority in these cases," said Attorney General Frankie Sue Del Papa.

Administrative agencies only have subpoena power if the state legislature passed a law giving them subpoena authority. The Bureau took that decision up on judicial review before any subpoena was issued. Carson City District Judge Maddox agreed with the Bureau and said the hearing officer could not issue a subpoena without statutory authority.

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FOR IMMEDIATE RELEASE

DATE: August 13, 2002

**CONTACT: Laurel Duffy,, (702) 486-3433
Tom Sargent, (775) 684-1114**

LAS VEGAS CHIROPRACTOR SENTENCED FOR INSURANCE FRAUD

Las Vegas—District Court Judge John S. McGroarty sentenced Mark Rubin, 46, of Las Vegas, this morning to a maximum term of thirty-two months with the minimum parole eligibility of twelve months in the Nevada Department of Corrections for filing a false claim for insurance benefits. The prison term was suspended, and Rubin was placed on probation for three years.

He was further ordered to pay \$7,559.08 in restitution and to pay the Attorney General's Insurance Fraud Unit (IFU) \$1000.00 towards investigative costs. Rubin faced up to four years in prison and a \$5000.00 fine on this felony charge.

Dr. Rubin reported to his insurance company, Safeco, that his 1994 Toyota Camry had been involved in a parking lot accident on July 18, 1999. However, an investigation revealed the damages reported to the vehicle in this incident were identical to ones previously reported by him to CSAA for an accident which he alleged took place on July 17, 1999. He failed to inform Safeco of the alleged accident of the prior day. This and other suspicious circumstances led to the filing of charges by the Insurance Fraud Unit.

Unit Director Marty Howard stated: "Insurance fraud is one of the costliest white-collar crimes in the United States, ranking second only to tax evasion. It is not a victimless crime. A recent study by Conning & Co. stated insurance fraud costs the average family \$5,000 each year. This amount includes not only higher premiums, but also the resulting higher prices for consumer goods and services."

If you have knowledge that someone has committed insurance fraud, please contact the Insurance Fraud Hotline at 1-800-266-8688. Information on how to combat insurance fraud can be found at the Attorney General's website at <http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE
DATE: August 12, 2002

CONTACT: John Albrecht, (775) 688-1872
Tom Sargent, (775) 684-1114

TAX COMMISSION ADOPTS NEW TOBACCO REPORTING REGULATIONS

Carson City—Attorney General Frankie Sue Del Papa announced today the Nevada Tax Commission will begin enforcing new regulations that require both cigarette wholesalers and manufacturers to report numbers of cigarette sales by brand to the Taxation Department and Attorney General's Office.

The Taxation Commission adopted the new regulations on August 5, 2002. The regulations include a two-step process for regulating escrow accounts established by the tobacco Master Settlement Agreement (MSA). The Agreement created an escrow fund, which mandates tobacco manufacturers who did not sign the MSA to deposit a penny a cigarette into the fund. Nevada will receive approximately \$1.2 billion in the first 25 years after the MSA was signed.

The first part of the process requires a report from tobacco wholesalers accounting for the number of each brand of cigarettes they sell each month. After the Tax Commission receives that report, they compile the reports and submit them to the Attorney General's Office. If the reports are not filed monthly, the wholesaler may lose its wholesale license.

Next tobacco manufacturers must submit a certificate by April 15 of each year detailing the number of cigarettes they sold within the state, and how much they paid into the state escrow account. If that certificate is not filed with the Attorney General, or if there is a discrepancy between the report from wholesalers and the certificate from the manufacturers, the Attorney General will investigate the matter. The system of checks and balances provides a means for the state to be certain that it receives all of the funds it is due pursuant to the MSA.

"I applaud the Tax Commission's adoption of these regulations. Strict enforcement of the escrow account provisions of the MSA are required to assure the maximum payment under the MSA. Those payments are used to fund the Millennium Scholarship program and public health programs," said Attorney General Frankie Sue Del Papa.

States must diligently enforce the escrow statute or they may be subject to a reduction in payments, according to the Master Settlement Agreement.

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FOR IMMEDIATE RELEASE
DATE: August 6, 2002

CONTACT: Stephanie Parker, (702) 486-3326
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ATTORNEY GENERAL'S OFFICE CARES, ACTS ON BEHALF OF MISSING KIDS

Carson City—Attorney General Frankie Sue Del Papa urges all Nevadans to demonstrate their concern for the safety and well-being of Nevada's children by taking additional steps to prevent abductions and assist in the safe return of missing kids. The Attorney General applauds today's announcement by the National Center for Missing & Exploited Children (NCMEC) of the first-ever White House Conference on Missing, Exploited and Runaway Children hosted by President George Bush, set for September 24, 2002, at George Washington University in Washington, D.C.

"Following the devastation of September 11, and with the heightened publicity and awareness surrounding child abductions, we have become more closely knit as a nation—right down to our neighborhoods. Tragedy has made us more aware of just how close we really are, and how small actions can assume heroic dimensions—and bring joy back to the grieving," Del Papa said. "By simply raising our awareness level, observing more closely what surrounds us, watching the news, listening to Emergency Alert System broadcasts, reading highway message boards, milk cartons, and so on—any one of these simple things can possibly provide the one critical clue that prevents a parent's worst nightmare, or returns a missing child to loved ones. That's exactly how we got the mailbox bomber, and it saved two precious girls in California."

"The key is preparedness, prevention, and awareness," Del Papa continued. "The Office of Attorney General houses and advocates on behalf of the Nevada Missing Children Clearinghouse. We work in concert with volunteers and law enforcement agencies throughout the state and across the nation. We also work closely with the National Center for Missing & Exploited Children. Many of our own staff devote countless hours of volunteer time at community events to assist in the on-going efforts in this regard."

The Attorney General's Office has staffed booths at various events throughout the state, providing parents with child safety and abduction prevention information, as well as free identification kits including on-the-spot photographs and fingerprinting. The kits are provided to parents to keep at home and when traveling so that they have all the necessary information immediately available to provide media and law enforcement agencies should tragedy strike. Precious time is thereby saved when every second counts. On the other hand, in order to prevent child abduction and exploitation, it is imperative that we as adults reinforce safety with our children:

--more--

For parents:

Keep a **current** photo and physical description of your child in a safe place.

Always leave an emergency number and location with the trusted adult caretaker when you are not with your child.

Do not put your child's first name on clothing, bikes, backpacks or toys, where it is visible.

Teach your child never to let anyone in the house and not to give out your address or phone number to strangers.

Develop a password known only to you and your child, which authorizes someone to pick your child up in an unexpected emergency.

Teach your children that strangers do not always look like bad people.

Additional advice to practice and review with your child:

Check first with my parents or the person in charge before going anywhere

Check first with parents or a trusted adult before accepting anything from anyone.

Always take a friend when going places or going outside.

Know parent's names, address, telephone number, and how to dial "911".

Say no if someone tries to touch or treat you in a way that makes you feel uncomfortable, scared or confused.

Know that you can tell your parents or a trusted adult if you feel scared, uncomfortable or confused.

Know it is OK to say no, and know that there will always be someone who can help.

Say no and immediately go to someone you know if someone asks you to help them find a lost pet!

"One of the most tragic situations that any parent can face is the disappearance of a child, no matter what the circumstance," Attorney General Frankie Sue Del Papa said. "We must all join in the effort to do whatever we can to help prevent the catastrophic heartbreak that a family goes through when a child is abducted or missing. Homeland security begins at home, in our neighborhoods, with our kids. Emergency responses such as the Amber Alert system, have proven their value, but sound prevention and preparedness come first."

The Nevada Legislature created the Nevada Missing Children Clearinghouse in 1991 in response to the staggering number of children reported missing in the United States each year. In 2000 alone, the Nevada Missing Children Clearinghouse received a total of 7,006 reported cases of a missing child, including cases of family abductions, parental abductions, runaways and non-family abductions. The Nevada Missing Children's Clearinghouse works in tandem with the National Center for Missing and Exploited Children.

For more information on where and when you may obtain a child identification kit, call Tom Sargent at (775) 684-1114. Anyone having information regarding a missing child should contact local authorities or the National Center for Missing and Exploited Children at 1-800-THE-LOST. For more information on Nevada's Missing Children Clearinghouse, visit the Attorney General's Web site at <http://ag.state.nv.us>, or call (702) 486-3539. The Web site address for the National Center for Missing and Exploited Children is www.missingkids.com.

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FOR IMMEDIATE RELEASE
DATE: September 30, 2002

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ANTITRUST SETTLEMENT IN LAWSUIT ALLEGING PRICING CONSPIRACY ON MUSIC CDS.

*Music Distributors and Retailers Agree to Pay \$67.375 Million
in Cash, \$75.7 Million Worth of Free CDs, Change Sales Practices*

Carson City—Frankie Sue Del Papa, Nevada's Attorney General announced today that five of the largest U.S. distributors of prerecorded music CDs and three large retailers agreed to pay \$67,375,000 in cash, provide \$75,700,000 worth of music CDs and not engage in sales practices that allegedly led to artificially high retail prices for music CDs.

In August of 2000, Nevada, along with other states and territories, filed an antitrust lawsuit in U.S. District Court, Maine, Judge D. Brock Hornby presiding. The remaining jurisdictions were represented in the case by class counsel. The lawsuit alleged that the five music distributors (including their affiliated labels) and three large music retailers entered into illegal conspiracies to raise the price of prerecorded music to consumers. The plaintiffs also alleged that price competition among music CD retailers was reduced as a direct result of the conspiracy. The defendants in the lawsuit are music distributors Bertelsmann Music Group, Inc., EMI Music Distribution, Warner-Elektra-Atlantic Corporation, Sony Music Entertainment, Inc., Universal Music Group and national retail chains Transworld Entertainment Corporation, Tower Records, and Music land Stores Corporation.

Today's settlement has three major components:

1. Sales Practice Changes. Defendants have agreed to an injunction preventing them from forcing retailers to increase CD prices and encouraging price competition between them.

2. Consumer Compensation. The \$67,375,000 will be used for consumer compensation, charitable purposes, or some combination of both. Notice of how to file a claim will be provided to the public at a date to be announced.
3. CDs for Charitable Groups. Defendants will provide approximately 5.5 million music CDs (valued at \$75,700,000) for distribution by the state attorneys general to not-for-profit corporations, charitable groups and governmental entities such as schools and libraries for the benefit of consumers in each state.

Said Del Papa, "The lawsuit and settlement demonstrate our commitment to the recognition and termination of corporate misconduct that interferes with the free market economy and harms consumers—harm being, in this case, artificially high prices for goods."

In May 2000, the FTC resolved an investigation involving the defendant music distributors' minimum advertised pricing policies by obtaining injunctive relief, however, no monetary relief was obtained by the FTC in that case.

Jurisdictions participating in the suit are: Florida, new York, Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Delaware, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Maine, Maryland, Massachusetts, Michigan, Mississippi, Montana, Nevada, New Mexico, North Carolina, North Dakota, Northern Mariana islands, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, U.S. Virgin islands, Washington, West Virginia, Wisconsin and Wyoming.

It is estimated that Nevada's share of the settlement will be approximately \$529,000.00 and in the order of 38,000 CD's.

For more information on the claims process, visit www.naag.org.

If you would like more information on how the office of the Consumer Advocate assists the people of Nevada, please call (775) 687-6300 or visit the Attorney General's website at www.state.nv.us/ag/.

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FOR IMMEDIATE RELEASE
DATE: October 8, 2002

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Citizen Alert, (775) 827-4200

NEVADA NOT A WASTELAND, YUCCA NOT A DUMP

Carson City—Attorney General Frankie Sue Del Papa announced today that the Office of Attorney General will be participating in the “Nevada is not a Wasteland” event this Sunday, September 29th, at Wingfield Park in Reno at Arlington and the Truckee river. The gathering is sponsored by the Nevada is not a Wasteland Coalition.

The event runs from Noon to 3:00 p.m. and features vendors, informational booths, music, poetry readings and an art contest for children. The Attorney General will speak during the event, and a booth will be hosted by Public Information Officer Tom Sargent with information regarding Nevada’s efforts to stop the proposed Yucca nuclear waste storage project, flyers with action plans for citizens to assist in the fight, and free anti-Yucca pins and tote bags.

Visitors to the booth will also be able to provide their email addresses and receive updates from the Attorney General’s Office on the latest developments and how they can continue to assist in order to ensure that nuclear waste is neither stored at Yucca nor shipped across the country in an unprecedented and dangerous campaign that would threaten the health, safety and welfare of all Americans.

Beverages will be provided; attendees are encouraged to bring picnic lunches and enjoy the afternoon’s activities.

For more information on Nevada’s effort to halt the Yucca nuclear waste storage proposal, visit the following sites:

<http://nuke.state.nv.us>

<http://ag.state.nv.us>

<http://www.yuccamountainfacts.org/>

<http://www.citizenalert.org/yucca/>

<http://www.ananuclear.org/yuccapage.html>



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FOR IMMEDIATE RELEASE
DATE: September 30, 2002

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NEVADA CORPORATE CITIZENSHIP INITIATIVE RAISING AWARENESS ABOUT DOMESTIC VIOLENCE AMONG NEVADA EMPLOYERS

Carson City—October is national Domestic Violence Awareness Month, and Tuesday, October 1, 2002 is *Work to End Domestic Violence Day*, a day when many businesses, public agencies and unions around the country will hold brown bag lunches to discuss domestic violence, distribute educational materials about abuse, benefit battered women's programs, and announce new company policies.

Recent statistics indicate that more than six million women in the U.S. are victims of domestic violence each year. In Nevada alone, over 23,000 incidents of domestic violence were reported to law enforcement during the year 2001. Statistics from the Nevada Network Against Domestic Violence indicate that over two-thirds of victims in Nevada are employed. Their partners and families, similarly, are linked to our workplaces.

In June 1999, Attorney General Frankie Sue Del Papa, Chair of Nevada's Domestic Violence Prevention Council, launched a statewide campaign aimed at Nevada employers to promote awareness on how businesses can provide a safer and more resourceful workplace for employees who are victims of domestic violence. In May 2000, when Nevada was selected as one of ten states to participate as leaders a national Corporate Citizen Initiative on Domestic Violence, the project was renamed the Nevada Corporate Citizenship Initiative (CCI).

Along with the Attorney General's Office, the Nevada CCI Team currently includes representatives from the Employers' Insurance Company of Nevada, CAMCO/Superpawn, MIKOHN Gaming, Park Place Entertainment, the Nevada Network Against Domestic Violence, the Nevada Association of School District Superintendents, the University and Community College System, State of Nevada Department of Personnel, Wells Fargo Bank, and both Clark County domestic violence agencies, SafeNest in Las Vegas and Safe House in Henderson.

“Domestic violence does not stay home when its victims go to work: it affects productivity, increases absenteeism, and raises the risk of violence in the workplace,” Del Papa said. “It costs Nevada employers millions of dollars each year in increased health care costs, most of which is paid for by employer benefits. With one out of every four American women reporting physical abuse by a husband or boyfriend at some point in their lives, and male victims increasingly seen in hospital emergency rooms, domestic violence is finding its way into the overall workplace.”

“Employers can play a critical role in helping to stop domestic violence by learning to help battered women escape abuse, and in conveying the message that domestic violence is unacceptable,” said Veronica Frenkel, Domestic Violence Ombudsman and Coordinator of the Nevada CCI. The current goal of the CCI team is to get the word out to as many employers as possible in the private and public sectors and to develop useful tools that support employers’ efforts. For example, the CCI Team has developed a *Toolkit for Employers* that provides background information and outlines three important components of an effective workplace response to domestic violence. Available in October 2002, the Toolkit provides an overview of the impact of domestic violence on the workplace, followed by suggestions for things employers can do in three different areas:

- P** – Policies that address domestic violence that will inform, protect, direct, including safety & security, leave & other benefits, hiring & discipline.
- E** – Education of all employees, regardless of employer type, size or location.
- P** – Promotion of the mission & vision of the CCI, i.e., to prevention domestic violence, among other employers and within all communities in which we live and work.

Specifically, the Toolkit contains:

- Employee communications, including a sample newsletter article, e-mail scripts and paycheck inserts;
- Special tips for managers and supervisors;
- Brochures and posters that are useful tools for creating a safe and supportive workplace environment and for educating your employees;
- Various examples of workplace domestic violence policies.
- Resources information, including domestic violence programs, and information to obtain additional material and training.

The Nevada CCI has distributed informational materials to hundreds of Nevada employers during the past several months to encourage them to address domestic violence and to increase the number of Nevada employers who participate in national ***Work to End Domestic Violence Day, on October 1, 2002***. CCI Team members have also offered a number of presentations at conferences, association meetings, and various workplaces to raise awareness about the issue of domestic violence and to involve more employers in these efforts. In past years, more than one hundred businesses, public agencies and unions have signed-on to participate in *Work to End Domestic Violence Day*. They include: Verizon Wireless; Blue Shield of California; the U.S. Department of Defense; The Limited, Inc.; Levi Strauss & Co.; the Office of the Mayor of New York City; and Wells Fargo Bank, among many others.

“Participating in *Work to End Domestic Violence Day* is a great way for Nevada companies to support our own state’s domestic violence prevention efforts and the CCI,” said Frenkel. “Nationally, in the past few years, the employer response to *Work to End Domestic Violence Day* has been impressive,” she added. “We hope that more Nevada companies will join us in working to end domestic violence this year. Participating employers will have a profound impact on the lives of their employees and their communities and can make an important contribution toward the prevention and intervention efforts currently underway throughout our state.”

Each CCI Team member is also involved in their own in-house initiatives at their workplaces during the month of October and throughout the year. The following are some examples:

- The Attorney General’s office will distribute a special paycheck memo to all staff regarding domestic violence resources and reminding staff about in-house domestic violence contact persons available to assist employees. In addition, pens and buttons will be distributed to all staff to encourage their participation in awareness-raising efforts and to increase their knowledge about the CCI and statewide hotline.
- Wells Fargo Bank will be putting information on the Nevada 24-Hour Hotline on their ATM screens throughout the state during the month of October and has put up posters with hotline information in their branches throughout the state.
- SuperPawn has placed domestic violence information on its employee website, SuperPawn Intranet (SpiN), including safety plan ideas and lists of resources throughout Nevada Arizona and Washington. They have also issued SuperPawn Cares cards to all of their stores, created specifically to address workplace and domestic violence and will be conducting staff and management training during October and November of this year.
- The Employers Insurance Company of Nevada has drafted a policy on domestic violence that has been distributed to more than 16,000 of their policyholders. They are also conducting management/supervisor training and holding staff brown-bag lunches to raise awareness among their employees.
- The State of Nevada has added a component on domestic violence to its Risk Management seminar for managers and supervisors and has been offering training Domestic Violence & the Workplace to staff within the Department of Personnel. The Personnel Department will also be including information on domestic violence on two paychecks (including direct deposit receipts) for state employees during October. The state is also currently discussing the development of a draft policy for all state agencies on

Nevada organizations interested in participating in *Work to End Domestic Violence Day*, getting more information about the CCI, obtaining posters, model policies, brochures or other materials or arranging a training or presentation should call Veronica Frenkel, Domestic Violence Ombudsman, at (775) 688-1846 or Kris Doris at 775/688-1965.

For more information on the Corporate Citizenship Initiative, visit the CCI web site at <http://ag.state.nv.us/dv/cci.htm>

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FOR IMMEDIATE RELEASE
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CONSUMER ALERT: “GIFTING CLUB” PYRAMID SCHEME

Carson City—The Office of Attorney General, Bureau of Consumer Protection, under the direction of Consumer Advocate Tim Hay, warns Nevada consumers about so called “Gifting Clubs” which, in fact, are illegal “pyramid schemes” under Nevada law. Two known “pyramid schemes” that target women, “The Women’s Circle” and “A Feminine Philanthropy Circle,” are currently sweeping across Las Vegas and other parts of Nevada as well as throughout the United States.

The perpetrators target close friends, relatives, neighbors, and persons they can trust to remain quiet about the pyramid scheme. The statements or literature used to recruit new entrants into the pyramid scheme will refer to a growth of sisterhood by women empowering women to gain control of their lives and their finances. The recruiting material contains statements that the pyramid scheme is legal because it is a “Gifting Club” under the IRS code. The Women’s Circle pyramid scheme characterizes its members by dining terminology. For example, an initial entrant is referred to as “Appetizer,” and the highest participant, who receives the funds, is called “Dessert.”

The victims in these pyramid schemes are admitted by paying a so-called “gift” of \$5,000 and must make a commitment to find new entrants prior to moving up the pyramid. The victim is promised, in return for her contribution, a “gift” of \$40,000 once she reaches the recipient stage.

State law prohibits “pyramid schemes” under which an investment is made and the ability of the investor to receive a monetary return is conditioned on recruiting additional people to the scheme. This is distinguished from a true gift in which a person gives another person something of value with no expectation of profit or something in return.

The Attorney General's Bureau of Consumer Protection offers the following tips to avoid becoming a victim of this type of scam:

- Consider that a legitimate gift has no strings attached and is not an investment.
- Beware if the start up cost is substantial.
- Avoid being misled into thinking a gifting club is legitimate because the ads say that members consider their payments a gift and expect nothing in return. This is an attempt to make an illegal transaction appear legal.
- Resist the temptation to invest just because the people selling you the program are friends, family, or are part of organizations to which you also belong.
- Beware of quick, easy, and unreasonably high profits.
- **Knowingly and intentionally participating and/or receiving funds, property or merchandise in a pyramid scheme is illegal.**

If you suspect you have been solicited for or believe that you have been victimized in a pyramid scheme, or if you would like further information, please call the Attorney General's Bureau of Consumer Protection in Las Vegas at (702) 486-3786 or in Carson City at (775) 687-6300. Consumer protection information can be found on the Attorney General's Web site at ag.state.nv.us.



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FOR IMMEDIATE RELEASE

DATE: September 20, 2002

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FALSE REPORT LEADS TO INSURANCE FRAUD CONVICTION

Las Vegas—Las Vegas resident Samuel Akopian, 26, was sentenced this morning by District Court Judge Joseph T. Bonaventure for making a false claim for insurance benefits, a felony. Akopian was sentenced to 12 to 48 months in prison but this term of incarceration was suspended, with Akopian being placed on informal probation for six months. He was ordered to reimburse the Insurance Fraud Unit (IFU) \$1,000 in investigative costs, submit to search of his person, residence, and vehicle as deemed necessary by his probation officer for the detection of stolen property, and report any future insurance claims to the probation officer as well. Akopian faced up to four years in prison and a fine of \$5,000. He had no prior criminal record.

On June 30, 2000, Akopian reported to the Las Vegas Metropolitan Police Department (LVMPD) that his 2000 Mitsubishi Galant was stolen from the parking lot at Meadows Mall. He subsequently notified Allstate Insurance Company and made a claim for \$23,554.93. Investigation by the IFU, the California Highway Patrol's Foreign Export & Recovery Team, the National Insurance Crime Bureau, and the United States Customs Service revealed that the vehicle was actually seized on June 23, 2000, at the Port of Los Angeles, inside a shipping container with other vehicles, all headed for the United Arab Emirates. Allstate did not pay on the claim.

"Cooperation between state, federal, and private industry is essential to combat this type of fraud which often crosses state and national boundaries", explained a spokesperson from the IFU. Allstate was notified of the vehicle's recovery *before* they paid on the claim. The federal government in the Los Angeles area has charged other defendants. Akopian was born in Armenia but has been a legal resident alien since childhood.

If you have knowledge that someone has committed insurance fraud, please contact the Insurance Fraud Hotline at 1-800-266-8688. Information on how to combat insurance fraud can be found at the Attorney General's website at <http://ag.state.nv.us>.



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FOR IMMEDIATE RELEASE
DATE: September 19, 2002

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FOR IMMEDIATE RELEASE
DATE: September 19, 2002

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Tom Sargent, (775) 684-1114

NEVADA CHALLENGES CLANDESTINE COMMUNICATIONS OF NRC, DOE

Carson City—In strongly worded letters to the chairman of the U.S. Nuclear Regulatory Commission Richard Meserve and to Secretary of Energy Spencer Abraham, Nevada Attorney General Frankie Sue Del Papa challenged the legality of private communications, meetings and agreements between staff of the NRC and the Department of Energy as part of DOE's preparation for seeking an NRC license to construct and operate the proposed high-level nuclear waste repository at Yucca Mountain. The letters cite legal requirements which strictly prohibit the conduct of such private communications without affording notice and an opportunity to participate to the State of Nevada and the general public. In addition, the letters seek specific information concerning the private communications between DOE and the NRC.

"I am frankly appalled that *ex parte* communications between the adjudicatory staff of the NRC and DOE as a prospective license applicant are occurring when such communications are expressly prohibited by law," Del Papa stated. Pre-licensing communications between DOE and NRC's non-adjudicatory staff are permitted under carefully restricted rules allowing Nevada sufficient opportunity to monitor and participate.

"In stark contradiction to the clear statutory, regulatory, and policy mandates, it has become increasingly obvious that DOE and NRC staffs are meeting, conferring and making agreements concerning pre-licensing activities at the proposed Yucca Mountain site with neither notice, nor the opportunity to attend being furnished to the State or the public," Del Papa emphasized. At a recent meeting of the Nuclear Waste Technical Review Board, DOE representatives announced that design information had been presented to the NRC, that a series of meetings are planned and that a framework for NRC-DOE interactions have been developed. "The law requires that the communications between DOE and NRC be conducted openly and with notice and with an opportunity provided to Nevada to participate. With Secretary Abraham's recommendation of the Yucca Mountain site to the President, DOE has openly shifted from site characterization to pre-licensing. Now, more than ever, we are scrutinizing the activities of both DOE and NRC to assure the citizens of Nevada that the process will be open and fair and in compliance with the law," Del Papa stated.

"These secretive communications are further evidence that the NRC and DOE prefer to bypass public scrutiny of a dangerous, ill-conceived project proposal," Del Papa said. "The public health and safety concerns

are such that all Americans—as well as Nevadans particularly—must be privy to the process *as the law stipulates*. We are engaged in a David vs. Goliath fight to make Americans aware that the project proposal is not based on science, and that it is in fact not a geologically isolated mountain repository at all, rather, it is an open-air engineered container farm on a seismic ridgeline. It is *unsafe at any price*.”

The State of Nevada is currently pursuing legal challenges to the radiation standard promulgated by the Environmental Protection Agency for Yucca Mountain, the licensing rule of the Nuclear Regulatory Commission, the environmental impact statement for the site and issues relating to the use of Nevada’s groundwater for construction and operation of the proposed repository.



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FOR IMMEDIATE RELEASE

DATE: September 9, 2002

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INSIDE INSURANCE FRAUD NETS FINES, POSSIBLE PRISON

Las Vegas—Guy Mitchell Sheets, 38, of Henderson, plead guilty this morning before District Court Judge Kathy A. Hardcastle to two felony counts of insurance fraud. As part of his plea agreement with the Insurance Fraud Unit (IFU) Sheets has agreed to make restitution of \$63,130.37 to California State Automobile Association (CSAA) reimburse the IFU \$2,500 in investigative costs, and continue to cooperate in the prosecution of the additional defendants. Sheets faces up to six years in prison and fines of \$15,000. Mr. Sheets, who is the former Regional Claims Supervisor for CSAA, is scheduled to be sentenced on November 13, 2002.

In August of 2000, while conducting a routine internal investigation, the investigative firm of Bland & Rodarte uncovered the fraudulent scheme. Subsequent investigation by Bland & Rodarte and the IFU revealed that Sheets, along with Deborah Marie Bray, a Claims Adjuster under Sheet's supervision, created approximately 20 false insurance claims, defrauding CSAA of over \$180,300 during an 18-month period from January 1999 through August 2000. The conspiracy included 14 other individuals who had been recruited by either Sheets or Bray. The scam involved "packing" false claimants, adding people not involved in the accident into automobile accident claims; asserting automobile accident claims on behalf of legitimate claimants without their knowledge and then subverting those funds among the conspirators; and creating false accident claims with the complicity of the policyholders for automobile accidents that never occurred.

The investigation of this case required review of all the suspect claims files and thousands of pages of documentation. Both Guy Mitchell Sheets and Deborah Marie Bray have cooperated with the IFU and accepted responsibility for their actions. Neither had been arrested before. Bray will be sentenced on October 24th, before District Court Judge Joseph T. Bonaventure, having already plead guilty to two felony insurance fraud charges.

If you have knowledge that someone has committed insurance fraud, please contact the Insurance Fraud Hotline at 1-800-266-8688. Information on how to combat insurance fraud can be found at the Attorney General's website at <http://ag.state.nv.us>.

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NEVADA SCORES AGAIN ON YUCCA

Carson City—Attorney General Frankie Sue Del Papa announced today that Nevada scored a series of significant legal victories last Friday in its ongoing fight to prevent development of the proposed high-level nuclear waste dump at Yucca ridge. The United States Court of Appeals for the District of Columbia Circuit issued an order late Friday *declining for the second time* to dismiss three of the state's lawsuits on grounds that Congressional action approving the Yucca ridge site this past summer had made the cases moot. The three cases include a challenge to the Department of Energy's new site suitability rules for Yucca, a challenge to the Department of Energy's Environmental Impact Statement (EIS) for Yucca, and a challenge to the President's and the Energy Secretary's site recommendations.

Rather than dismiss the cases on grounds of "mootness," the court referred all issues to the merits panel, affording Nevada the opportunity for a full hearing in each case. The order also consolidated Nevada's geology case with its EIS challenge, denied the proposed intervention of the Nuclear Energy Institute, and required that most of the key documents sought for inclusion by Nevada could be presented by the state to the court. The court issued the order before the Energy Department had even had a chance to file a reply brief on its "mootness" claim.

"The court's order represents a significant victory in Nevada's ongoing fight against the dump at the Yucca ridge," said Del Papa. "We have consistently maintained that the geology at Yucca is incapable of isolation, that the Department of Energy's environmental impact statement is poorly done at best, and that politics won't play in court. This order confirms all of that. Further, the court's refusal to allow the nuclear industry to participate as a party underscores the fact that they washed their hands of the waste disposal problem when the federal government took it on—a subsidization that, in turn, indicates clearly that this project is unsafe at any price."

“Our legal team is steadfastly committed to bringing forth the bona fide scientific evidence and getting it before the court.” Del Papa concluded. The team is led within the Attorney General’s office by Tony Clark, Solicitor General and former Adjutant General of Nevada as well as Commander of the Nevada National Guard. Senior Deputy Attorney General Marta Adams leads the internal team as well. Joe Egan and Associates, a Washington D.C. firm, is outside counsel in the effort. Joe Egan is an MIT-trained nuclear engineer with worldwide nuclear litigation success.

The State of Nevada is currently pursuing legal challenges to the radiation standard promulgated by the Environmental Protection Agency for Yucca, the licensing rule of the Nuclear Regulatory Commission and issues relating to the use of Nevada’s groundwater for construction and operation of the proposed repository.

Thus far, the court has refused to dismiss any of Nevada’s court cases.

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FOR IMMEDIATE RELEASE

DATE: September 6, 2002

CONTACT: Tom Sargent, (775) 684-1114

AG BILL PROPOSALS: CONSUMERS, INTERNET USERS, ELDERLY WIN, ILL-BEHAVED PRISONERS LOSE

Carson City—Attorney General Frankie Sue Del Papa announced today that the Attorney General's Office is drafting bills for the 2003 legislature that underscore the need for periodic refinement of Nevada law with regard to protecting consumers and the elderly as well as protecting taxpayers from the expense of frivolous and dangerous prison inmate behavior.

“These bill proposals are important examples of the necessity of legal vigilance with regard to consumer protection, keeping the law at pace with technology changes, and shielding the state, its citizens, and taxpayers, from unwarranted risk and expense due to untenable inmate activities,” said Del Papa. “By way of example, between unsolicited telemarketing calls and email advertisements, I’m interrupted numerous times each day at home, sometimes even at work. Everyone complains about the invasion of privacy and disturbed productivity. We’re proposing legislation that, in this particular area, would allow consumers to join a “No Call” telemarketing list, and we’re increasing the penalties for unsolicited ads via email in order to reduce these intrusions.”

Among the proposals:

- ❑ **“No Call” List for Telemarketing:** would establish a state-wide registry whereby telemarketers would be prohibited from making unsolicited calls to consumers on the list.
- ❑ **Amend NRS 598.969 (Slamming and Cramming Statute)** to, among other things, prohibit the owner of a business from: disguising or keeping information pertaining to the geographic location of their office confidential or make charges against a persons credit card without authorization after notification that said charges were no longer authorized.
- ❑ **Unsolicited email advertisements:** Nevada law currently prohibits the sending of unsolicited emails containing advertising, however, the penalty is only \$10 per unauthorized email, with

the victim required to sue the spammer in civil court. This bill would seek to amend the statute to increase the penalties, scope and enforceability of the law by increasing the penalty to \$500 per violation, clearly defining commercial email to follow definitions used in other states, specifically include unsolicited offers that contain links to pornographic websites, and prohibit misleading information in the subject line and return address.

- **Inmate legislation:** several proposals are being drafted to prevent inmate lawsuits against the State for purely emotional damages; to require inmates to pay filing fees when they are able to do so; and to make state law parallel with federal law as to limitations placed on lawsuits against the State and its employees. Another would prohibit inmates in prisons, detention centers or in other forms of lawful custody from manufacturing or possessing tools or devices used to escape from lawful custody (currently, there is no legal deterrent to such behavior until it results in escape or injury.) Also, one to prevent abuse of the habeas corpus system, where prisoners filing countless successive petitions in an effort to avoid finality of their convictions congest the court system in direct contradiction to prior U.S. Supreme Court rulings.
- **Amend NRS 193.167 to lower the qualifying age of an elderly victim** from 65 to 60 years of age for the purpose of sentencing enhancement as well as provide courts with the option of ordering costs and restitution as part of the sentencing. Lowering the age to 60 will conform with the statutory definition of “older person” and provide additional prosecutorial tools for protecting the elderly.

For more information on Nevada Legislature activities, see the legislative website at <http://www.leg.state.nv.us/> for legislative bill draft requests, go then to “Session Info,” and then to “2003 Session.”



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FOR IMMEDIATE RELEASE
DATE: September 6, 2002

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ATTORNEYS GENERAL ANNOUNCE \$8.2 MILLION ANTITRUST SETTLEMENT AGAINST MANUFACTURER OF “GEORGE FORMAN CONTACT GRILLS”

Carson City—Attorney General Frankie Sue Del Papa today announced an \$8.2 million nationwide settlement with housewares manufacturer Salton, Inc., which resolves an antitrust lawsuit filed today in New York by Nevada and 43 other states, Puerto Rico and the District of Columbia. Nevada was represented in the action by Timothy Hay, Consumer Advocate and Chief of the Bureau of Consumer Protection.

The lawsuit, the result of a two-year investigation, alleges that Salton coerced retailers into fixing the price for Salton’s George Foreman contact grills, and excluding Salton’s competitors from their shelves. Salton’s George Foreman contact grills are popular grills that cook food on both sides simultaneously, much like a waffle iron. Under the policies challenged by the Attorneys General, when retailers sold at a discount or stocked a competitor’s product, Salton suspended the retailer until it fell into line with Salton’s policies.

“This lawsuit sends the message to companies that anti-competitive conduct will not be tolerated in this state,” said Nevada Attorney General Frankie Sue Del Papa. “Strong enforcement of our antitrust laws is necessary to prevent consumers from being victimized by anti-competitive conduct.”

Under the settlement, Salton will pay \$8 million in damages, \$200,000 in investigative expenses, and notice costs. Salton will also agree to a court order that prevents it from engaging in similar anti-competitive conduct in the future. The damage amount is subject to adjustment depending on the number of states participating.

Because of the difficulty and expense of identifying individual consumers, the settlement agreement provides that the restitution funds be distributed to charitable entities and/or government

agencies for initiatives to improve health care and nutrition in ways that benefit, as a group, the purchasers of the Grills. Specific information about the distribution will be made available when Salton completes the payments.

Further information on the settlement, including important documents, will be posted on the website of the National Association of Attorneys General, www.naag.org, as it becomes available. Individuals interested in the settlement are advised to check that site for further details. For more information regarding the Nevada Attorney General's consumer protection efforts, please go to ag.state.nv.us.

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FOR IMMEDIATE RELEASE
DATE: October 31, 2002

CONTACT: John McGlamery, (775) 687-6300 x238
Tom Sargent, (775) 684-1114

CONSUMER ALERT: MARKETING DATABASE SCAM

Carson City—The following consumer advisory is offered by the Nevada Office of the Attorney General, Bureau of Consumer Protection, as part of an ongoing effort to educate consumers:

Consumer Advocate Timothy Hay advises companies and organizations to beware of any inquiries from companies allegedly for inclusion on a CD-ROM database of company or institutional addresses and telephone numbers. There is currently a nationwide scam that appears to be operating from Canada and claims to be selling CD-rom business directories. Many businesses and organizations that declined offers, as well as a large number of businesses and organizations never contacted, received copies of a CD-rom along with an invoice for approximately \$469. Some businesses and organizations have received just an invoice and no CD-rom.

The alleged scam goes by several names including National Info-Tech Center (NIC), International Business Index (IBI), American Business Index (ABI), and World Wide Publishing Source (WWS). Currently the States of Idaho and Missouri have actions pending against this organization.

Hay advises businesses and organizations to have their employees review invoices to make sure that merchandise or services were actually approved or ordered.

“If you receive unordered merchandise, you are not required to pay for it—or even return it,” Hay said.

The operators of this scam have been so bold as to make belligerent telephone calls attempting to collect these alleged bogus charges and have even referred some charges to collection agencies for collection. If a business gets such a bill they are requested to contact the Nevada Office of the Attorney

General, Bureau of Consumer Protection at (775) 687-6300 in northern Nevada, or (702) 486-3194 in southern Nevada.

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FOR IMMEDIATE RELEASE
DATE: October 31, 2002

CONTACT: Marie Martin-Kerr, (775) 687-6300 x226
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NEVADA JOINS EFFORT TO BLOCK PROPOSED SATELLITE TV MERGER WITH LAWSUIT FILED TODAY IN DC

Carson City—Attorney General Frankie Sue Del Papa announced that Nevada has joined a lawsuit filed today in federal district court in Washington, D.C. to block a proposed merger between the only two nationwide direct broadcast satellite (DBS) television providers. The Attorney General's Bureau of Consumer Protection, under the direction of Consumer Advocate Timothy Hay, is representing Nevada in this lawsuit.

The lawsuit against EchoStar Communications Corp. and Hughes Electronic Corp. was brought by Attorney General Frankie Sue Del Papa, the Antitrust Division of the U.S. Department of Justice, and the Attorneys General of 22 other states, the District of Columbia and Puerto Rico. Missouri is the lead state on the lawsuit. Del Papa said the merger of EchoStar and Hughes would violate the Clayton Act, a federal law that prohibits anti-competitive practices, by taking away consumer options and placing the market for DBS customers in the hands of one corporation.

"If allowed to go through, this merger would result in only one player remaining in what has been a diminishing field of satellite TV providers," Del Papa said. "Most consumers across the country would have their programming options reduced to that of one cable company and one DBS provider, and those who live in areas not served by cable would be at the mercy of a DBS monopoly. Elimination of competition does not benefit consumers, and the court should stop this merger."

The lawsuit, filed today in U.S. District Court in the District of Columbia, names EchoStar Communications Corp.; General Motors Corp. and its wholly-owned subsidiary, Hughes Electronics Corp.; and Hughes' wholly-owned subsidiary, DirecTV Enterprises Inc., as defendants. EchoStar offers DBS services through Dish Network.

"Dish Network and DirecTV compete with each other on many levels to attract consumers to switch from cable, including offering special packages of channels and discounts on services, installation and equipment," Del Papa said. "Without the competition of two DBS providers, that incentive to offer lower prices and better customer service is gone."

Earlier this month, the FCC announced that it would deny the application of EchoStar and Hughes for a license transfer. That denial using FCC regulations is a separate action from the lawsuit using federal antitrust statutes brought by the Department of Justice and the states.

The group of states opposing the Echostar/Hughes merger includes Arkansas, California, Connecticut, Hawaii, Idaho, Illinois, Iowa, Kentucky, Maine, Massachusetts, Mississippi, Missouri, Montana, Nevada, New York, North Carolina, North Dakota, Oregon, Pennsylvania, Texas, Vermont, Washington and Wisconsin, in addition to the District of Columbia and the Commonwealth of Puerto Rico.

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FOR IMMEDIATE RELEASE
October 30, 2002

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ATTORNEY GENERAL ISSUES CONSUMER ALERT REGARDING “SPOT DELIVERIES” ALSO KNOWN AS “YO-YO SALES” PERFORMED BY AUTO DEALERSHIPS

Carson City - - Attorney General Frankie Sue Del Papa through Consumer Advocate Timothy Hay warns Nevada consumers about so called “Spot Deliveries” being performed by auto dealerships throughout Nevada. This is one of the most widespread automobile dealer abuses today for new and used car sales and automotive leases. The “Spot Delivery” also known as a “Yo-Yo Sale” is standard operating procedure at many dealerships.

In this practice, the dealership delivers a car on the “spot” to the consumer. The dealership will quote the consumer a particularly low interest rate and assure the consumer everything is approved for the sale of the car. Several days later, the dealership contacts the consumer and informs the consumer the financing fell through. The dealership then offers the consumer a new significantly higher rate. If the consumer rejects these terms, the dealership repossesses the vehicle and, often time, attempts to collect a temporary high rental fee. The problem with this transaction is its one sided nature. The dealership expects the consumer to comply with the contract but has the right to rescind it at its discretion.

The Attorney General’s Bureau of Consumer Protection offers the following tips before entering into a “Spot Delivery” or “Yo-Yo Sale”:

- Look for contract language that indicates the car is being sold subject to obtaining financing.
- The auto dealer should not sign the purchase order, as the sales transaction is still incomplete.
- If you choose to buy a car with contingent financing, call the finance manager the next business day and request approval documents of the financing immediately.
- The consumer and the auto dealership should establish specific procedures for finalizing the sale, such as a provision that the transaction will terminate, if the low interest is not obtained.
- The consumer should protect herself by requesting a right to cancel until financing is obtained.

- If the dealership refuses to accept these terms, the consumer should walk away from the transaction.

Nevada consumers with concerns or complaints regarding this type of sales transaction should contact the Attorney General's Office at (702) 486-3194, or in Carson City at (775) 687-6300. General consumer protection information can be found at <http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE
DATE: October 23, 2002

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Michael Somps, (775) 684-4606

THREE STATE EMPLOYEES CLEARED OF FIRST AMENDMENT VIOLATIONS

Carson City—Attorney General Frankie Sue Del Papa announced today that a Nevada federal district court jury before Judge Howard McKibbon exonerated three law enforcement officers employed by the Nevada Division of Investigation. John Drew, Frank Clayton and Rick Cypher were sued for alleged violations of the First Amendment rights of a former NDI employee, Mark J. Salopek.

Del Papa said, "I believe justice was served with this verdict. I am pleased to see these state employees were cleared."

Mr. Salopek filed a lawsuit against the three on June 11, 1999. In his lawsuit, he claimed that the employees retaliated against him for reporting that another employee was using a state car for personal use. Mr. Salopek alleged that these employees took negative employment actions against him for reporting the improper vehicle use.

The defendants were able to show that the actions taken were justified by the circumstances, and were not related to reporting improper use of a government vehicle. The jury deliberated for about 3 hours before returning a verdict finding that none of the NDI employees violated Mr. Salopek's First Amendment rights.

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FOR IMMEDIATE RELEASE
DATE: October 23 , 2002

CONTACT: Tim Terry, (775) 684-1185

LAS VEGAS NURSING ASSISTANT ARRESTED FOR ELDER ABUSE

Las Vegas--Attorney General Frankie Sue Del Papa announced today that Chinelo Amaka Smith, age 20, was arrested for two counts of felony Elder Abuse. Each count carries a potential for six (6) years incarceration. Prosecution of the case is being handled by the Medicaid Fraud Control Unit (MFCU).

According to MFCU Director Tim Terry, Smith is alleged to have abused on two separate incidents the same 84 year old female resident of a local nursing home. Smith carried out the abuse while employed as a nursing assistant. The first incident involved Smith striking the resident two times while preparing her for bedtime. The second incident concerned Smith shoving part of a night gown in the resident's mouth.

Del Papa said "This elderly woman is more than just a patient in a facility, she is a resident in her nursing home. We must prosecute these offenses and ensure our elderly can feel safe in their residences."

The charges against Smith are merely allegations. She is presumed innocent until or unless proven otherwise in a court of law.

Anyone suspecting abuse or neglect of an elderly person may report it to the MFCU at (775) 684-1191 (Carson City) or (702) 486-3420 (Las Vegas); or to the Aging Services Division (775) 688-2964 (Reno), (775) 687-4210 (Carson City) or (702) 486-3545 (Las Vegas); or to any local law enforcement agency. Medicaid fraud and elder abuse or neglect information can be found on the Attorney General's web site at <http://ag.state.nv.us> .

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FOR IMMEDIATE RELEASE

DATE: October 21, 2002

**CONTACT: John Albrecht, (775) 688-1872
Tom Sargent, (775) 684-1114**

AG, TERRIBLE HERBST TEAM UP ON UNDERAGE TOBACCO SALES PREVENTION

Las Vegas— As part of continuing efforts by the State of Nevada to improve retail compliance rates with state minimum-age sales laws, the Attorney General's Office will participate today in a *We Card* training session for the managers of convenience store chain **Terrible Herbst**. Participation in the session by state officials will heighten awareness about the need for retailers across the state to engage in ongoing training and education to prevent underage tobacco sales.

"We should all commend Terrible Herbst for making a commitment to prevent underage tobacco sales," said Del Papa. "Training is an important part of that commitment, and by participating in the *We Card* training effort they are demonstrating that they care about protecting our children from tobacco products."

In 1992, the United States Congress passed a law requiring every state to enforce its law prohibiting the sale of tobacco to children under the age of 18. The Nevada Legislature assigned the Attorney General's Office the responsibility of enforcing Nevada state law. Since 1994, the youth buy rate in Nevada has dropped dramatically from 64% to 17% in 2002. The Nevada Attorney General's office has conducted more than 14,000 retail compliance checks since 1995. The office has also sought to work with retailers to provide merchant education and to increase public awareness about the importance of preventing underage tobacco sales.

"Retailer compliance rates continue to improve, and we want to keep that trend moving in the right direction in Nevada," Del Papa continued. "A coordinated response with the commitment of the retail community and the understanding of the public is essential to effectively address underage sales."

The *We Card* training seminar for Terrible Herbst will be held Thursday October 24th from 10 a.m. to noon at the Terrible Herbst Employment Center, 5775 Polaris Ave. in Las Vegas. At the session, Terrible Herbst managers will learn exact requirements of Nevada state laws, effective techniques to use when asking for ID and refusing underage sales, and how to train frontline associates back in their stores.

Media representatives are encouraged to attend the training session.

The *We Card* program offers free educational materials and training to retailers to help in their efforts to prevent underage sales. Nevada retailers who are interested in participating in *We Card* training or in ordering materials should call 1-800-934-3968, or visit on-line at www.wecard.org.

For more information on what the Attorney General's Office continues to do to combat teen smoking in Nevada, go to <http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE

DATE: October 21, 2002

CONTACT: Danelle Snodgrass, (775) 687-6300
Tom Sargent, (775) 684-1114

NATIONAL “HEALTH CARE DECISIONS WEEK” BECOME AN ORGAN DONOR Nevadans Encouraged to “*Give the Gift of Life*”

Carson City—Attorney General Frankie Sue Del Papa and Assemblywoman Dawn Gibbons, along with members of the Nevada Organ and Tissue Donation Task Force and numerous community organizations, are encouraging Nevada citizens to consider organ, tissue and blood donations in honor of National Health Care Decisions Week, October 21-26.

“I would like to call on all Nevadans to please give careful thought to giving ‘*The Gift of Life*’ by becoming an organ, tissue or blood donor,” Del Papa said. “The decision you make today will help save lives tomorrow. ‘National Health Care Decisions Week’ is the perfect time to discuss this choice with family members and loved ones and encourage them as well to reflect and talk about the possibility of becoming a donor.”

Gibbons said, “By agreeing to give the ‘*Gift of Life*’ Nevadans can play a significant role in helping to save the lives of others through their thoughtful act of kindness.”

This week, the Transplant Network, Sierra Eye & Tissue Donor Services and Nursing Services of Washoe Medical Center present an evening with the principal of perhaps the most famous organ donation in history, Reg Green. Mr. Green’s son became the innocent victim of a botched highway robbery while on a European vacation with the family in September, 1994. The family’s decision to have his son’s organs and tissues donated for transplant made international news and garnered the sympathy and gratitude of Italy, if not the world. Mr. Green will share his incredible story, detailed also in a book, in person:

Wednesday, October 23rd
7:00 p.m.

**Mack Auditorium
Washoe Medical Center
Seating is limited
Please call (775) 324-4501 for reservations
Suggested Donation: \$5.00**

More than 80,000 people in the United States are in need of a lifesaving organ transplant; more than 6,100 will die this year alone waiting for a suitable donor; and eleven transplant candidates die every day waiting for their second chance at life.

For a copy of the Nevada Organ and Tissue Donor Task Force Action Plan or “*The Gift of Life! Pass It On,*” brochure, please go to <http://www.nevadadm.state.nv.us/nvdl.htm> or <http://ag.state.nv.us>.

For more information on becoming a donor, call the Living Bank at 1-800-528-2971, or go to www.thetransplantnetwork.com, www.nevadadonornetwork.org, or to www.livingbank.org.

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FOR IMMEDIATE RELEASE

DATE: October 18, 2002

**CONTACT: Jo Anne Embry, (702) 486-3145
Tom Sargent, (775) 684-1114**

LOW-INCOME ASSISTED LIVING FACILITY TO GET A FACE LIFT FOR NATIONAL “MAKE A DIFFERENCE DAY”

Las Vegas—Attorney General Frankie Sue Del Papa announced today that Las Vegas Attorney General staff will partner with Harrah’s Senior Coalition (which includes the Rio Hotel & Casino and a variety of community organizations and local businesses) to renovate a downtown assisted living facility on Saturday, October 19 beginning at 8 a.m. The Margaret Rose Assisted Living Facility, a senior, low-income residential complex located at 100 S. 14th St., will be this year’s beneficiary of volunteer efforts to refurbish the interior and exterior property, including paint, plants, new furniture, and fixtures as a result of the Coalition’s participation in the 13th annual “Make A Difference Day.”

Also assisting are volunteers from AARP, Volunteer Center of Southern Nevada, Division for Aging Services, UNLV Cooperative Extension, Community One Bank, Senior Friends, Christmas in April, Carson Construction, and Dental Delta in an effort to make the lives of the Margaret Rose residents more comfortable and safe in a project designed to promote volunteerism while improving the lives of community residents.

Make A Difference Day is the largest national day of volunteerism, sponsored by USA Weekend and the National Points of Light Foundation. Last year over 2 million Americans reached out to help others in their communities. Each year, 10 outstanding efforts are recognized by a \$10,000 award, courtesy Paul Newman and Newman’s Own, donated to non-profits to improve community volunteer programs.

Last year, Harrah’s Senior Coalition and its community partners were among the 529 honorees highlighted in the USA Weekend for its efforts in cleaning, renovating, and building various common areas to enhance resident’s recreation and living conditions at the Monsignor Shallows senior apartments in Las Vegas.

“While the attorney general’s office has divisions and programs to assist our state’s seniors when they become victims of crimes and fraud, such as the Senior Nevada Advocates on Guard project, Bureau of Consumer Protection, and Medicaid Fraud/Elder Abuse Division, community

partnerships are exactly what it takes to build communities and enhance the lives of our seniors,” said Del Papa. “I sincerely applaud our business community, our non-profits, and my staff for the extraordinary efforts in giving back to the community. When industry, government, and non-profits work together, communities prosper.”

Volunteers will entertain residents with a bingo game and refreshments while work is being performed. Councilman Lawrence Weekley and Congresswoman Shelley Berkley are scheduled to visit residents during the event.

For more information on national Make A Difference Day, see the following website: <http://www.usaweekend.com/diffday/index.html>. For further information on Attorney General programs and activities, visit <http://ag.state.nv.us>

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FOR IMMEDIATE RELEASE
October 18, 2002

Contact: Gianna M. Orlandi
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ATTORNEY GENERAL WARNS CONSUMERS ABOUT EMPLOYMENT SCAM

CARSON CITY—Attorney General Frankie Sue Del Papa urges the public to beware of a scam that targets people through published job announcements. The scam involves a newspaper or Internet ad seeking to hire drivers for upcoming car shows. The ad further states that the drivers will be required to drive “high-end” automobiles such as Bentleys and Ferraris, locally or nationwide.

When the victim calls the number provided in the ad, he or she is instructed to send several hundred dollars, by Western Union, as a “security deposit” for driving the expensive automobiles. After the victim sends the money, the driving job never materializes and the victim is out of pocket several hundred dollars.

“Employment scams of this sort prey on innocent people who are seeking gainful employment,” Del Papa said. “Targeting those who are unemployed and can least afford to lose their money is reprehensible. The Attorney General’s Bureau of Consumer Protection will vigorously prosecute those who engage in this criminal activity in Nevada.”

Consumer Advocate Timothy Hay advises, “People should be cautious if requested to send money for a “security deposit” or other type of “fee” in connection with a prospective job. Also, sending cash by wire to someone you don’t know is especially risky because the money cannot always be traced to the recipient,” Hay said.

Anyone with information, concerns, or complaints regarding this scam should contact the Attorney General’s Bureau of Consumer Protection, in Las Vegas at (702) 486-3194 or, in Carson City at (775) 687-6300.

Consumer protection information is available on the Attorney General’s website at:
<http://ag.state.nv.us>.

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October 18, 2002

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CONSUMER ADVOCATE ADDRESSES BALLOT ADVISORY QUESTION *Question on ballot is a matter of consumer choice, says Timothy Hay*

Carson City, Nevada—Consumer Advocate Timothy Hay today stated his position on the November ballot advisory question that would allow reorganization of Nevada Power as a municipal utility.

The advisory question asks whether the Nevada Legislature should take appropriate action to enable the electrical energy provider for Southern Nevada to be a locally controlled, not-for-profit public utility. Passage of the advisory question would support removal of legal obstacles that prohibit both ratepayers and shareholders from considering alternative forms of corporate organization, management and control of Nevada Power; namely, reorganization as a municipal utility.

“The advisory question does not advocate ‘public power,’ nor does it advocate the sale of Nevada Power Company. It simply asks whether the Legislature should remove obstacles to choice,” Hay said. “I think the answer to that question is ‘yes’.”

Hay also explained the conditions under which he believed both ratepayers and shareholders would benefit from reorganizing Nevada Power as a municipal utility.

“There are a number of questions that must be addressed when considering whether to reorganize Nevada Power as a municipal utility: (1) will shareholders receive equitable compensation for the assets they transfer to the municipal utility, (2) will the new structure achieve significant cost savings, (3) will rates remain just and reasonable over time and (4) will local government lose vital tax revenues and other funding as a result of the proposed transaction? Ultimately, the management of Sierra Pacific Resources will determine whether or not to sell Nevada Power’s assets to a municipal utility such as the Southern Nevada Water Authority,” Hay said.

“The Water Authority’s most recent offer appears more than generous, offering a sum that significantly exceeds the book value of its assets. I am confident there will be additional cost savings associated with the transfer of the assets that will be shared with ratepayers. The Water Authority’s analogy is quite helpful here: ‘Would you prefer to pay for utility generating plant by borrowing money from shareholders and paying them interest at the rate of ten percent, or would you prefer to take out a loan on your own behalf, a municipal loan, and pay a much lower interest rate? These refinancing cost savings are shared between shareholders, in the form of a transfer price greater than book value, and ratepayers, in the form of reduced rates, and allow both to benefit from the proposed transaction. Reliable and affordable electric supplies are essential to the Las Vegas economy and having the option of creating a municipal utility may be the key to a long-term solution to Nevada Power’s problems.’”

Hay said the benefit to ratepayers and shareholders will not come at the expense of local governments or the citizens of Southern Nevada because of reduced tax revenues and a decrease in government services as opponents of the proposition suggest.

“In reality,” Hay said, “the ultimate burden of all taxes Nevada Power pays, whether property taxes or utility franchise fees, falls upon ratepayers as Nevada Power fully collects these taxes from consumers through rates. In other words, Nevada Power’s rates contain a pass-through element that requires ratepayers to fully reimburse Nevada Power for all taxes Nevada Power pays. This rate component will not disappear as a result of reorganizing as a municipal utility. The Water Authority has pledged to continue to transfer these funds to local governments through equivalent payments in lieu of taxes; however, the new entity would not pay federal income taxes. Accordingly, services to citizens of Southern Nevada will not diminish as a result of the proposed transaction.”

Hay said it is also incorrect to suggest the money used to finance a reorganization such as this would be tax dollars that could have been spent on more important priorities such as education, new roads, public safety, ensuring a clean drinking water supply and providing health care.

“Transactions such as these are typically ‘self-financing’ and rely on revenue bonds; that is, all financing costs are recovered through the rates for electric service. And, again, municipal financing offers significant cost savings that will be passed on to ratepayers. Government entities -- such as the Clark County schools -- will directly benefit from lower electric rates as well. For example, Governor George Pataki of New York recently indicated the 20% rate reduction that occurred after the creation of the Long Island Power Authority in 1998 has expanded the Long Island economy by \$10 billion because of the “multiplier effect” where each dollar not spent on utility costs becomes disposable income for consumers to spend, or lower operating costs for business customers. Additionally, about 40 million Unities States consumers are served by municipal power entities, and recent surveys show high levels of consumer satisfaction and lower electric rates generally.”

“Finally,” Hay said, “whether rates will remain just and reasonable over time is a critical question. Indeed, the Southern Nevada Water Authority seems to have sufficient management experience to guide the operations of a large municipal entity and has also committed to retaining Nevada Power experts with knowledge in power procurement and production. Nevertheless, I believe that my office, the Bureau of Consumer Protection, should maintain the ability to monitor the municipal utility’s actions, to suggest corrective actions when necessary and to bring to light management and operational failures in the event; however unlikely, they occur. This is an issue that must be resolved with the Water Authority and I am confident that, if the transaction proceeds, my office will continue to have the ability to fulfill its mandate to provide representation for residential and small commercial customers.”

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FOR IMMEDIATE RELEASE

DATE: October 17, 2002

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Danelle Snodgrass, (775) 687-6300
Tom Sargent, (775) 684-1114**

***** MEDIA ADVISORY *****

ORGAN DONOR OUTREACH TO HISPANIC YOUTH CONGRESS

Las Vegas—Attorney General Frankie Sue Del Papa encourages members of the press to attend the Nevada Hispanic Youth Congress in Las Vegas tomorrow:

**Nevada Hispanic Youth Congress
Reed Whipple Cultural Center
821 N. Las Vegas Blvd.
Registration: 7 a.m. to 8 a.m.
Lectures & Sessions begin at 8 a.m.**

Nevada's Organ and Tissue Donation Task Force, co-chaired by Attorney General Frankie Sue Del Papa and Assemblywoman Dawn Gibbons, will have a booth at the event in cooperation with the Transplant Network to disseminate information regarding its efforts to attendees.

“Thanks to the cooperative efforts of partners and sponsors, we have an informative brochure in Spanish that answers questions relative to organ and tissue donation that was developed specifically for our Hispanic communities,” said Del Papa. “It’s important that we all be aware of the necessity of ‘Giving the Gift of Life,’ as there are thousands of recipients on lists nationwide who could benefit by the generosity of others.”

More than 80,000 people in the United States are in need of a lifesaving organ transplant; more than 6,100 will die this year alone waiting for a suitable donor; and eleven transplant candidates die every day waiting for their second chance at life.

For a copy of the Nevada Organ and Tissue Donor Task Force Action Plan or “*The Gift of Life! Pass It On,*” brochure, please go to <http://www.nevadadm.state.nv.us/nvdl.htm> or <http://ag.state.nv.us>.

For more information on becoming a donor, call the Living Bank at 1-800-528-2971, or go to www.thetransplantnetwork.com, www.nevadadonornetwork.org, or to www.livingbank.org.



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FOR IMMEDIATE RELEASE
DATE: October 17, 2002

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ATTORNEY GENERAL AGAINST QUESTION 9

Carson City—Attorney General Frankie Sue Del Papa announced today that the Office of Attorney General is supporting Nevada Law Enforcement agencies in their opposition to the statewide ballot initiative Question 9, which seeks to legalize, among other things, possession of up to 3 ounces of marijuana.

Said Del Papa, Nevada's top law enforcement official: "The television ad produced by Nevadans for Responsible Law Enforcement suggests support by the Attorney General for Question 9, and is therefore misleading, even deceptive—the disclaimer at the bottom of the ad is nearly unreadable. Although I understand and share concerns about medical uses regarding pain management and so on, Question 9 is not the answer."

Chief Deputy Attorney General Gerald Gardner, head of the Criminal Division, cites a number of problematic issues to do with the measure:

- In 2001, the legislature reduced the penalty for Possession of one ounce of marijuana to a misdemeanor for the first two offenses, a gross misdemeanor for the 3rd, and a mandatory probation class "E" felony for the 4th offense. Proponents of the initiative argue that enormous criminal justice resources are being wasted on prosecution of these offenses, however, of more than 10,000 current Nevada prison inmates, only two are incarcerated for marijuana-possession, and both of those had other issues: one was a declared Habitual Criminal, and the other had repeatedly failed diversion or treatment. Passage of Question 9 would make Nevada home to the most liberal drug laws in the United States.
- Since the 1960s, long before the de-felonization of marijuana in 2001, most of Nevada's prosecutors charged marijuana possession under the misdemeanor charge of "Possession of a Drug That Cannot Travel Through Interstate Commerce," so Nevada prisons have not been "over-run" with casual marijuana users in decades.
- The measure would effectively overrule Nevada's "Possession with intent to sell statute" (NRS 453.337) and give street dealers the liberty to possess for purposes of sale a significant amount of the drug. Under the proposed initiative, the primary market of the street dealer will be children and

persons under the age of 21. Unless the seller is caught in the act of selling, prosecution of street drug dealers in possession of three ounces or less would be effectively precluded.

- It is not true that our children will stay away from marijuana if it is legalized for their adult family members. When an Alaska court ruling effectively de-criminalized marijuana for users over age 19 in 1975, a subsequent University of Alaska study found that the state's 12-17 year olds used marijuana at more than twice the national average for that age group. Alaska later voted to **re-criminalize** marijuana in 1990.
- Nevada cannot administer a "legal state-run system to supply" marijuana without incurring possible civil liability on a large scale. This may be particularly true if, as the proponents suggest, Nevada generates tax revenues by the sale and distribution of marijuana. The State of Nevada could be named as principal defendant in civil suits relating to marijuana use, including lawsuits filed by victims of intoxicated drivers and products liability suits filed by smokers who develop lung cancer or other ailments. By way of illustration, the National Institute on Drug Abuse has reported that marijuana smoke has "50 percent to 70 percent more carcinogenic hydrocarbons than does tobacco smoke..." (see <http://www.drugabuse.gov/NIDAHome.html>.)
- There is potential for serious conflicts for local law enforcement: do officers honor Nevada law, knowing it is inconsistent with federal law, or do they enforce federal law by turning suspects over to federal authorities? The DEA recently raided a pot farm in California, though, per California, it was a "legal" medical production operation.
- If, as the initiative suggests, one cannot be arrested for DUI unless "driving dangerously" (for which there is no legal definition), law enforcement may effectively be prevented from arresting impaired persons absent who are indeed a threat to public safety simply because they haven't done anything "dangerous" yet.

The initiative, to become law, must be approved by Nevada voters twice on two successive ballots, this year and in 2004. Only then would it be codified by the Legislature to become law in 2005.

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FOR IMMEDIATE RELEASE
DATE: October 15, 2002

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Tom Sargent, (775) 684-1114

ARREST WARRANT ISSUED FOR LOCAL ORTHODONTIST

Reno—Attorney General Frankie Sue Del Papa announced today that an arrest warrant has been issued for Keith Orme Vowles, age 67, regarding a criminal complaint filed in Reno Justice Court charging Vowles with four felony counts of Medicaid Fraud and one felony count of Obtaining Money Under False Pretenses. The Medicaid Fraud counts each carry a potential penalty of up to four years incarceration and a \$5,000.00 fine, and the Obtaining Money Under False Pretenses count could result in up to six years imprisonment and a \$10,000.00 fine. The prosecution of the case is being handled by the Attorney General's Medicaid Fraud Control Unit (MFCU).

According to MFCU director Tim Terry, Vowles is alleged to have received payment for services he did not render. Specifically, he submitted long-term treatment plans to Nevada Medicaid for orthodontic services on juvenile recipients. Based upon these submissions, Vowles was paid in advance for the treatments, however, he failed to perform any of the services himself or supervise those who did. Additionally, he did not complete any of the treatments or refund the advance payments as required.

"The costs of Medicaid fraud both statewide and nationally are tremendous," Del Papa said. "This filing is yet another example that our office is committed to doing all it can to reduce the occurrence of Medicaid fraud here in Nevada."

The charges against Vowles are allegations only. He is presumed innocent until proven otherwise in a court of law.

The Medicaid Fraud Control Unit investigates and prosecutes instances of patient abuse or neglect, in addition to investigating and prosecuting provider fraud. Anyone wishing to report suspicions regarding any of these concerns may contact the Medicaid Fraud Control Unit in Carson

City at (775) 684-1191, or in Las Vegas at (702) 486-3187. Medicaid Fraud information can also be found on the Attorney General's web site at <http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE
DATE: October 11, 2002

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Tom Sargent, (775) 684-1114
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AG AND SMITH'S FOOD AND DRUG PARTNER TO COMBAT DOMESTIC VIOLENCE

Carson City--October is National Domestic Violence Awareness Month, and Attorney General Frankie Sue Del Papa is pleased to announce that Smith's Food and Drug is the first food store chain to receive domestic violence awareness training as a part of the Attorney General's Corporate Citizen Initiative (CCI).

The Nevada Corporate Citizenship Initiative assists Nevada's employers in providing a safer and more resourceful workplace for all employees, as well as those who are victims of domestic violence.

"Domestic violence does not stay home when its victims go to work," Del Papa said. "Domestic violence is recognized today as having a tremendous impact on the workplace in terms of productivity, increased absenteeism, and the higher risk of violence taking place on the job. Statistics show very clearly how domestic violence has an effect not only on the individual being battered, but on the victim's employer."

"I want to encourage all employers to get involved in fighting domestic violence and will take advantage of the resources available through the CCI and join us in working to end domestic violence," said Veronica Frenkel, Domestic Violence Ombudsman and Coordinator of the Nevada CCI.

Frenkel has been actively traveling throughout the state providing training to various employers on the issue of domestic violence and the workplace. In addition to training their store managers, Smith's is supporting the awareness effort by providing

hotline information at their check stands, running in-store satellite announcements and placing posters on store community bulletin board and in women's restrooms with tear-off cards that contain information about the statewide 2-hour hotline to anyone who might need assistance. Smith's currently operates 26 stores in Nevada.

"Women's health is an important focus in our community support," said Marsha Gilford, Smith's Assistant Vice President of Public Affairs. "When statistics indicate that one in four women will be abused during their lives, this is a fundamental women's health issue that we should all be concerned about."

"By taking proactive steps to educate their employees and address the issue, businesses like Smith's will have a profound impact on the lives of their employees and their communities and can make an important contribution toward the prevention and intervention efforts currently underway throughout our state," Frenkel said.

Nevada organizations interested in getting more information about the CCI, obtaining posters, model policies, brochures or other materials or arranging a training or presentation should call Veronica Frenkel, Domestic Violence Ombudsman, at (775) 688-1846 or Kris Doris at 775/688-1965.

For more information on the Corporate Citizenship Initiative, visit the CCI web site at <http://ag.state.nv.us/dv/cci.htm>.

If you are being abused, or know someone who is being abused, call Nevada's Domestic Violence Hotline at 1-800-500-1556, 24 hours a day, to get help.



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FOR IMMEDIATE RELEASE:
9:00 a.m., October 11, 2002

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STATES ANNOUNCE LANDMARK \$484 MILLION SETTLEMENT WITH MORTGAGE LENDER, HOUSEHOLD INTERNATIONAL

Carson City—Attorney General Frankie Sue Del Papa announced today that state government regulators have reached a nationwide settlement with mortgage lender Household International (“Household”). The settlement, followed an extensive investigation into the alleged unfair and deceptive lending practices of Household and its subsidiaries, Household Finance Corporation and Beneficial Corporation. Attorneys in the Bureau of Consumer Protection, under the supervision of Consumer Advocate Tim Hay, represented Nevada in the negotiations.

As part of this landmark settlement, Household has agreed to pay up to \$484 million in restitution to consumers nationwide and to make significant changes to its lending practices. The multi-state investigation, which specifically applies to secured real estate loans issued by Household between January, 1999 and September, 2002, involved allegations that Household violated state laws by misrepresenting loan terms and failing to disclose material information to borrowers. Specifically, consumers complained that Household charged higher interest rates than promised, charged prepayment penalties, and deceived them into buying expensive, and often unnecessary, insurance policies.

“This settlement is significant, not only for the monetary relief it will provide consumers, but also because it sets a new national standard for lending practices in the subprime market,” said Del Papa. “Abuses by the home lending industry, especially by those businesses that target consumers with credit difficulties, have been and will continue to be a priority for consumer protection advocates. This settlement represents a major victory in this ongoing effort, and establishes for the lending industry significantly improved disclosure procedures and compliance programs—tools such as ‘secret shopper’ that will assist in preventing predatory practices in the future.”

Other terms of the settlement agreed to by Household include:

- Limiting prepayment penalties on current and future loans to the first two years of the loan;

--more--

- Limiting points and origination fees to a total of 5%;
- Improving outreach communications to Hispanic consumers;
- Reforming and improving disclosures to consumers; and
- Reimbursing states a minimum of \$100,000 per state to cover the administrative costs of its efforts to investigate Household's practices and provide redress to consumers.

The details of the settlement and the process by which consumers can apply for restitution are being finalized and will be announced at a later date. Because lending practices by Household varied significantly from state to state, each state will design its own restitution plan.

Nevada consumers who wish to file complaints regarding secured real estate loans issued by Household International, or its subsidiaries, Household Finance Corporation and Beneficial Corporation, between January, 1999, and September, 2002, should submit their complaints in writing to the Financial Institutions Division of the Nevada Department of Business and Industry via their website at <http://fid.state.nv.us> or via U.S. Mail at 2501 E. Sahara Avenue, Suite 300, Las Vegas, Nevada 89104. Additional consumer protection and contact information may be found on the Attorney General's website at <http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE
DATE: October 10, 2002

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ATTORNEY GENERAL ADVISES ALL LAW ENFORCEMENT AGENCIES OF UPGRADES TO CROWN VICTORIA POLICE INTERCEPTOR VEHICLES

Carson City—Over the course of the last seven months, Arizona’s Attorney General and Ford Motor Company worked together with a blue ribbon panel of law enforcement personnel, engineers, and representatives of Ford, to study the possibility of dangerous fuel tank leaks with the Crown Victoria Police Interceptor Vehicle. After three months of analyses into a variety of police activities, the panel determined that the potential danger of fuel tank leaks warranted an upgrade package for the Police Interceptor, which adds a fuel tank shield. Ford agreed to offer the upgrade packages, at no cost, to all law enforcement agencies in the United States using the Crown Victoria Police Interceptor Vehicle.

As a result, Attorney General Frankie Sue Del Papa and Consumer Advocate Timothy Hay urge all law enforcement agencies in Nevada currently using 1992-2003 Crown Victoria Police Interceptor Vehicles to upgrade their fleet with the Police Interceptor Package Upgrade to prevent potentially dangerous fuel tank leaks. Ford may also make available a trunk package system designed to prevent equipment from piercing the fuel tank and passenger area. After October 21, 2002, law enforcement agencies may register on-line at www.cvpi.com to order the upgrade package. “Law enforcement agencies should also use the www.cvpi.com website to report to Ford any other problems with the Crown Victoria Police Interceptor Vehicle,” said Hay.

NHTSA has announced that the Crown Victoria standard vehicle cars pass federal standards, including a rear impact of 30 mph, and Ford Motor Company reported successful testing at 50 mph. NHTSA has closed all investigations into the Crown Victoria and deemed the vehicle safe for consumers.

Attorney General Frankie Sue Del Papa is sending letters to all Nevada law enforcement agencies informing them of the panel's findings and recommendations.

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AG TO BE HONORED FOR ORGAN DONOR EFFORTS

Carson City—The Nevada Diabetes Association for Children and Adults (NDACA) will host the 2002 “GEM” (Good Efforts Matter) Awards On Friday, October 11, 2002 beginning at 5:30 p.m. at Boomtown Hotel and Casino. McAvoy Lane—as Mark Twain—will perform Master of Ceremony duties for the GEM Awards Diamonds and Denim Gala.

This year, Attorney General Frankie Sue Del Papa and Assemblywoman Dawn Gibbons will be honored as founding chairs and champions of the Organ and Tissue Donation Task Force. They, along with the many partners and members of the state-wide Task Force, sponsored AB497, the bill which became law during the 2001 Legislature, charging the Department of Motor Vehicles and the Attorney General’s Bureau of Consumer Protection with the maintenance of the list of organ donors in Nevada. The law has enabled recipients to obtain transplants in a shorter period of time and eased the burden upon family members and support organizations, and provided support to transplant services. Also being honored on the occasion are Judge Charles McGee and the Stern Family Foundation.

Tickets for the event are \$50.00, and all funds raised are used to provide programs and services to Nevadans affected by diabetes. For additional information, please see <http://diabetesnva.org>. Also, for more information about the Organ Donor Task Force, see <http://ag.state.nv.us>.



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FOR IMMEDIATE RELEASE

DATE: October 14, 2002

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CO-CONSPIRATOR PLEADS GUILTY IN INSURANCE FRAUD SWINDLE

Las Vegas—James Mastel, 40, of New York, plead guilty this morning before District Court Judge Sally Loehrer to a felony count of Conspiracy to Commit Insurance Fraud. As part of his plea agreement with the Insurance Fraud Unit (IFU), Mastel agreed to be jointly and severally liable for restitution of \$54,111.75 to the California State Automobile Association (CSAA) and reimburse the IFU \$2,000 in investigative costs. Mastel additionally faces up to four years in prison and fines of \$5,000. Mastel will be sentenced on December 23, 2002.

In August of 2000, while conducting a routine internal investigation for CSAA, the investigative firm of Bland & Rodarte discovered the existence of this fraudulent scheme. Subsequent investigation by Bland & Rodarte and the IFU revealed that Guy Mitchell Sheets, a Licensed Insurance Agent and Regional Supervisor, along with Deborah Marie Bray, a Claims Adjuster under Sheets' supervision, created approximately 20 false insurance claims, defrauding CSAA of over \$180,300.00 during an 18-month period from January 1999 through August 2000. The conspiracy included approximately 14 other individuals who had been recruited by either Sheets or Bray. The scam involved "packing" false claimants; adding the names of persons not involved to automobile accident claims; submitting automobile accident claims on behalf of legitimate claimants without their knowledge and then distributing those funds among the conspirators; and creating false accident claims with the complicity of the policyholders for automobile accident claims that never occurred.

Guy Mitchell Sheets brought James Mastel into the scam. Mastel was "packed" into a number of the false claims and then received checks to which he was not entitled. Sheets and Bray have already plead guilty to felony insurance fraud charges and are awaiting sentencing. Both have agreed to make restitution in the amount of \$63,130.37. According to the IFU, the other individuals who took part in this scheme will soon be charged. Sheets, Bray, and Mastel all had no prior criminal records and have cooperated with the IFU.

If you have knowledge that someone has committed insurance fraud, please contact the Insurance Fraud Hotline at 1-800-266-8688. Information on how to combat insurance fraud can be found at the Attorney General's website at <http://ag.state.nv.us>.

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DATE: October 14, 2002

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***** MEDIA ALERT *****

BLOOD SUPPLY SHORTAGE IN NEVADA

Carson City—Attorney General Frankie Sue Del Papa encourages all to “Give the Gift of Life” by donating blood at a United Blood Services location near you:

Today United Blood Services declared a “Critical Blood Shortage” for the entire state of Nevada. A critical shortage means supplies are dangerously low. Las Vegas, Reno, and Carson City officials have issued a critical appeal for blood donations of all types. Blood donor apathy and recent outbreaks of the flu are being cited as the primary causes of this latest blood shortage.

“Donating blood is safe, simple, quick and rewarding,” said Del Papa. “The people at United Blood Services have a talent for making donors comfortable, and you’ll walk away knowing you could very possibly save a life. Shortages such as this can quickly become catastrophic in the event of a major incident that stresses the blood supply system.”

“Some of the hospitals in our area have had to wait up to 12 hours to receive their blood shipment,” said Brian Landeck, UBS Hospital Services Director. “We have not been able to meet some of our commitments for about four days now.” Mary Ann Hobaugh, Hospital Services Director for the Las Vegas blood center says, “If our community can’t turn this shortage around today, we’ll have no choice but to declare an emergency shortage.”

An emergency shortage is when blood supplies actually run out. In this case, a protocol is executed whereby emergency staff and volunteers step up their efforts to collect blood donations, but in the meantime recipients must wait.

For more information about becoming a blood donor you can contact UBS in Reno at (775) 324-6454 or in Carson City at (775) 887-9111 or Las Vegas (702) 228-8400.

UNITED BLOOD SERVICES IS ONE OF THE NATION'S OLDEST AND LARGEST NON-PROFIT COMMUNITY BLOOD PROVIDERS, SERVING MORE THAN 500 HOSPITALS.

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www.bullyfree.org

FOR IMMEDIATE RELEASE
October 3, 2002

Attorney General Contacts:
Jean Ann Berkich (775) 684-1274
Tom Sargent (775) 684-1114
Department of Education Contacts:
Jack McLaughlin (775) 687-9217
Frank South (775) 687-9141

NEVADA RECEIVES \$2.5 MILLION FOR CHARACTER DEVELOPMENT PROGRAM

Carson City—Attorney General Frankie Sue Del Papa and Superintendent of Public Instruction Jack McLaughlin announced today that Nevada received \$2,541,764 to create the Nevada Character Education Program, and is the result of collaborative efforts of member partners of the *Bully Free for Me!* Task Force, which has as its goal the elimination of bullying in our schools. The grant is derived from the Elementary and Secondary Education Act of 1965 as amended by the No Child Left Behind Act of 2001 (Public Law 107-110).

“This program will go a long way toward promoting safety in our schools, whether that be through the *Bully Free for Me!* effort or those of our many partners,” said Del Papa. “I am delighted to say we received the entire amount of the grant.”

McLaughlin stated, “Character Education has been made a top priority throughout Nevada. We all believe that the students have the best chance to perform at the highest levels when these goals and principles have been met and implemented.”

The Nevada Character Education Project is a partnership of the Nevada Department of Education, Office of the Attorney General, Clark County School District, Douglas County School District and WestEd. The goal of the project is to design, develop, and implement in Nevada public schools an effective character education program that teaches students caring, civic virtue and citizenship, justice and fairness, respect, responsibility, trustworthiness, and other appropriate traits, after taking into consideration the views of parents and students.

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This program will benefit both rural and urban Nevada schools under the current plan, and will assist in the partners' efforts to promote character, responsibility and safety throughout the state's school system on behalf of Nevada's 400,000+ students.

Nevada will receive awards over the next four fiscal years from the United States Department of Education. For fiscal year 2002-2003, Nevada will receive \$588,242; 2003-2004, \$680,205; 2004-2005, \$652,923, and for fiscal year 2005-2006, \$620,394.

For more information about the Nevada Character Education Program and the grant, please contact Frank South at (775) 687-9141. For additional information regarding the *Bully Free for Me!* Task Force, please contact Steve George at (775) 684-7178 or visit www.bullyfree.org.

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FOR IMMEDIATE RELEASE

DATE: November 26, 2002

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SEARCH WARRANT EXECUTED ON PYRAMID SCHEME

Las Vegas—Attorney General Frankie Sue Del Papa announced today that a search warrant was executed last night at two Las Vegas residences where it is alleged that recruitment meetings for a pyramid scheme and fraudulent enterprise entitled “Vizion One” have been held for the last few months. The business appears to be owned by David Braun of California and operated in Nevada by Las Vegas representatives, Danny Bae and Shan Qureshi. The search warrants were executed at Danny Bae’s residence where the “West Side Presentation” is held and at Shan Qureshi’s residence where the “East Side Presentation” is conducted.

The Attorney General’s Bureau of Consumer Protection, under the direction of Consumer Advocate Timothy Hay, obtained the search warrant after conducting an extensive undercover investigation wherein investigators posed as UNLV students interested in the “Vizion One” opportunity and attended three of their meetings. In the meetings, potential recruits were told that “Vizion One” had generated over \$3,000,000 in the first three months of operation and that Las Vegas accounted for at least one-third of the company’s business. Potential recruits were told that “Vizion One” was purportedly an Internet Service Provider and that they could sign up customers just like AOL. It wasn’t until the end of the presentation that the audience was informed that “Vizion One’s” internet service was still in production and thus, there was currently no product to sell. The meeting instead focused on the money that could be made by recruiting others into the business. According to the company founder David Braun, “You are professional inviters, you will make a ton of money that way.” Despite the lack of a product and focusing primarily on the recruitment of others into the business, potential recruits were told that “Vizion One” was not operating as a pyramid scheme.

It cost \$295 to sign up to become a “Vizion One” representative. It is believed that the company is being marketed primarily to college students.

It is suspected that David Braun, Danny Bae and Shan Qureshi have committed the criminal offenses of theft by obtaining money under false pretenses, a felony; racketeering, a felony; operating a pyramid promotional Scheme, a misdemeanor; and other misdemeanor violations of the Deceptive Trade Practices Act.

As in all criminal matters, the allegations are merely accusations and individuals are presumed innocent unless and until proven guilty in court.

Individuals who may have been victims of, or have information regarding, “Vizion One” should call the Attorney General’s Bureau of Consumer Protection in Las Vegas at (702) 486-3194; in Reno at (775) 688-1818; or in Carson City at (775) 687-6300. Additional consumer protection information can be found on the Attorney General’s web site at <http://ag.state.nv.us>.



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FOR IMMEDIATE RELEASE
DATE: November 22, 2002

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GIVE LIFE, GIVE BLOOD, GIVE THANKS

Carson City—Attorney General Frankie Sue Del Papa encourages all to “Give the Gift of Life” this Thanksgiving Day by becoming an organ donor *and* giving blood this holiday season.

“At this time of year, due to increased travel and holiday shopping activity and so on, accidents and injuries increase dramatically. Unfortunately, driving under the influence increases during the holiday season as well. This translates into potential shortages of blood for transfusions. My sincerest and final Christmas wish as Attorney General would be that everyone this year do three things: one, designate a non-drinking driver when travelling to and from holiday celebrations; two, give blood at your nearest United Blood Services location--there is already a shortage and the holidays have yet to begin; and, three, please make the commitment to ‘Give Life, Give Thanks’ this Thanksgiving by becoming an organ donor. It’s easy and quick and can be done at your next visit to the DMV.”

As of October 25th, there are well over 80,000 people nationwide on the organ recipient waiting list. Over two-thirds of them will not receive a transplant--and many will die--during the next year due to the lack of self-identified organ donors.

United Blood Services has again declared a “Critical Blood Shortage.” A critical shortage means supplies are dangerously low. Las Vegas, Reno, and Carson City officials have issued a critical appeal for blood donations of all types. Blood donor apathy and recent outbreaks of the flu are being cited as the primary causes of this latest blood shortage, and with the holiday season approaching fast, donors are desperately needed.

“Donating blood is safe, simple, quick and rewarding,” said Del Papa. “The people at United Blood Services have a talent for making donors comfortable, and you’ll walk away knowing you could very possibly save a life.”

**For more information about becoming a blood donor you can contact
UBS in Reno at (775) 324-6454 or in Carson City at (775) 887-9111
or Las Vegas (702) 228-8400.**

**For more information about organ and tissue donation, see <http://www.thetransplantnetwork.com>
or <http://www.dmvnv.com>.**



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FOR IMMEDIATE RELEASE

DATE: November 21, 2002

CONTACT: Marty Howard, (702) 486-3120
Tom Sargent, (775) 684-1114

CONVICTED FELON AND GIRLFRIEND SENTENCED FOR INSURANCE FRAUD

Las Vegas--Attorney General Frankie Sue Del Papa announced today that District Judge Valerie Vega sentenced Daniel Vincent Martinez, age 41, to a one-year jail term in the Clark County Detention Center following his previous plea of guilty to the offense of attempting to conspire to commit insurance fraud, a gross misdemeanor. Martinez's jail time was ordered to run concurrently with another prison term. Mr. Martinez has also paid \$5,925.00 in restitution to Sentry Insurance Company.

On or about April 27, 2001, Martinez attempted to conspire with his co-defendant and girlfriend, Rhonda Raslich, to present a false claim to Sentry Insurance for a stolen vehicle. Raslich reported that her 1996 Ford Ranger pick-up truck had been stolen from a Savon Drug store parking lot in Las Vegas when, in actuality, the vehicle had been in the possession of a transmission company in Flint, Michigan since Martinez had sold the vehicle's transmission and engine there on April 10, 2001. A check in the amount of \$5,000.00 was sent by Sentry Insurance to the co-defendant in early July, 2001, was endorsed over to Martinez and was cashed by Martinez on July 13, 2001.

Raslich, who also originally pleaded guilty, failed to appear for her initial sentencing. She was recently arrested, then sentenced today and was given credit for time served in the Clark County Detention facility. Martinez is currently incarcerated at the High Desert Prison and has an extensive criminal record. Martinez was most recently incarcerated for an incident arising on April 23, 2002 when a homicide detective rammed a stolen vehicle he was driving. The detective's actions ended Martinez's spree of auto thefts, a car jacking, and traffic collisions in which one person was injured as he was trying to avoid being arrested.

If you have knowledge that someone has committed insurance fraud, please contact the Insurance Fraud Hotline at 1-800-266-8688. Information on how to combat insurance fraud can be found at the Attorney General's website at <http://ag.state.nv.us>.



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FOR IMMEDIATE RELEASE
DATE: November 21, 2002

CONTACT: Tim Terry, (775) 684-1185
Tom Sargent, (775) 684-1114

NURSING ASSISTANT SENTENCED FOR ELDER ABUSE

Las Vegas--Attorney General Frankie Sue Del Papa announced today that Chinelo Amaka Smith, age 20, was sentenced for a gross misdemeanor violation of permitting or allowing an older person to suffer unjustifiable physical pain or mental suffering. The charge carries a maximum of one (1) year in jail and a \$2,000.00 fine. After accepting her guilty plea, District Court Judge Dan L. Papez sentenced Ms. Smith to serve 60 days in jail. Smith has been in custody since her October 23rd arrest, and it is expected that immigration deportation proceedings will commence after her release from custody.

The case was prosecuted by the Attorney General's Medicaid Fraud Control Unit (MFCU).

According to MFCU Director, Tim Terry, the investigation focused on Smith's care giving while employed at a local nursing home. Smith was responsible for the safety and well being of one of the residents. Smith was involved in an incident in which clothing was used to quiet a resident by placing the clothes in the resident's mouth. The nursing home was quick to discover the incident and report it to the authorities.

"A nursing home is a place of residence for many of our elderly", said Del Papa, "we must be certain that our elderly citizens are safe and secure in their homes wherever they may reside."

Anyone suspecting abuse or neglect of an elderly person may report it to the MFCU at (775) 684-1191 (Carson City) or (702) 486-3420 (Las Vegas); or to the Division for Aging Services at (775) 688-2964 (Reno), (775) 687-4210 (Carson City) or (702) 486-3545 (Las Vegas); reports may be made to any local law enforcement agency as well. Medicaid fraud and elder abuse or neglect information can be found on the Attorney General's web site at <http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE
DATE: November 20, 2002

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Tom Sargent, (775) 684-1114

National Campaign: Bill Albert, (202) 478-8510

NEVADA IMPROVES TEEN PREGNANCY PREVENTION **“Still much progress to be made,” says Attorney General**

Carson City--Attorney General Frankie Sue Del Papa encourages parents, teens, concerned citizens and the media to support the National Campaign to Prevent Teen Pregnancy by going to www.teenpregnancy.org to obtain vital information and to see how they may help to reduce the teen pregnancy rate here in Nevada. The National Campaign to Prevent Teen Pregnancy announced yesterday the availability of a new database at www.teenpregnancy.org/america that offers instant access to detailed national and state-by-state statistics and resource information.

The effects of teen pregnancy are huge. It costs taxpayers millions of dollars per year, to be sure, and there are latent costs to society as well:

- ◆ daughters born to teenage mothers are more likely to become teen mothers themselves;
- ◆ sons born to teenage mothers are more likely to go to prison;
- ◆ babies born to teenage mothers are more likely to be born premature and weigh less than 5.5 lbs at birth;
- ◆ one-fourth of teenage mothers live below poverty level.

Here in Nevada, efforts to reduce teen pregnancy have been paying off: the Governor's Youth Advisory Council, established by Governor Bob Miller in 1996 and continued by Governor Kenny Guinn today, has teen pregnancy prevention as their top priority. The Council offers "Abstinence Works!", a classroom presentation geared toward 9-14 year old children, which explains the benefits of sexual abstinence until marriage. The State Partnership to Prevent Teen Pregnancy (SPPTP) was established in July 2001, and has awarded \$250,000 of Temporary Aid for Needy Families (TANF) funds to 5 local Community Action Teams (CATs) and to support a statewide marketing campaign. The CATs are currently running teen pregnancy prevention programs in Winnemucca, Dayton, Sparks and Las Vegas.

Nevada has come a long way in its teen pregnancy prevention efforts. In the mid to late 1990s Nevada had the most teen pregnancies in the nation per capita. This rate has dropped significantly, and last time a ranking was established, Nevada was 8th in the nation for teen births (according to the National Campaign to Prevent Teen Pregnancy). Since 1999, Nevada's teen birth rate has dropped from 61 per 1,000 girls (ages 15-19) to 56 per 1,000 girls in 2001.

--more--

Says Jessica Cowee, Abstinence Education Contractor for Nevada Health Division, “While Nevada’s teen birth rate is dropping, we in the health community cannot become complacent about the improvements. We must still work hard to educate our youth about the challenges of teen pregnancy for their sake certainly, and also for the sake of Nevada’s struggling economy. The social costs are enormous.”

The National Campaign to Prevent Teen Pregnancy’s new online database, which can be seen at www.teenpregnancy.org/america provides users with access to detailed national and state data and information:

- ◆ teen pregnancy, births, and sexual activity;
- ◆ state-level teen pregnancy prevention programs;
- ◆ media campaigns;
- ◆ Title V-funded initiatives;
- ◆ welfare reform efforts;
- ◆ state contact information; and
- ◆ helpful links and other resources.

The new database — “Across America” — allows users to view state-by-state comparisons and receive customized, user-friendly summaries of data. Information for the database was collected over the past year through web surveys, phone calls, and site visits with leaders from each state and the District of Columbia. Information was gathered from a wide variety of people including representatives from Governors’ offices; state legislators; representatives from executive branch agencies including health, education, welfare, workforce, and social services; and statewide non-profit and private organizations addressing teen pregnancy prevention.

THE
NATIONAL
CAMPAIGN TO
PREVENT TEEN PREGNANCY

1776 MASSACHUSETTS AVENUE NW
SUITE 200
WASHINGTON DC 20036

The new Across America database is part of the National Campaign’s larger website — teenpregnancy.org — that provides over 3,000 pages of the latest news, research, and other information as well as interactive features for teens, parents, practitioners, policymakers, faith leaders, and others. The Campaign’s website currently receives over 150,000 visitors each month.

About the National Campaign: Founded in 1996, the National Campaign is a private, nonprofit organization with the goal of reducing the teen pregnancy rate by one-third between 1996 and 2005.

Additional information from the Attorney General’s Office and the Nevada Health Division can be obtained at the following links:

<http://ag.state.nv.us/agpubs/tp.htm>

<http://health2k.state.nv.us/CAH/teenpregprevention.htm>

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FOR IMMEDIATE RELEASE

DATE: November 18, 2002

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GRAND JURY INDICTS TELEMARKETER

Las Vegas—Attorney General Frankie Sue Del Papa announced today that a Clark County Grand Jury returned a criminal indictment against Brien Peter Keith on four counts of theft by obtaining money under false pretenses, one count of unregistered telemarketing and one count of racketeering.

Mr. Keith operated telemarketing companies under the names “Shop From Your Home” and “Doctors Weight Loss Laboratories” from a location on East Sahara in Las Vegas. Consumers were called by Keith’s employees selling diet pills and other weight loss products under various names such as “Xenatrol” and “Calcium Pyruvate.” In some cases, consumers were promised by taking these weight loss products, they could expect a loss of 15 pounds within 40 days without exercising and while eating normal meals. Consumers were also promised a full 60 day money back guarantee. Consumers complained when they found the weight loss products did not give the promised results and their requests for refunds were ignored.

An indictment is merely an accusation. As always, defendants should be presumed innocent until and unless proven guilty in a court of law.

Consumers who believe they have been victims of a telemarketing scam or other forms of fraudulent business practices should contact the Attorney General’s Bureau of Consumer Protection at (775) 687-6300 ext. 238 in northern Nevada, or (702) 486-3194 in Las Vegas, or see the Attorney General’s website at: <http://ag.state.nv.us>.



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FOR IMMEDIATE RELEASE
DATE: November 15, 2002

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COURT AFFIRMS HISPANIC WORKERS' RIGHTS TO PREVAILING WAGE

Las Vegas—Attorney General Frankie Sue Del Papa announced today a victory for workers regarding wage protection on Public Works projects. Thursday, the District Court for Clark County affirmed a decision by the Nevada Labor Commissioner barring City Plan Development from receiving Public Works projects for three years due to the unlawful underpayment of wages to workers. City Plan Development violated Nevada's prevailing wage laws during the construction of a fire station by intentionally underpaying five Hispanic workers by paying on a piecework basis rather than hourly prevailing wages.

Hispanic workers have been taken advantage of by contractors due to their reluctance to seek assistance from governmental agencies. The decision in fact affirms wage protection for all workers on Public Works projects. According to Attorney General Frankie Sue Del Papa, the intent of Nevada's prevailing wage laws is to assure a decent wage to all Nevada workers regardless of race. The Court's decision upholds the law and legislative intent behind it.

For more information on labor issues in Nevada, see: <http://www.laborcommissioner.com>. For more on the activities of the Office of Attorney General, see: <http://ag.state.nv.us>.

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DATE: November 15, 2002

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NEVADA PARTNERSHIP PROMOTES DEATH WITH DIGNITY

Carson City—Attorney General Frankie Sue Del Papa announced today that Last Acts—a national coalition to improve care and caring near the end-of-life—is holding a press conference on Monday, November 18th to present a state-by-state analysis of the availability and use of good end-of-life care. “The report card for Nevada in this regard is not going to be good,” said Del Papa, “and in fact the news is not good for most Americans because as a group we typically avoid the topic of death. But we have made progress and will continue to do so due to the efforts of our state-wide task force as well as increased concern and awareness on the part of many Nevadans.”

“The hospice movement and even the events of 9/11 have strengthened our willingness to address issues of death and dying and given renewed impetus to grass-roots, state, and national efforts to improve end-of-life care,” said Noel Tiano, Director of the Nevada Center for Ethics and Health Policy (NCEHP). “In the span of a few years, our statewide partnership, *Death with Dignity and Caring in Nevada*, has brought this matter to the fore. While there is still much work to be done, I am hopeful that, in the future, Nevadans with advanced illnesses will have better and earlier access to medical and palliative care and support.”

A movement to improve the end-of-life experience.

Initiated in 1996 by Attorney General Frankie Sue Del Papa, the task force was charged with addressing the needs of the dying and to improve the end-of-life for Nevadans. Members are from health care organizations, state agencies, University of Nevada faculty, media, faith communities, and health care consumers. A “Plan for Action” was published in 1997, and the Executive Summary can be found at www.NevadaDirectives.org under “Health Policy.” One of the group’s recommendations was the creation of a bioethics center to coordinate institutional policies and actions in a cooperative effort among health care facilities.

In 1999, the Robert Wood Johnson Foundation awarded a \$450,000 grant to the University of Nevada, Reno (UNR) to establish the Nevada Center for Ethics and Health Policy (NCEHP). In 2001, the state

legislature approved state funding for the Center under the College of Human and Community Sciences, thus paving way to the development of academic programs, applied research, and outreach activities:

Education & Training. Coalition members presented over 400 seminars and workshops to health care professionals during the past three years on living wills, pain management, and bereavement support. One of this year's highlights was a presentation by a national expert on pain management, Ira Byock, M.D., hospice pioneer, palliative care physician, and author of best selling book, "Dying Well," who spoke to 100 physicians and nurses in Las Vegas in June.

Tracking Prescriptions. The use of controlled substances for the treatment of pain is very complicated and often problematic throughout the country. Interestingly, the New York Times dated Dec. 21, 2001 noted that **Nevada has one of the finest systems in tracking prescriptions as a method to bar overdoses.**

Advance Care Planning. These workshops educate consumers about their choices regarding treatment and care at the end-of-life. Many of these seminars have been conducted through health care facilities and legal agencies. On May 31, 2000, these volunteers offered free presentations to some 500 consumers in senior centers and libraries in 38 sites and 13 counties throughout the state.

Rural Outreach. The University of Nevada School of Medicine has provided end-of-life care training to over 120 volunteers in 12 locations, namely, Fernley, Fallon, Yerington, Lovelock, Hawthorne, Tonopah, Winnemucca, Battle Mountain, Elko, Ely, Mesquite, and Pahrump. Additionally, audio tapes, books, manuals and resources were sent to these sites, including a Spanish translation of the training manual to Jackpot and Wendover.

Caregiver Resources. Governor Kenny Guinn has proclaimed November 2002 as Family Caregivers Month. Did you know that:

- Over 54 million Americans will be caregivers.
- Family caregivers provide almost 79% of all long term care, sometimes at the expense of their own health.
- While caregiving can be fulfilling and a demonstration of love and commitment, it can also lead to burn out, stress and depression.
- If all the time donated by volunteer caregivers was replaced by paid caregivers the estimated cost would be \$196 billion.

In 2002, NCEHP, through a grant from the Trust Fund for Public Health, developed the booklet, "Caregiving in Nevada" which features articles on burn out, bereavement support, health care ethics, and other resources. These were sent to 1300 consumers, senior centers, health care facilities, nursing homes, libraries, legislators, and faith communities.

Faith Community Outreach. The Center trained 15 congregations in Reno and Carson City in developing end-of-life support teams. In October 2002, the Rev. Dr. Kelvin Calloway, from Kansas led a workshop among African Americans at Bethel A.M.E. in Sparks and addressed issues such as access to health care, ethics, values, and advance care planning. He challenged the audience to be a "voice for the voiceless" especially among patients who are incapacitated and can no longer be a part of the decision making process. Moreover, *Evergreen*, a monthly interfaith memorial has been regularly offered to reach out to the bereaved in Reno. The services encourage participants to bring pictures and other memorabilia, light candles, share stories, and incorporate the use of ritual to facilitate the healing process.

For more information about the Nevada resources on end-of-life care, please visit www.NevadaDirectives.org, or call (775) 327-2309 (Reno), or (702) 528-5995 (Las Vegas).



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FOR IMMEDIATE RELEASE
DATE: November 15, 2002

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RENO MAN SENTENCED TO ONE YEAR IN JAIL FOR INSURANCE FRAUD

Carson City—Attorney General Frankie Sue Del Papa announced today that Wyatt Starling, age 27, had his probation revoked yesterday by Judge Steve Elliot in the Washoe County Courthouse. As a result, Starling must serve a year in the Washoe County Jail for conspiracy to commit insurance fraud.

Starling was involved in an automobile accident which was his fault. He misrepresented to the insurance company that it was not his fault and lied about his income to the insurance adjuster. He also subsequently failed to meet the terms of probation and now must serve a year in jail. The probation violations stem from Starling's threats to his landlord as well as failing to pay fees associated with probationary supervision.

"Insurance fraud is one of the costliest white collar crimes in the United States, ranking second only to tax evasion. Ultimately, policyholders, taxpayers and the general public pick up the tab through increased insurance rates, higher taxes and inflated prices for consumer goods and services as a result of insurance fraud," said Del Papa. "While some may believe that they are only harming an insurance company that can afford to pay the fraudulent claim, this case proves otherwise: that small and large frauds add up to a pricier marketplace for everyone, and such behavior has potentially drastic consequences for the perpetrator—and worse if one fails to cooperate."

If you have any information regarding insurance fraud, please call the Nevada Attorney General's Insurance Fraud Hotline at 1-800-266-8688. For more information about Nevada's Insurance Fraud Unit, please visit the Attorney General's website at www.state.nv.us/ag/

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FOR IMMEDIATE RELEASE

DATE: November 14, 2002

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SENATOR WASHINGTON PLEADS NO CONTEST TO FAILURE TO MAINTAIN WORKERS COMPENSATION INSURANCE FOR NEVADA LEADERSHIP ACADEMY EMPLOYEES

Carson City—Attorney General Frankie Sue Del Papa announced today that Senator Maurice Washington has entered a no-contest counter plea to charges that he failed to maintain industrial insurance compensation for employees of the Nevada Leadership Academy.

While a plea of not guilty was previously entered, the counter plea of no contest and an associated agreement allow Senator Washington to waive a trial and appearance before a judge. The agreement also delays entry of judgment and sentencing for a period of six months during which Senator Washington will be required to satisfy two conditions, one, that he not commit any criminal violation of the Nevada Industrial Insurance Act, and, two, that he reimburse the Office of Attorney General \$750.00 for the cost of investigation and prosecution. If the conditions are met between today and May 14, 2003, the two counts contained in the criminal complaint will be dismissed.

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FOR IMMEDIATE RELEASE
DATE: November 8, 2002

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NEVADA SCORES AGAIN ON YUCCA

Carson City—Attorney General Frankie Sue Del Papa announced today that Nevada scored another significant legal victory in its ongoing battle to prevent development of the proposed high-level nuclear waste dump at Yucca. The United States Court of Appeals for the District of Columbia Circuit issued an order late Thursday granting Nevada its request for “in-tandem” consideration of its three court challenges pending in Washington.

The three cases—one, a consolidated challenge to the Department of Energy’s site suitability rules and the environmental impact statement for Yucca Mountain; two, a challenge to the Yucca Mountain radiation standard; and, three, a challenge to the Nuclear Regulatory Commission’s licensing rule—will all be heard in September, 2003, some weeks after when the consolidated DOE case would have been scheduled for oral argument. The decision to allow “in-tandem” consideration enables all the significant questions concerning the proposed repository to be addressed concurrently.

“This decision of the Court to consider our cases simultaneously in September of next year bodes well for Nevada’s success,” said Del Papa. “We have consistently argued that the geology of the Yucca ridge is incapable of isolating high-level nuclear waste and that DOE has attempted to change the rules of the game to make Yucca work regardless of its inadequate geology. Similarly, the EPA’s radiation standard and NRC’s licensing rule fail to adequately safeguard the citizens of Nevada and Americans as a whole from this ill-conceived, unsafe and exorbitantly expensive project. Now, with simultaneous consideration of our three cases, the Court will be in a position to address all the administrative failings identified across all three cases.”

“Our legal team is successfully navigating the judicial waters with consistent administrative victories in the courts. These are very important in that each one has brought us closer to our goal: to

expose the scientific inadequacies of the Yucca nuclear waste storage proposal and bring the effort to a halt for the health and safety of all Americans,” Del Papa concluded.

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LAS VEGAS MAN ARRESTED IN EMPLOYMENT SCAM

Las Vegas—Attorney General Frankie Sue Del Papa through Consumer Advocate Timothy Hay announce the arrest of Richard Roarke Perkins on November 6, 2002. Mr. Perkins was arrested on three counts of theft and under the habitual criminal statute by investigators from the Office of Attorney General.

It is alleged that Perkins was involved in a scheme to defraud numerous out-of-state victims. The scheme involved Perkins calling friends and family members of students enrolled in commercial truck driving schools. Using several different aliases, Perkins portrayed himself as a representative of a commercial truck driving company willing to hire the student. Perkins would then inform the friend or family member that the student needed to pay a sum of money from \$300 to \$600 in order to receive employment with the purported company. The friend or family member would wire these funds to Las Vegas where Perkins would pick up the funds at local Western Unions. The student would neither receive employment with the purported commercial truck driving company nor were funds returned.

If convicted, Perkins faces a maximum of 5 years for each theft count and a maximum of 20 years if he is found to be a habitual criminal.

As with all criminal cases, the charges against the defendant are accusations, and the defendant is to be considered innocent until he is proven guilty in a court of law.

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FOR IMMEDIATE RELEASE
DATE: November 4, 2002

CONTACT: Timothy Hay, (775) 687-6300
Tom Sargent, (775) 684-1114

MULTI-MILLION DOLLAR PRICE MANIPULATION SUIT FILED AGAINST MAJOR ENERGY COMPANIES

Carson City—Nevada Attorney General Frankie Sue Del Papa, through Timothy Hay and the Bureau of Consumer Protection, has filed a lawsuit in Clark County State Court against several energy companies accusing them of overcharging the state and Nevada consumers for natural gas and electricity during the recent energy crisis. The lawsuit names several defendants, including El Paso Corporation, Sempra Energy, Southern California Gas Company, and San Diego Gas and Electric. The suit alleges that these energy companies engaged in an elaborate conspiracy to manipulate the supply of natural gas and refrain from competing against each other thereby causing the tremendous natural gas price spikes observed in the Western energy markets during the past year. The Consumer Advocate's Office is suing under the state's Unfair Trade Practices Act, which prohibits corporations from engaging in anti-competitive behavior by conspiring to manipulate prices paid by consumers.

Southern Nevada consumers pay prices for natural gas that are determined in a "spot" natural gas market known as the Southern California Border Market. These natural gas prices are passed on to ratepayers not only when they consume natural gas but also electricity. Consumers' electricity prices are affected because electric utilities rely heavily on natural gas when generating and buying electricity and such costs are typically passed on directly to ratepayers.

According to the suit, in the period from 1996 through at least June, 2001, prices in the Southern California market were driven up by a conspiracy of the owners of the two dominant pipeline companies that operate there, El Paso Natural Gas Company and Southern California Gas Company. This conspiracy was sealed at a secret meeting held September 25, 1996, at a nondescript airport motel near Sky Harbor Airport in Phoenix, Arizona. One of the purposes of the meeting was to develop an unlawful strategy to take advantage of California's now infamous Electric Deregulation law which was passed just two days prior to the meeting. The suit alleges that the conspirators were able to accomplish their illicit goals both by preventing the construction or expansion of competitive pipelines and by restricting the availability of capacity on the El Paso pipeline.

Del Papa alleges in the lawsuit that Southern Nevada consumers were particularly harmed by the defendants' prevention of the expansion of the Kern River Pipeline, which passes directly through the Las Vegas metropolitan area. This expansion would have given Southern Nevada consumers the benefit of sufficient competition in the natural gas market and sufficient diversity of supply to avoid

the massive run-up of natural gas prices and related rises in electricity prices that reached a climax in the energy crisis of 2000-2001. By preventing Kern River's expansion and by perpetuating and exploiting Southern Nevada's dependence on the El Paso pipeline system, the conspirators' conduct unlawfully and artificially caused the extreme natural gas price increases that hit Southern Nevada natural gas and electricity consumers.

This litigation will be prosecuted by the Nevada Attorney General's Bureau of Consumer Protection in conjunction with consumers similarly harmed in the California energy market.

"As a result of this conspiracy between some of the nation's most powerful energy companies, hundreds of thousands of consumers have been harmed," Hay suggested.

"This suit is necessary to recover damages and penalties on behalf of consumers who have been victimized by the collusion among these companies which were in a position to dominate and manipulate the market," said Del Papa.

Although the litigation is expected to be lengthy, Del Papa is optimistic that the final outcome will be favorable for the citizens of Southern Nevada. "Once all of the facts are on the table, it will be quite clear that these corporate giants knowingly and intentionally concocted an illegal scheme to take advantage of consumers of natural gas and electricity to the tune of hundreds of millions of dollars. One of my priorities before leaving office was to initiate this litigation and see that it remain a priority of Nevada's attorneys serving the Bureau of Consumer Protection."

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FOR IMMEDIATE RELEASE
DATE: December 31, 2002

Contact: Gianna Orlandi
(702) 486-3782 or
Tom Sargent (775) 687-1114

NEVADA JOINS WITH 28 OTHER STATES IN EFFORT TO PROTECT CONSUMERS' PRIVACY

Carson City- Attorney General Frankie Sue Del Papa announced today an agreement with the First USA Bank, now known as Bank One, to reform the way products are marketed to its customers by telemarketing firms. First USA/Bank One has agreed to pay \$1.3 million to the states to settle the case.

Attorneys in the Attorney General's Bureau of Consumer Protection, under the direction of Consumer Advocate Tim Hay, represented Nevada in the 28-state settlement with First USA/Bank One which followed a three-year investigation by the attorneys general.

In making the announcement, Del Papa said, "As with other similar cases in which the Nevada Attorney General's Office has been involved, it is important that First USA/ Bank One, does not allow telemarketers using its customer list to engage in deceptive practices. This agreement benefits Nevada consumers."

First USA/Bank One has often contracted with telemarketing firms to sell a variety of products and services to bank customers. In exchange for providing its customer lists, First USA/Bank One received a percentage of the sales by these companies.

The states raised concerns that the marketing practices of First USA/Bank One's business partners were deceptive and often resulted in consumers being charged for products and services - such as discount buying clubs, roadside assistance, credit card loss protection and dental plans - that they had no idea they agreed to purchase.

For example, many solicitations relied on free trial offers that failed to adequately disclose that it was the responsibility of the consumer to cancel during a trial period. Making matters worse, because individuals were not asked to provide their credit card information directly to the vendor, many consumers did not understand they would be charged once the free trial period expired.

The settlement agreement requires First USA/Bank One to include sweeping new consumer protection policies in its contracts with telemarketing firms. These reforms will:

- Prohibit deceptive solicitations;
- Require the bank to review and approve all scripts and marketing materials;
- Require telemarketing firms to comply with all applicable consumer protection laws;
- Prohibit customer charges unless there is express authorization of the account holder; and
- Require clear and conspicuous disclosure of the identity of the telemarketing company if the script makes reference to the bank.

Joining today's announcement are Arizona, California, Colorado, Florida, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Michigan, Mississippi, Missouri, Montana, New Mexico, New York, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Texas, Vermont, Washington, Wisconsin. Puerto Rico also joined in the settlement.

For additional consumer protection information, visit the Attorney General's web site at <http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE

DATE: December 24, 2002

**CONTACT: Matt Dushoff, (702) 521-6578
Tom Sargent, (775) 684-1114**

HOLIDAY CHURCH THEFT THWARTED IN LAS VEGAS

Las Vegas—Attorney General Frankie Sue Del Papa announced today that an alleged misrepresentation of a charity and consequent theft of funds from a church was foiled late yesterday by investigators from the Office of Attorney General.

Maurenia Martinez was arrested and charged with felony theft and obtaining money under false pretenses for representing to the Shadow Hills Baptist Church that she was collecting donations on behalf of a charity, "Candlelighters for Childhood Cancer," and on behalf of needy families. Operating on a tip that Martinez had no connection with "Candlelighters," a bona fide charity, investigators posing as Shadow Hills Baptist Church representatives provided a check in the amount of \$540.00 to Ms. Martinez, who accepted the check and was subsequently arrested.

Further details may be obtained from Matt Dushoff, Deputy Attorney General, at (702) 521-6578. The prosecution will be conducted by the Attorney General's Bureau of Consumer Protection (BCP). Chief of that division, Tim Hay, reminds Nevadans to be wary of such fraudulent representations and other similar scams which are more prevalent during the holidays.

For more information on consumer protection, fraud and scams, please go to <http://ag.state.nv.us>.

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Office of the Attorney General

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FOR IMMEDIATE RELEASE
DATE: December 20, 2002

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ATTORNEYS GENERAL ANNOUNCE \$51.5 MILLION NATIONWIDE SETTLEMENT AGREEMENT WITH FORD MOTOR COMPANY

Las Vegas—Attorney General Frankie Sue Del Papa and Consumer Advocate Timothy Hay, along with the Attorneys General of 52 other jurisdictions, today announced a \$51.5 million nationwide settlement with The Ford Motor Company resolving allegations of deceptive trade practices relating to the sales and advertising of Ford SUV's. The Nevada Attorney General's Office will be filing the necessary documents next week, and upon court approval, a judgment will be entered against Ford.

The State's alleged that Ford failed to disclose a known safety risk concerning tire failures with certain Firestone ATX and Wilderness AT tires which came equipped on some Ford SUV's. The states also alleged that Ford's advertising misled consumers as to the safe use of Ford SUV's, and that certain aftermarket tires sold through Ford's "Around the Wheel" program were the same tires as the tires that came equipped on Ford SUV's when that was not true. Ford denied any wrongdoing at the time.

The states will use \$30 million from Ford to mount a nationwide public service consumer education campaign on SUV safety. Also, each of the 50 states including Nevada, the District of Columbia, Puerto Rico, and the Virgin Islands will receive a payment of \$300,000. Ford already has spent approximately \$2 billion to replace tires in the 53 jurisdictions.

"I am pleased that Ford has resolved this matter with the Attorneys General," said Timothy Hay. "This investigation was about fair advertising and consumer safety. Ford recognizes the value of consumer education and has now accepted the responsibility of raising consumer awareness about SUV safety."

The joint settlement agreement comes a year after the states entered into a \$51.5 million nationwide settlement with Bridgestone/Firestone, Inc., related to the advertising and sale of tires that had high rates of tread separations. Bridgestone/Firestone manufactured the tires specifically for use as original equipment on Ford Explorers and Mercury Mountaineers.

The states alleged that Ford continued to use the tires even after the company knew the tires had a unacceptably high failure rate and that using the tires made Ford's SUV's more likely to roll over. The states also alleged that Ford advertising exaggerated the safe loading capacity and maneuverability of Ford SUV's, and that Ford deceptively advertised aftermarket tires as original equipment tires.

Besides providing funding for a national SUV safety campaign, the agreement contains a number of important provisions to enhance consumer safety:

- The settlement prohibits Ford from making misrepresentations about the cargo capacity, safety and handling characteristics of their SUV's, or the purpose of any recall or recommended inspection. This includes prohibiting Ford from using the term "car-like" in advertising with respect to the steering and handling of its SUV's.
- The company must have reliable scientific evidence to substantiate any representations about vehicle safety, performance or durability.
- Ford must provide safety information about cargo loading and vehicle handling to each consumer who buys a Ford SUV and provide Spanish language owner's guides upon request.

In the agreement, Ford spelled out a number of consumer education initiatives that it will launch in the coming year. Ford also agreed to abide by all state and federal laws governing SUV safety, including a federal regulation that requires manufacturers of SUV's with a wheelbase under 110 inches to alert purchasers that those vehicles have a higher possibility of rollover than other vehicle types. Ford also will advise consumers of steps they can take to reduce the potential for rollover or rollover-related injuries.

Today's announced settlement does not preclude an individual's right to assert legal claims against Ford.

Additional general consumer protection information may be found on the Attorney General's website at <http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE
DATE: December 18, 2002

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Tom Sargent, (775) 684-1114

TOBACCO SETTLEMENT FUNDS SAFE FROM LITIGATION *9TH CIRCUIT AFFIRMS DISTRICT COURT DECISION*

Carson City—Attorney General Frankie Sue Del Papa announced today that Nevada Medicaid recipients who are smokers are not entitled to a portion of the funds received under the tobacco Master Settlement Agreement. The Ninth Circuit Court of Appeals affirmed the Federal District Judge Howard McKibben's previous dismissal of a lawsuit brought by Medicaid recipients asking for a portion of the settlement proceeds.

“The state pays for health care for Medicaid recipients—including the additional health care costs for those among them who smoke—and the Master Settlement Agreement (MSA) was entered into in part to reduce the burden of providing health care for them. This decision simply affirms that, as Congress intended, no portion of the funds is at risk to lawsuits for damages or injury,” said John Albrecht, Senior Deputy Attorney General.

“Any person, Medicaid recipients included, may sue tobacco manufacturers for injury or damages,” said Del Papa. “The MSA funds were not intended to remedy that, and with this decision, Nevada may continue to spend the funds in the manner in which the Legislature determines.”

The tobacco master settlement agreement was signed in 1998 between 46 states and the major tobacco manufacturers. It required the tobacco manufacturers to pay \$206 billion over 25 years to the states. Nevada's share of this is \$1.2 billion, and per the Legislature, the money currently funds health care and prescription programs, tobacco education and enforcement, Governor Guinn's Millennium Scholarship program and assisted living for senior citizens.

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FOR IMMEDIATE RELEASE
DATE: December 18, 2002

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PROSECUTION ADVISORY COUNCIL APPOINTS NEW EXECUTIVE DIRECTOR

Carson City—Attorney General Frankie Sue Del Papa announced that Mr. Brett Kandt was recently appointed Executive Director of the Nevada Prosecution Advisory Council. Mr. Kandt assumed the post effective December 2nd, succeeding Kenneth Rohrs, who departed to a position as Executive Director of the Ohio Judicial Conference.

The Nevada Prosecution Advisory Council was created by the Nevada State Legislature in 1997. As set out in NRS 241A.070, the mission of the Prosecution Advisory Council is to develop and implement a training program for state and local prosecutors and law enforcement agencies, to coordinate the development of policies for conducting criminal and civil prosecutions; and to review proposed legislation for submission to the Legislature.

Since October 1998, the Council has held many training sessions: approximately 900 state, county and city prosecutors have received training through the Council's efforts. In 2002, the Council has been able to bring the American Prosecutor Research Institute's (APRI) high quality training programs to Nevada's prosecutors. In February 2002, the Council presented APRI's Understanding Sexual Violence: Prosecution Adult Rape & Sexual Assault Cases to prosecutors from throughout the state. In addition, the Council has received a \$16,680 grant from STOP Violence Against Women Grant Program to provide domestic violence evidence-based prosecution training for 40 prosecutors.

Brett Kandt previously served as Senior Deputy Attorney General of the State of Nevada under Frankie Sue Del Papa, and recently returned from a period overseas as Assistant Attorney General of the Federated States of Micronesia. The Council is chaired by the Nevada Attorney General and is otherwise comprised of Brad Jerbic, Las Vegas City Attorney; Stewart Bell, Clark County District Attorney; Arthur E. Mallory, Churchill County District Attorney; Patricia Lynch, Reno City Attorney; Noel Waters, Carson City District Attorney; and Richard Z. Winget, Clark County Undersheriff.

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State of Nevada

Office of the Attorney General

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FOR IMMEDIATE RELEASE
DATE: December 17, 2002

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Deputy Attorney General
--or-- Jo Ann Gibbs, (702) 486-3789
Senior Deputy Attorney General

NEVADA FORMALIZES SETTLEMENT WITH HOUSEHOLD INTERNATIONAL

Las Vegas— Attorney General, Frankie Sue Del Papa, announced today that Nevada has formally entered into a settlement with mortgage lender, Household International (Household), through a consent judgment and order signed yesterday by Clark County District Court Judge, Gene T. Porter. This step formalizes Nevada's participation in a nationwide settlement Household reached with government regulators to resolve allegations of unfair and deceptive lending practices by Household and its subsidiaries, Household Finance Corporation and Beneficial Corporation, between January 1999 and September 2002.

"Household will be making significant changes to their lending practices under this settlement, in addition to paying in excess of \$4.5 million in restitution to Nevada consumers," said Del Papa. "This is a great result, not only for those consumers injured by Household's prior practices, but also for those consumers who may secure loans from Household and other sub-prime lenders in the future."

Attorneys in the Attorney General's Bureau of Consumer Protection, under the direction of Consumer Advocate Tim Hay, represented Nevada's interests in the settlement discussions.

"We expect the terms of this settlement to set a new national standard for lending practices in this market," Hay said.

Although the tentative agreement with Household had previously been announced in October, the formal settlement and final restitution figures were contingent upon participating states meeting Monday's filing deadline. Regulators in all fifty states and the District of Columbia were set to file

similar consent judgments in what is reportedly the largest settlement of its kind. As a result, it is expected that Household will ultimately pay a nationwide restitution figure of \$484 million.

Other terms of the settlement agreed to by Household include:

- Limiting prepayment penalties on current and future loans to the first two years of the loan;
- Ensuring that loans actually provide a benefit to consumers prior to making the loan;
- Limiting points and origination fees to 5%;
- Reforming and improving disclosures to consumers; and
- Reimbursing states a minimum of \$100,000 per state to cover the administrative costs of its efforts to investigate Household's practices and provide redress to consumers.

The details of the settlement and the process by which consumers can apply for restitution are being finalized and will be announced at a later date. Each state will design its own restitution plan, since lending practices by Household varied significantly from state to state.

Nevada consumers who wish to file complaints regarding secured real estate loans issued by Household International, or its subsidiaries, Household Finance Corporation and Beneficial Corporation, between January 1999, and September 2002, should mail their written complaints to the Financial Institutions Division of the Nevada Department of Business and Industry at 2501 E. Sahara Avenue, Suite 300, Las Vegas, Nevada 89104. Additional consumer protection and contact information may be found on the Attorney General's website at <http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE

DATE: December 13, 2002

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Tom Sargent, (775) 684-1114**

NINE MORE INDICTED IN INSURANCE FRAUD SCAM

Las Vegas—The Clark County Grand Jury has indicted the nine remaining defendants in the Guy Mitchell Sheets fraud case: Terri Denise Bragg, Rodney Bernard Winters, Basheba Peoples, Cedric Peoples, Exie May Flowers, Chalandos Renea Johnson, Trina Colette Smith, Touny Alain Crowe, and Salim Talib Elam. All were involved in an insurance fraud scam against California State Automobile Association (CSAA) which netted approximately \$180,300.00 in illegally obtained funds. Each faces felony counts of conspiracy to commit insurance fraud, as well as felony counts of obtaining money under false pretenses. The Attorney General's Insurance Fraud Unit (IFU) of the State Attorney General's Office, has already charged the seven other participants.

In August of 2000, while conducting a routine internal audit, the investigative firm of Bland & Rodarte, discovered the fraud. Investigation with the IFU determined that Guy Mitchell Sheets, a Regional Supervisor with CSAA and Licensed Insurance Agent, along with one of his adjusters, Deborah Marie Bray, created at least 20 false claims. They "packed" or added phony claimants into legitimate claims; asserted claims on behalf of legitimate claimants without their knowledge or participation, then distributed the proceeds among the conspirators; they also created false automobile accident claims with the complicity of the policyholders for accidents that never actually occurred. Both Sheets and Bray recruited friends to accept these fraudulent proceeds.

Guy Mitchell Sheets, 38 of Henderson, was sentenced last week by Judge Hardcastle on two felony counts of conspiracy to commit insurance fraud and obtaining money under false pretenses, and Sheets received 12 to 36 months in prison but this term of incarceration was suspended. Sheets was placed on probation for three years. He has already fulfilled his restitution obligation to CSAA of \$63,000 and reimbursed the IFU \$2,500 in investigative costs. He has cooperated with the IFU and had no prior criminal record. Deborah Marie Bray is scheduled to be sentenced on similar charges in January 2003 before Judge Bonaventure. She also has cooperated with the IFU and had no prior criminal record. She too will be required to make restitution of \$63,000 and reimburse the IFU \$2,500 in investigative costs.

James Mastel, Bonnie Patricia Catoni, Jamelyn Jubar Hughes, Zenobia Wong, and Marcus Kyle White have already been charged by the IFU, ranging from a single felony count of Conspiracy to Commit Insurance Fraud, to a gross misdemeanor of Attempt to Commit Insurance Fraud. Each accepted responsibility for their role when confronted by the IFU. Each will pay restitution to CSAA and reimburse the IFU investigative fees.

Attorney General Frankie Sue Del Papa said that this prosecution was the result of an insurance company complying with the law that requires them to report suspicious claims to the IFU and then working together with the IFU to unravel the fraud. Del Papa especially acknowledged the investigative firm of Bland & Rodarte for their professional investigative efforts.

A spokesperson from the IFU explained that an indictment is merely an accusation based on probable cause that crimes have been committed. All defendants are presumed to be innocent until they either plead guilty or are convicted after trial. If you have knowledge that someone has committed insurance fraud, please contact the Insurance Fraud Hotline at 1-800-266-8688. Information on how to combat insurance fraud can be found at the Attorney General's website at <http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE
DATE: December 11, 2002

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Tom Sargent, (775) 684-1114

CONSUMER ALERT: INTERNET AUCTION SCAM

The following consumer advisory is presented by the Office of Attorney General, Bureau of Consumer Protection, as part of an ongoing effort to educate consumers.

Attorney General Frankie Sue Del Papa urges Nevada residents to beware of a new scam related to the sale of merchandise via internet auction sites. Some sellers of merchandise on internet auction sites have reported receiving substantial overpayments from purchasers. When the seller notifies the purchaser of the overpayment, the purchaser indicates he is sorry about the mix-up and requests the seller to deposit the overpayment check into the seller's account, and then include a new check for the overpayment when shipping the product. After the seller ships the merchandise and the check for the overpayment, the seller discovers that the buyer's original check is no good. The buyer disappears with both the good check and the merchandise. Many times it is discovered that the buyer was calling from Nigeria or another African country.

Consumer Advocate Timothy Hay recommends that buyers or sellers always be suspicious of any abnormal occurrence during a sale of goods or services, including apparently innocent-looking errors. When accepting a check for payment, especially if the check is for a large sum of money or written on a foreign bank, be certain that the check clears prior to delivering the merchandise or sending a refund. Honest buyers will understand. When buyers complain, the seller should be suspicious. Buyers should always pay by credit card whenever possible but should never release credit card information to sellers whom they do not know and trust. Both buyers and sellers should take advantage of escrow services offered by many internet auction sites whenever possible.

For more information regarding consumer scams and deceptive trade practices, contact the Nevada Office of the Attorney General, Bureau of Consumer Protection at (775) 687-6300 ext 238, or go to <http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE

DATE: December 4, 2002

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LICENSED INSURANCE AGENT SENTENCED FOR FRAUD

Las Vegas—Attorney General Frankie Sue Del Papa announced today that Guy Mitchell Sheets, 38, of Henderson, was sentenced this morning by District Court Judge Kathy A. Hardcastle to 12 to 36 months in prison, concurrent, for the two felony counts of insurance fraud he plead guilty to. The term of incarceration was suspended, and Sheets was placed on probation for three years. Sheets was ordered to make restitution of \$63,130.37 to California State Automobile Association (CSAA), reimburse the Attorney General's Insurance Fraud Unit (IFU) \$2,500 in investigative costs, complete DNA testing, and testify against the other defendants if necessary. Sheets had no prior criminal record and accepted his responsibility when confronted by the IFU. Sheets faced up to six years in prison and fines of \$15,000.

In August of 2000, while conducting a routine internal investigation, the investigative firm of Bland & Rodarte, discovered the fraudulent scheme. Subsequent investigation by Bland & Rodarte and the IFU revealed that Sheets, a licensed insurance agent and Regional Supervisor, along with Deborah Marie Bray, a Claims Adjuster under Sheet's supervision, created approximately 20 false insurance claims, defrauding CSAA of over \$180,300 during an 18-month period from January 1999 through August 2000. The conspiracy included 14 other individuals who had been recruited by either Sheets or Bray. The scam involved "packing" false claimants, adding people not actually involved in the accident, into automobile accident claims; asserting automobile accident claims on behalf of legitimate claimants without their knowledge and then subverting those funds among the conspirators; and creating false accident claims with the complicity of the policyholders for automobile accidents that never actually occurred.

If you have knowledge that someone has committed insurance fraud, please contact the Insurance Fraud Hotline at 1-800-266-8688. Information on how to combat insurance fraud can be found at the Attorney General's website at <http://ag.state.nv.us>.

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FOR IMMEDIATE RELEASE
DATE: December 2, 2002

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***** MEDIA ADVISORY *****

NEVADA FIRES OPENING SALVO OVER YUCCA

Carson City—Attorney General Frankie Sue Del Papa, joined by Clark County and Las Vegas, today presented to the Court of Appeals in Washington D.C. their “case in chief” against President Bush and the Energy Department concerning the Yucca Mountain nuclear waste repository. The 100-page document lays out in fastidious detail the state’s claims that the Energy Department ignored the statutory requirements of the Nuclear Waste Policy Act and the National Environmental Policy Act in recommending a site that could no longer demonstrate any ability to geologically isolate radioactive waste.

A press conference is scheduled with the Attorney General’s chief counsel for the court battle over the project, Joe Egan, along with Nevada’s Agency for Nuclear Projects Director, and members of the press are highly encouraged to attend. Mr. Egan is chairman of D.C.-based Egan & Associates and an MIT-trained nuclear engineer who has handled a number of similar high-profile matters throughout the world. He was recently elected U.S. Director of the International Nuclear Law Association. Details for the press conference are:

11:00 a.m. Wednesday, December 4, 2002
Grant Sawyer Building, Third Floor
555 E. Washington Avenue
Las Vegas NV 89101

Mr. Egan and Mr. Loux will present details of today’s action and will be available as well to address questions regarding the complex legal battle to defeat the Yucca project and its associated and unprecedented plan to transport nuclear waste to Yucca from throughout the country.

The legal brief will be made available shortly on the state’s website at:
<http://www.state.nv.us/nucwaste/>.

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