



DEPARTMENT OF JUSTICE
OFFICE OF THE ATTORNEY GENERAL

August 6, 2009

Progress Report: First Six Months in Office

As you may know, I took office as Oregon's Attorney General on January 5, 2009. That day, I issued a new mission statement for the Oregon Department of Justice. The Department's new mission statement reflects the priorities I first declared in my campaign.

The mission of the Oregon Department of Justice is to provide outstanding legal and child support services to Oregonians and their government.

We are dedicated to:

- *Fighting crime and protecting crime victims;*
- *Improving child welfare;*
- *Protecting the environment;*
- *Fighting for Oregon consumers, workers, investors, and taxpayers;*
- *Promoting a positive business climate;*
- *Providing great legal services to Oregon's state government; and*
- *Defending the rights of all Oregonians.*

My first six months have been very active. To keep you up to date, this report summarizes some of the Department's most significant accomplishments.

Fighting Crime and Protecting Crime Victims

My highest priority as Attorney General is to fight crime and protect crime victims. Our crime-fighting strategy stresses both aggressive law enforcement and a major overhaul and improvement of our state's drug treatment and prevention programs.

6 Month Progress Report:

✓ **Operation Corridor Express**

Operation Corridor Express, the largest state drug trafficking and racketeering investigation in recent history, targeted drug trafficking organizations in Clackamas and Washington counties, as well as drug dealing in Eugene. The massive investigation involved more than 300 law enforcement officers and dozens of search warrants and wiretaps. To date, it has resulted in 34 arrests and indictments. This is the perfect example of the proactive, large-scale narcotics enforcement work we will prioritize at the Department in the future.

✓ **Drug Treatment Commission**

The Department of Justice worked closely with the Governor and the Oregon Legislature to pass House Bill 3353, which sets up a process to overhaul and improve Oregon's addiction treatment and prevention programs. Our current addiction treatment program is deeply flawed. My goal is to expand access to treatment and ensure that there is true accountability, by tracking the results of every state-funded treatment and prevention program. Creating a new, more effective system will not be easy, but if we succeed, you will see two important results: less crime and substantial savings of taxpayer dollars.

✓ **Senate Bill 233: Safeguarding Victims' Rights**

Oregon crime victims have constitutional rights, but unfortunately, those rights have not always been recognized in our courts. Last year, Oregon voters wisely approved two constitutional amendments that gave crime victims the right to go to court when their rights are violated. During the 2009 session, the Department worked closely with the Legislature to pass Senate Bill 233, which provides a legal framework to implement these new amendments. Now, for the first time, victims of violent crime in Oregon can use the courts to reinforce their rights.

✓ **New Criminal Justice Chief**

I have appointed Sean Riddell to serve as the state's new Chief Counsel of our Criminal Justice Division. Sean will bring focus and passion to the Division. He is an experienced gang and homicide prosecutor from Multnomah County and a Major in the United States Marine Corps. In the latter capacity, Sean served two combat tours in Iraq. We are honored to have Sean join us at the Department of Justice.

Improving the Well-Being of Oregon's Children

Right now, more than 100,000 Oregon children do not have health insurance; more than 140,000 live below the poverty line; and we have a serious child abuse problem. For these reasons, Oregon received a grade of "D" on its last child welfare report card (August 2008). The Department of Justice is committed to improving child welfare by fighting to protect children in the courts, convicting internet sex predators, and enhancing and improving the Oregon Child Support Program.

6 Month Progress Report:

✓ **Convicting Internet Sex Predators**

Rick Lee Prather, 35, pleaded guilty in June to a 16-count indictment, which include charges of using a child in a display of sexually explicit conduct and encouraging child sexual abuse in the first degree. He received a 115-month prison sentence. Because the charges are Measure 11 crimes, Prather is not eligible for early release. Prather admitted persuading three underage girls to send sexually explicit photographs of themselves to his cell phone.

Richard Pickett, 55, a longtime Jefferson County building and maintenance employee, was sentenced to more than 38 years in prison for sexually abusing a girl for eight years and possessing child pornography. The result of an Internet Crimes Against Children (ICAC) investigation, Pickett was convicted in July of five counts of first-degree sodomy, ten counts of first-degree sexual abuse, nine counts of first-degree encouraging child sexual abuse, nine counts of second-degree encouraging child sexual abuse, and two counts of using a child in a display of sexually explicit conduct. It was established during a two-day trial that Pickett abused the girl since she was eight years old.

✓ **Protecting ICAC Funding**

Since 2005, the Department's Internet Crimes Against Children (ICAC) unit has partnered with local law enforcement agencies to convict 112 internet predators who targeted Oregon children. ICAC is the only program in Oregon that is equipped with the resources to catch internet sex predators. Budget cuts threatened to end our successful ICAC program in Oregon, but we made restoring funding a top public safety priority. Thanks to our efforts, the Oregon Department of Justice received a \$665,000 federal stimulus grant to maintain and improve the program for the next two years.

✓ **New Leadership for the State's Child Support Program**

As Attorney General, I supervise our state's child support program. A flourishing child support program is critical to the well-being of Oregon's children, because it helps ensure that single parents have the resources they need to properly house, clothe and feed their kids. Our program is very successful. For every dollar the state invests in child support, we put almost \$18 into the pockets of single parents, many of them poor. To insure that we build a nation-leading program, I have appointed Child Advocacy Attorney Jean Fogarty to lead our effort. Jean is an outstanding

lawyer and Department of Justice veteran who has devoted her career to fighting for Oregon's kids in the courtroom.

Protecting the Environment

Oregon has long been a nationwide leader in environmental protection, but we cannot afford to grow complacent. Right now, Oregon faces some immense environmental challenges. For example, every major river in Oregon currently fails federal clean water standards for at least one pollutant, and Multnomah County ranks in the top 1% of counties nationwide for cancer-related threats due to air pollution. To me, this is unacceptable. We must do better.

6 Month Progress Report:

✓ **Environmental Crimes Enforcement Unit**

One solution is better enforcement of the environmental laws that are already on the books. Oregon made serious polluting a crime back in the 1990s, but those criminal laws are rarely enforced, in part because the state does not have a single full-time environmental crimes prosecutor. To fix that, I proposed creating a new Environmental Crimes Enforcement Unit at the Department of Justice. I am proud to inform you that the legislature approved this idea, and we expect the state's first environmental crimes prosecutor to come on board this fall.

✓ **Suing the Bush Administration**

Because I took office on January 5, my term overlapped with the Bush administration by two weeks. During that time, we challenged the outgoing administration twice in court in order to protect our air, water and land. First, I sued the Bush administration over its last-minute rule change that aimed to gut the Endangered Species Act. The Obama administration agreed with our decision and quickly reversed the new rule. Second, we appealed the Federal Energy Regulatory Commission's approval of the proposed Bradwood Landing liquified natural gas terminal in Clatsop County because of FERC's failure to consider all of the project's serious environmental impacts. Blocking LNG will help protect our environment and ensure that we rely on abundant domestic natural gas, not imported fuel from Russia and Iran, to meet our energy needs.

✓ **Pushing to Clean Up Hanford**

The Hanford Nuclear Reservation poses a clear danger to the Columbia River and all downstream communities. Early in my term, with the support of Governor Kulongoski, Oregon joined Washington in a lawsuit demanding that the federal government clean up the hazardous facility in a timely fashion. This case is pending.

Fighting for Oregon Consumers, Workers, Investors, and Taxpayers

I am deeply committed to protecting Oregon consumers. At the Department of Justice, we have a two-pronged approach for consumer protection: first, we hold companies accountable when they break the law; second, we provide assistance to individual consumers who fall prey to unethical or illegal business practices.

6 Month Progress Report:

✓ **Fighting Wall Street Fraud**

In the past six months, we took two major legal actions against large financial institutions. For the first time ever, Oregon has become a lead plaintiff in a major securities class action case. We are seeking to recover \$25 million from Swiss bank. Oregonians lost this money when UBS took risky bets with investor's money and encouraged its clients to set up illegal off-shore tax shelters. The Oregon Department of Justice also filed suit against OppenheimerFunds seeking to recover roughly \$36.2 million lost from the Oregon College Savings Plan as a direct result of Oppenheimer's negligence and irresponsible investments.

✓ **Keeping Oregonians in their Homes**

Earlier this year, Oregon won \$1 million for going after now-defunct Countrywide Financial for its irresponsible and predatory mortgage-lending practices. That money is now being used to counsel Oregonians facing foreclosure and to assist victims of predatory lending. Countrywide also agreed to modify the loans for about 4600 Oregon families, lowering their interests rates so these families can stay in their homes.

✓ **Busting Pharmaceutical Rip-Offs**

The Oregon Department of Justice Medicaid Fraud Unit obtained an \$8.9 million national settlement with Eli Lilly over allegations that the pharmaceutical company engaged in an illegal marketing campaign of the anti-psychotic drug, Zyprexa. It is the single largest Medicaid Fraud judgment ever secured by the Oregon Department of Justice. Oregon also received \$2.1 million as part of a national settlement with pharmaceutical manufacturer Cephalon, Inc. As part of the deal, Cephalon pled guilty to violating federal food and drug laws. Money won in these legal cases is being provided to Medicaid and the Oregon Health Plan to help ensure that as many of our fellow citizens as possible receive the health care they need.

✓ **Stopping Illegal Debt Collection Practices**

Working closely with the Legislature, the Department drafted and saw to the passage of Senate Bill 328, which gives the Department power to take legal action against debt collectors who violate our debt collection laws. Before this bill was passed, no state agency had the authority to enforce debt collection laws. Now, if debt collectors violate the law by threatening or harassing consumers, the Department of Justice can hold them accountable.

✓ **Informing Consumers How to Spot a Scam**

The Oregon Department of Justice created the *Oregon Scam Alert Network*. Scam artists take advantage of viral information channels to find victims. This network fights back by using the same approach to spread information about emerging scams to prevent consumers from being deceived. Coordinating the Department's regular scam alerts with the media, elected leaders, consumer watchdogs, and individual citizens across the state, more Oregonians are now consistently receiving important, urgent consumer information than ever before.

Promoting a Positive Business Climate

Oregon is mired in a deep recession. Unemployment in our state stands at over 11%, one of the highest in the nation. Moving forward, our greatest long-term challenge as a state is to develop a more robust, prosperous, and resilient economy.

6 Month Progress Report:

✓ **Moving at the Speed of Business**

Technology transfer is the process of taking state-funded research at our universities and putting it into the hands of businesses and entrepreneurs, who can turn cutting-edge ideas and products into new ventures and employment for Oregonians. As counsel to the Oregon University System, the Oregon Department of Justice plays a key role in facilitating that process. In February, we released new emergency regulations to streamline this effort by cutting unnecessary layers of bureaucracy, so we can do more business deals more quickly. This will help speed the creation of new jobs and send more money back to our public universities.

✓ **Chambers of Commerce Tour**

To climb out of recession, we have to ensure that Oregon's small businesses can flourish, because the vast majority of our job creation will come from small and medium-sized companies. To gather ideas, my staff and I have begun to meet with Chambers of Commerce all over the state.

Providing Great Legal Services to Oregon's State Government

One critical function of the Oregon Department of Justice is to provide great legal services to our state government. My goal is simple: to be the best government legal office in the nation. To achieve that goal, we have taken three critical steps.

6 Month Progress Report:

✓ **New Hiring Process for Attorneys**

The Department of Justice is only as good as the people who work here. The Department has attracted some amazing legal talent over the years, but we cannot take this for granted. That is why I have overhauled our recruitment process. We are doing more outreach to talented job prospects, increasing communication with potential employees, and recruiting aggressively when we identify an attorney we want to join the Department. Our efforts are clearly paying off. In the last six months alone, we have attracted a whole new crop of supremely talented attorneys to the Department, including several very experienced criminal prosecutors, two senior partners at major Portland law firms, and several young, rising-stars of the Oregon State Bar.

✓ **Cutting the Cost of Legal Services**

In tough budget times, we must do everything we can to save taxpayer dollars. With the support of the legislature, I have initiated a review of my Department's administrative costs in order to hunt for efficiencies. We are also beginning to work closely with our client agencies to cut costs for state legal services. To help make that happen, I have committed to a target reduction of more than \$2 million in costs.

✓ **New Lead Counsel for the Department of Human Services**

Our single largest client agency is the Department of Human Services (DHS), which has over 10,000 employees. To help DHS use its legal services budget wisely and efficiently, we have joined with them to create a new position: DHS Lead Counsel. Our new lead counsel will provide strategic legal guidance to DHS leadership and make sure that we are spending every dollar of legal funding as wisely as possible. I am very excited to announce that Linda Grimm, a Department of Justice veteran, has accepted this new post.

Defending the Rights of All Oregonians

The Department of Justice has no greater responsibility than to protect the civil rights and civil liberties of our citizens. I am proud that in my first six months, we have made real progress in this area.

6 Month Progress Report:

✓ **Standing up for the Rights of Rape Victims**

In its final weeks, the Bush administration proposed a midnight regulation that threatened the rights of Oregon rape victims. Under Oregon law, victims of rape have the right to be informed of and receive emergency contraception when they go to the hospital. If enforced, the new Bush administration regulation would have threatened that right. The Oregon Department of Justice joined other states and sued the Bush administration to stop the rule from taking effect. I am

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Page 8

happy to announce that the Obama administration agreed with our analysis and promptly overturned the Bush regulation.

✓ **Strengthening the Legal Protections of Veterans**

This legislative session, the Oregon Department of Justice and Representative Greg Matthews (D-Gresham) worked together to draft and pass two important pieces of legislation to help our veterans and their families. House Bill 3256 makes employment discrimination against veterans unlawful and, for the first time, gives Oregon Circuit Courts jurisdiction to hear these important cases. House Bill 3020 amends the Unlawful Trade Practices Act to make it illegal to knowingly take economic advantage of a deployed or disabled veteran or his or her spouse.

✓ **Restoring the Civil Rights Unit at the Oregon Department of Justice**

The Oregon Department of Justice used to have a civil rights enforcement unit, but back in the 1980s, the funding for this unit was eliminated. A top budget priority for this legislative session was to restore this unit so Oregonians could have at least one attorney work full-time to protect their rights and liberties. We are happy to announce that in response to the broad-based support of Oregonians from all areas of the state, and thanks to the leadership of key legislators like Sen. Margaret Carter, the Legislature agreed to fund a re-created civil rights unit within the Department of Justice. This unit will ensure that if the civil rights and civil liberties of Oregonians are violated, the culprits will be held accountable in court.

Conclusion: Responsive, Accessible Government

I am proud of the results we have achieved over these past six months. Our goal is to provide a true model of responsible, accessible government. In the meantime, please let us know if you have thoughts, comments or suggestions.

Sincerely,

A handwritten signature in black ink, appearing to read 'John R. Kroger', with a stylized flourish at the end.

JOHN R. KROGER
Attorney General