



ATTORNEY GENERAL'S ANNUAL REPORT

2009



Dear Fellow Oregonians:

On January 5, 2009, I was sworn into office as Oregon's seventeenth Attorney General. That day, I issued a new mission statement for the Oregon Department of Justice. The statement reads:

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:

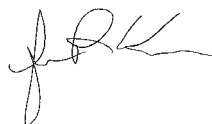
- Fighting crime and protecting crime victims;
- Improving the well-being of Oregon's children;
- Protecting the environment;
- Fighting for Oregon consumers, workers, investors, and taxpayers;
- Promoting a positive business climate;
- Providing great legal services to Oregon's state government; and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

Every day, the women and men of DOJ work with dedication, tenacity, and skill to accomplish this mission. In 2009 we achieved some great success. For example:

- The Department's prosecutors and criminal investigators helped dismantle two major drug trafficking organizations based in Washington and Clackamas Counties in the largest state racketeering case ever prosecuted in Oregon.
- We created a new environmental crimes unit and filed major cases to hold polluters accountable, protect endangered species, and speed the clean-up of the toxic Hanford nuclear facility.
- We introduced and helped pass landmark legislation to protect victims of crime in Oregon's courts.
- We joined Treasurer Ben Westlund to sue OppenheimerFunds, Inc., for mismanagement of the state's College Savings Plan. In November, we reached a settlement that will divide \$20 million among roughly 45,000 Oregonians who invested in the fund.
- We took swift legal action against pharmaceutical companies like Bayer, Pfizer, and Aventis, recovering over \$16.8 million for Oregon consumers and taxpayers.
- The Department's Division of Child Support helped more than 225,000 parents pay for such basic needs for their kids as shelter, clothing, and food.
- We continued to provide outstanding legal services to state agencies, boards, and commissions helping, for example, to draft \$1 billion in contracts for the Department of Transportation and to negotiate a \$600 million investment for the Public Employees Retirement Fund.

This annual report provides more detailed information about our work in 2009. If you have questions, you may contact me at attorneygeneral@doj.state.or.us.

Sincerely,



JOHN R. KROGER
Attorney General

Fighting Crime

The Oregon Department of Justice's highest priority is to fight crime and protect public safety.

Our Criminal Justice Division is comprised of dedicated prosecutors, investigators, and analysts who work tirelessly to fight organized crime, reduce public corruption, protect children, and assist district attorneys across the state with murder and large-scale drug trafficking cases.

MAJOR CASES

■ OPERATION CORRIDOR EXPRESS

In June, Attorney General Kroger announced Operation Corridor Express, the largest drug racketeering case ever prosecuted in the Oregon court system. The investigation and subsequent indictments dismantled two major drug trafficking organizations based in Washington and Clackamas Counties that distributed large amounts of methamphetamine, cocaine, heroin, and other drugs throughout the Willamette Valley. So far, a total of 43 defendants have been indicted in Clackamas and Washington Counties. Police working on the case also seized firearms and more than 22 kilograms of cocaine worth about half of a million dollars.



Firearms, narcotics, and cash seized in Operation Corridor Express.
Photo by Bryan Denson, *The Oregonian*

■ BROOKE WILBERGER MURDER CASE

One of the Department's most important functions is to help local district attorneys prosecute homicide cases. In 2009, we successfully concluded several

major homicide cases. For example, Department of Justice prosecutors and investigators helped Benton County District Attorney Jon Haroldson prosecute the Brooke Wilberger aggravated murder case. Nineteen year-old Wilberger vanished from Corvallis in 2004. A lengthy investigation eventually pointed to Joel Patrick Courtney, who pleaded guilty in September 2009 to one count of aggravated murder and was sentenced to life in prison without the possibility of parole. In exchange for prosecutors not seeking the death penalty, Courtney led investigators to Wilberger's remains in a wooded area in the Coast Range.

■ ZERO TOLERANCE FOR DRUNK DRIVING

The Department of Justice assisted the Umatilla County District Attorney with the prosecution of a repeat drunk-driver who killed four people in Pendleton. The offender, who had been convicted of driving under the influence of intoxicants four times since 1984, was drinking beer out of a cooler as he drove home to Carlton in October 2008. His vehicle left the freeway and slammed into the back of a car parked on the shoulder of the road. The driver of the parked car and three passengers, who were heading home from a church dance in La Grande, died instantly. A blood test conducted three hours later registered a blood-alcohol count of .219, nearly three times the legal limit. The driver was sentenced to 43 years in prison.

■ FIGHTING PUBLIC CORRUPTION

During 2009, the Department opened numerous investigations into alleged public corruption by government officials. In some cases, the Department determined that no crime could be proved in a court of law. In other cases the defendants were convicted or removed from office due to their official misconduct. Our Criminal Justice Division investigations have led to the resignation of and/or charges against multiple public officials, including a number of sheriffs, a judge, and the director of the state Department of Public Safety Standards and Training.

PUBLIC SAFETY PROFESSIONALS

■ NEW CRIMINAL JUSTICE CHIEF

In July, Attorney General Kroger appointed Sean Riddell, a highly decorated Marine Corps combat veteran and former Multnomah County Deputy District Attorney, as Chief Counsel of the Criminal Justice Division. Riddell has extensive experience fighting gang violence and white collar crime.



Sean Riddell
Chief Counsel
Criminal Justice Division

Photo by Andrew Burdick

In 2006, Riddell shut down the Portland branch of the San Diego-based Lincoln Park Bloods and prosecuted six members for a string of armed robberies. Riddell has quickly built a reputation for running swift and aggressive investigations that bring criminals to justice.

■ DEFENSE OF CRIMINAL CONVICTIONS

The Oregon Department of Justice's Defense of Criminal Convictions (DCC) team is responsible for ensuring that, when a criminal defendant is lawfully convicted in Oregon, they remain behind bars. Our attorneys represent the state in every criminal appeal and in all cases where a prisoner petitions for post-conviction relief. These cases include serious felonies such as rape, kidnapping, robbery, and murder. Our goal in these cases is simple: to ensure that criminal trials are fair and that justice is served.

"Attorney General John Kroger is deeply committed to public safety. The attorneys in his office are first rate. They do an excellent job of defending criminal cases on appeal and providing legal advice and support to offices around the state. It is a pleasure to work with them."

*- John Foote, District Attorney,
Clackamas County*

This year, our DCC appellate attorneys resolved almost 1,200 challenges to criminal convictions, including six capital aggravated murder cases. Although justice is not always measured in terms of wins and losses, the state prevailed in nearly 90% of these cases, including all six of the capital cases. This outstanding record is a tribute to the hard work, professional skills, and dedication to public safety of DCC attorneys and staff.

■ ATTORNEY GENERAL GOES TO COURT

Attorney General Kroger is an experienced criminal prosecutor and courtroom attorney. This past year, Kroger personally went to court to argue two significant criminal cases. In December, Kroger appeared before the Oregon Supreme Court to defend Oregon's implied consent law. Under this law, a person arrested for driving under the influence of intoxicants automatically consents to a breath test or blood test to determine his or her blood alcohol content. Should the driver refuse, that refusal is admissible as evidence in court. The Supreme Court agreed with the State's assessment and reversed the lower court's decision. Kroger also appeared before the U.S. Court of Appeals for the Ninth Circuit in an effort to ensure that a predatory sex offender was not released from prison. A decision in that case is pending.

IMPROVING DRUG TREATMENT AND PREVENTION PROGRAMS

The Department of Justice is pursuing a two-part strategy to fight crime, through tough enforcement and improved access to substance abuse treatment and prevention programs. According to the Oregon Criminal Justice Commission, roughly 78% of all property crimes are committed by addicts stealing to pay for their addictions. Substance abuse also costs the state hundreds of millions of dollars every year in prison and law enforcement expenses, health care and child welfare expenditures, and lost workforce productivity. To combat crime and save taxpayer dollars, Attorney General Kroger joined with Governor Kulongoski and the 2009 Oregon Legislature to create a new Alcohol and Drug Policy Commission to design and establish a first-rate treatment and prevention system for Oregon. The Commission, which Kroger chairs, is developing a series of reform proposals to bring to the Legislature in 2011. If the Commission is successful, we will see lower crime rates and a significant savings in taxpayer dollars.

Protecting Crime Victims

The Oregon Department of Justice works to reduce domestic and sexual violence, help victims of violent crime, and promote victims' rights in the courtroom and in our communities.

HELPING VICTIMS OF CRIME

■ LANDMARK VICTIMS' RIGHTS LEGISLATION

During the 2009 legislative session, the Department of Justice proposed and the Legislature enacted Senate Bill 233, landmark legislation that allows crime victims to uphold their constitutional rights in a court of law. For nearly a decade, Oregon victims had rights under the Oregon Constitution but did not have a way to protect those rights in our courts. Senate Bill 233 gave victims of crime a voice in our justice system by creating procedures for victims to assert these rights in court.

"The law ensures that crime victims, the people who are most directly and personally affected by the crime, are afforded a voice in the process and the ability to seek redress when their rights are denied. It also secures a place for Oregon as a national leader in the effort to afford victims the dignity and respect they are owed."

– Meg Garvin, National Crime Victim Law Institute at Lewis & Clark Law School

■ VICTIM SUPPORT

Every year hundreds of Oregonians are injured or killed by violent criminals who commit robbery, child abuse, assault, rape, domestic violence, homicide, and other serious offenses. These innocent people are victimized twice, first by the crime, and then with the burden of medical expenses and lost earnings. In homicide cases, families suffer from emotional grief, loss of financial support, and funeral costs. In 2009, the Oregon Department of Justice helped 6,824 victims of violent crime by providing nearly \$4.5 million to help them pay for medical, counseling, funeral, and other expenses.

"Attorney General Kroger has worked for crime victims and their rights and he understands their plight. The Department of Justice is a valuable advocate for victims."

*– Steve Doell, President,
Crime Victims United*

The Department of Justice also provided direct financial assistance to over 150 victims' services programs throughout the state. For example, we provided major grants to:

- Bradley-Angle House, Portland
- Center Against Rape and Domestic Violence, Corvallis
- HAVEN from Domestic Violence, The Dalles
- Helping Hands Against Violence, Inc., Hood River
- Klamath Crisis Center, Klamath Falls
- New Beginnings Intervention Center, Christmas Valley
- Portland Women's Crisis Line, Portland
- Raphael House of Portland, Portland
- Safe Harbors, Enterprise
- Saving Grace, Bend
- Shelter from the Storm, LaGrande
- Women's Safety and Resource Center, Inc., Coos Bay
- Sexual Assault Resource Center, Beaverton
- Legal Aid Services of Oregon, statewide

PREVENTING FAMILY ABUSE

■ DOMESTIC VIOLENCE PROSECUTOR

Combating domestic violence is one of Attorney General Kroger's highest priorities. This past fall, the DOJ obtained federal funding to hire an expert domestic violence prosecutor. This prosecutor will provide advice and support to Oregon prosecutors and law enforcement officials to improve the way we identify, investigate, and prosecute persons who commit domestic violence, sexual assault, and stalking.

Meet Some of Our Attorneys

The Department of Justice is home to some of the nation's best legal talent.



Photo by Andrew Burdick

John Dunbar
Attorney in Charge,
Special Litigation Unit

EDUCATION:
University of Notre Dame, A.B.
with High Honors
University of Washington Law School, J.D.
with Honors

John Dunbar joined the Department in April of 2009 after many years of practicing complex business litigation with the firms Ball Janik, LLP, in Portland and Jenner & Block, LLP, in Chicago. Early in his career, John clerked with the Honorable Owen M. Panner, U.S. District Court Judge, and served as Executive Managing Editor of the *Washington Law Review*. Cases assigned to the Special Litigation Unit (SLU) typically include constitutional challenges to state laws and programs, class action lawsuits, and other challenges to the institutions and operation of government. SLU also pursues a range of cases on behalf of the state as a plaintiff, such as environmental litigation seeking to protect dwindling salmon populations and halt clean water violations.



Photo by Andrew Burdick

Sarah Weston
Honors Attorney,
Office of the Attorney General

EDUCATION:
Middlebury College, B.A. *magna cum laude*
Harvard Law School, J.D. *cum laude*
Harvard School of Public Health, M.P.H

Sarah Weston came to the Department of Justice through the Honors Attorney program in 2008. She spent her first year litigating juvenile dependency and termination of parental rights cases with the Child Advocacy Section, and is currently assigned to the Office of the Attorney General. Prior to practicing law, Sarah was a research assistant in the field of public health, first working on a multi-state study

examining pesticide exposure among migrant farm workers, and then spending two years working on international health policy projects at the Institute for Global Health in San Francisco.



Photo by Andrew Burdick

David Hart
Assistant Attorney in Charge,
Financial Fraud and Consumer Protection

EDUCATION:
Oberlin College, B.A.
New York University, B.S. *cum laude*
Lewis and Clark Law School, J.D. *cum laude*

David Hart was a physical therapist in New York City, Hawaii, Washington, and Oregon for 15 years before becoming an attorney. Today he protects the public health by taking on large pharmaceutical companies in major multi-state drug marketing investigations and health care fraud cases. David is largely responsible for the Oregon Department of Justice's role as a national leader in cracking down on health care fraud, recovering tens of millions of dollars for Oregon consumers each year.



Photo by Andrew Burdick

Don Pyle
Senior Assistant Attorney General,
Natural Resources Section

EDUCATION:
Princeton University, A.B. *magna cum laude*
Temple University School of Law, J.D.
Lewis & Clark Law School, L.L.M.

Don Pyle joined the Department in 2008 after 32 years with the Portland firm Lane Powell, PC. A seasoned litigator, Don represented clients in a vast array of environmental and toxic tort claims lawsuits. Don is currently responsible for coordinating the state's legal interest in the Portland Harbor Superfund clean-up effort and claim for natural resource damages.

Improving the Well-Being of Oregon's Children

The Oregon Department of Justice fights to protect kids from sexual exploitation, violence, and unsafe products, and works to ensure that every child receives the financial and emotional support they need through the Oregon Child Support Program.

SUPPORTING OREGON FAMILIES

The Department of Justice's single most important program, the service with the greatest positive impact on our state, is our Child Support Program. The Program is run in partnership with county district attorneys' offices. The program ensures that parents take financial responsibility for their children. In 2009, the Child Support Program helped more than 225,000 parents pay for such basic needs as shelter, clothing, and food. The program is also one of the most efficient in the nation, a tribute to our Division of Child Support staff, who work long hours to help the youngest Oregonians. This biennium the Division's \$25 million budget is expected to help collect \$627 million for Oregon's kids.

"Attorney General Kroger and the Oregon Department of Justice have been a crucial support for the Children's Center of Clackamas County, which enhances community safety while reducing trauma and easing recovery for children."

*- Tonia Hunt, Executive Director,
Children's Center of Clackamas County*

■ DOJ LEADS STATEWIDE ARREST SWEEP

In August, Attorney General Kroger ordered a one-day statewide sweep targeting Oregon's worst deadbeat parents, resulting in the arrest of 21 persons who owed a total of more than \$531,000 in back child support. This important enforcement effort sent a vital message: those who fail to meet their legal obligations to their children will be held accountable.

■ NEW LEADERSHIP AND MAJOR REFORMS

In 2009, Attorney General Kroger appointed Jean Fogarty to head the Division of Child Support. Fogarty is leading a major multi-year reform effort to make Oregon's Child Support Program a nationwide leader in collections and efficiency.



Photo by Andrew Burdick

Jean Fogarty

Director
Division of Child Support

■ RECESSION RESPONSE TEAM

With the second highest unemployment rate in the country, many Oregon families found themselves in immediate need of a flexible, realistic, and temporary adjustment to their child support obligations. That is why last summer the Department of Justice initiated a "Recession Response Program." In just three months, the Child Support Program was able to enact legislation, promulgate emergency rules, and establish a specialized team to expedite modification of child support orders for parents who have lost their jobs. The program received national recognition for this quick and innovative response to the financial crisis.

■ IMPROVING COLLECTION FOR BUSINESSES

Thousands of businesses around the state are required to withdraw money from their employees' paychecks to help those employees meet their child support obligations. Unfortunately, this system is antiquated, expensive, and time-consuming. In 2009,

the Department of Justice won a major grant from the federal government enabling us to design and build an automated web-based system that will save time and money for employers. The new system will create a one-stop Internet portal for businesses and free up staff to spend more time collecting child support for Oregon families, rather than shuffling paper.

ADVOCATING FOR CHILDREN IN COURT

The Department's Child Advocacy Section helps protect abused, neglected, and abandoned children throughout Oregon. Our lawyers work with the caseworkers and supervisors of the Department of Human Services child welfare program in and out of court to strengthen and, whenever possible, reunite families.

When it is not safe for a child to return to his or her biological parents, we go to court to seek an alternate placement for the child, such as adoption or the guardianship of a family member. Through this work, we help ensure that every child has a safe and permanent place to call home. Recently, one of our attorneys won a complex week-long trial to help facilitate the adoption of a child by her loving foster parents. Their expression of gratitude illustrates the commitment of the Department's attorneys:

"[Thank you] for all of your work on [our child's] case. We've been told that you logged a tremendous amount of hours working on her behalf despite the fact that you've never met her. She is an amazing little girl with a very bright future. She loves our family and we adore her. Thank you for dedicating yourself to [her] case. Please know that we are eternally grateful to you."

PULLING DANGEROUS PRODUCTS OFF STORE SHELVES

One major emphasis of the Department's aggressive consumer protection effort is protecting our children from unsafe products.

■ E-CIGARETTES

A Florida-based "electronic cigarette" company allegedly made false health claims about its nicotine delivery device and targeted children with sweet flavors such as bubblegum, chocolate, and cookies 'n' cream. Though the case is ongoing, the company has agreed not to sell its products in Oregon unless the case is concluded in its favor. Oregon is the only state in the nation that has taken legal action against e-cigarette importers and retailers to prohibit them from selling e-cigarettes until state and federal health and safety standards are met.



The DOJ works to protect our youngest Oregonians.

■ COCOA KRISPIEGATE

When the Kellogg Company recently used packaging that suggested its sugar-laden breakfast cereal contained ingredients to boost kids' immunity, the Department of Justice demanded that Kellogg provide scientific support for their claim. Kellogg responded by agreeing to remove the language from its boxes and donate 500,000 boxes of healthy cereal to the Oregon Food Bank and other organizations that feed the hungry.

PROSECUTING SEX PREDATORS

The Department of Justice Internet Crimes Against Children (ICAC) unit investigates and prosecutes sex predators who use the internet to exploit children. Since 2005, ICAC has helped convict more than 125 internet predators who targeted Oregon children. ICAC is the only program in the state equipped with the necessary forensic computer equipment, resources, and expertise to catch sex predators in Oregon. ICAC investigations resulted in more than 40 arrests and convictions in 2009.

Protecting the Environment

Attorney General Kroger ran for office on a promise to make environmental protection a top priority of the Department of Justice.

OREGON'S ENVIRONMENTAL CRIMES UNIT

Oregon made serious pollution a crime back in the 1990s, but until now these criminal laws have rarely been enforced because the state did not have a single full-time environmental crimes prosecutor. During his campaign for Attorney General, John Kroger promised voters that if he won, he would create the state's first environmental crimes prosecution unit. During the 2009 legislative session, Attorney General Kroger earned the Legislature's approval to fulfill that promise. The Department hired its first environmental crimes prosecutor, Patrick Flanagan, in November 2009. Flanagan has already opened several investigations, with charges expected in 2010.



Wizard Island is a volcanic cinder cone at the west end of Crater Lake in Crater Lake National Park, Oregon.

Prosecuting environmental crimes in Oregon will have three positive results. First, it will ensure that when polluters break the law, there will be real consequences. Second, prosecution will help deter future violations. Third, enforcement will help level the playing field for law-abiding companies.

MAJOR CASES

The Department of Justice is partnering with the Department of Environmental Quality (DEQ), the

Federal Environmental Protection Agency (EPA), and others to protect our environment and public health.

■ HANFORD NUCLEAR SITE

Radioactive and toxic waste from the Hanford Nuclear Reservation in Washington poses a significant threat to public health and safety. Oregon has a particularly strong interest in the clean-up because the Columbia River flows directly adjacent to the Hanford site. Clean-up delays increase the risk of serious environmental damage to the river. Hanford's hazardous waste also puts at risk the traditional fishing grounds of Oregon's Indian tribes. In the past, clean-up discussions have involved only the State of Washington and the federal government. In 2009, Attorney General Kroger intervened in a lawsuit to demand that the federal government comply with the terms of the "Tri-Party Agreement" which dictates its clean-up efforts. A settlement was reached in August, and as a result, the federal government must clean-up the facility on an enforceable timeframe and regularly evaluate whether clean-up efforts can be accelerated. Oregon is now a participant in the ongoing dialogue over federal clean-up efforts, proposed enhancements, and potential enforcement issues.

■ LEHMAN HOT SPRINGS

In April investigators from DEQ and the EPA determined that open-air lagoons at a resort near Ukiah were leaking 21,000 gallons of sewage per day and were seriously at risk of a catastrophic breach.

"DOJ's and DEQ's collaborative approach to solving environmental problems will in this case not only protect the environment, but also the local community from wastewater overflows and flooding."

*– Dick Pedersen, Director, Oregon
Department of Environmental Quality*

A lagoon breach would dump several million gallons of human sewage into a major tributary of the John Day River, jeopardizing public health and damaging a very sensitive ecosystem. In response, the Department of Justice went to court last May and successfully obtained an injunction ordering the owner of the resort to partially drain his sewage lagoons and take other steps to prevent a disastrous spill. This case represents a new effort to stop harmful pollution before it takes place.

■ LIQUIFIED NATURAL GAS

In January of 2009, the Federal Energy Regulatory Commission (FERC) authorized construction of the Bradwood Landing LNG facility on the Columbia River. The DOJ immediately appealed that decision in the U.S. Court of Appeals for the Ninth Circuit. In the state's appeal, our brief argued that FERC's approval of an LNG facility in Oregon violates state and federal law because FERC did not consider the harmful impact of its decision on Oregon's water quality and coastal resources, including protected species like salmon. The State of Washington has joined Oregon's suit. A decision on the case is currently pending.

■ PROTECTING ENDANGERED SPECIES

In January of 2009, the Bush Administration issued last-minute regulations gutting the federal Endangered Species Act. The Oregon Department of Justice joined with several other states to challenge the new regulations in court. In May, the Obama administration agreed with our analysis and rescinded the changes to this vital law, keeping essential species protections in place.



The DOJ seeks to protect species such as the Chinook Salmon, Oregon's State Fish.

INCREASING CITIZEN INVOLVEMENT

■ RIVER PADDLE TOWN HALL MEETINGS

Every major river in Oregon currently fails federal

clean water standards for at least one pollutant. To focus public attention on this problem and its impact on public health, Attorney General Kroger invited environmental experts and policy makers to paddle down the Willamette and Tualatin Rivers and learn about environmental threats from local experts. Afterward, Attorney General Kroger and members of the public met on the banks of the rivers to discuss environmental issues. The Attorney General plans to hold similar forums on other Oregon rivers in 2010.



Tualatin River Paddle, July 2009. Photo by Eric Lindstrom

■ GREENING THE DEPARTMENT

The Attorney General believes environmental stewardship begins in the workplace. Last October, the Oregon Department of Justice announced new sustainability measures to reduce paper and energy use, increase recycling, and promote alternative transportation. These green measures will protect the environment and save taxpayer dollars on everything from utility bills to paper products and gasoline. Marion County has recognized the Oregon Department of Justice's commitment to environmentally friendly practices with its EarthWISE certification.

"John Kroger has taken strong steps to live up to his campaign promise to take on Oregon polluters. For the health of Oregon's citizens and our environmental legacy, we're very pleased with the direction of the Attorney General's Office."

*- Andrea Durbin, Executive Director,
Oregon Environmental Council*

Fighting for Oregon Consumers, Workers, and Taxpayers

The Department of Justice is committed to taking on powerful interests and holding crooked companies and scam artists accountable when they harm Oregonians and break the law.

SUING WALL STREET

■ RESTORING THE COLLEGE SAVINGS PLAN

In 2009, Attorney General Kroger and Treasurer Ben Westlund sued OppenheimerFunds, Inc., on a variety of legal claims related to the mismanagement of the Oregon College Savings Plan's Core Bond Fund. In November, the Department reached a settlement that will divide \$20 million among roughly 45,000 Oregonians who invested in that fund. This represents a recovery of roughly 56% of losses attributable to Oppenheimer's wrongful behavior. The national average for recoveries in securities cases is about 3%.

"Attorney General Kroger's willingness to take on powerful Wall Street banks like Oppenheimer shows his commitment to working families."

- Arthur Towers, Political Director, Service Employees International Union, Local 503

BATTLING HEALTH CARE FRAUD

One of the Department's major consumer protection priorities is to combat health care fraud. The Department is a national leader in this field, recovering millions of dollars for Oregon consumers and the Oregon Health Plan each year from

corporations that break the law. In 2009, we concluded major investigations of pharmaceutical giants such as Pfizer, Bayer, and Aventis and recovered over \$16.8 million for Oregon taxpayers.

■ L.A. WEIGHT LOSS

In 2009, more than 300 Oregon consumers received refunds totaling more than \$180,000 from the owners of the defunct diet chain L.A. Weight Loss Franchise Company through a settlement reached by the Oregon Department of Justice. The Department alleged that the company had no competent or reliable scientific evidence to back up health claims about their "dietary supplements," including claims that they normalized blood pressure.

PROTECTING CONSUMERS

■ ILLEGAL DEBT COLLECTION

Before Attorney General Kroger took office, a legal loophole exempted debt collectors from complying with Oregon's basic fraud statute, the Unlawful Trade Practices Act. The Department of Justice tried to close this loophole in the past, but repeatedly lost that battle to industry lobbyists. We are proud to report that last session Senate Bill 328 was passed, giving the Attorney General authority to take legal action against debt collectors who violate state law. Today, if a debt collector engages in harassment or other illegal conduct, we can hold them accountable.

■ TELECOMMUNICATIONS FRAUD

Complaints about telecommunications companies ranked #1 on the 2009 Top 10 Oregon Consumer Complaint List, and Attorney General Kroger has pledged to aggressively pursue legitimate claims against phone companies, cable operators, and internet providers. Last November, Oregon helped lead a multi-state investigation of VONAGE, one of the nation's largest internet telephone service providers, focusing on consumer complaints about misleading practices related to its cancellation policies. Our settlement required VONAGE to significantly change its marketing practices, issue refunds to customers, and honor future cancellation requests. VONAGE agreed to pay a total of \$3 million to the states involved. Oregon received \$298,000 to fund additional consumer protection efforts.



Consumer complaints against illegal debt collection practices and telecommunications companies are consistently high in Oregon.

■ CRACKING DOWN ON DECEITFUL CHARITIES

During 2009 the Department of Justice stopped 21 charities from using misleading solicitations to obtain donations from Oregonians. Many of these so-called charities claimed to benefit local search-and-rescue teams, schools, or veterans. One of the worst cases involved a Texas-based non-profit called the U.S. Deputy Sheriffs Association that misled nearly 500 Oregon residents with a deceptive sweepstakes mailing that claimed to help under-funded law enforcement agencies. Not only did the organization fail to register in Oregon, but they used a mere 1% of the funds raised to help deputy sheriffs. The group agreed to return all of the money raised in Oregon to a legitimate law enforcement organization, the Oregon State Sheriffs' Association.

"Attorney General Kroger is a leader in protecting Oregon consumers. He has been an advocate for new consumer protections in the legislature and, under his leadership, the staff of the Department fights hard for Oregonians in big cases and individual complaints."

*- Senator Suzanne Bonamici (D-17),
Consumer Protection and Public Affairs
Committee Chair*

STANDING UP FOR WORKING FAMILIES

■ UNDERGROUND ECONOMY

According to reports, hundreds of companies in Oregon operate "underground" by failing to obtain required government licenses, paying workers unfair wages off the books, and bilking the government of millions of dollars in tax revenue. What's more, they drive legitimate companies out of business because businesses that play by the rules cannot fairly compete against others that cheat.

The Oregon Department of Justice has launched an initiative to identify these companies and bring them to justice. One case involved a corrupt businessman who ran a series of drywall companies and avoided taxes on roughly \$25 million in revenue, and failed to make around \$8 million in payments to the State Accident Insurance Fund. The Department of Justice indicted him on racketeering charges. He pleaded guilty and was sentenced to 61 months in prison.



The DOJ looks out for working Oregonians and their families.

Providing Great Legal Services to the State

Every day the attorneys of DOJ strive to make government work better for Oregonians.

THE DEPARTMENT'S GREATEST ASSET

One of the Department's most important duties is to provide outstanding legal counsel to over 150 state agencies, boards, and commissions. The attorneys of DOJ continue to be the Department's greatest asset. They handle challenging caseloads and routinely represent the State of Oregon in the nation's highest courts.

■ U.S. SUPREME COURT VICTORY

Last January, the Department prevailed before the United States Supreme Court in *Oregon v. Ice*. Deputy Attorney General Mary Williams' well-crafted argument no doubt influenced the Court's favorable decision. This victory preserved the authority of judges to impose consecutive sentences in criminal cases, which are widely used to give dangerous defendants the amount of prison time they deserve.



The United States Supreme Court decided one Oregon case on the merits in 2009, and Oregon prevailed (*State v. Ice*).

■ AWARD-WINNING LEGAL ADVOCATES

In January 2009, the Marion County Bar Association honored two DOJ attorneys, Christine Chute and Tom Elden, as co-recipients of the Pro Bono Government Lawyer of the Year award. In the future, the award will be called the "Thomas Elden Pro Bono Government Lawyer of the Year Award."

DOJ Attorney Sheen Wu was also recognized with an Award of Excellence by the U.S. Department of Health and Human Services for her work on the federal and state team that handled a Medicaid fraud case which resulted in a massive \$425 million civil and criminal settlement.

■ GREAT TRIAL LAWYERS

Trial Division litigators pride themselves on being fair and effective. Judicial and private mediation helps to resolve dozens of cases each year, including complex government contract suits. However, when it is necessary, our trial attorneys aggressively and effectively pursue litigation in court. Our Trial Division has a well-deserved reputation for making professional, winning presentations when jury trials are necessary to justly resolve cases. In 2009, the Department won every one of the twelve jury trials litigated by our Trial attorneys.

SPECIAL PROJECTS

■ GOVERNMENT TRANSPARENCY INITIATIVE

In December, Attorney General Kroger announced a broad plan to improve government transparency in Oregon. As part of the initiative, *The Attorney General's Manual on Public Records and Public Meetings* was placed online, so it can be downloaded free of charge. Previously, it was available only in bound copies for a fee. The Department also developed and posted online a *Citizen's Guide to Public Records and Public Meetings*, which provides information about public records and open meetings laws free from jargon and "legalese." The Attorney General also announced the creation of a Government Transparency Counsel to ensure that state government properly complies with state open government laws. The next step in the initiative is a systematic review of Oregon's public records laws to solicit input, identify weak points, and suggest improvements to the 2011 Legislature.

■ SUSTAINABLE WINE

Every year, Department attorneys are involved in special legal projects for our state, from building a basketball arena to implementing the nation's first "solar highway." This year, for example, our attorneys assisted the Oregon Wine Board with all the legal aspects of a new program to license a sustainability certification mark for Oregon vineyards. The mark, "Oregon Certified Sustainable Wine," is used on wine bottles to indicate that the Oregon Wine Board has certified that the winemaking process meets sustainability standards.



Willamette Valley Pinot Noir grapes.

TRANSACTIONING STATE BUSINESS

Our attorneys handle some of the state's most complex business transactions in their role as lawyers for state government. In 2009, for example, the Department helped draft design and construction contracts for the Oregon Department of Transportation's \$1.3 billion program to repair and replace hundreds of aging bridges; negotiated Oregon's investment of \$400 million on behalf of the State Public Employees Retirement Fund; assisted State Treasurer Ben Westlund with the issuance of over \$1.7 billion in bonds; and helped recover tens of millions of dollars in taxpayer money. These complex transactions, though impressive, rarely make the headlines because they are handled quickly and professionally by our staff every single day.

■ SUPPORTING PUBLIC HEALTH AND SAFETY

The Department represents the state's professional and occupational licensing and regulatory agencies. In this capacity, we handle important cases that affect public health and safety. In 2009, for example, we helped the Board of Massage Therapists revoke the

license of a masseur who pleaded guilty to criminal charges for sexually abusing two patients; assisted the Oregon Medical Board with reprimanding and fining four physicians who billed patients for unnecessary and undocumented costs; and advised the Board of Tax Practitioners in a case involving a Lowell woman who falsely represented herself as a licensed tax practitioner, and violated the law 534 times in the preparation of personal income tax returns.

■ SAVING TAXPAYER DOLLARS

Through a combination of increased operational efficiency, cuts to overhead, and savings in personnel costs, the Department voluntarily cut its budget by \$2.5 million. The Oregon Department of Justice returned that money to the General Fund during the 2010 Legislative Special Session in order to help pay for essential state programs like education and public safety.

■ RECOVERING PRECIOUS RESOURCES

The Oregon Department of Justice's Civil Recovery Section assists agencies when legal counsel is necessary to recover a claim for money or damages owed to the state. In 2009, Civil Recovery collected over \$10 million. This means that every dollar spent to fund the program returned \$20.32 for Oregon taxpayers.

■ REFORMING STATE LEGAL SERVICES

The Department is currently involved in a significant ongoing effort to reform and improve the way we provide legal services to state government. To date, this effort involves greater use of retainer agreements with state agencies to reduce disincentives to seeking timely legal analysis; an effort to identify and reduce state liabilities that cost taxpayers millions every year; and the appointment of lawyers to serve as general counsel to major agencies in an effort to improve the quality and timeliness of our legal advice.

"I am always impressed with the high level of experience and knowledge of the DOJ attorneys, and their willingness to devote the time and effort in doing the job right and getting it done."

*– Matthew Garrett, Director,
Oregon Department of Transportation*

Promoting a Positive Business Climate

The Oregon Department of Justice prioritizes economic development by promoting innovation and fighting to keep Oregon jobs.

A NEW MISSION

With Oregon's unemployment rate among the highest in the nation, one of our greatest long-term challenges will be to develop a more robust, prosperous, and stable economy. Attorney General Kroger has made promoting a more positive business and employment climate in Oregon one of his primary objectives. He also believes that we can build a more prosperous state without abandoning Oregon's vital commitments to the environment, consumer protection, and worker safety.

■ IMPROVING TECHNOLOGY TRANSFER

When Oregon's research universities create new technologies, it is critical that we quickly get these innovations into the hands of entrepreneurs who can create new jobs and new companies here in Oregon. This process is called "technology transfer." Oregon's technology transfer process has been subject to criticism in recent years for being slow and out of date. On January 6, 2009, his first full day in office, Attorney General Kroger announced an effort to reform Oregon's technology transfer system. In March, the Attorney General announced new emergency technology transfer rules to eliminate bureaucracy so that potential deals can move more quickly. This is a small but important step in building a more vibrant high-tech economy.

■ KEEPING JOBS IN OREGON

For several years, the Oregon Department of Justice had been locked in a multi-million dollar legal battle with truck manufacturer Daimler Trucks North America, which is headquartered in Portland. The Daimler headquarters employs about 2,000 people. This legal dispute was cited by the company as one reason it might move jobs from Portland to another state. The Attorney General assessed the strengths of the state's case and concluded that a rapid settlement was in the best interest of Oregon. Under the

settlement agreement, reached this year, the Department of Justice received \$150,000 from Daimler for a critical crime victims fund. Daimler also agreed to pay up to \$300,000 to the state if it relocates its headquarters within the next three years. Daimler subsequently announced that it intended to keep its headquarters in Portland for the immediate future.

■ BUSINESS COUNSEL POSITION

The Attorney General is creating a new position at the Oregon Department of Justice to work with other state agencies and the private sector on regulatory and legal reforms that will help promote a more robust and stable Oregon economy.

"As an Oregon business, we appreciate how AG Kroger has engaged with us and other Oregon businesses to discuss how the legal system can work better to foster a more vibrant community."

- Julia Brim-Edwards

*Director, Government & Public Affairs,
NIKE, Inc.*

■ CONSULTATION WITH BUSINESS LEADERS

To improve communication between business and state government, the Attorney General formed the Department of Justice Business Advisory Council. Members include many of Oregon's largest employers, including Fred Meyer, Nike, and Intel. The Council meets quarterly to discuss legal and regulatory issues and share ideas to spur economic development in Oregon. The Attorney General has also met with Chambers of Commerce throughout the state to discuss the business climate and ways in which the government can work closely with small businesses to create jobs.

Protecting the Rights of All Oregonians

The Department of Justice is committed to fighting discrimination, protecting constitutional rights, and honoring Oregon veterans.

NEW CIVIL RIGHTS ENFORCEMENT EFFORT

In January 2009, the DOJ was honored to host a lunch with Fred Gray, an Alabama civil rights attorney who worked with Martin Luther King Jr., Rosa Parks, and other plaintiffs during the 1955 Montgomery Bus Boycott, and in the class action lawsuit that following the Tuskegee Syphilis Study.

Attorney General Kroger also received the honor of delivering the keynote speech at the *The Skanner Newspaper's* 23rd Annual Martin Luther King Jr. Breakfast. Addressing a diverse crowd of more than 900 citizens, government officials, and community leaders, Attorney General Kroger announced his intention to restore the Department of Justice's Civil Rights Unit.

Hundreds of advocacy groups, community leaders and citizens across the state wrote their legislators expressing the need for greater civil rights enforcement, and 1,300 Oregonians submitted petitions of support. We are proud to report that the legislature approved this request. In November, the Department announced the hiring of Diane Schwartz Sykes, our first full time civil rights attorney in over 25 years. The new Civil Rights Unit is already working on a number of significant investigations.

"The DOJ's Civil Rights Unit is a modest but powerful tool with the legal teeth to take those who violate others' civil rights to court, whether they are in the public or private sector."

- Roy Jay, CEO, Oregon Business Network and President, African American Chamber of Commerce

■ STANDING UP FOR RAPE VICTIMS

In January of 2009, the Bush Administration passed a last-minute regulation that threatened the rights of Oregon rape victims. Under Oregon law, victims of rape have the right to be informed about emergency contraception when they go to the hospital. If retained, the new regulation would have threatened that right. Attorney General Kroger believes that defending reproductive health rights is one of the major civil rights challenges of our time. At his direction, the Oregon Department of Justice filed a lawsuit with other states to ensure the rule would not be implemented. The Obama Administration agreed with the Department's legal analysis and promptly overturned the regulation.

■ PROTECTING VETERANS

As a Marine Corps veteran, Attorney General Kroger believes we must do more to protect the rights of armed forces members and veterans in the workplace and as consumers. In 2009, the Department of Justice and State Representative Greg Matthews (D-50) wrote and co-sponsored two new laws to accomplish that goal.

House Bill 3256 made employment discrimination against members of the armed forces unlawful and conferred jurisdiction on courts to hear these cases.

House Bill 3020 made it an unconscionable trade practice to knowingly take economic advantage of a deployed or disabled veteran or their spouse.

After the bills were signed into law, the U.S. Department of Defense presented the Department its Seven Seals Award in recognition of these significant efforts to protect the rights of veterans. DOJ lawyers Dave Kramer and Paul Sundermeier, who are both decorated armed forces veterans, also received personal awards for helping draft and pass these two vital measures.

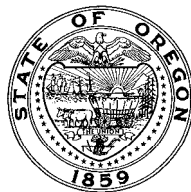
Meet Attorney General Kroger



John Kroger is the Attorney General of Oregon. John has devoted his entire life to public service as a United States Marine, federal prosecutor, public policy expert, and teacher. John was elected in November 2008 after winning the nominations of both the Democratic and Republican parties. He won every county in the state, accruing more Oregon votes than any other candidate on the ballot, including President Barack Obama.

As a federal criminal prosecutor, John won major cases against mafia killers, drug kingpins and corrupt government officials. He helped prosecute crooked Enron executives and served on the emergency response team to the 9/11 terrorist attack on the World Trade Center. In recognition of his work, John won awards and commendations from the FBI, the Drug Enforcement Administration, and the State Department. In 1999, John received the Director's Award for Outstanding Performance as an Assistant United States Attorney from Attorney General Janet Reno for convicting two mafia captains for committing multiple murders. John wrote about his experiences as a prosecutor in his book *Convictions*, which won the Oregon Book Award in 2009.

John is an avid runner, cyclist, and hiker. He has run Oregon's Hood-to-Coast Relay seven times and biked across the United States. He received his bachelor's and master's degrees in philosophy from Yale University and his law degree with honors from Harvard Law School. Prior to his election, he served as a law professor at Portland's Lewis & Clark Law School.



Oregon Department of Justice

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