



Michigan Department of Attorney General



Fiscal Year 2020  
Budget Presentation

Michigan House of Representatives  
April 16, 2019



## DANA NESSEL

### Michigan Attorney General

Dana Nessel began her legal career as a Wayne County Assistant Prosecutor. For more than a decade, she was assigned to a number of elite units within the Prosecutor's Office and was tasked with trying homicide, arson, criminal sexual conduct, and gang-related conspiracy cases, among others.

In 2005, Nessel left the Prosecutor's Office to open her own legal firm. In her practice, she vigorously defended the rights of indigent defendants on hundreds of criminal cases, from petty theft to first degree murder.

In 2012, Nessel spearheaded the precedent-setting case, *DeBoer v. Snyder*, which challenged the bans on adoption and marriage for same-sex couples in Michigan. *DeBoer* was later consolidated with its affiliated U.S. Sixth Circuit cases into *Obergefell v. Hodges* in the United States Supreme Court. This landmark case legalized same-sex marriage nationwide.

Nessel lives in southeast Michigan with her wife, Alanna Maguire, her twin sons, Alex and Zach, and various cats.



## Departmental Overview



- The Attorney General is a constitutional officer, chief law enforcement officer of the state, and head of the Department of Attorney General, a department within the executive branch of state government. The Attorney General's duties are prescribed by statute, court decisions, and tradition.
- The Attorney General is the lawyer for the State of Michigan, the Governor, and the People. When public legal matters arise, she renders opinions on matters of law and provides legal counsel for each officer, department, board, and commission of state government. She provides legal representation in court actions and assists in the conduct of official hearings held by state agencies.
- The Attorney General may intervene in any lawsuit, criminal or civil, in the interest of the People of the State of Michigan. She advises and supervises prosecuting attorneys throughout the state. The Attorney General also possesses certain investigative powers, including the power to investigate allegations of election fraud and complaints for the removal of public officials. She may also request grand jury investigations of crime in the state. By virtue of her office, the Attorney General is a member of various state boards and commissions, including the State Administrative Board, State Employees' Retirement Board, Judges' Retirement Board, and the Commission on Law Enforcement Standards.

## Departmental Overview

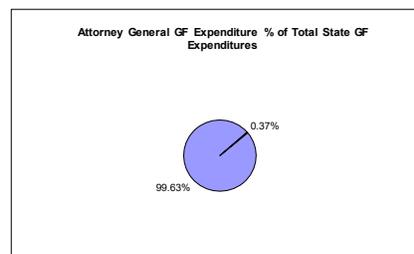


- The office is organized into five bureaus that oversee between three to six divisions. Each division represents certain state agencies, boards, or commissions or practices in specialized legal areas. As of January 1, 2019, our divisions maintain a litigation case load of approximately 20,500 cases and we anticipate an annualized active case load exceeding 38,000 cases for the coming year.
- To assist in the myriad functions of the department, the Attorney General employs a staff of assistant attorneys general who must be members of the State Bar of Michigan and who are appointed under Michigan Civil Service Rules. In addition, the Attorney General employs secretaries, investigators, clerical personnel, and paralegals to assist in carrying out the mandate of the office. All of the legal work performed by the assistant attorneys general, including drafting of opinions and legal documents and representation of client agencies, is done in the name of the Attorney General and with her approval, or the approval of her designee.

## Budgetary Impact



- The Michigan Department of Attorney General operates on approximately 1/3 of 1% of the total State General Fund budget



## Positive Budgetary Impact

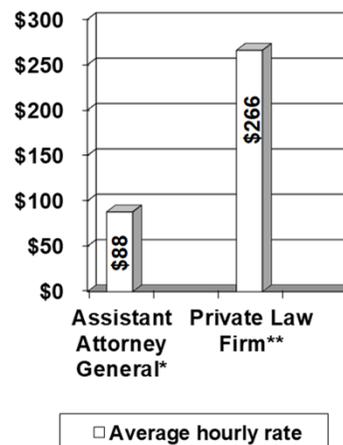


- The Attorney General's operational appropriations for FY 2018 was \$96,120,700.
  - With that funding, the Department won \$387,338,844 in awards payable to the State and Citizens in defense of lawsuits.
- The Department has averaged over \$372,000,000 per year in awards payable to the State and Citizens during the past four fiscal years.
- The Department returned \$4.03 for each \$1 appropriated for operations in FY 2018, and has averaged more than \$4 per year for every dollar appropriated during the past four fiscal years.

## Personnel Statistics



- 85% of the budget is personnel related costs.
- In 2018, assistant attorneys general clocked over 60,300 excess hours; 3,800 more than 2017.
- 60,300 excess hours are the equivalent of 30 additional attorneys with a resulting cost savings of \$5.5 million.
- Average hourly rate of staff attorneys is less than 1/3 of their private sector counterparts.\*



\* This figure includes salary and benefits

\*\* State Bar of Michigan; Economics of Law Practice Survey (2017)

## Top Initiatives



- *Top Ongoing Initiatives*
  - MSU Investigation
  - Clergy Abuse Investigation
  - Flint Water Investigation
  - Sexual Assault Prosecution
  - Human Trafficking
  - Child Support Enforcement
  - Consumer Protection
  - Public Safety
  - Drug Unit
  - OK2SAY
- *Top New Initiatives*
  - Elder Abuse Task Force
  - PFAS Accountability
  - Auto Insurance Fraud Unit
  - Conviction Integrity Unit
  - Hate Crimes Unit
  - Opioid Enforcement

## MSU Investigation



- Following a lengthy investigation, the Department of Attorney General brought charges against Larry Nassar in both Ingham and Eaton Counties. Nassar, the former USA Gymnastics and Michigan State University doctor, pleaded guilty to 10 total counts of Criminal Sexual Conduct involving nine victims. In Ingham County, he was sentenced to 40 to 175 years in prison. In Eaton County, he was sentenced to 40 to 125 years in prison. The Department of Attorney General insisted that all victims be afforded the opportunity to give victim impact statements at his sentencing hearings in Ingham and Eaton Counties. In total, over 200 victims gave statements in both counties, an unprecedented event not only in our state but nationally. Overall, the Department of Attorney General is aware of more than 250 victims of Nassar for the abuse he inflicted over two decades.
- On January 27, 2018, three days after Nassar received an effective life sentence for his abuse, the Michigan Department of Attorney General announced that it had opened an investigation into systemic issues with sexual misconduct at Michigan State University at the request of the University's Board of Trustees. To undertake this investigation, the Attorney General's Office partnered with the Michigan State Police, each agency contributing personnel to build an investigatory team of more than 30 people. To date, the team has contacted almost 550 people, including interviewing over 280 survivors and 105 current and former employees of the University. For every interview, investigators prepared a written report, which was reviewed by at least three attorneys to determine whether follow-up was appropriate and whether it suggested any criminal activity. In addition, a team of attorneys reviewed approximately 105,000 documents produced by MSU, consisting of almost 500,000 pages.
- The investigation into MSU uncovered evidence that led to the filing of criminal charges by the Attorney General's Office against three individuals from the University: former gymnastics coach Kathie Klages, former Dean of the College of Osteopathic Medicine William Strampel, and former President Lou Anna K. Simon. These cases are currently pending in district or circuit court.
- The department received a \$1,000,000 general fund supplemental appropriation in fiscal year 2018. During fiscal year 2019, the MSU Investigation was designated as a work project with an estimated ending date of September 30, 2019.

# Clergy Abuse Investigation



- In August of 2018, the Attorney General launched an investigation into alleged sexual assault and abuse of children and others by clergy in the Catholic Church.
- The Attorney General's investigation comes on the heels of a Pennsylvania Grand Jury Report identifying more than 1,000 children that had been sexually abused by more than 300 priests in Pennsylvania, some of the priests identified in the report had ties to Michigan.
- The Department's investigation will include any allegations made from 1950 to the present in all seven of the Catholic Dioceses in Michigan. In furtherance of its investigation, on October 3, 2018, the Attorney General, in partnership with the Michigan State Police, executed search warrants simultaneously at each of the seven diocese to secure records from the Church of possible criminal wrongdoing.
- In all, hundreds of thousands of records and electronic files were taken. In addition to physical records, the Department established a hotline for victims, family members of victims and members of the general public to use to contact the Department with information relevant to its investigation.
- To date, the Department has received almost 400 calls, letters and emails. The Attorney General's investigation is being conducted in partnership with the Michigan State Police.
- The Governor's Budget Recommendation provided our department with a \$2,000,000 lawsuit settlement proceeds fund supplemental appropriation for the current fiscal year.

# Flint Water Investigation



- On January 25, 2016, the former Attorney General announced the use of Special Counsel to pursue an independent investigation into whether any State laws were violated in the Flint Water crisis. The former Attorney General filed 51 criminal charges against 15 current and former state and local officials and interviewed more than 200 witnesses.
- On January 15, 2019, Attorney General Nessel announced that Fadwa Hammoud, Solicitor General will be taking over as Special Counsel for the criminal cases related to the Flint Water crisis.
- On February 5, 2019, Solicitor General Fadwa Hammoud announced that Jeff Seipenko, a member of the Attorney General's Flint investigative team for three years, replaces Andy Arena as the Chief Investigator in the Flint Water investigation.
- The independent investigation continues to be exhaustive and thorough with an anticipated cost of approximately \$12,000,000 through fiscal year 2020.
- The Attorney General has dual responsibilities to represent the people of Michigan and defend the State of Michigan when sued. Currently there are 112 active Flint Water lawsuits filed against the State of Michigan that are being defended by the Department of Attorney General. The Department anticipates additional lawsuits to be filed in the future. State defense funding of \$3,000,000 has been designated as a work project with an estimated ending date of September 30, 2020.

# Sexual Assault Prosecution



- The Attorney General and Governor recommend continued law enforcement investigation and prosecution as well as services for those victimized by sexual violence.
- The Attorney General created a Sexual Assault, Domestic Violence, Stalking Unit within the Criminal Division in March 2012. The unit is staffed with one full-time Assistant Attorney General and one full-time Special Agent Investigator. The driving philosophy of the Sexual Assault Unit is to operate in a victim-centered, offender-focused, trauma-informed manner, focusing on how best we can serve our victims to promote healing and bring justice, even if those things may come years or decades later.
- As a result of having an in-house sexual assault and domestic violence prosecutor, the Attorney General's office has been able to review, retain and prosecute a number of these complicated, multi-victim cases. The Sexual Assault Unit has worked on many high-profile and complex sexual assault cases during the last few years.

# Sexual Assault Prosecution

## Sexual Assault Evidence Kit Testing



- The Legislature appropriated \$1.7 million in fiscal year 2016, 2017, 2018 and, again in fiscal year 2019 to fund the testing, investigations, and provision of victim services relative for previously untested SAKs. To accomplish this goal, the Department undertook a survey to identify untested SAKs in the possession of law-enforcement entities. The resulting inventory was used by the Department to prioritize investigations and prosecution of SAK test results returned in Calhoun, Kalamazoo, and Genesee Counties. The Department has MOUs with three counties and one law-enforcement agency. Calhoun County has successfully prosecuted two offenders. Kalamazoo and Ingham Counties along with the Grand Rapids Police Department are reviewing cases for prosecution. Calhoun and Kalamazoo Counties are providing community-based services to survivors. A recent MOU with Ingham County has resulted in the formation of a SAKI Unit with a prosecutor and law enforcement officer paired with a community based advocate.
- The Department's priority remains investigation and prosecution. With the statute of limitations continuing to run, the Department does not believe it is prudent to delay activities once test results are returned. For that reason, the Department will continue to communicate with other counties after they receive their test results. It is expected that additional counties may request MOUs or the assistance of a trained sexual-assault investigator on the Department's staff. The AGS office hopes to expand the project by offering prosecution and investigation services in those counties with kit numbers who wish to become partners in the Project.
- Results
  - In Kalamazoo County approximately 200 kits were tested with 6 convictions on all cases that have been charged.
  - In Calhoun County 210 kits were tested with 5 convictions, 1 pending case and 1 acquittal.
  - In Ingham County 131 kits were tested with 2 pending cases.

# Sexual Assault Prosecution

## Noteworthy Cases



- ***People v Ian Elliott***

In the fall of 2016, then CMU student government president Ian Elliott brought a female student home shortly after meeting her for the first time at a local bar in Mt. Pleasant. The female victim described losing control of her motor skills and vomiting for approximately two hours. Once the vomiting subsided, Elliott sexually assaulted her. Mr. Elliott was charged and a preliminary examination was held. After the victim testified, the judge found enough evidence to bind the case over for trial. Several weeks prior to trial the case was dismissed by the county prosecutor for reasons still not completely known. In October of 2019, the AG took over the case, performed further investigation and found several other victims who describe similar assaults perpetrated on them by Mr. Elliott. Mr. Elliott now stands trial in two separate sexual assault cases due to the efforts of the Michigan AG.

- ***People v Gallagher, McDonough, Greenlund***

Hunter "Grizz" Gallagher allegedly committed two separate sexual assaults in Delta County, which occurred a year apart. In each of the charged incidents, Mr. Gallagher penetrated a local female high school student. During the first incident, Gallagher was assisted by McDonough as the two forcibly held the victim down, who struggled to resist them by kicking and screaming. A year later, Gallagher took advantage of a female who was intoxicated at a party. During this incident Gallagher and Greenlund overcame the underaged victim after leading her into a room where they closed the door and sexually assaulted her. An extensive preliminary examination was held along with numerous bond hearings where the People presented evidence of Gallagher trying to leverage his family's relationship with the judge to curry favor with his rulings. The three men now stand trial for the two separate incidents.

# Human Trafficking



- Every day in America, innocent people are forced into prostitution, domestic servitude and other forms of labor through Human Trafficking. Through force and intimidation, men, women and children are bound by the chains of modern day slavery. Forty percent of human trafficking cases involve sexual abuse of a child.
- In response, the State's first Human Trafficking Unit was established in 2011. Just in 2018, in a total of 18 presentations to over 1500 people, the Human Trafficking Unit provided Human Trafficking training to approximately 200 Law Enforcement professionals, 50 Legal professionals, 265 medical professionals, 800 various other professionals and about 250 members of the general public. The Human Trafficking Unit has arrested 27 individuals on human trafficking charges, secured 24 convictions, with cases against one defendant currently pending. The perpetrators of this crime in Michigan can no longer hide in the shadows.
- On the recommendation of the first Commission on Human Trafficking convened in 2013, the Legislature created the standing Michigan Human Trafficking Commission within the Department of Attorney General, whose members are appointed by the Governor to represent various groups and public officials.
- Attorney General Nessel is committed to the continued fight against this horrible crime in cooperation with The Michigan Human Trafficking Commission. Professionals, educators, students, and community members from around the state have joined these efforts. Attorney General Nessel, with the Michigan Human Trafficking Commission pledges to continue to support victims, conduct research, train front-line professionals, make recommendations to improve anti-trafficking laws, and raise public awareness.

# Human Trafficking

## Noteworthy Cases



- ***People v. Joseph McGough and Robert Standfield***

In late 2017, two St. Clair county men were charged with sex trafficking a 17-year old minor. An investigation into the actions of McGough and Standfield was initiated by the Warren Police Department after their alleged victim came forward in September 2017 while undergoing medical treatment. The 17-year old alleged that McGough was trafficking her out of hotels in Macomb and Oakland County between April and September 2017. The victim alleged that she and her friend were recruited and encouraged to engage in commercial sex by Joseph McGough and his friend Robert Standfield. McGough then took the victim from her hometown in St. Clair county to the metro Detroit area where they stayed in hotels and he had her engage in commercial sex. McGough took all earnings his victim made from performing commercial sex. His victim alleged she had to go on multiple "dates" a day. During a several week absence by McGough, he had his friend Standfield assume control of the operation. McGough pled guilty in late 2018 and was sentenced to 4-15 years prison. Standfield pled guilty and was sentenced to 1-15 years jail.

- ***People v. Christopher Lowrey***

Christopher Lowrey was arrested for conducting a prostitution ring via telephone from the Wayne County jail in Detroit in November 2016 and March 2017. Lowrey made phone calls to various women and coerced them into conducting commercial sexual activity. He then directed the women provide the money to his friends or family members, who would store the money for him or place money into his jail account. Lowrey pled guilty to human trafficking and in March of 2018 he was sentenced to 7-15 years in prison.

- ***People v. Streety***

In the fall of 2017, a 19-year-old victim reported that after she had arrived in Detroit on a Greyhound bus from Georgia, she was forced for the next week to engage in commercial sex for Streety. The victim was approached by Streety's "girlfriend" upon arrival at the Detroit bus station, who offered the victim a ride. When she entered the vehicle, she met Streety who was driving the vehicle. The two convinced the girl to attend a private afterhours party to make some money by dancing. The victim was drugged and, after Streety took her phone with all her contact information, she had no real means of escape. Streety took her to hotels in the Metro Detroit area where she was forced to engage in commercial sex. He posted advertisements and kept all the proceeds. Streety pled guilty to trafficking charges and was sentenced to 3-15 years in February 2019.

- ***People v. Radney***

After being dispatched to a hotel in Warren for an unrelated matter, astute officers recognized indicators of human trafficking. Officers were speaking with Radney in a hotel room when they noticed a younger female in the back of the room near the bathroom who remained very quiet and attempted to hide between sunglasses. After an attempt to obscure her true identity, the young lady was eventually identified as a 17-year old minor. She indicated to officers that she had been hanging out in area motels with Radney for the last week or two. In December 2018, Radney was charged with multiple counts, including human trafficking. He has been bound over to the Macomb County Circuit Court awaiting trial.

# Child Support Enforcement



- In Michigan, unpaid child support continues to be a major socio-economic problem with more than \$6.4 billion in support owed. Investigators in the Attorney General's Child Support Division identify parents throughout the State who have the ability to pay support to their children but refuse to do so.
- The Attorney General's Child Support Division was created in 2003 to combat the problem of unpaid child support. Over the past sixteen years the division has seen impressive results as it fights to obtain compliance with child support orders. Since 2003, Attorney General Nessel's Child Support Division has collected more than \$270 million which has directly impacted the lives of over 19,000 children.
- The mission of the Child Support Division is to enforce child support orders by prosecuting those individuals who have a history of non-payment and have significant arrearages of at least \$5,000. The division focuses on those parents who have the ability to pay their court ordered obligation but fail to do so.
- The division generates far more revenue than is appropriated and actually saves the State money. In many cases, money is owed to the State due to childbirth costs paid by Medicaid or when cash assistance has been paid to the custodial parent. When the division collects child support in these cases, the state-owed moneys are recovered and returned to the State. As a result, the Child Support Division collects more revenue each year than it costs to operate the division.

# Consumer Protection



- Enforcement of more than 35 state statutes that protect consumers and charities.
- Received and replied to about 10,000 written consumer complaints and inquiries in 2019.
- Consumer and State recoveries, including antitrust, totaled \$10 million in fiscal year 2019.
- Alert consumers to scams, deceptive business practices, privacy threats, and emerging identity theft schemes.
- Registers or licenses about 8,400 charities on a yearly basis and professional fundraisers that solicit from the public on a yearly basis. Investigates and enforces charitable trust laws against charities, professional fundraisers, and charitable trustees.
- Leads multistate consumer protection efforts
- Engages in various enforcement actions and investigations under the Michigan Consumer Protection Act

# Consumer Protection

## Noteworthy Cases



- Used Facebook to serve a default judgment in the amount of \$800,000 against Chris Carr and Fan Authentics after being unable to perfect service when he fled Michigan
- Action against Executive Car Rental, Inc. after receiving more than fifty complaints regarding Executive's business practices. The AVC ensures that Executive will change their business practices that lead to the complaints, that Executive will donate \$4,000 to the Better Business Bureau, that Executive will issue payment in the amount of \$100 to the 55 consumers who filed complaints with the Attorney General, that Executive will pay \$30,000 to the Attorney General's office, of which \$10,000 will be used to offset the expense to the Michigan citizens of the Attorney General's investigation. The remaining \$20,000 will be used to compensate additional consumers effected by Executive Car Rental's business practices.
- Action against AmeriGas Propane for the second time in four years after consumers complained that the company was charging grossly excessive per gallon prices during the 2015-16 winter, that the company doesn't refund customers that return prepaid propane after terminating service, that the company charges non-governmental mandated fees implying they are mandated, and that the companies subsidiary, Schultz Bottle Gas allowed certain customers to run out of propane when those customers were participating in a auto-fill program.
- Action against two landscaping and snow removal companies resulting in \$35,000 in reimbursements for Michigan consumers who did not get the services they paid for.
- Action against a deceptive Michigan based charity, its president, and treasurer resulting in a settlement agreement, a corporate restructuring, a new board of directors, penalties of \$10,000, and other relief.

## Public Safety



- One of the core duties of government is the protection of the public. The economic recovery we are currently witnessing in Michigan is assisted when we make our schools safer and reduce crime in our neighborhoods. Reducing crime improves our ability to attract and retain jobs and improves the quality of life for all Michigan citizens.
- The Attorney General's Distressed Cities Initiative provides funding for Special Assistant Attorneys General to be imbedded with county prosecuting attorney's offices to assist in the prosecution of criminal matters. Currently, fifteen Special Assistant Attorneys General are reducing crime in Wayne County, Saginaw County, and Genesee County.
- During 2018, these Special Assistant Attorneys General worked on an active felony caseload of 4,083 cases and also handled an active misdemeanor caseload of 11,848 cases.
- The Governor's Budget Recommendation has provided our department an additional \$906,200 to continue our Public Safety initiative efforts.

## Drug Unit



- In 2015, Governor Rick Snyder created the Michigan Prescription Drug and Opioid Abuse Task Force to develop a plan to address prescription drug and opioid abuse. The committee's mission was to examine recent trends, evaluate strategic options, and develop a statewide action plan by fall 2015. Through data obtained from the Commission's work, there is a demonstrated need for a specialized statewide drug prosecution unit.
- Law enforcement must respond to this epidemic in order to save lives and protect communities. Local prosecutors do not always have the necessary resources to effectively combat this epidemic. As the state's Chief Law Enforcement Officer, the Attorney General is well positioned to prosecute complex drug cases as well as those that cross county lines.
- The Attorney General drug unit is staffed with four attorneys, an investigator and one support staff that supplements the great work done by local authorities in prosecuting drug cases. Since October 1, 2016, the Drug Unit has taken in 101 cases. It has closed 45 of the cases, with 27 convictions. The remaining 18 closed cases were either not chargeable, or were dismissed by plea agreement or by motion. Currently, the unit has 56 open cases including 30 in litigation and 26 in the investigation phase.

## OK2Say – Student Safety Initiative



- In December 2013, the Legislature passed the Student Safety Act . The act establishes OK2SAY, a statewide student safety initiative that empowers students, parents, school personnel, community mental health service programs, and law enforcement officials to share and respond to student safety threats.
- In September of 2014, the initiative launched. Tips can be submitted 24/7 by text, mobile app, email, the OK2SAY website, and phone. Multimedia attachments (photo, video, audio, etc.) and links are encouraged. Students no longer fearing retaliation or being labeled a “snitch” because their identity is protected by law, filed 18,079 tips in the first 54 months.
- To date 5,413 free OK2SAY seminars have been conducted with 642,222 students and parents in attendance.
- The program encourages accountability by asking schools, law enforcement, and/or community mental health service program officials to complete an outcome report detailing the nature of the tip, the action taken in response, the outcome achieved, and suggestions for improvement. Initial indications suggest that in almost 64% of the incidents, outcome reports are being completed.
- Examples
  - A student who was raped receives mental health services.
  - School officials confiscate a knife and drugs.
  - A student selling drugs at school receives a suspension.
  - Law enforcement investigates a case involving a student being blackmailed to send nude photos.

## Elder Abuse Task Force



- The Elder Abuse Task Force has been jointly launched with the Attorney General and the Michigan Supreme Court.
- Includes over 70 people with over 40 agencies that provide services that affect vulnerable adults and senior citizens.
  - Sen. Pete Lucido, Sen. Paul Wojno, Rep. Graham Filler, and Rep. Brian Elder represent the Republican and Democratic Caucuses in the Senate and House of Representatives.
- Created to implement systemic changes that were recommended by the 1998 Supreme Court Task Force and the 2007 Governor’s Task Force, to assess current shortfalls and problems in the system and address them.
- No additional funding has been requested to launch the task force.

## PFAS Accountability



- The Attorney General is working with the Michigan Department of Environmental Quality to address risks posed by a group of contaminants known as PFAS – per- and polyfluoroalkyl substances. PFAS compounds are grease-, water-, and stain-resistant, and further are persistent, meaning they do not easily break down. PFAS has been used in applications ranging from firefighting foam, carpet, waterproofing of fabrics and leathers, packaging materials, nonstick coatings, and industrial processes such as chrome plating.
- PFAS are labeled “emerging contaminants” because the effects of the chemicals on human health and the environment are not fully understood, but studies have found links between the chemicals and increased cholesterol, changes in the body’s hormones and immune system, decreased fertility, and increased risk of certain cancers. Michigan is one of only a few states to organize and implement a program to identify locations of PFAS contamination and to stop unacceptable exposures wherever they occur. And Michigan is one of the few states to issue enforceable standards for PFAS, and actively seek compliance with those standards. MDEQ has referred one case (Wolverine Worldwide Inc.) to ENRA for litigation, but as the statewide investigations conclude and MDEQ turns its focus to enforcement and recovery of state costs, the Attorney General anticipates numerous enforcement actions and settlement negotiations to be referred.
- The Governor’s Budget Recommendation provided our department with a \$700,000 supplemental appropriation for the current fiscal year. The funding is provided by an interdepartmental grant from MDEQ.

## Auto Insurance Fraud Unit



- The Auto Insurance Fraud Unit (AIFU) is a new initiative of Attorney General Dana Nessel to investigate and prosecute criminal acts relating to the submission of fraudulent motor vehicle insurance claims.
- The initial focus will be abuse of the no-fault system, such as organized conspiracies, including doctors, lawyers, healthcare providers, runners, lay owners of medical facilities, repair shops, and participants in staged accidents.
- The AIFU will also work with other units within the Attorney General’s office to protect consumers who have been harmed by unfair claim practices or suffered discrimination in pricing in obtaining motor vehicle insurance.
- The AIFU will also conduct community outreach to educate and encourage the public to identify and report fraud, such as falsified or overstated injuries from an auto accident, excessive, unnecessary, or unreasonable medical treatment and/or testing for injuries sustained in an auto accident.

# Auto Insurance Fraud Unit



- Currently, AIFU is staffed with one attorney and one investigator. The unit is funded through the Attorney General's general fund.
- Measuring fraud has been an impossible endeavor; however, according to the Michigan Department of Insurance and Financial Services:
  - Fraud steals \$80 billion annually across of lines of insurance, and this is a conservative estimate.
  - Staged-crash rings fleece auto insurers out of billions of dollars a year by billing for unneeded treatment of phantom injuries. Usually these are bogus soft-tissue injuries such as sore backs or whiplash, which are difficult to medically identify and dispute.
  - Automobile claim fraud and buildup added \$5.6 billion-\$7.7 billion in excess payments to auto-injury claims paid in the U.S. in 2012.
  - Excess payments represented 13-17 percent of total payments under the five main private-passenger auto-injury coverages.
  - 21 percent of bodily-injury (BI) claims and 18 percent of personal injury protection (PIP) claims closed with payment had the appearance of fraud and/or buildup. Buildup involves inflating otherwise legitimate claims.
  - Buildup was the most common abuse. Claims with the appearance of buildup accounted for 15 percent of dollars paid for BI and PIP claims in 2012.
  - Claims appearing to have fraud and/or buildup were more likely than other claims to involve chiropractic treatment, physical therapy, alternative medicine and pain clinics.

# Conviction Integrity Unit



- The Attorney General is the top law enforcement officer in Michigan. In conjunction with county prosecutors, she has a duty to ensure that those who violate Michigan's criminal laws are convicted and punished in accordance with the law.
- However, the Attorney General also has a duty to ensure that those convicted of state crimes by county prosecutors as well as by her own office are in fact guilty of those crimes.
- Consistent with this duty, the Attorney General has created a Conviction Integrity Unit which will be housed within the Department's Criminal Appellate Division. At present, the Unit is comprised of one Assistant Attorney General, with plans in place to add an investigator and other support staff in the very near future. Additional staffing will be considered if the need arises.
- Based on protocols and processes that are still being developed, the Conviction Integrity Unit will review eligible claims of actual innocence submitted to it by claimants arising from state-law convictions in all of Michigan's counties (other than Wayne County, which has its own Conviction Integrity Unit), using existing court records and any newly discovered evidence submitted by the claimant and determine whether the claim of actual innocence merits further review and investigation.
- In those cases where further review is merited, the Attorney General's Conviction Integrity Unit will work with county prosecutors, law enforcement, defense attorneys, and innocence clinics, as well as conduct its own investigation (including interviews of victims, witnesses and new testing of physical evidence) to determine whether the claimant is actually innocent of the crime(s) for which he/she was convicted and sentenced.
- Once a determination is made that a claimant convicted of a state crime in Michigan is actually innocent, the Attorney General, in her role as the top law enforcement officer in Michigan, will take the appropriate remedial action, which may include vacating the claimant's conviction(s) and dismissing the charge(s) against the claimant.

## Hate Crimes Unit



- The newly formed Hate Crimes Unit in the Criminal Division of the Attorney General's office focuses on criminal prosecution of bias-motivated crimes. A bias-motivated crime is one in which the victim is targeted because of their race, religion, national origin, sexual orientation, gender or gender-identity. Victims are selected based on a bias aimed at a distinctive group of which the victim is merely a representative. Hate crimes deny the human dignity and individuality of every victim who is targeted based on bias and prejudice.
- The Hate Crimes Unit was officially launched in early March 2019. At that time, no unit within the criminal division specialized in hate crime cases.
- The goal of the Hate Crimes Unit are 1) to effectively prosecute bias-motivated crimes 2) provide training and coordinate with law enforcement on identifying and prosecuting these crimes and 3) to reach out to vulnerable communities to educate their members about their rights and encourage reporting to law enforcement.
- The Hate Crimes Unit is staffed with one attorney and one investigator. The unit is funded through the Criminal Division's general fund.
- Though hate crimes are vastly underreported, the most currently available statistics show hate crimes are on the rise nationwide with the FBI reporting a 4.6% rise in hate crimes from 2015-2016 and a further 17% rise from 2016-2017. In the last 3 years, the FBI has consistently held Michigan in the top five of states with the most reported incidents of hate crimes. Michigan Incident Crime Reporting from the Michigan State Police shows a 23% increase in hate crimes from 2015-2016 and a further 7% increase from 2016-2017. This sharp increase in hate crimes in Michigan mirrors a larger trend nationwide.
- Last year, the largest percentage of hate crimes in Michigan were racially-motivated at 67%, followed by religious-motivated hates crimes at 17% and 13% of hates crimes were motivated by prejudice against sexual orientation.

## Opioid Enforcement



- Under Attorney General Nessel, the department has increased its efforts to hold liable parties accountable and seek remediation for the effects of the opioid crisis.
- The Department of Attorney General is engaged in a collaborative, multistate investigation into the marketing and sales of opioids, reviewing the role of both manufacturers and distributors to assess potential liability for the proliferation of opioid abuse across the country and the devastating effects the opioid epidemic has had on our communities.
- Increased efforts have included investigative document review, increased collaboration with other jurisdictions, and renewed interaction with potential responsible parties to determine whether timely relief may be available.
- An example of increased focus on enforcement includes the April 9, 2019 arrest of a Mason physician who is alleged to have prescribed opioids to an undercover Attorney General Investigator who reported no pain, injury, or other medical justification for the prescription.
- Additionally, in an effort to protect the public health, safety and welfare, the Attorney General's Office in partnership with LARA's Bureau of Professional Licensing has taken administrative action against health professionals who overprescribe controlled substances in Michigan. The goal of these efforts is to reduce prescription drug abuse and prescription drug-related overdose deaths in Michigan.

# Line Item Appropriations

## Governor's Recommendation FY 2020



Line Item	Amount	Funding Source	Use
<b>1) Attorney General Operations</b>			
Attorney General	\$112,500	GF/GP	Funding for the Attorney General's salary
Unclassified Positions	\$824,100	GF/GP	Funding for five Executive positions.
Operations	\$94,046,500	\$32,976,700 - GF/GP \$34,908,000 - IDG \$19,273,200 - Restricted \$6,888,600 - Federal	All staff salaries, benefits, contractual services, supplies, materials, expert witnesses, travel, rent, worker's compensation, equipment, and other operation costs.
Child Support Enforcement	\$3,622,700	\$918,800 - GF/GP \$2,703,900 - Federal	Provides funding for the Attorney General's Child Support Division, which includes salaries, benefits, contractual services, supplies, materials, travel, rent, equipment, and other operation costs.
OK2SAY	\$1,472,300	\$1,000,000 - GF/GP \$472,300 - Restricted	Provides funding for two positions and enhances the OK2SAY bullying program through public awareness.
Information Technology Services and Projects	\$1,598,200	GF/GP	Provides funding for Department of Technology , Management and Budget related services.
Public Safety Initiative	\$906,200	GF/GP	Provides funding for special assistant attorneys general and one support staff to prosecute crimes within distressed cities.
Sexual Assault Law Enforcement	\$1,722,900	GF/GP	Provides funding for the Attorney General's sexual assault enforcement activities, which includes salaries and benefits for 5 FTEs, contractual services, supplies, materials, travel, equipment, and other operation costs.

# Line Item Appropriations

## Governor's Recommendation FY 2020



Line Item	Amount	Funding Source	Use
<b>2) Prosecuting Attorney Coordinating Council (PACC)*</b>	\$2,212,400	\$1,676,900 - GF/GP \$414,300 - Restricted \$121,200 - Federal	Provides funding for the Prosecuting Attorneys Coordinating Council, which includes salaries, benefits, contractual services, supplies, materials, travel, rent, equipment, and other operation costs. Provides funding for scholarships for tuition, travel, and state prosecutors training.

\*Appropriated separately – Type I Agency.

# FY 2019 Cost Projections



FY 2019 Projected Costs by Category

Category	Projected Costs	Percentage of Budget
Personnel-Related Costs	\$82,000,000	85%
Contractual Services, Expert Witness Fees, Supplies, and Maintenance	\$8,200,000	8%
Rent	\$ 3,500,000	4%
Information Technology	\$1,600,000	2%
Travel	\$700,000	1%
Equipment	\$400,000	Less than 1%

# FY 2020 Cost Projections



FY 2020 Projected Costs by Category

Category	Projected Costs	Percentage of Budget
Personnel-Related Costs	\$85,000,000	85%
Contractual Services, Expert Witness Fees, Supplies, and Maintenance	\$8,000,000	8%
Rent	\$ 3,600,000	4%
Information Technology	\$1,700,000	2%
Travel	\$800,000	1%
Equipment	\$400,000	Less than 1%

Questions?

