

**STATE OF MINNESOTA
OFFICE OF THE ATTORNEY GENERAL**

ANNUAL REPORT REQUIRED BY

**Minnesota Statutes section 8.15
subdivision 4 (2018)**

Fiscal Year 2019



The Office of
Minnesota Attorney General Keith Ellison

helping people afford their lives and live with dignity and respect • www.ag.state.mn.us

October 15, 2019

Representative Lyndon Carlson, Sr., Chair
House Ways and Means Committee
Minnesota House of Representatives
479 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
Saint Paul, MN 55155

Senator Julie Rosen, Chair
Senate Finance Committee
Minnesota Senate
2113 Minnesota Senate Building
95 University Ave. W.
Saint Paul, MN 55155

Dear Chair Carlson and Chair Rosen:

I submit to you the annual expenditure report of the Office of the Attorney General for FY 2019, as required under Minnesota Statutes § 8.15, subd. 4:

Role of the Office of the Attorney General

The Attorney General is a statewide elected position created by Article V of the Minnesota Constitution. The role of the Office of the Attorney General is to:

- 1) Defend the duly enacted laws of the State of Minnesota;
- 2) Represent nearly all the State's agencies, boards, and commissions in legal matters;
- 3) Assist Minnesota's county attorneys in criminal cases and appeals, and lead criminal prosecution of Medicaid Fraud; and
- 4) Protect Minnesotans from fraud and abuse, as authorized by many State statutes, most notable Minn. Stat. § 8.31: "The attorney general shall investigate violations of the law of this state respecting unfair, discriminatory, and other unlawful practices in business, commerce, or trade."

This report contains many examples of the work the Office has done in FY 2019 and continues to do on major current and future legal issues to fulfill each of the roles above. They include:

- 1) Defending the duly enacted laws of the State:
 - a. *Telescope v. Lucero et al.*, a constitutional challenge to the Minnesota Human Rights Act (p.1);

- b. *Dr. Jane Doe et al. v. State of Minnesota et al.*, a constitutional challenge to more than a dozen State statutes and regulations that relate to how abortions are provided and recorded in Minnesota (p. 1).
- 2) Representing nearly all the State’s agencies, boards, and commissions in legal matters in a wide swath of cases across this report, including:
 - a. Upholding State laws on waste disposal and air quality (pp. 2–3);
 - b. A variety of tax-litigation cases (pp. 4–5);
 - c. Legal and administrative actions against opioid manufacturer Insys Therapeutics (pp. 6, 22);
 - d. Enforcing the historic 1998 tobacco settlement in the ITG Brands case, as a result of which the State stands to recover tens of millions of dollars (p. 7);
 - e. Mediating the Cruz-Guzman school-segregation case (p. 8).
- 3) Assisting Minnesota’s county attorneys in criminal cases and appeals, and leading criminal prosecution of Medicaid fraud:
 - a. Filing criminal charges against former owners, managers, and employees of Chappy’s Golden Shores in Hill City, which arose in part out of the Office’s representation of other state agencies as well as on referral from the Aitkin County Attorney (pp. 9, 13);
 - b. Winning the largest Medicaid fraud case ever brought in State courts (p. 13).
 - c. Carrying out criminal prosecutions and appeals across the state in support of county attorneys (p. 12).
- 4) Protecting Minnesota consumers from fraud and abuse
 - a. Providing information, assistance, and intervention directly to Minnesota consumers (pp. 15–16);
 - b. Overseeing charities and ensuring they follow Minnesota law (pp. 19–21);
 - c. Holding Purdue Pharma and members of the Sackler family accountable for the death and destruction they caused in Minnesota’s opioid crisis (pp. 21–22);
 - d. Holding cable and internet providers accountable for fulfilling promises they made to Minnesota consumers (pp. 22);
 - e. Holding Minnesota School of Business and Globe University accountable for defrauding students (pp. 22–23);
 - f. Holding manufacturers of insulin accountable for fraudulently misrepresenting the prices they receive for their products (p. 23);
 - g. Ensuring that Minnesotans take home every dollar they earn for every hour they work through our new Wage Theft division, which is working with the Department of Labor and Industry to enforce the State’s new wage-theft statute (p. 24);
 - h. Representing the interests of Minnesota ratepayers in proceedings in front of the Public Utilities Commission, with the goal of ensuring that Minnesotans pay fair utility rates (pp. 24–25);

- i. Joining two multi-state lawsuits against manufacturers of generic drugs for violations of state and federal antitrust laws (p. 26);
- j. Protecting Minnesota consumers against reduced competition, higher costs, and job losses in the proposed T-Mobile–Sprint merger (p. 26).

Organization of the Office of the Attorney General

The Office of the Attorney General helps the people of Minnesota afford their lives and live with dignity and respect. It is organized into five sections, each under the direction of the Solicitor General or a Deputy Attorney General: Civil Litigation, Regulatory Law and Professions, Government Legal Services, State Government Services, and Civil Law. The Solicitor General and Deputy Attorneys General report to the Chief Deputy Attorney General and the Attorney General. The Attorney General is the Chief Legal Officer of the State of Minnesota and reports to the people of Minnesota.

About this report

It would be nearly impossible to list in this report every area of work and every accomplishment of the Office of the Attorney General in FY 2019. For this reason, we provide representative examples of our work rather than a long list of case names. If you do not see directly reflected in this report any cases or bodies of work that interest or concern you, please let me know and I will be happy to brief you.

It has been my honor for the last nine months to serve the people of Minnesota as your Attorney General. During this time, I have valued open communication and transparency with all members of the Legislature. My door continues to be open to you and the members of your Committees and the houses in which you serve.

Sincerely,



KEITH ELLISON
Attorney General

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CIVIL LITIGATION

The Solicitor General division defends the duly enacted laws of the State of Minnesota; represents the State in employment and tort claims brought against the State; and provides legal representation to the Public Utilities Commission (“PUC”).

In each of these three areas, *a representative sample of some but not all* of the major current and future legal issues that the division has addressed in FY 2019 include:

Defending the duly enacted laws of the State

- ***Telescope v. Lucero et al.*** Filed December 6, 2016, this is a constitutional challenge to the Minnesota Human Rights Act. Plaintiffs own a videography business and would like to refuse to make wedding videos for same-sex weddings due to their religious convictions. Plaintiffs are represented by the Alliance Defending Freedom, which is litigating many similar cases across the country. Defendants argue the law is a neutral and generally applicable anti-discrimination law and it does not compel speech. The district court granted Defendants’ motion to dismiss. On August 23, 2019, the 8th Circuit reversed in part, affirmed in part, and remanded; the court directed the district court to consider whether entry of an injunction is warranted. Defendants announced on October 2, 2019 that they will not appeal to the 8th Circuit *en banc* or the U.S. Supreme Court; rather, they will defend the Act in district court where the 8th Circuit remanded it.
- ***Dr. Jane Doe et al, v. State of Minnesota et al.*** Filed May 29, 2019, this case raises a host of facial state constitutional challenges to more than a dozen statutes and regulations that relate to how abortions are provided and recorded in Minnesota, and one statute regarding the marketing of treatment for sexually transmitted infections. Plaintiffs include an anonymous doctor who provides abortions, a midwife who would like to be able to provide abortions, a religious organization, and a non-profit that provides access to abortions. On September 25, 2019, Defendants filed a motion to dismiss on the grounds that Plaintiffs have failed to plead their standing, Plaintiffs have failed to name the proper defendants, and six of Plaintiffs’ claims fail as a matter of law.

Employment and tort claims

Employment litigation often includes claims under the Minnesota Whistleblower statute, Family and Medical Leave Act, Fair Labor Standards, and claims of discrimination and harassment under federal and state anti-discrimination statutes. The division also provides legal representation to the State in lawsuits involving labor issues.

Tort claims against the State, its agencies, and employees, typically arise in the form of personal-injury and property-damage lawsuits. Claims include negligence, medical malpractice, defamation, infliction of emotional distress, assault and battery, excessive use of force, and violations of federal civil rights.

- ***Ronaldo Ligons and Barry Michaelson v. Minnesota Dep't of Corrections, Thomas Roy, Dr. David A. Paulson, M.D., Nanette Larson, Dr. D. Quiram, M.D., Dr. R. Hanson, M.D.*** Plaintiffs are inmates in the custody of the Minnesota Department of Corrections. Plaintiffs allege that they are candidates for medical treatment of their chronic Hepatitis C infections with newly-developed oral medications that could potentially cure their infections, and that the Department's decision not to administer treatment at early stages of the disease is unconstitutional. The parties have reached a settlement and the Court approved the parties' class settlement.

Public Utilities Commission

The division provides counsel to and defends the PUC when its decisions are challenged in the courts.

- ***In re Application of Enbridge Energy, Limited Partnership, for a Certificate of Need and a Routing Permit for the Proposed Line 3 Replacement Project in Minnesota from North Dakota Border to the Wisconsin Border*** Enbridge Energy has proposed building a 338-mile pipeline for crude oil that extends from the North Dakota–Minnesota border to the Minnesota–Wisconsin border to replace its existing Line 3 pipeline. After significant study, Line 3 passed three stages of regulatory review at the PUC: the final environmental impact statement (“FEIS”), the certificate of need (“CN”), and the route permit. Each of these stages is now or was on appeal.
 - The CN Order: This appeal is stayed pending further court order.
 - The Route Permit: This appeal is stayed pending further court order.
 - The FEIS Order: The Court of Appeals held the FEIS is inadequate and remanded to the Commission for further proceedings.

ENVIRONMENTAL & NATURAL RESOURCES

Attorneys in the Environmental & Natural Resources division (“E&NRD”) provide legal representation to various state agencies including the Minnesota Pollution Control Agency (“MPCA”), Minnesota Department of Natural Resources (“DNR”), Minnesota Department of Agriculture (“MDA”), Environmental Quality Board (EQB), Board of Water and Soil Resources (“BWSR”) and the Board of Animal Health (“BAH”).

E&NRD attorneys provide legal representation in matters arising out of the agencies’ and boards’ enforcement programs. The division provides legal representation to the agencies and boards in the state and federal district and appellate courts and at the Office of Administrative Hearings. E&NRD attorneys also defend the agencies and boards in state and federal district, appellate and administrative courts when parties bring actions challenging their programs or actions.

Below is a ***representative sample of some but not all*** of the legal work performed by the E&NRD for the agencies and boards during FY 2019:

- ***BFI Waste Systems of North America, LLC Permit Amendment*** Pursuant to Minn. Stat. § 473.848, Minnesota landfills are prohibited from disposing of Twin Cities Metro area (“Metro”) waste unless it has been certified as unprocessable, which can occur when the four resource recovery facilities (waste-to-energy incinerators) serving the Metro are full. After being found in violation of the applicable statutes, certain landfill operators filed legal challenges to the MPCA’s enforcement of the statutory scheme. E&NRD successfully defended the State’s statutory scheme, and the matter is now on remand for determination of whether the non-compliant landfills are subject to civil penalties.
- ***Fargo-Moorhead Flood Diversion Board of Authority*** The proposed Fargo-Moorhead flood diversion project has generated several related cases in federal district court and the Minnesota Office of Administrative Hearings. Through this litigation, E&NRD has assisted the DNR in securing significant improvements to the project that reduced adverse impacts on Minnesota and its residents, while protecting important separation-of-powers principles and preserving the State’s jurisdiction to regulate dam projects that impact Minnesota. E&NRD continues to represent DNR and the State in legal challenges to the present proposal for the project.
- ***Water Gremlin Company*** Water Gremlin (“WG”) owns and operates a lead metal fabrication facility in the City of White Bear Lake. E&NRD assisted the MPCA in obtaining a stipulated agreement relating to past air emissions violations, pursuant to which WG was ordered to pay a \$4,500,000 civil penalty. In August, E&NRD assisted MPCA in issuing an administrative order shutting down certain operations at WG based upon newly discovered violations of State and federal environmental laws. E&NRD continues to assist MPCA in ensuring WG is brought into compliance with applicable regulations.

E&NRD also provides legal representation to the Department of Administration, Land Exchange Board, BWSR, DNR, MPCA, Department of Revenue, and the Department of Transportation on various real estate matters, including various real estate acquisition, title, and land use matters, ownership of submerged lands, tax forfeitures, easements (including easements for wetland and habitat protection and wetland banking), probate proceedings, trusts, life estates, adverse possession, bankruptcy, boundary agreements, indemnification, deed restrictions, land registration, quiet title, road vacation, condemnation, declarations, protective covenants, local government fees charged against state-owned lands, and use of state bond-financed property.

REGULATORY LAW AND PROFESSIONS

TAX LITIGATION

The Tax Litigation division provides legal representation to the Minnesota Department of Revenue (“DOR”) in the Minnesota Tax Court and at the Minnesota Supreme Court, as well as the state and federal district courts and federal bankruptcy court. The division handles all tax types, including multimillion dollar corporate franchise tax claims and a high volume of complex sales and use tax cases. The division also provides legal representation and assistance to DOR and to other state agencies filing claims in bankruptcy court. Lawyers in the division also review and respond to dozens of foreclosure proceedings, quiet title actions, and other cases involving State interests. Below is a *representative sample of some but not all* of the legal work performed by the Tax Litigation division in FY 2019:

CASES RELATED TO PIPELINE VALUATION

The personal property of natural gas distributor companies is centrally assessed by the Commissioner of Revenue for county property-tax purposes, rather than being assessed by the county assessors for the multiple counties in which the pipeline is located. These cases pertain to the department’s unitary valuation of gas-distribution pipelines located in Minnesota. Unitary valuation cases involve extremely complex appraisal concepts and competing appraisals from experts retained by both sides. In utility-valuation cases, these taxpayers typically seek an approximate 30% reduction in taxable value. Any decrease in the department’s valuation will result in the affected counties refunding taxes.

- ***CenterPoint Energy Resources Corp. v. Commissioner of Revenue (2017-2018)*** CenterPoint Energy challenges the Commissioner’s 2017 valuation of its natural gas pipeline operating property. CenterPoint Energy alleges the property’s estimated market value is too high and that the property has been unequally assessed. CenterPoint Energy recently filed its appeal challenging the Commissioner’s value as of the January 2, 2018 assessment date. The Court has stayed this appeal pending the outcome of the decision in the appeal challenging the 2017 value.
- ***Enbridge Energy, L.P. v. Commissioner of Revenue (2015-2016)*** These consolidated matters involve challenges to the Department of Revenue’s 2015 and 2016 valuations of Enbridge’s oil pipeline system for property taxes payable in 2016 and 2017. The Tax Court issued a decision on June 25, 2019 in which it increased the taxable value of Enbridge’s pipeline property by approximately 5% in 2015 and by 3% in 2016. This equates to about \$3.4 million in additional tax owed by Enbridge. The decision is not yet final.
- ***Northern Natural Gas Company v. Commissioner of Revenue (2015-2016)*** Northern Natural Gas Company (“NNG”) is a natural gas transmission company with property in 60 Minnesota counties. NNG filed an appeal in Minnesota tax court objecting to the Commissioner’s 2015, 2016, 2017, and 2018 valuations. The appeals of the 2015 and 2016

valuations were consolidated and tried in August 2018. The Minnesota Tax Court issued its decision as to the assessment dates in 2015 and 2016 on January 30, 2019. In its decision, the Minnesota Tax Court determined values of each assessment date that are substantially lower than the Commissioner's value. The appeal of the Commissioner's 2017 and 2018 valuations have also been filed. The tax court issued an order on January 8, 2019 consolidating the 2017 and 2018 appeals and staying the consolidated cases until the tax court issues its trial decision of the 2015 and 2016 appeals.

The cases below are representative examples of the challenges the State has faced in keeping up with rapidly changing tax innovation and tax planning, and reflect the need for the State to adapt to advancing technology.

- ***YAM Special Holdings, Inc. v. Commissioner of Revenue*** [Note that YAM Special Holdings is the entity formerly known as The Go Daddy Group, Inc.] This is a corporate franchise tax case assessing tax in the amount of \$1,797,426 for the period January 1, 2009 through December 31, 2011. Appellant raises three issues involving losses from foreign entities, Appellant lacked sufficient nexus with the State, and whether Appellant's income is not subject to Minnesota taxation as nonbusiness income. Oral argument on cross-motions for summary judgment took place in March, 2019. The tax court entered a non-final order denying both cross-motions in June, 2019 and granting the parties 120 days to supplement the record.
- ***Airbnb v. Commissioner of Revenue*** This is a case pursuant to Minnesota Statutes, chapter 297A, as it pertains to accommodations intermediaries, in the amount of \$12,814,230.69 in tax, interest, and penalties, for the period January 1, 2012 through September 30, 2018. Appellant contends it is not subject to the tax in Minnesota Statutes, section 297A.62, subdivision 1, because it does not make retail sales as specified in section 297A.61, subdivision 3(g)(2) and subdivision 4, nor is it an "accommodations intermediary" as set forth in section 297A.61, subdivision 47. Appellant also contends it lacks nexus with Minnesota.
- ***A Place for Rover, Inc. v. Commissioner of Revenue*** This is a sales and use tax case pursuant to Minnesota Statutes, chapter 297A, in the amount of \$792,893.39 in tax, penalties, and interest for the periods March 2015 through September 2018. Rover asserts that it provides an online marketplace platform which allows providers of various pet-care services to engage in transactions with pet owners who desire to purchase those services. Rover argues that DOR cannot exercise jurisdiction over it, and further that it does not make sales in Minnesota that are subject to tax.

OCCUPATIONAL LICENSING

The Occupational Licensing Division represents Minnesota's 16 health-related licensing boards, the Emergency Regulatory Services Board, and the Health Professionals Services Program in litigation and administrative actions related to their licensure and regulatory oversight of healthcare providers. The division also provides legal advice to its clients as requested. Below is a ***representative sample of some but not all*** of the legal work performed by the Occupational Licensing Division in FY 2019:

- ***In the Matter of Insys Therapeutics*** This is a Board of Pharmacy case involving alleged kickbacks paid to physicians in the marketing of opioids. The case is currently pending before Minnesota's Office of Administrative Hearings, Hennepin County District Court, and Bankruptcy Court in Delaware. Insys allegedly paid bribes to doctors in Minnesota and nationwide in the form of payments for a speaker program to induce them to prescribe the opioid Subsys, sometimes without medical justification. Legal actions were brought on behalf of Pharmacy at the Office of Administrative Hearings and in Hennepin County District Court in May 2019. Shortly thereafter, Insys filed for bankruptcy in Delaware in June 2019. The Board of Pharmacy and multiple states and municipalities are continuing to litigate and seek resolution.
- ***In the Matter of the Chiropractic License of Adam John Burke, D.C.*** On or about February 1, 2007, the Board of Chiropractic Examiners issued Burke a license to practice chiropractic in Minnesota. On December 27, 2017, a jury in U.S. District Court, District of Minnesota found Burke guilty of conspiracy and twelve counts of mail fraud. From at least 2012 through approximately December 2015, Burke, participated in a scheme with others to defraud automobile insurance companies by submitting claims and receiving reimbursements through his chiropractic clinic for chiropractic services that either were not medically necessary or were not rendered. To induce patients to show up to chiropractic appointments for medically unnecessary services, Burke made illegal payments to patient recruiters, known as "runners," typically paying each runner \$1,000 to \$2,000 per automobile accident patient, to bring those patients to his clinic for services, often withholding those payments until the patients had attended a minimum threshold number of treatment sessions. Shortly before trial, Burke signed a Stipulation and Consent Order for a revocation of his license for at least 20 years.
- ***In the Matter of Jerry K. Brunsoman, D.D.S.*** This Office submitted an investigative report to the Board in May 2017, revealing that Brunsoman engaged in problematic practices, including failing to keep a controlled substance log, losing track of several bottles of Vicodin from the office supply, engaging in a sexual relationship with a staff member who also received his dental services, and practicing outside the scope of his training. Following initiation of a contested case at OAH, the matter was settled with a stipulation and order issued on July 13, 2018, requiring Brunsoman to surrender his DEA license, prohibiting him from prescribing any controlled substances, requiring a psychological fitness for duty evaluation, along with other conditions.

GOVERNMENT LEGAL SERVICES

ADMINISTRATIVE LAW DIVISION

The Administrative Law division provides legal representation to the Departments of Administration, Commerce, Employment and Economic Development, Minnesota Management and Budget, Labor and Industry, and the Minnesota Housing Finance Agency, the Iron Range Resources and Rehabilitation Board, Minnesota State Board of Investment, Minnesota executive branch officials, and many other boards, agencies, councils, and commissions. The division also provides legal representation to the Minnesota State Colleges and Universities System and other state agencies in contract, lease, and other transactional matters. Below is a ***representative sample of some but not all*** of the work performed by the Administrative Law division in FY 2019:

- ***In re Petition of the State of Minnesota for an Order Compelling Payment of Settlement Proceeds Related to ITG Brands, LLC*** The Office represents the State in a suit to enforce its right to receive annual settlement payments on any cigarettes sold by the settling defendants of the State's historic 1998 tobacco settlement and their successors and assigns. The suit arises out of a 2015 asset sale pursuant to which settling defendant R. J. Reynolds transferred certain cigarette brands to ITG Brands in order to avoid antitrust concerns with a related merger between Reynolds and Lorillard. After the brand transfer, Reynolds took the position that it was no longer required to include sales on the transferred brands in its settlement payment calculations. ITG Brands also refused to make payments on the transferred brands. The State sued to hold Reynolds and ITG jointly liable for settlement payments on the transferred brands based on language in the settlement agreement that binds the settling defendants and their successors and assigns. On September 24, 2019, the district court entered an order holding that Reynolds remains liable for payments on the transferred brands, and directed further proceedings concerning ITG's liability. The State stands to recover tens of millions of dollars in additional settlement payments if the litigation concludes successfully.
- ***Timothy Hall, Jr., et al. v. State of Minnesota*** In this putative class action, Plaintiffs challenged the constitutionality of Minnesota's unclaimed property laws. In an interlocutory appeal, the Minnesota Supreme Court held that the laws provide due process and only result in a taking when the Commissioner fails to pay interest on interest-bearing property that was transferred to the state. On remand, Plaintiffs amended the complaint so that only a single plaintiff's taking claim remained and then moved for class certification. The unclaimed property laws were amended, effective August 1, to require the payment of interest on interest-bearing unclaimed property and dividends on stock. While Plaintiff's class certification motion was pending, the parties mediated and settled. In exchange for a dismissal of the case and a release from the remaining plaintiff, the Department paid her \$420 in interest and paid \$450,000 in attorneys' fees and costs (of the \$2,237,000 claimed). In addition, the Department will send claim-notice letters or emails to unclaimed-property claimants who were paid claims between March 8, 2012 and July 31, 2019 and may be

entitled to interest or dividends. It will then pay any valid claims made. The Department will also post notices of claimants' rights to interest on its website and claim form. Based on the parties' stipulation, the judge ordered dismissal on July 3, 2019. This Office is continuing to advise Commerce and communicate with opposing counsel regarding compliance with the settlement agreement.

- ***Andrew Cilek, et al. v. Office of the Minnesota Secretary of State, et al.*** This Office is representing the Secretary of State in litigation regarding whether Minnesota Voters Alliance and its executive director, Andrew Cilek, have a right to access nearly all data in the voter-registration database. The district court and court of appeals held that the data they seek are public, and the case is now at the Supreme Court. Arguments will be heard on November 5, 2019.

SCHOOLS & HIGHER EDUCATION DIVISION

The Schools & Higher Education division provides legal representation to the State's complex and varied educational system, handling most student and some faculty and staff-related matters for the Minnesota State Colleges and Universities (Minnesota State) system of 37 separate colleges and universities. In addition to providing legal representation to the numerous Minnesota State campuses, the division also provides legal representation to the Minnesota Department of Education, the Office of Higher Education, the Perpich Center for Arts Education, the State Academies and the State pension boards. Below is a ***representative sample of some but not all*** of the legal work performed by the Schools & Higher Education division in FY 2019:

- ***Alejandro Cruz-Guzman, et al. v. State of Minnesota, et al. and Higher Ground Academy, et al.*** This is a class action lawsuit brought in November 2015 against the State, the Minnesota Senate, the Minnesota House, the Minnesota Department of Education, and its Commissioner alleging the education that the school children in the Minneapolis and Saint Paul Public Schools receive is inadequate and discriminatory on the basis of race and socioeconomic status (poverty and free lunch). Certain charter schools have intervened as defendants. The case has been remanded to the district court following an appeal to the Minnesota Supreme Court. The parties have participated in numerous mediation sessions beginning in March 2019 and ongoing through October.
- ***Portz, et al. v. St. Cloud State University/Minnesota State*** Five members of the women's tennis team filed a class action complaint in federal court alleging Title IX and Equal Protection violations in the wake of the University's decision to eliminate six (four men's and two women's) sports teams. Subsequently, the second women's team (Nordic skiing) joined the lawsuit. The case was tried before Chief Judge Tunheim from November 26 - December 4, 2018. The Court ruled for Plaintiffs on August 1, 2019. SCSU appealed the decision to the 8th Circuit.
- ***NAACP by its St. Cloud Unit of the Minnesota Conference, et al. v. Tim Walz*** This Office is representing Governor Walz, Commissioner of Education Mary Cathryn Ricker, the Minnesota Senate, and the Minnesota House of Representatives in connection with a lawsuit

that challenges Minnesota's educational funding system under the Education and Equal Protection Clauses of the Minnesota Constitution. On September 4, 2019, the Court denied Plaintiff's motion for preliminary injunction to seek monetary and other relief and granted Defendants' motion to dismiss on all grounds. Plaintiff has until November 4, 2019, to appeal to the Court of Appeals.

STATE AGENCIES DIVISION

The State Agencies division provides legal representation to the Departments of Corrections, Employment and Economic Development, Health, Human Rights, Labor and Industry, Veterans Affairs, the Client Security Board, and the Bureau of Mediation Services. Below is a *representative sample of some but not all* of the legal work performed by the State Agencies division in FY 2019:

- **Client Assistance with Maltreatment Cases** The division represents the Minnesota Department of Health ("MDH") and its Office of Health Facility Complaints. A significant amount of work in the past fiscal year involved defending MDH's prior determinations that individuals or health care facilities violated the Vulnerable Adults Act by neglecting, abusing, or financially exploiting vulnerable adults. There has been a substantial increase in the volume of maltreatment litigation in the past few years, as MDH has been working through a reported backlog of complaints. The division expects to provide increased legal representation to MDH in the future, in part because recent legislation expanded MDH's authority to regulate assisted living facilities.
- **Chappy's Golden Shores** In related litigation, division staff successfully represented MDH in administrative proceedings to immediately suspend the home care license of Chappy's Golden Shores by proving that Chappy's placed the health and safety of vulnerable adults in imminent risk of harm. Division staff also obtained a temporary restraining order in district court to prevent Chappy's from operating without a license. The Attorney General's Office later brought criminal charges against Chappy's employees, based upon the Office's own investigation.
- **Constitutional Challenge to Radon Statute: *Standard Water Control Systems, Inc. v. Jan Malcolm, et al.*** In 2015, the Legislature enacted the Minnesota Radon Licensing Act (Minn. Stat. § 144.4961), requiring licensing of radon mitigation professionals. The Act also requires all new radon mitigation systems to have a radon mitigation system tag from MDH. The Act will protect citizens from being adversely affected by unqualified contractors. A radon mitigation company and a trade group sued MDH, arguing that a portion of the Act violates the equal protection and due process clauses of the Minnesota Constitution. Division staff recently filed MDH's motion for summary judgment, seeking dismissal of the lawsuit.
- **Labor Standards Enforcement Action: *In the Matter of Minnesota Living Assistance, Inc., d/b/a Baywood Home Care*** Division staff represented the Department of Labor and Industry ("DOLI") in an administrative proceeding to enforce the Minnesota Fair Labor Standards Act. The Minnesota Supreme Court ruled in DOLI's favor, holding that employees were entitled to overtime wages.

TRANSPORTATION DIVISION

The Transportation division provides legal representation to the Minnesota Department of Transportation (“MnDOT”). A large part of the division’s work involves eminent domain litigation. In addition, the division provides legal advice to MnDOT and other state agencies involved in construction projects and provides legal representation to the State when contractors, subcontractors, or third parties sue the State on construction-related matters. The division also protects taxpayers by filing claims on behalf of MnDOT against entities that perform defective work, fail to pay employees legally mandated wages, or otherwise fail to comply with contractual requirements.

The division advises client agencies on the legal ramifications of proposed activities and development projects, assists State agencies in real estate transactions and evaluates and attempts to resolve claims before litigation arises.

Below is a *representative sample of some but not all* of the legal work performed by the Transportation division in FY 2019:

- ***State of Minnesota, by its Commissioner of Transportation v. Laurel Hill, LLC*** This is a multi-parcel, high-dollar eminent domain case arising from a project to improve Highway 610 in Maple Grove. MnDOT acquired 8 acres from a large tract of development land. MnDOT and the landowner disagreed as to just compensation. In December 2017, the commissioners awarded \$2.875 million to the landowners. In January 2018, MnDOT appealed the award for de novo jury trial. Before trial, the parties settled the matter for \$2.6 million.
- ***State of Minnesota, by its Commissioner of Transportation v. Colin J. Aune, et al.*** The district court will decide whether a landowner is entitled to recover more in attorney fees than he actually paid under a contingent fee agreement. This is an issue that may impact all condemners as it involves attorney fees, which has been the subject of considerable appellate review in the last year, including a case this Office prevailed on at the Minnesota Supreme Court on March 20, 2019 that affirmed application of the “lodestar” method to calculate attorney fees in condemnation cases. The landowner moved for costs and attorney fees on August 19, 2019. The district court heard the motion on September 16, 2019, and took the matter under advisement.
- ***Rosemary R. Elbert, et al. v. State of Minnesota, by its Commissioner of Transportation*** The Minnesota Supreme Court will review how the right of access is treated under Minnesota law vis-à-vis constitutional just compensation. Oral argument before the court is set for November 6, 2019.

STATE GOVERNMENT SERVICES

TRIALS AND APPEALS

The Trials and Appeals division provides prosecutorial assistance to county attorneys and local law enforcement agencies in prosecuting serious crimes and in the civil commitment of dangerous sex offenders. In addition, the division provides training for police officers and prosecutors.

The division assists counties in the prosecution of serious crimes in trial courts throughout Minnesota when requested by a county attorney.

Division attorneys also provide assistance to county attorneys in civil commitment hearings involving dangerous sexual predators, upon the request of the county attorney. When a county attorney decides to proceed with a civil commitment petition, division attorneys assist the county attorney in preparation of the commitment petition, handling of pre-trial matters, and the handling of the commitment hearing and any appeal. The division also provides legal assistance to the Advisory Committee on the Rules of Civil Commitment.

The division's attorneys assist counties in numerous cases in which civilly committed sexual predators filed motions to vacate their commitments. As the population of committed sexual predators increases, the number of petitions for habeas corpus and such motions from the Department of Human Services' regional treatment centers continues to grow.

The division's attorneys also assist the Department of Corrections in administrative hearings required by the Community Notification Act when a registered sex offender challenges the Department of Corrections' assessment of the offender's level of danger upon release from incarceration. Each month, the division handles numerous such cases, which affect the type of notice given to the community in which the sex offender will be released. The division also advises the BCA in registration issues and DNA collection issues, and the Department of Corrections on community notification issues.

Additionally, the division trains law enforcement officers and prosecutors throughout the state on such topics as: sex offender commitments, predatory offender registration, stalking and harassment laws, child exploitation laws, narcotics investigations, search and seizure, suspect interrogation, evidence, working with grand juries, trial advocacy, and appeals.

The division provides assistance to county attorneys in felony appeals. The cases handled in FY 2019 involved, among other crimes, murder, sexual assault, drug distribution and manufacturing, child sexual abuse, and felony assault.

The division also handled federal habeas corpus petitions challenging state-court convictions for non-metro counties during FY 2019. Attorneys in the division appeared on behalf of the State on multiple habeas petitions in federal district court and three in the Eighth

Circuit Court of Appeals in FY 2019. Attorneys also assisted prosecutors in responding to federal habeas petitions challenging state court convictions.

Appellate attorneys assisted prosecutors by providing legal research and preparing legal memoranda, and assisted local prosecutors with legal questions. Below is a ***representative sample of some but not all*** cases prosecuted by the Trials and Appeals division in FY 2019.

- ***State of Minnesota v. Tracy Brant*** (Wilkin County) Brant was convicted of second-degree felony murder for the beating death of Winter Barker, who was just three years of age at the time of his death. Brant was sentenced to serve 300 months in prison.
- ***State of Minnesota v. Devon Pulczynski*** (Pennington County) A grand jury indicted Pulczynski on one count of premeditated murder, one count of second-degree intentional murder, and one count of arson for choking a woman to death and setting fire to his home in an attempt to conceal the murder.
- ***State of Minnesota v. Scott Engelbrecht*** (Watonwan County) Engelbrecht shot and killed his wife after an argument in their home. He then pursued his wife's adult daughter to a nearby home, where she went to call for help, and shot her to death on the front porch. Engelbrecht is charged with two counts of premeditated murder. The case is scheduled for trial on October 28, 2019.
- ***State of Minnesota v. Dylan Bennett*** (Todd County) On August 19, 2019, Dylan Bennett shot and killed his parents in their home outside of Long Prairie. He fled to Mexico. The bodies were found on August 21. Bennett is currently charged by complaint with two counts of intentional second-degree murder. The matter is currently scheduled for an omnibus hearing on Monday, October 28.

MEDICAID FRAUD

The Medicaid Fraud division is a federally-certified Medicaid Fraud Control Unit ("MFCU") that prosecutes health care providers committing fraud in the delivery of the Medical Assistance ("Medicaid") program. The Minnesota Department of Human Services administers the Medicaid program in Minnesota. The Surveillance and Integrity Review Section ("SIRS") at the Minnesota Department of Human Services is responsible for investigating fraud in Medical Assistance program. SIRS can then refer cases for prosecution.

The division prosecutes health care providers who participate in the state's Medicaid program, and who submit false claims for reimbursement. Two of those provider-types, Personal Care Assistants ("PCAs") and Personal Care Provider Organizations ("PCPOs"), have disproportionately engaged in fraudulent billing practices. Typical schemes include billing for services not provided, billing for authorized units rather than actual units provided, billing for registered nurse ("RN") services when there is no RN employed by the agency, providing group care but billing as if one-to-one care is provided, and using identities of individuals not employed by the agency, as if they are employees. Some fraud cases have a criminal neglect component because the recipient's condition is compromised due to lack of care.

The Medicaid Fraud division also intervenes in civil lawsuits under the Minnesota False Claims Act.

Below is a *representative sample of some but not all* cases prosecuted by the Medicaid Fraud division in FY 2019.

- ***Olson, Theresa and Keith d/b/a Chappy's Golden Shores et al.*** In September 2019, the Office's MFCU charged ten Minnesotans with a collective 76 counts of manslaughter, assault, neglect, racketeering, theft, operating a comprehensive home care facility without a license, concealing the proceeds of these crimes, perjury, and obstructing the State's criminal investigation. The defendants include the owner, managers, and employees of Chappy's Golden Shores in Hill City. The State alleges that the defendants:
 - Subjected multiple residents to neglect by failing to provide them with proper health care, supervision, food or shelter, which resulted in the death of one of Chappy's residents;
 - Bilked the Medicaid program of over \$2.1 million by billing for health care services that did not occur or were not covered by the Medicaid program;
 - Continued to house former Chappy's residents after Chappy's license was suspended and provided those residents with unlicensed health care services;
 - Engaged in an extensive and coordinated effort to conceal evidence of fraud and maltreatment, falsify records in response to State investigations and convince potential witnesses to provide false or misleading answers to State investigators; and
 - Concealed the proceeds of their financial crimes through business bank account withdrawals and property transfers.

All defendants have been charged in Aitkin County District Court.

- ***State of Minnesota v. Lillian Richardson, et al.*** Lillian Richardson was convicted of Medicaid fraud in 2012 and excluded from participation in all federal health care programs by the United States Department of Health & Human Services and the Minnesota Department of Human Services. From 2013 to 2017, Richardson managed and controlled the operations of five personal care assistant (PCA) agencies enrolled in the Medicaid programs in the names of family members and associates. The agencies used the same or similar fraud schemes as those used by Richardson at her previous fraudulent agency: billing for PCA services that were not provided and non-covered PCA services. Richardson and her co-defendants also coordinated kickback agreements between recipients and PCAs. The agencies collectively received over \$7.7 million in Medicaid funds.

Since July 2017, the Office's MFCU has charged 14 defendants with a total of 110 felonies in this case. Eleven defendants have pled guilty to felony theft, received up to 365 days in jail, were placed on felony probation and ordered to pay restitution of \$4 million. One of the

defendants' registered nursing license was revoked by the Minnesota Board of Nursing as a result of this case. One case has not yet resolved.

Richardson and her sister, Bridgett Burrell, took their cases to trial. In February 2019, both were convicted of all charges and ordered to pay full restitution (\$7.7 million). This represents the largest Medicaid fraud case ever in State court. Richardson was sentenced to 110 months in prison and Burrell was sentenced to 74 months in prison. Both Richardson and Burrell have appealed their convictions.

PUBLIC SAFETY

The Public Safety division provides legal representation to the Minnesota Department of Public Safety (DPS) at thousands of implied consent hearings each year in which drivers contest the revocation of their driver's license due to an arrest for driving while impaired by alcohol or controlled substances. In FY 2019, the division handled district court actions the resolution of which results in approximately \$3 million in driver's license reinstatement fees owing to state government.

The division provides legal services to DPS and its various divisions including the Minnesota State Patrol, the Minnesota Bureau of Criminal Apprehension, the State Fire Marshal's Office, the Office of Pipeline Safety, the Office of Homeland Security and Emergency Management, the Office of Traffic Safety, the Alcohol and Gambling Enforcement Division, and the DPS Driver and Vehicle Services Division.

The division also provides legal representation to state boards and commissions including the Gambling Control Board, the Minnesota Racing Commission, and the Private Detective and Protective Agent Services Board. These entities issue thousands of licenses and conduct numerous investigations each year, which may result in contested case hearings requiring legal representation from this division at the Office of Administrative Hearings, or in state district and appellate courts. The division provides legal representation to the Minnesota Racing Commission in appeals from commission licensing decisions and disciplinary action taken against horse owners, trainers, and jockeys, and has also provided legal representation to the commission at the Minnesota Court of Appeals. The division also provides legal representation to the Gambling Control Board and the Private Detective and Protective Agent Services Board in appeals from the boards' licensing decisions and disciplinary actions.

In FY2019, division attorneys handled more than 4,000 district court proceedings and associated appeals challenging the revocation, cancellation, withdrawal, and disqualification of driving privileges under various provisions of Minnesota law.

Below is a ***representative sample of some but not all*** of the legal work performed by the Public Safety division in FY 2019:

- One of the current legal issues involves the division's defense against voluminous motions for additional discovery in implied consent cases where drivers are requesting the source code of the breath testing instrument utilized by law enforcement throughout the state. Attorneys also defended the state against constitutional and statutory challenges in Minnesota

appellate courts. In a representative case that is pending before the Court of Appeals, *Rosenbush v. Comm'r of Pub. Safety*, division attorneys responded to a driver's claim that she had the right to consult with an attorney before officers executed a warrant for a blood sample during a DWI investigation. Division attorneys represented state commissions at the Office of Administrative Hearings, including at contested case hearings. Division attorneys also defended the Department of Public Safety at a jury trial. In *Interstate Truck Driving School v. Donald Hoechst, et al.*, the plaintiff alleged a due process violation, and division attorneys received a favorable jury verdict that awarded no damages.

- ***Jennifer Marie Rosenbush v. Commissioner of Public Safety*** This is an appeal of an implied consent matter where Appellant argued that she should have been given an opportunity to consult with counsel prior to law enforcement executing a warrant for a blood sample in a DWI arrest pursuant to Minn. Stat. § 171.177. This matter, and several others, were stayed at the MN Court of Appeals pending the outcome of *State v. Rosenbush* at the MN Supreme Court. On July 10, 2019, the Supreme Court held that a driver who was asked to submit to a blood test pursuant to a warrant did not have the right to counsel. The Office is currently briefing post-Rosenbush cases that were stayed at the Court of Appeals.

CONSUMER SERVICES AND PUBLIC SERVICES DIVISIONS

The Consumer Services and Public Services Divisions serve two primary functions. First, they answer calls from people, businesses and other organizations who call the consumer assistance hotline. Staff members are often able to answer questions and provide information over the phone, talk through consumer-related problems, and assist people in locating other government agencies that may be able to help address their concerns. In FY 2019, the Consumer Services and Public Services Divisions answered more than 75,000 calls from the public. Some of the topics people call about include health care, housing, credit reports, and utilities. Second, the Consumer Services and Public Services Divisions help Minnesota residents informally resolve thousands of complaints with businesses and other organizations each year. Through their efforts, the divisions often eliminate the need for costly and time-consuming litigation for all parties. In FY 2019, the Consumer Services and Public Services Divisions saved or returned more than \$4 million to the public.

Below is a ***representative sample of some but not all*** of the work performed by the Consumer Services and Public Services Divisions in FY 2019:

- The divisions helped a Minnesota resident who lost her insurance because her employer did not pay its portion of the insurance premiums. The resident gave birth to a child in a hospital without insurance and incurred a bill of approximately \$14,000 that she could not afford to pay. The divisions mediated the problem with the hospital, which agreed to waive her bill, saving the resident approximately \$14,000.
- The divisions assisted a Minnesota resident whose insurance claim was incorrectly categorized, which led to her being pursued for an out-of-pocket bill of more than \$10,000. After the divisions mediated the problem with the resident's insurance

company, it correctly categorized the claim and paid the full amount remaining on it, saving the resident over \$10,000.

- The divisions helped a Minnesota resident who had fallen behind on her mortgage payments due to a previous loss of work. Because the resident had regained employment, her mortgage servicer told her that she did not qualify for a mortgage modification and had to pay the arrears in full, which she could not afford to do. The divisions mediated the problem with the resident's mortgage servicer, after which it offered her an affordable payment plan on the arrears and a permanent modification to her mortgage that allowed her to stay in her home.

HUMAN SERVICES

The Human Services division provides litigation services and legal counsel to the Minnesota Department of Human Services (DHS), the state's largest agency. Division attorneys provide legal services to DHS in the four broad areas of Health Care, Children and Family Services, Mental Health, and Licensing.

HEALTH CARE

Division attorneys in the health care area handle matters concerning Minnesota Health Care Programs (MHCP), continuing and long-term care, health care compliance, and benefit recovery. MHCP includes Medical Assistance and MinnesotaCare, which together cover approximately 1.2 million Minnesotans. In continuing care, division attorneys provide legal representation to DHS on matters concerning autism services, aging and adult services, disability services, medical assistance, and personal care assistance. In the compliance and recovery area, division attorneys handle health care compliance matters and recover payments for health care services from providers, responsible third-parties, and estates.

CHILDREN AND FAMILY SERVICES

Division attorneys in the children and family services area handle legal issues relating to public assistance programs, child support, and child protection matters. Public assistance programs include the Minnesota Family Investment Program, the General Assistance program, the Minnesota Supplemental Aid program, the Federal Supplemental Nutrition Assistance Program ("SNAP," formerly called Food Stamps) and Group Residential Housing. Division attorneys provided legal representation to DHS in litigation contesting the operation of these programs. In child protection, attorneys provide legal representation to DHS in matters concerning children's welfare, adoption, foster care, guardianship, tribal issues, and other matters.

MENTAL HEALTH

Division attorneys in the mental health area provide legal representation to DHS's adult and children's mental health programs, chemical dependency programs, state operated treatment facilities and forensic services, which include regional treatment centers, state operated community facilities, children's and adolescent behavioral health centers, the Minnesota Security Hospital (MSH), and the Minnesota Sex Offender Program (MSOP). Division attorneys represent DHS's interests in a broad spectrum of litigation including Jarvis/Price-Sheppard hearings to authorize forced neuroleptic medication and/or electroconvulsive therapy; Judicial Appeal Panel court trials involving petitions for discharge from persons civilly committed as mentally ill and dangerous, sexually dangerous persons, or sexual psychopathic personalities; Section 1983 civil rights actions in state and federal district and appellate courts; petitions for Writ of Habeas Corpus in state and federal courts; as well as providing legal advice to state-operated facilities administration and staff.

LICENSING

Division attorneys provide legal representation to the DHS Licensing division in maltreatment cases (abuse, neglect, and financial exploitation) involving personal care provider organizations and programs licensed to provide adult daycare, adult foster care, child foster care, child care, and services for mental health, developmental disabilities, and chemical health. Division attorneys appear in administrative proceedings and district and appellate courts seeking to uphold disqualifications of individuals providing services in programs licensed by DHS, respond to expungement petitions in district court to preserve judicial and administrative records for disqualification, and also appear in administrative proceedings and appellate courts to uphold licensing actions against programs licensed by DHS.

The following is a *representative sample of some but not all* legal work performed by the Human Services division in FY 2019:

- ***Murphy, et al. v. Minnesota Department of Human Services and Jodi Harpstead*** This is a case related to disability waiver services and what the plaintiffs refer to as "individualized housing options."
- ***Zayna Shire, et al. v. Jodi Harpstead*** involves DHS's use of its authority to withhold payment when it finds a credible allegation of fraud. The district court dismissed the case against DHS, and Shire appealed.
- ***David Pfoser by Fiduciary Services of Minnesota, Inc. v. Minnesota Department of Human Services and Dakota County Human Services*** Appellant, a nursing home resident receiving medical assistance benefits, placed proceeds from the sale of his house into a pooled trust and appealed the imposition of a transfer penalty. On April 3, 2019, the district court reversed the assessment of the transfer penalty, concluding that Mr. Pfoser received fair market value for the transfer. Oral argument is scheduled for October 16, 2019.
- ***Kimberly Watso, et al. v. Jodi Harpstead*** Plaintiff, the mother of two Indian children, custody of whom was adjudicated in tribal court, alleged that DHS' Indian Child Welfare Manual inaccurately instructs counties on referring Indian child welfare proceedings to tribal

court because the instruction is inconsistent with the Indian Child Welfare Act (“ICWA”) at 25 U.S.C. § 1911. Plaintiff wanted the court to order that the Manual require every child custody proceeding involving an Indian child to begin in state court, with transfer to tribal court possible only if both parents do not object. The district court dismissed the case, holding that ICWA did not require an initial state court proceeding in child custody matters involving Indian children. The Eighth Circuit affirmed on July 14, 2019, and the plaintiff’s deadline to file a *certiorari* petition to the United States Supreme Court was October 14, 2019.

CIVIL LAW

CHARITIES

The Charities division serves a number of functions. First, it oversees and regulates charities, charitable trusts, and other nonprofits active in Minnesota pursuant to the Office's authority under statute and common law. Second, the division enforces state charitable solicitation, charitable trust, and nonprofit laws. Third, the division maintains a public registry of charities, charitable trusts, and professional fundraisers that operate in the State for transparency purposes.

The Charities division enforces and administers laws relating to charities and other nonprofits. By statute, the Attorney General's Office also receives notice of certain private trust and probate matters filed in the district courts that affect charitable beneficiaries/interests. The division received and reviewed approximately 182 such notices last fiscal year. When necessary, the division acts to protect charitable assets and represents the interests of charitable beneficiaries that might otherwise be unable to represent themselves in these court proceedings.

The division also receives notice of the dissolution, merger, consolidation, conversion, or transfer of all or substantially all assets of Minnesota nonprofit corporations. It received approximately 159 such notices last fiscal year. The division reviews these notices to ensure that charitable assets are protected during these transactions and used for the purposes for which they were solicited and held.

Additionally, the Charities division responds to complaints about nonprofits and charities, and investigates allegations of fraud, misuse of funds, and other wrongdoing by such organizations. Depending on the circumstances, these investigations can lead to formal legal action, are resolved by working with nonprofit boards to bring them into compliance with the requirements of Minnesota law, or are referred to other government officials and agencies.

The division brings suit against organizations that commit charitable solicitation fraud or otherwise violate the State's charities and nonprofit laws. Through the enforcement of laws governing nonprofit and charitable organizations, the Charities division helps combat fraudulent solicitations, deter fraud in the nonprofit sector, educate the public about charitable giving, and hold nonprofit organizations accountable for how they raise, manage, and spend charitable assets.

Minnesota law requires charitable organizations and professional fundraisers to register and file annual reports with the Attorney General's Office. In the last fiscal year, approximately \$664,781 in registration-related fees were deposited into the State's general fund. At present, the division has registered and is maintaining public files for more than 11,700 soliciting charitable organizations, more than 2,840 charitable trusts, and 396 professional fundraisers. The charitable organizations and charitable trusts that the division regulates held more than \$510 billion in assets, and had \$223 billion in total revenue the prior year. The information from

these files permits the donating public to review a charitable organization's financial information, allowing for greater transparency and more informed giving. The information is made available to the public in summary form on the "Charities" page of the Attorney General's website regarding charities, in its entirety on the website regarding professional fundraisers, and in its entirety at the Attorney General's Office regarding all registered organizations.

The following is a *representative sample of some but not all* legal work performed, including investigations and lawsuits brought or resolved, by the Charities division in FY 2019:

- ***State of Minnesota v. American Federation of Police and Concerned Citizens ("AFPCC")*** AFPCC is a Florida charity that solicits millions of dollars each year nationwide. It allegedly engages in solicitation deception by, among other things, misrepresenting to potential donors that it is fundraising only for the charitable program of helping police families, when the vast majority of its program expenses relate to sending mailers. The charity also abuses an accounting tactic to make their charitable programs look bigger than is actually the case. This Office entered into a Consent Judgment with AFPCC resulting from a prior 1996 lawsuit for solicitation deception and filing false documents with this Office. This Office served a Civil Investigative Demand ("CID") on AFPCC in January of 2017, and spent nearly a year attempting to get important documents, such as emails, its general ledger, and Minnesota donor information. We brought a Petition to Compel compliance with our CID in Ramsey County District Court in November 2017. The email and general ledger issues were resolved between the parties, and the AGO substantially prevailed on the donor list issue. We sued AFPCC for solicitation deception and financial misreporting violations on October 10, 2018. This Office recently filed a summary judgment motion with the Court on September 26. The hearing on this motion is currently scheduled for December 4.
- ***In the Matter of Praying Pelican Missions*** This case came to the AGO's attention through a whistleblower complaint. PPM is a Minnesota charity that had over \$7 million in revenue in 2016. A complaint filed with this Office in fall 2016 by PPM's then financial director raised questions about the misuse of charitable assets and lack of board oversight as to whether PPM's board, under the direction of its executive director and president Matt Pfingsten, breached their fiduciary duties by using almost one million dollars of the charity's assets for the benefit of a for-profit enterprise solely owned by Mr. Pfingsten, allowing Mr. Pfingsten to sell the enterprise at a substantial loss, and discharging any repayment obligations by Mr. Pfingsten. This Office filed the Assurance of Discontinuance on September 9, removing its former leadership and overhauled its governance policies and procedures.
- ***Nonprofit HMO Conversions*** In 2017, Minnesota was the last state in the nation to pass a law permitting nonprofit HMOs to "convert" and operate as for-profit companies. Given their billions in assets, this resulted in the risk of significant charitable assets being dissipated or misused during any "conversion" to a for-profit HMO. Indeed, the history of HMO conversions in other states is one plagued by conflicts of interest and executives of the HMO securing themselves golden-parachute separation packages involving the misuse of nonprofit assets. As the Attorney General's Office is the primary overseer of nonprofits in Minnesota, it advocated for the legislature pass a robust "conversion law" during the 2017 session to protect Minnesota HMOs' charitable assets during any conversion. The bill did not pass, and

instead the legislature imposed a moratorium on conversions for two years, which expired on July 1, 2019. The Charities division again advocated strongly for a robust HMO “conversion law” during the 2019 legislative session, to protect nonprofit HMOs’ billions in charitable assets. The House passed such a bill, but it did not receive a hearing in the Senate. During the conference committee process, the legislature decided instead to re-impose the conversion moratorium until July 1, 2023.

- ***In the Matter of TREA Memorial Foundation (“TMF”)*** TREA Memorial Foundation is a Colorado charity that raised \$370,000 in Minnesota since 2011. TMF claims to assist soldiers, veterans, and their families through distributing phone cards, grocery cards, and other types of aid. A Charities division investigation identified two key problems with TMF: (1) deceptive representations regarding TMF’s distribution of phone cards to veterans, and (2) improper use of certain accounting practices, which obscures its de minimis charitable programming. In December, 2018, the parties signed and the court approved our Assurance of Discontinuance resolving the Charities division’s investigation. TMF admitted the underlying factual allegations, agreed to dissolve, and will be required to spend \$425,000 on charitable programming to assist soldiers, veterans, and their families.
- ***Overhaul of Chapter 309 Governing Registration and Report of Soliciting Charities*** In August 2019, the Charities division initiated outreach activities with numerous members of Minnesota’s nonprofit community to discuss potential changes to the laws by which more than 15,000 charities and related organizations annually register with the Attorney General’s Office. See Minn. Stat. §§ 309.50-.61, 501B.31-.45. These registration laws were originally written in the 1960s, and have not been significantly updated in decades. In a collaborative effort, the Charities division intends to convene a series of stakeholder meetings to solicit feedback on how Minnesota’s charities-related laws can be improved and updated. These meetings will begin in October 2019, and likely run through early 2020. After receiving input from stakeholders at these meetings, the Charities division hopes to reach a consensus on appropriate statutory changes.

CIVIL

The Civil division investigates violations of and enforces State laws, including Minnesota’s laws prohibiting consumer fraud, deceptive trade practices, false advertising, and wage theft. The division conducts investigations, serves investigative requests, and takes action where appropriate to stop and deter fraud and other unlawful practices in business, commerce or trade and to protect consumers and workers.

The following are examples of investigations and suits brought or resolved by the Civil division:

- ***State of Minnesota v. Purdue Pharma L.P., et al.*** In July 2018, the Office filed suit against Purdue Pharma, maker of OxyContin and other opioid products, alleging violations of consumer protection statutes, public nuisance, and the Minnesota False Claims Act, among others, in relation to Purdue misrepresenting the risks of opioid addiction and the benefits of long-term opioid use to health care providers and the public. In August 2019, the Office filed

an amended complaint that added members of the Sackler family, the owners of Purdue Pharma, as co-defendants as a result of their direction, control, and participation in Purdue's misconduct. Purdue filed bankruptcy on September 15, 2019. This Office is representing the State's interest in the bankruptcy case, including by defending against Purdue's attempts to enjoin this Office's litigation and maximizing the value of the State's claims against the debtors.

- ***State of Minnesota v. Insys Therapeutics, Inc.*** In May 2018, the Office filed suit along with the Minnesota Board of Pharmacy against Insys Therapeutics, Inc., an opioid manufacturer that sold a highly potent fentanyl product called Subsys, which has been approved only for use for breakthrough pain in cancer patients. In its enforcement action, the Office alleged Insys violated Minnesota law by unlawfully promoting Subsys for non-breakthrough cancer pain, and by paying Minnesota physicians "sham" speaker fees in order to induce prescriptions. In January 2019, the Court denied Insys's motion to dismiss the lawsuit. Insys filed for bankruptcy in June 2019, and the State's lawsuit is currently on hold due to the ongoing bankruptcy proceeding. This Office is representing the State's interest in the bankruptcy case, including by maximizing the value of the State's claims against Insys and ensuring that the purchaser of Subsys would abide by restrictions designed to prevent future misconduct involving the product.
- ***State of Minnesota v. CenturyTel Broadband Services, LLC et al.*** In July 2017, the Office filed suit against CenturyLink for violations of the consumer protection statutes based upon allegations that CenturyLink misrepresented the price of its internet and television services it sold to Minnesota consumers by offering one price but charging a higher price instead. The suit further alleges that CenturyLink used a series of complex pricing rules to deceive consumers, and that the company routinely refused to honor the actual offers it made to consumers. The Office recently moved for partial summary judgment, asserting that CenturyLink's conduct fraudulently harmed over 300,000 Minnesota consumers. This motion is presently pending and trial is scheduled to begin on March 2, 2020.
- ***State of Minnesota v. Comcast Corporation d/b/a Xfinity, et al.*** In December 2018, the Office filed suit against Comcast and its subsidiaries that do business in Minnesota for violation of the consumer protection statutes, alleging that the company (1) misrepresented the prices consumers would pay for its services, (2) added services or equipment that consumers did not request to their account, and (3) promised Visa giftcards that it did not deliver. This case remains pending.
- ***State of Minnesota v. Minnesota School of Business, Inc., et al.*** In 2014, the Office filed suit against the for-profit college companies Minnesota School of Business ("MSB") and Globe University ("Globe"). Among other things, the lawsuit alleged (in Counts I and II) that the Schools violated Minnesota's consumer protection statutes by: (1) marketing and recommending their criminal justice program to students who wanted to become Minnesota police officers, even though it was impossible for a student to become a police officer in Minnesota with the Schools' criminal justice degree; and (2) marketing and recommending their two-year associate's degree criminal justice program to students who wanted to become Minnesota probation officers, even though every Minnesota county requires a bachelor's

degree or more to become a probation officer. The lawsuit further alleged (in Counts III and IV) that the Schools engaged in unlicensed and usurious lending with respect to the Educational Opportunities (“EdOp”) and Student Access (“StA”) loans they made to approximately 6,000 students since January 1, 2009, because the Schools were not licensed as lenders and charged interest at rates greater than allowed by Minnesota law. .

With respect to Counts I and II, after a four-week trial in 2016, the Hennepin County District Court found that the schools defrauded students in the criminal justice program by misrepresenting the job opportunities available to them. In 2017, the district court ordered a restitution process for criminal justice students who enrolled in the program after January 1, 2009 to become Minnesota police officers or probation officers (with a two-year degree). The Schools obtained a stay of this restitution process and appealed. In June 2018, the Court of Appeals ruled that only the 15 students who testified during the trial were entitled to restitution and reversed the district court’s ordered restitution process for all other harmed criminal justice students. The Office appealed the Court of Appeals ruling to the Minnesota Supreme Court. Oral argument was held on December 4, 2018 and the Supreme Court’s decision is currently pending.

With respect to Counts III and IV, after the district court and the Minnesota Court of Appeals sided with the Schools, this Office appealed to the Minnesota Supreme Court. In 2017, the Minnesota Supreme Court ruled that the Schools’ EdOp and StA loans were illegal because the Schools were unlicensed lenders and charged illegal interest rates. The Minnesota Supreme Court then remanded the case to the Hennepin County District Court to order appropriate remedies. Following a trial regarding remedies, the district court held that only students issued EdOp and StA loans that charged interest rates greater than 8% were entitled to refunds of only the interest paid on such loans and denied the other remedies the Office sought. The State then appealed and the Court of Appeals reversed in part—holding that the district court should have awarded refunds of principal and interest, should have awarded pre-judgment interest, and that the State was entitled to the other remedies it sought including civil penalties and its costs and fees. Following remand, further proceedings have been stayed until the Supreme Court issues its opinion as to Counts I and II.

- ***State of Minnesota v. Sanofi Aventis, Novo Nordisk, and Eli Lilly*** Nearly 10% of Minnesotans — approximately 445,000 people — live with diabetes. Every year, 19,000 new cases of diabetes are diagnosed in Minnesota. Total diabetes-related expenses now exceed \$4 billion per year in Minnesota, and pharmaceutical costs are a significant portion of this cost. For these and other reasons, in October 2018 the Attorney General’s Office sued the three largest manufacturers of insulin in the United States, Sanofi Aventis, Novo Nordisk, and Eli Lilly. These drug manufacturers distribute more than 95% of all insulin sold in the United States. The Office alleged that Defendants significantly inflated the price they claim to receive for their insulin products. The Attorney General’s Office alleges that it is unlawfully fraudulent for Defendants to misrepresent the price that they receive for their insulin products in this manner. Defendants moved to dismiss our case in August 2019. The court will likely not issue a ruling on Defendants’ motion to dismiss until 2020.

WAGE THEFT UNIT

The Minnesota Attorney General's Office Wage Theft Unit ("the Unit") was created in June 2019. Its goal is to protect and advance the economic rights of all Minnesota residents. The Unit investigates and litigates cases involving unlawful patterns and practices affecting economic rights and other persistent issues causing workers in Minnesota not to receive the wages they earned. The Unit monitors emerging labor and employment issues and dialogues with community groups and the business community to increase awareness of economic rights issues and to identify unlawful practices. The Unit is creating partnerships with local, state, and federal agencies to strategically enforce the law in order to achieve maximum compliance. In doing so, the Unit will benefit workers whose rights have been violated and employers who play by the rules. To date, the Unit has undertaken community outreach throughout Minnesota, has begun to coordinate with state government agencies regarding wage theft-related issues, and has begun to identify wage theft pattern and practice cases in various Minnesota industries.

RESIDENTIAL UTILITIES AND ANTITRUST

The division represents the interests of residential and small-business utility consumers in the complex and changing electric, natural gas, and telecommunications industries, particularly with regard to utility rates, reliability of service, and quality issues pursuant to statute.

The division also investigates potential violations of state and federal antitrust laws, and enforces these laws when it uncovers evidence of anticompetitive conduct. The division participates in numerous coordinated investigations of potential anticompetitive conduct by multiple state and federal enforcers of antitrust laws, including other state attorneys general, the U.S. Department of Justice, and the Federal Trade Commission.

Below is a *representative sample of some but not all* of the legal work performed by the division in FY 2019:

RESIDENTIAL UTILITIES

- ***In the Matter of the Application of Minnesota Energy Resources Corporation for authority to Increase Rates for Natural Gas Service in Minnesota*** Minnesota Energy Resources Corporation (MERC) filed a request for a \$12.6 million rate increase. MERC later filed supplemental testimony, in which it reduced its requested increase to approximately \$7.3 million due to reduced tax expenses. The Attorney General's Office intervened in the case and opposed multiple aspects of the request, including the allowed return on equity, travel and entertainment expenses for company employees, and depreciation expenses associated with an office building that MERC was no longer using to serve ratepayers. Also, the Attorney General's Office opposed the increased percentage of rates that MERC proposed to recover from residential customers. On December 26, 2018, the Public Utilities Commission (PUC) issued an order authorizing rates that were \$4.2 million less than MERC's revised request and adopting the Attorney General's Office's proposed interclass revenue appointment.

- ***In the Matter of the Application of Minnesota Power to Increase Rates for Electric Utility Service in Minnesota*** Minnesota Power filed a request for a \$55.1 million rate increase. The Attorney General's Office intervened in the case and opposed multiple aspects of the request including the allowed return on equity, travel and entertainment expenses for company employees, and incentive compensation for the company's executives. On March 12, 2018, the PUC issued an order authorizing rates that were \$42 million less than Minnesota Power's initial request.
- ***In the Matter of a Commission Inquiry into the Service Quality, Customer Service, and Billing Practices of Frontier Communications*** In February 2018, the Public Utilities Commission (PUC) opened its investigation into Frontier Communications' service quality, customer services, and billing practices and requested comments from interested parties. Public hearings were held in various communities throughout Frontier's Minnesota service territory. On January 4, 2019, the Department of Commerce (DOC) filed its report in which it alleged that Frontier had violated over 35 laws and rules, and recommended various enforcement options available to the PUC. The Attorney General's Office responded to the DOC's report in comments submitted to the PUC in March 2019, which acknowledged the Office's ongoing consumer-protection investigation into Frontier's conduct. The PUC ordered mediation between Frontier and the DOC regarding the PUC's investigation. The Attorney General's Office attended the mediation sessions between Frontier and the DOC from March through August 2019. On August 2, 2019, the DOC and Frontier filed a Proposed Stipulation of Settlement for PUC consideration. After the proposed settlement was filed, the Attorney General's Office submitted comments with the PUC. The PUC is set to decide whether to approve, reject or modify the proposed settlement during a hearing scheduled for October 17, 2019. The AGO's consumer-protection investigation into Frontier's conduct remains ongoing.
- **Multiple Appeals** The Attorney General's Office has subsequently supported the PUC's decision in multiple appeals filed by a consortium of large power customers. These customers alleged that the PUC's decision improperly required Minnesota Power's Energy Intensive Trade-Exposed (EITE) customers to pay for a portion of a discount they were receiving. The Court of Appeals agreed with the Attorney General's Office and upheld the PUC's decision in all but one appeal, which has not yet been decided.
- **Upcoming Rate Cases** The Residential Utilities Division expects that the majority of its resources will be devoted in the upcoming year to multiple anticipated rate cases by investor-owned electric and gas utilities operating in the state. The Division understands that utility rates are of importance to many Minnesotans, especially those who live on a fixed income and it will advocate for fair treatment of residential and small business ratepayers in these proceedings. In addition to rate cases, the Division will intervene in other matters of importance to these groups of ratepayers.

ANTITRUST

- ***Generic Drug Price Manufacturers States*** Minnesota and other states have filed two complaints in federal court against a variety of generic drug manufacturers and executives. The first complaint is against 18 pharmaceutical companies and 2 individuals, the second against 20 pharmaceutical companies and 15 individuals. Both complaints allege that the defendants violated state and federal antitrust laws by conspiring to fix prices and allocate markets for over 100 generic drugs. These cases have been consolidated with a variety of private class action cases alleging similar antitrust violations in the Eastern District of Pennsylvania. The lawsuits seek injunctive relief, civil penalties, damages, and disgorgement. Litigation is ongoing.
- ***Suboxone*** Minnesota and other states have filed a complaint in federal court, alleging that manufacturers of the opioid addiction-treatment drug Suboxone violated state and federal antitrust laws by moving consumers from a tablet form of Suboxone to a film form, in order to prevent generic competition from entering the market. This case survived a motion to dismiss and the defendants will file a summary judgment motion soon.
- ***Sprint/T-Mobile Merger*** Minnesota, California, New York, and 14 other states have filed a lawsuit to stop the proposed \$26 billion Sprint/T-Mobile merger. Four companies currently control almost all of the mobile-phone market in the United States, and this merger would cut that to three. The DOJ has approved the merger (on the condition that Sprint sell a small portion of its subscribers to DISH Network), making the State's lawsuit the final obstacle before it takes effect. This case is progressing quickly, with a trial scheduled for early December of this year.
- ***Investigation of Market Allocation by Children's Hospitals*** In 2015, Children's Hospitals and Clinics of Minnesota (CHCM) signed an agreement with MDLive, Inc. MDLive is a technology platform allowing patients to obtain virtual appointments with doctors without actually having to travel to that doctor. In the 2015 agreement, CHCM obtained exclusive rights to provide MDLive services to patients in Minnesota and Western Wisconsin. CHCM referred to this MDLive-enabled services as "Children's Virtual Clinic" (CVC). Starting in late 2015 CHCM began looking into sublicensing its MDLive platform to other health care providers within its territory. CHCM strongly wanted to sublicense MDLive, so as to defray its own costs incurred in the licensing agreement. The Attorney General's Office alleged that, because CHCM wanted to sublicense MDLive, it negotiated agreements with competing health care providers agreeing not to advertise CVC in regions where those competitors—who were each potential sublicensees—operated. In 2018, the Attorney General's Office negotiated an Assurance of Discontinuance with CHCM. In the Assurance, CHCM did not admit to any of the above allegations, but agreed to not communicate or make any agreement with other health care providers regarding where CHCM would or would not advertise. The Assurance also imposes significant monetary penalties for any violation.
- ***Agricultural*** The Antitrust Division has focused its resources particularly on issues of importance to farmers, the agricultural sector, and rural Minnesotans. Although details of the Division's investigations remain confidential and non-public, the matters involve important

aspects of the dairy industry and other agricultural products of importance in Minnesota. The Division will continue to keep this focus over the upcoming year.

APPENDIX A: SERVICE HOURS				
By Agency or Political Subdivision for FY 2019				
Agency/Political Subdivision	Estimated Service Hours (1)	Actual Service Hours	Estimated Expenditures	Actual Expenditures (2)
Partner Agencies				
Administration--Risk Management		953.3		\$ 113,031.10
AURI		0.0		\$ -
Corrections (3)		2,429.0	\$ 318,200.00	\$ 318,200.00
Education Department		3,736.7		\$ 481,280.50
Environmental Quality Board		211.0		\$ 27,641.00
Gambling Control Board		214.3		\$ 27,070.10
Health		6,348.8		\$ 816,745.60
Housing Finance Authority		62.2		\$ 7,850.60
Human Services		25,744.6		\$ 3,360,014.60
Iron Range Resources & Rehabilitation		138.7		\$ 18,169.70
Labor and Industry Department (3)		2,580.5		\$ 335,587.90
Lottery		42.5		\$ 5,303.50
Medical Practices Board	6,437.0	6,262.8	\$ 622,447.00	\$ 605,026.80
Minnesota Racing Commission		93.8		\$ 12,287.80
Minnesota State Retirement System		230.9		\$ 30,247.90
Minnesota State		6,101.0		\$ 775,648.60
MNsure		4.9		\$ 641.90
Natural Resources		3,462.3		\$ 450,806.10
Petroleum Tank Release Compensation Board		2.5	\$ 13,100.00	\$ 327.50
Pollution Control		4,743.9		\$ 619,036.50
Public Employees Retirement Association		119.8		\$ 15,693.80
Public Safety (3)		7,703.5		\$ 887,420.90
Revenue (3)	4,300.0	4,300.0	\$ 563,300.00	\$ 563,300.00
Teachers Retirement Association		268.5		\$ 35,072.70
Transportation		9,313.9		\$ 1,209,407.30
TOTAL PARTNER AGENCIES	10,737.0	85,069.4	\$ 1,517,047.00	\$ 10,715,812.40
Health Boards/Offices				
Behavioral Health & Therapy Board		1,191.2		\$ 113,480.80
Chiropractic Board		1,827.7		\$ 213,787.10
Dentistry Board		797.1		\$ 85,623.30
Dietetics & Nutrition Practice Board		10.2		\$ 1,336.20
Emergency Medical Services Regulatory Board		787.8		\$ 85,720.20
Health Professionals Services Program		38.6		\$ 5,056.60
Licensed Drug & Alcohol Counselor Program		2,221.8		\$ 215,436.60
Marriage & Family Therapy Board		895.0		\$ 82,416.20
Nursing Board		5,572.1		\$ 631,641.10
Nursing Home Administrators Board		63.9		\$ 7,295.70
Occupational Therapy Board		169.6		\$ 16,299.20
Optometry Board		107.8		\$ 12,451.40
Pharmacy Board		1,841.9		\$ 230,335.30
Physical Therapy Board		268.1		\$ 28,444.30
Podiatry Board		174.1		\$ 19,216.70
Psychology Board		1,271.9		\$ 144,793.30
Social Work Board		1,832.7		\$ 170,920.50
Veterinary Medicine Board		1,097.9		\$ 132,343.30
SUBTOTAL		20,169.4		\$ 2,196,597.80

Other State Agencies/Political Subdivisions			
Accountancy Board	95.6	\$	12,523.60
Administration Department	1,022.7	\$	133,076.10
Administrative Hearings Office	93.8	\$	12,287.80
Agriculture Department	875.1	\$	114,580.50
Amateur Sports Commission	4.6	\$	602.60
Animal Health Board	166.7	\$	21,837.70
Architecture Board	481.4	\$	63,063.40
Asian Pacific Minnesotans Council	2.1	\$	275.10
Barber Board	111.7	\$	14,632.70
Board on Aging	29.3	\$	3,838.30
Campaign Finance Board	168.7	\$	21,418.10
Capitol Area Architectural Planning Board	2.5	\$	327.50
Center for Arts Education	199.6	\$	26,147.60
Client Security Board	172.8	\$	21,676.80
Commerce Department	7,481.5	\$	978,612.50
Commission Serving Deaf and Hard of Hearing	23.5	\$	3,078.50
Continuing Legal Education Board	12.6	\$	1,650.60
Corrections Department (3)	4,808.3	\$	599,420.70
Corrections Department/Community Notification	1,176.2	\$	133,778.20
Cosmetology Examiners Board	198.5	\$	26,003.50
Council for Minnesotans of African Heritage	60.0	\$	7,725.60
Council on Latino Affairs	16.9	\$	2,213.90
Crime Victims Reparations Board	277.2	\$	35,545.20
Disability Council	2.3	\$	301.30
Employment & Economic Development Department	3,215.2	\$	368,770.40
Executive Council	13.1	\$	1,716.10
Explore Minnesota Tourism	10.1	\$	1,323.10
Faribault Academies	38.8	\$	5,082.80
Firefighter Training & Education Board	28.1	\$	3,681.10
Governor's Office	242.8	\$	31,446.80
Higher Education Facilities Authority	0.6	\$	78.60
Higher Education Services Office	214.3	\$	28,034.90
Human Rights Department	694.7	\$	89,498.50
Indian Affairs Council	0.8	\$	104.80
Judiciary Courts	830.8	\$	108,777.20
Labor and Industry Department (3)	3,506.9	\$	445,954.30
Land Exchange Board	3.4	\$	445.40
Law Examiner's Board	367.3	\$	48,116.30
Legislature	262.7	\$	34,053.70
Mediation Services Bureau	266.5	\$	34,863.50
Military Affairs Department	305.3	\$	39,994.30
Minnesota Management & Budget	1,183.3	\$	147,970.70
MN.IT Services Office	245.4	\$	29,589.00
Ombudsman for Long Term Care	0.4	\$	52.40
Ombudsman for Mental Health & Developmental Disabilities	3.0	\$	393.00
Ombudsperson for Families	35.7	\$	4,676.70
Peace Officers Standards and Training Board	284.1	\$	37,217.10
Private Detective Board	114.2	\$	14,960.20
Professional Educator Licensing & Standards Board	1,510.5	\$	197,707.50
Public Defender, Local	3.8	\$	497.80
Public Defender, State	131.3	\$	16,969.90
Public Safety Department (3)	22,175.0	\$	2,664,565.00
Public Utilities Commission	4,191.9	\$	528,326.10
Revenue Department (3)	5,036.7	\$	653,390.10
Rural Finance Authority	3.2	\$	347.20
School Administrators Board	146.4	\$	19,178.40
Secretary of State	1,357.3	\$	177,446.30
State Arts Board	115.1	\$	15,078.10
State Auditor	12.0	\$	1,552.80

State Fair Board	5.7	\$ 746.70
State Guardian Ad Litem Board	123.7	\$ 15,988.70
State Historical Society	11.3	\$ 1,480.30
State Investment Board	256.9	\$ 33,653.90
Veterans Affairs Department	6.7	\$ 877.70
Veterans Homes	363.4	\$ 46,914.20
Water & Soil Resources Board	823.6	\$ 107,891.60
Workers Comp Court of Appeals	0.7	\$ 58.10
Zoological Board	1.1	\$ 144.10
SUBTOTAL	65,627.4	\$ 8,194,233.20
Medicaid Fraud Control Unit Investigations and Prosecutions		
Aitkin County Attorney	1,455.1	\$ 136,190.90
Anoka County Attorney	1,992.3	\$ 180,389.70
Blue Earth County Attorney	6.5	\$ 635.50
Brown County Attorney	120.3	\$ 11,765.70
Carlton County Attorney	9.3	\$ 1,218.30
Chisago County Attorney	299.6	\$ 26,834.80
Clay County Attorney	191.3	\$ 20,812.30
Cottonwood County Attorney	368.9	\$ 37,439.50
Crow Wing County Attorney	135.7	\$ 11,901.50
Dakota County Attorney	921.0	\$ 104,729.40
Hennepin County Attorney	17,434.4	\$ 1,714,242.40
Lac qui Parle County Attorney	4.8	\$ 628.80
Nobles County Attorney	439.7	\$ 50,314.30
Olmsted County Attorney	579.2	\$ 52,878.40
Ramsey County Attorney	6,088.8	\$ 588,640.80
Scott County Attorney	47.0	\$ 3,925.00
Sherburne County Attorney	155.2	\$ 15,075.20
Stearns County Attorney	0.5	\$ 65.50
Steele County Attorney	340.0	\$ 29,828.00
Stevens County Attorney	113.9	\$ 14,114.50
Traverse County Attorney	98.5	\$ 12,591.50
Winona County Attorney	387.0	\$ 33,647.40
Wright County Attorney	26.5	\$ 3,279.50
SUBTOTAL	31,215.5	\$ 3,051,148.90
Other Local Government Assistance		
Aitkin County Attorney	48.6	\$ 6,246.60
Becker County Attorney	620.6	\$ 71,002.60
Beltrami County Attorney	683.6	\$ 73,159.60
Benton County Attorney	973.0	\$ 109,343.00
Blue Earth County Attorney	832.8	\$ 94,768.80
Brown County Attorney	212.2	\$ 27,750.20
Carlton County Attorney	290.0	\$ 31,702.00
Cass County Attorney	162.7	\$ 21,265.70
Chippewa County Attorney	79.8	\$ 10,453.80
Clay County Attorney	313.8	\$ 35,731.80
Cottonwood County Attorney	456.4	\$ 50,116.40
Crow Wing County Attorney	6.5	\$ 539.50
Dodge County Attorney	12.0	\$ 1,572.00
Douglas County Attorney	11.6	\$ 1,519.60
Faribault County Attorney	93.4	\$ 12,235.40
Freeborn County Attorney	22.5	\$ 2,947.50
Goodhue County Attorney	278.8	\$ 30,018.80
Houston County Attorney	48.0	\$ 4,944.00
Hubbard County Attorney	216.0	\$ 23,304.00
Isanti County Attorney	65.7	\$ 6,062.70
Itasca County Attorney	283.9	\$ 33,662.90
Jackson County Attorney	311.7	\$ 30,512.70

Kandiyohi County Attorney		268.4	\$ 35,160.40
Kittson County Attorney		9.5	\$ 1,172.50
Koochiching County Attorney		25.1	\$ 3,120.10
Le Sueur County Attorney		421.2	\$ 51,529.20
Lincoln County Attorney		227.8	\$ 29,553.80
Marshall County Attorney		6.0	\$ 498.00
Meeker County Attorney		100.1	\$ 13,065.10
Mille Lacs County Attorney		993.0	\$ 118,227.00
Morrison County Attorney		223.8	\$ 29,269.80
Mower County Attorney		140.6	\$ 18,418.60
Nicollet County Attorney		9.0	\$ 771.00
Norman County Attorney		34.2	\$ 4,336.20
Otter Tail County Attorney		1,131.8	\$ 141,041.80
Pennington County Attorney		583.5	\$ 67,558.50
Pine County Attorney		75.7	\$ 9,844.70
Polk County Attorney		15.0	\$ 1,749.00
Pope County Attorney		47.0	\$ 5,629.00
Red Lake County Attorney		1,049.2	\$ 115,221.20
Redwood County Attorney		206.3	\$ 26,761.30
Renville County Attorney		55.2	\$ 7,231.20
Roseau County Attorney		188.9	\$ 19,033.90
Scott County Attorney		1.5	\$ 124.50
Sherburne County Attorney		103.6	\$ 13,475.60
Sibley County Attorney		136.8	\$ 17,752.80
St. Louis County Attorney		1,035.2	\$ 134,915.20
Stearns County Attorney		558.7	\$ 72,805.70
Steele County Attorney		328.2	\$ 42,730.20
Swift County Attorney		58.5	\$ 7,591.50
Todd County Attorney		10.6	\$ 1,388.60
Wabasha County Attorney		406.7	\$ 47,925.70
Wadena County Attorney		55.0	\$ 7,205.00
Waseca County Attorney		0.2	\$ 26.20
Watsonwan County Attorney		519.7	\$ 53,488.70
Wilkin County Attorney		1,141.0	\$ 108,359.00
Wright County Attorney		1,223.1	\$ 141,146.10
Yellow Medicine County Attorney		141.0	\$ 18,351.00
Association of County Attorneys		66.8	\$ 8,750.80
Various Local Governments		94.3	\$ 11,542.10
SUBTOTAL		17,715.8	\$ 2,065,630.60
TOTAL PARTNER/SEMI-PARTNER AGENCIES (from page A-1)		85,069.4	\$ 10,715,812.40
TOTAL NON-PARTNER AGENCIES SUBDIVISIONS		134,728.1	\$ 15,507,610.50
GRAND TOTAL HOURS/EXPENDITURES		219,797.5	\$ 26,223,422.90
Notes:			
(1) The projected hours of service were agreed upon mutually by the partner agencies and the AGO. Actual hours may reflect a different mix of attorney and legal assistant hours than projected originally.			
(2) Billing rates: Attorney \$131.00 and Legal Assistant \$83.00			
(3) A number of agencies signed agreements for a portion of their legal services.			

**APPENDIX B: SPECIAL ATTORNEY EXPENDITURES
FOR FY 2019, BY AGENCY/POLITICAL SUBDIVISION**

AGENCY/POLITICAL SUBDIVISION	Amount
Administration	\$ 346,048.86
Attorney General	\$ 16,147.40
Minnesota Department of Natural Resources	\$ 295.00
Minnesota Management & Budget	\$ 72,113.00
Minnesota State	\$ 13,176.02
Revenue	\$ 2,683.74

APPENDIX B: SPECIAL ATTORNEY EXPENDITURES	
BOND COUNSEL FOR FY 2019, BY AGENCY/POLITICAL SUBDIVISION	
AGENCY/POLITICAL SUBDIVISION	Amount
Higher Education Facilities Authority	\$ 78,077.85
Higher Education Services Office	\$ 112,025.95
Housing Finance Agency	\$ 305,028.51
Minnesota Management & Budget	\$ 55,222.95
Minnesota State	\$ 8,731.00
NOTE: Certain bond fund counsel are paid from proceeds.	