

**C81C**  
**Office of the Attorney General**

***Operating Budget Data***

---

	(\$ in Thousands)					
	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 02-04</u> <u>Change</u>	<u>FY 05</u>	<u>FY 04-05</u> <u>Change</u>
Operations	\$20,229	\$19,752	\$20,237	\$8	\$21,592	\$1,356
Contractual Services	856	1,354	969	\$114	971	2
Grants	418	430	438	\$20	436	-2
Contingent & Back of Bill Reductions	0	0	0	\$0	-83	-83
<b>Adjusted Grand Total</b>	<b>\$21,502</b>	<b>\$21,535</b>	<b>\$21,643</b>	<b>\$141</b>	<b>\$22,916</b>	<b>\$1,273</b>
General Funds	17,368	16,636	17,090	-\$279	17,464	374
Contingent & Back of Bill Reductions	0	0	0	\$0	-71	-71
<b>Adjusted General Funds</b>	<b>\$17,368</b>	<b>\$16,636</b>	<b>\$17,090</b>	<b>-\$279</b>	<b>\$17,393</b>	<b>\$304</b>
Special Funds	644	1,184	602	-\$43	1,425	823
Contingent & Back of Bill Reductions	0	0	0	\$0	-6	-6
<b>Adjusted Special Funds</b>	<b>\$644</b>	<b>\$1,184</b>	<b>\$602</b>	<b>-\$43</b>	<b>\$1,419</b>	<b>\$817</b>
Federal Funds	1,275	1,330	1,428	\$153	1,578	149
Contingent & Back of Bill Reductions	0	0	0	\$0	-6	-6
<b>Adjusted Federal Funds</b>	<b>\$1,275</b>	<b>\$1,330</b>	<b>\$1,428</b>	<b>\$153</b>	<b>\$1,572</b>	<b>\$144</b>
Reimbursable Funds	2,214	2,385	2,524	\$309	2,532	8
<b>Adjusted Grand Total</b>	<b>\$21,502</b>	<b>\$21,535</b>	<b>\$21,643</b>	<b>\$141</b>	<b>\$22,916</b>	<b>\$1,272</b>
<b>Annual % Change</b>		<b>0.2%</b>	<b>0.5%</b>		<b>5.9%</b>	

- Cost containment reduced general fund expenses \$622,151 in fiscal 2003, \$663,119 in fiscal 2004, and \$70,926 in fiscal 2005.
- The fiscal 2005 allowance includes special funds of \$848,527 in consumer protection recoveries compared to \$153,137 in fiscal 2004.
- The allowance includes \$228,655 for new positions in the Medicaid Fraud Control Division, offset in part by \$132,940 for positions transferred to the Office of Children, Youth, and Families (OCYF).

Note: Numbers may not sum to total due to rounding.

For further information contact: James L. Stoops

Phone: (410) 947-5530

## ***Personnel Data***

---

	<b><u>FY 02</u></b>	<b><u>FY 03</u></b>	<b><u>FY 04</u></b>	<b><u>FY 02-04 Change</u></b>	<b><u>FY 05</u></b>	<b><u>FY 04-05 Change</u></b>
Regular Positions	260.5	247.5	239.5	-21.0	242.5	3.0
Contractual FTEs	3.0	0.0	0.0	-3.0	0.0	0.0
<b>Total Personnel</b>	<b>263.5</b>	<b>247.5</b>	<b>239.5</b>	<b>-24.0</b>	<b>242.5</b>	<b>3.0</b>

### ***Vacancy Data: Regular Positions***

Turnover Expectancy	6.92	2.89%
Positions Vacant as of 12/31/03	30.50	12.73%

- Two new positions are requested for Medicaid Fraud Control, and three new positions are requested for the Securities Division.
- Two administrative positions are transferred to OCYF.
- Eight vacant positions were abolished in fiscal 2004.

## ***Analysis in Brief***

---

### **Issues**

***Health Club Provider Fees:*** Consumer Protection Division health club fees only cover approximately \$134,725 of health club consumer protection expenses of \$189,010 in fiscal 2005. **It is recommended that health club fees be increased to cover expenses.**

***Consumer Protection Program Off-budget Expenses:*** The Office of the Attorney General is using consumer protection recoveries, both on-budget and off-budget, to fund State agency operations. **It is recommended that all funds to support agency operations should be appropriated in the State budget.**

***Homebuilders Fund:*** The homebuilders fund has a projected fiscal 2005 ending balance of \$2.2 million that exceeds normal annual operating expenses of under \$300,000. **It is recommended that \$1.0 million in surplus funds be transferred to the general fund via budget reconciliation legislation.**

### **Recommended Actions**

	<b><u>Funds</u></b>
1. Add budget bill language to reduce \$54,285 of general funds in the Consumer Protection Program contingent on enactment of a provision in budget reconciliation legislation to increase health club service provider fees.	
2. Increase turnover expectancy for new Medicaid Fraud Unit positions to 25%.	\$ 23,129
<b>Total Reductions</b>	<b>\$ 23,129</b>



**C81C**  
**Office of the Attorney General**

***Operating Budget Analysis***

---

**Program Description**

The Attorney General (AG) acts as legal counsel to the Governor, General Assembly, Judiciary, and all departments, boards, and commissions (except the Commission on Human Relations, Public Service Commission, and State Ethics Commission). The Office of the Attorney General (OAG) represents the State in all matters of interest to the State, including civil litigation and criminal appeals in all State and federal courts. The office also reviews legislation passed by the General Assembly prior to consideration by the Governor. The office is supported by 11 divisions: Legal Counsel and Advice; Securities; Consumer Protection; Antitrust; Medicaid Fraud Control; Civil Litigation; Criminal Appeals; Criminal Investigations; Educational Affairs; Correctional Litigation; and Contract Litigation.

The office also provides assistant attorneys general and staff attorneys to State agencies. The positions are in the agency budgets, rather than in the budget of the OAG. **Appendix 4** provides a breakdown of assistant attorneys by agency.

**Performance Analysis: Managing for Results**

The Managing for Results (MFR) analysis is less meaningful for OAG than other State agencies because of what the agency does – advice of counsel to State agencies and representation of the State in civil matters and criminal appeals. In civil and criminal litigation each case is different; OAG is generally reacting to events over which it has little control. **Appendix 5** provides a report of all significant litigation handled by OAG. The report is indicative of the wide range of issues handled by OAG.

OAG is proactive in consumer protection and antitrust matters. MFR key indicators in **Exhibit 1** indicate a projected reduction in arbitration issues since 2001. Cost containment actions in fiscal 2003 most heavily impacted the consumer protection division except for the Maryland Insurance Administration (MIA) funded Health Appeals Unit (HAU). HAU is not impacted by cost containment action. This unit handles cases where an individual is denied coverage under a health insurance policy for a medically necessary procedure, and the individual has exhausted the carrier's internal grievance process. HAU attempts to mediate the issue and, if unsuccessful, assists in bringing the complaint before MIA for an administrative hearing to resolve the issue. Medical necessity appeals activity of HAU is well under what was projected when the legislation was enacted in 1998.

In 2000, the General Assembly expanded the appeals and grievance program to provide an appeals and grievances process for patients to challenge contractual coverage decisions in addition to

*C81C – Office of the Attorney General*

the medical necessity cases covered. Chapter 371, Acts of 2000 took effect on January 1, 2001, and since that time, those contractual coverage cases have been handled exactly like the medical necessity cases by both the HAU and the Maryland Insurance Administration.

---

**Program Measurement Data  
Office of the Attorney General  
Fiscal 2001 – 2005**

	<u>Actual</u> <u>2001</u>	<u>Actual</u> <u>2002</u>	<u>Actual</u> <u>2003</u>	<u>Est.</u> <u>2004</u>	<u>Est.</u> <u>2005</u>	<u>Chg.</u> <u>01-03</u>	<u>Chg.</u> <u>03-05</u>
<b>Consumer Protection</b>							
Inquires	87,253	85,665	87,500	90,000	90,000	0.1%	1.4%
Complaints	13,076	14,294	15,442	14,500	14,750	8.7%	-2.3%
Cease and Desist Hearings	38	0	0	0	0	-100.0%	0.0%
Arbitrations	146	138	152	135	140	2.0%	-4.0%
<b>Health Appeals Unit</b>							
Medically Necessary Appeals	885	511	472	475	475	-27.0%	0.3%
Contract Denials	n/a	856	761	775	775	n/a	0.9%
Recoveries (\$ in Millions)	n/a	\$1.543	\$1.456	\$1.450	\$1.450	n/a	-0.2%
<b>Antitrust Division</b>							
Investigations	629	802	673	675	675	3.4%	0.1%
Enforcement Actions	17	16	17	17	16	0.00%	-3.0%
<b>Civil Litigation Cases</b>							
State Courts	n/a	n/a	119	119	119	n/a	0.0%
Federal Courts	n/a	n/a	55	55	55	n/a	0.0%
Miscellaneous	n/a	n/a	12	12	12	n/a	0.0%
<b>Criminal Appeals</b>							
Federal Court Cases	118	141	128	138	135	4.2%	2.7%
State Court Cases	943	944	837	950	950	-5.8%	6.5%

Source: Attorney General Managing for Results

---

## **Fiscal 2004 Actions**

### **Impact of Cost Containment**

On July 30, 2003, the Board of Public Works (BPW) approved a reduction of \$663,119 in the OAG fiscal 2004 legislative appropriation. The action abolished four vacant positions in Legal Counsel and Advice, Securities Division, Consumer Protection Division, and Criminal Investigation Division (\$168,012) and replaced funding for 10 positions with special funds in the Consumer Protection Division (\$495,107). Additional special fund revenues are available from consumer protection recoveries from litigation awards. OAG has not processed the required budget amendment to replace the general funds with the special funds. Currently the fiscal 2004 working appropriation only reflects \$153,137 of consumer protection recoveries. However, OAG continues to charge the expenses of the 10 positions against the consumer protection recoveries as a nonbudgeted fund expense.

On November 12, 2003, BPW abolished four vacant positions (Item 12GM on the Department of Budget and Management BPW agenda), but no additional reductions were taken in fiscal 2004.

### **Governor's Proposed Budget**

The Governor's proposed fiscal 2005 allowance, as indicated in **Exhibit 2**, reflects an overall increase of \$1,272,308, or 5.9%, from the working appropriation for fiscal 2004. The overall impact on the general fund budget is an increase of \$303,558, or 1.8%. Special funds replace general funds deleted by fiscal 2004 cost containment. The special fund budget increases from \$603,842 to \$1,418,815, an increase of \$816,973, of which \$653,033 is in the Consumer Protection Division.

### **Position Changes**

The allowance reflects the transfer of two administrative positions (\$132,940) to the Office of Children, Youth, and Families (OCYF) and the addition of five new positions (\$228,655), which are 75% federal funded, for the Medicaid Fraud Control Division and the Securities Division. The allowance restores cost containment and turnover (\$643,202) taken in fiscal 2004 and provides \$248,642 for employee increments. However, if the required fiscal 2004 special fund budget amendment for the Consumer Protection Division had been processed, after BPW action on July 30, 2003, **Exhibit 2** would indicate a restoration of \$148,095 rather than the \$643,202 indicated.

**Impact of Cost Containment in Fiscal 2005**

The fiscal 2005 allowance reflects the elimination of the \$82,926 appropriation for matching employee deferred compensation contributions up to \$600 contingent upon enactment of a provision in the budget reconciliation legislation.

**Exhibit 2**  
**Governor’s Proposed Budget**  
**Office of the Attorney General**  
(\$ in Thousands)

	<u>FY 03</u> <u>Actual</u>	<u>FY 04</u> <u>Approp.</u>	<u>FY 05</u> <u>Allowance</u>	<u>FY 04-05</u> <u>Change</u>	<u>FY 04-05</u> <u>% Change</u>
General Funds	\$16,636	\$17,090	\$17,464	\$374	2.2%
Contingent & Back of Bill Reductions	0	0	-71	-71	
<b>Adjusted General Funds</b>	<b>\$16,636</b>	<b>\$17,090</b>	<b>\$17,393</b>	<b>\$304</b>	<b>1.8%</b>
Special Funds	\$1,184	\$602	\$1,425	\$823	136.8%
Contingent & Back of Bill Reductions	0	0	-6	-6	
<b>Adjusted Special Funds</b>	<b>\$1,184</b>	<b>\$602</b>	<b>\$1,419</b>	<b>\$817</b>	<b>135.7%</b>
Federal Funds	\$1,330	\$1,428	\$1,578	\$149	10.5%
Contingent & Back of Bill Reductions	0	0	-6	-6	
<b>Adjusted Federal Funds</b>	<b>\$1,330</b>	<b>\$1,428</b>	<b>\$1,572</b>	<b>\$144</b>	<b>10.1%</b>
Reimbursable Funds	\$2,385	\$2,524	\$2,532	\$8	0.3%
<b>Adjusted Reimbursable Funds</b>	<b>\$2,385</b>	<b>\$2,524</b>	<b>\$2,532</b>	<b>\$8</b>	<b>0.3%</b>
<b>Adjusted Grand Total</b>	<b>\$21,535</b>	<b>\$21,643</b>	<b>\$22,916</b>	<b>\$1,272</b>	<b>5.9%</b>

**Where It Goes:**

**Personnel Expenses**

New positions – two for the Medicaid Fraud Control and three for the Securities Division .....	\$229
Transferred positions – two positions transferred to the OCYF .....	-133
Increments and other compensation .....	249
Employee and retiree health insurance .....	168
Cost containment restored with special funds and turnover reduced .....	643
Other fringe benefit adjustments .....	141

**Other Changes**

Clerical support .....	19
Telecommunications .....	43
Insurance .....	-117
Rent .....	20
Other changes .....	10

**Total** **\$1,272**

Note: Numbers may not sum to total due to rounding.

**Consumer Protection Division**

The overall special fund increase for consumer protection programs is \$653,033 from fiscal 2004 to 2005. Consumer Protection recoveries fund a significant part of the consumer protection program budgeted expense in fiscal 2005 increasing \$695,390, from \$153,137 in fiscal 2004, to \$848,527 in the fiscal 2005 allowance. While all this gives the appearance of a significant \$539,716 increase in the fiscal 2005 division budget funded by consumer protection recoveries, the reality is that this only funds the 10 positions noted under the fiscal 2004 cost containment action and currently charged in fiscal 2004 as a nonbudgeted fund expense because the required budget amendment was not made.

## ***Issues***

---

### **1. Health Club Provider Fees**

Health club fees cover approximately \$134,725 of health club regulatory and consumer protection expenses of \$189,010.

The fiscal 2004 budget indicates \$187,616 in special funds is required to fund health club consumer protection expenses. However, the Consumer Protection Division only receives \$134,725, the amount in the allowance for fiscal 2005, from fees charged health clubs. This results in general fund subsidy of \$52,891 in fiscal 2004 for the health club consumer protection program. The subsidy will increase to \$54,285 in fiscal 2005.

Legislation was introduced in the 2003 session (Senate Bill 478/House Bill 671) that would have raised the fees. Both bills were passed in the house of introduction but not both houses. The Senate version would have raised the club fee to \$1,000 for a club required to be bonded, \$225 for a bond exempt club, and \$75 for a club that does not charge an initiation fee or requires an advance payment for future services. The House version would have raised the respective fees to \$1,200, \$300, and \$75 and would have produced an increase in revenue of \$76,900.

The fiscal note on House Bill 671 indicated 68 health clubs currently pay the \$800 fee. Increasing fees from \$800 to \$1,200 will generate an additional \$27,200 in revenue (68 x \$400). Three-hundred twenty-nine health clubs pay the \$150 fee. Increasing fees from \$150 to \$300 will generate \$49,350 (329 x \$150). Fourteen health clubs pay the \$50 fee. Increasing fees from \$50 to \$75 will generate \$350 (14 x \$25). Total revenue generated by the increases noted would be \$76,900.

The \$76,900 in additional revenue would increase total annual revenue to \$210,725. The increased revenues would be sufficient to cover anticipated expenses of \$187,616 in fiscal 2004 and allow for a 2% increase in expenses each year in fiscal 2005 through 2008.

**It is recommended that health club fees be increased to cover expenses by adopting the fee increases envisioned in House Bill 671 of 2003.**

### **2. Consumer Protection Program Off-budget Expenses**

OAG, as noted in **Exhibit 3**, is using consumer protection recoveries on-budget and off-budget to fund a portion of consumer protection operations. The budget indicates the Consumer Protection Division had no expenses paid from consumer protection recoveries in fiscal 2003, has \$153,137 appropriated in fiscal 2004, and \$848,568 in the allowance for fiscal 2005 division operations. While all this gives the appearance of a significant, \$539,716, increase in the fiscal 2005 division budget funded by consumer protection recoveries, the reality is that this only funds the 10 positions noted

*C81C – Office of the Attorney General*

under the fiscal 2004 cost containment action and currently charged in fiscal 2004 as a nonbudgeted fund expense because the required budget amendment was not made.

---

**Exhibit 3  
Consumer Protection Recoveries**

	<u>Fund Status</u>	<u>Fiscal 2003</u>	<u>Fiscal 2004</u>	<u>Fiscal 2005</u>
<b>Fund Balance June 30, 2002</b>	<b>\$1,665,155</b>			
Receipts Fiscal 2003	660,016			
Off-budgeted Disbursements Fiscal 2003	-119,310	119,310		
<b>Fund Balance June 30, 2003</b>	<b>\$2,205,861</b>			
On-budget Disbursements Fiscal 2004	-153,137			
Off -budgeted Disbursements Planned Fiscal 2004	-495,107		648,244	
<b>Projected Balance June 30, 2004</b>	<b>\$1,557,617</b>			
On-budget Disbursements Fiscal 2005	-848,527			848,527
<b>Projected Balance June 30, 2005</b>	<b>\$709,090</b>			
<b>Expenditures by Fiscal Year</b>		<b>\$119,310</b>	<b>\$648,244</b>	<b>\$848,527</b>

Source: Office of Attorney General; Department of Legislative Services projections

---

In fiscal 2003 all \$119,310 of agency expenses charged to consumer protection recoveries were off-budget in fiscal 2004. The projected OAG budget expense is \$495,107 in fiscal 2004. While all consumer protection expenses are duly recorded in R\*STARS, the State's Financial Management Reporting System, they are not reported in the OAG State budget even though the recoveries are supporting routine agency expenses.

Consumer protection recoveries are State funds and in many cases represent reimbursement or recovery of previous State general fund expenditures. Funds that are reimbursement of general fund expenditures are reverted to the State treasury. The remaining funds are available to fund agency operations. Proper budgeting requires that all State funds used for agency operations should be brought into the treasury and reflected in the State budget appropriations in accordance with Article III, Section 52 of the State Constitution.

**It is recommended that OAG submit a budget amendment in fiscal 2004 to transfer funds into the State budget from the non-appropriated consumer protection recovery account and in the future all expenditures supported by the consumer protection recoveries be properly reflected in the State budget in accordance with Article III, Section 52 of the State Constitution.**

### 3. Homebuilders Fund

The homebuilders fund has a projected fiscal 2005 ending balance of \$2.2 million that exceeds normal operating expenses of under \$300,000.

OAG, as noted in **Exhibit 4**, is using the homebuilders special fund to fund a portion of the Consumer Protection Division expenses related to consumer protection from home construction contractors. Unlike the health club fees discussed above, fees from homebuilders substantially exceed the cost of the consumer protection program. In even numbered fiscal years, the homebuilders fund receives approximately \$450,000; in odd numbered years the fund receives just under \$950,000 compared to annual expenses of under \$300,000. Even with a planned budget amendment of \$600,000 to cover development costs of an Internet web-based on-line licensing system, the fund will have a projected surplus exceeding \$1.5 million on July 1, 2004, with anticipated expenses of \$271,623 in the fiscal 2005 allowance. Based on current revenue projections the surplus may grow to nearly \$2.2 million.

**The Department of Legislative Services (DLS) recommends that \$1 million of the anticipated surplus be transferred to the general fund with a provision in the 2004 Budget Reconciliation and Financing Act (BRFA).**

#### Exhibit 4 Homebuilders Fund

	<u>Fund Status</u>	<u>Fiscal 2003</u>	<u>Fiscal 2004</u>	<u>Fiscal 2005</u>
<b>Balance July 1, 2002</b>	<b>\$1,333,184</b>			
Receipts Fiscal 2003	937,551			
On-budget Disbursements Fiscal 2003	-309,071	309,071		
<b>Balance July 1, 2003</b>	<b>\$1,961,664</b>			
Projected Revenue Fiscal 2004	450,000			
On-budget Disbursements Fiscal 2004	-261,089		261,089	
Web-based Information Technology application	-600,000		600,000	
<b>Projected Balance July 1, 2004</b>	<b>\$1,550,575</b>			
Projected revenue fiscal 2005	900,000			
On-budget disbursements fiscal 2005	-271,623			271,623
<b>Projected Balance July 1, 2005</b>	<b>\$2,178,952</b>			
<b>Expenditures by Fiscal Year</b>		<b>\$309,071</b>	<b>\$861,089</b>	<b>\$271,623</b>

Source: Office of the Attorney General; Department of Legislative Services projections

## ***Recommended Actions***

---

1. Add the following language:

Provided that the general fund appropriation hereunder is reduced by \$54,285 contingent upon enactment of a provision in the Budget Reconciliation and Financing Act (Senate Bill ??? or House Bill ???) to increase health club service provider fees established under the Commercial Law Article Section 14-12B-02(b)(3).

**Explanation:** The Budget Reconciliation and Financing Act provision will increase health club provider fees to generate at least an additional \$76,900 in revenue sufficient to eliminate the \$54,285 general fund subsidy of the consumer protection program for health club services.

	<b><u>Amount Reduction</u></b>	
2. Increase turnover expectancy for new Medicaid Fraud Unit positions to 25%.	\$ 5,782	GF
	\$ 17,347	FF
<b>Total Reductions</b>	<b>\$ 23,129</b>	
<b>Total General Fund Reductions</b>	<b>\$ 5,782</b>	
<b>Total Federal Fund Reductions</b>	<b>\$ 17,347</b>	

## *Current and Prior Year Budgets*

---

### Current and Prior Year Budgets Office of the Attorney General (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
<b>Fiscal 2003</b>					
Legislative Appropriation	\$17,776	\$430	\$1,504	\$2,553	\$22,263
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	977	3	118	1,098
Cost Containment	-768	-223		0	-991
Reversions and Cancellations	-372	0	-177	-286	-835
<b>Actual Expenditures</b>	<b>\$16,636</b>	<b>\$1,184</b>	<b>\$1,330</b>	<b>\$2,385</b>	<b>\$21,535</b>
<b>Fiscal 2004</b>					
Legislative Appropriation	\$17,753	\$602	\$1,428	\$2,522	\$22,305
Cost Containment	-664	0	0	0	-664
Budget Amendments	0	0	0	2	2
<b>Working Appropriation</b>	<b>\$17,089</b>	<b>\$602</b>	<b>\$1,428</b>	<b>\$2,524</b>	<b>\$21,643</b>

Note: Numbers may not sum to total due to rounding.

---

## **Fiscal 2003**

### **General Funds**

Two rounds of cost containment approved by the Board of Public Works in January and February 2003 reduced the fiscal 2003 general fund appropriation \$754,248, and the \$13,459 employee transit subsidy was deleted by General Assembly action in the budget bill in the 2003 legislative session for \$767,707 total general fund reductions. There were additional general fund reversions of \$372,292 throughout OAG, of which \$96,467 were in the Consumer Protection Division and \$97,851 in the Criminal Investigations Division.

### **Special Funds**

There was one significant budget amendment and several smaller amendments. A special fund amendment of \$863,280 transferred Cigarette Restitution Funds (CRF) from the State Reserve Fund in accordance with Section 26(b) and (C) of the BRFA of 2002 (Chapter 440). However, \$739,788 from the CRF was actually spent during the year leaving a balance of \$223,492 including the original \$100,000 CRF appropriation. These funds were used for outside counsel expenses associated with the Peter G. Angelos litigation concerning the fee that Mr. Angelos would receive for his work in the Cigarette Restitution case. Other amendments provided \$99,000 for the homebuilders fund and \$14,725 for the Health Club Unit in the Consumer Protection Division.

An additional \$140,000 was spent from nonbudgeted consumer protection recoveries for Consumer Protection Division expenses not reflected in **Appendix 3**.

## **Fiscal 2004**

The \$663,119 reduction in the general fund budget is the July 30, 2004, cost containment action discussed earlier in the analysis and 401(k) employee match deleted by budget bill action in the 2003 legislative session.

**Object/Fund Difference Report  
Office of the Attorney General**

<u>Object/Fund</u>	<u>FY03 Actual</u>	<u>FY04 Working Appropriation</u>	<u>FY05 Allowance</u>	<u>FY04 - FY05 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	247.50	239.50	242.50	3.00	1.3%
<b>Total Positions</b>	<b>247.50</b>	<b>239.50</b>	<b>242.50</b>	<b>3.00</b>	<b>1.3%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 16,068,279	\$ 16,560,340	\$ 17,948,680	\$ 1,388,340	8.4%
02 Technical & Spec Fees	131,982	41,000	60,000	19,000	46.3%
03 Communication	446,600	403,340	445,965	42,625	10.6%
04 Travel	88,386	109,708	109,708	0	0%
07 Motor Vehicles	358,856	247,383	247,387	4	0%
08 Contractual Services	1,353,624	969,096	970,792	1,696	0.2%
09 Supplies & Materials	332,394	333,000	333,600	600	0.2%
11 Equip - Additional	219,394	45,755	48,555	2,800	6.1%
12 Grants, Subsidies, Contr	429,643	437,583	435,425	-2,158	-0.5%
13 Fixed Charges	2,106,001	2,496,156	2,398,483	-97,673	-3.9%
<b>Total Objects</b>	<b>\$ 21,535,159</b>	<b>\$ 21,643,361</b>	<b>\$ 22,998,595</b>	<b>\$ 1,355,234</b>	<b>6.3%</b>
<b>Funds</b>					
01 General Fund	\$ 16,635,747	\$ 17,089,855	\$ 17,464,339	\$ 374,484	2.2%
03 Special Fund	1,183,584	601,842	1,424,875	823,033	136.8%
05 Federal Fund	1,330,498	1,428,065	1,577,539	149,474	10.5%
09 Reimbursable Fund	2,385,330	2,523,599	2,531,842	8,243	0.3%
<b>Total Funds</b>	<b>\$ 21,535,159</b>	<b>\$ 21,643,361</b>	<b>\$ 22,998,595</b>	<b>\$ 1,355,234</b>	<b>6.3%</b>

Note: Fiscal 2004 appropriations and fiscal 2005 allowance do not include deficiencies and contingent reductions.

**Fiscal Summary  
Office of the Attorney General**

<u>Unit/Program</u>	<u>FY03 Actual</u>	<u>FY04 Legislative Appropriation</u>	<u>FY04 Working Appropriation</u>	<u>FY03 - FY04 % Change</u>	<u>FY05 Allowance</u>	<u>FY04 - FY05 % Change</u>
00 Office of the Attorney General	\$ 21,535,159	\$ 22,304,727	\$ 21,643,361	0.5%	\$ 22,998,595	6.3%
<b>Total Expenditures</b>	<b>\$ 21,535,159</b>	<b>\$ 22,304,727</b>	<b>\$ 21,643,361</b>	<b>0.5%</b>	<b>\$ 22,998,595</b>	<b>6.3%</b>
General Fund	\$ 16,635,747	\$ 17,752,973	\$ 17,089,855	2.7%	\$ 17,464,339	2.2%
Special Fund	1,183,584	601,841	601,842	-49.2%	1,424,875	136.8%
Federal Fund	1,330,498	1,428,064	1,428,065	7.3%	1,577,539	10.5%
<b>Total Appropriations</b>	<b>\$ 19,149,829</b>	<b>\$ 19,782,881</b>	<b>\$ 19,119,762</b>	<b>-0.2%</b>	<b>\$ 20,466,753</b>	<b>7.0%</b>
Reimbursable Fund	\$ 2,385,330	\$ 2,521,846	\$ 2,523,599	5.8%	\$ 2,531,842	0.3%
<b>Total Funds</b>	<b>\$ 21,535,159</b>	<b>\$ 22,304,727</b>	<b>\$ 21,643,361</b>	<b>0.5%</b>	<b>\$ 22,998,595</b>	<b>6.3%</b>

Note: Fiscal 2004 appropriations and fiscal 2005 allowance do not include deficiencies and contingent reductions.

**Breakdown of Assistant Attorneys General by Agency**

<u>Department</u>	<u>Amount</u>	
Aging	2	
Agriculture	2	
Assessments and Taxation	3	
Budget and Management	8	plus 3 staff attorneys
Business and Economic Development	10	plus 1 staff attorney
Education	24.5	
Energy	2	
Environment	21	
Environmental Crimes	3	
Environmental Services	2	
Food Center Authority	1	
General Services	6	
Children, Youth, and Families	1	
Health and Mental Hygiene	39	plus 8 staff attorneys
Health Services Cost Review	2	
Housing and Community Development	13	
Human Resources	17	plus 1 staff attorney
Insurance Administration	9	
Insurance Fraud	3	
Juvenile Services	4	
Labor, Licensing, and Regulation	25	
Lottery	3	
Maryland Automobile Insurance Fund	2	
Maryland Center for Public Broadcasting	2	
Natural Resources	9	
Planning	1	
Public Safety and Correctional Services	13	plus 1 staff attorney
Stadium Authority	1	
State Police	5	
State Retirement Systems	4	
State Treasurer	2	
Subsequent Injury Fund	6	
Transportation	44	
Comptroller	6	
Uninsured Employers' Fund	3	
Workers' Compensation	1	
<b>Total</b>	<b>299.5</b>	<b>plus 14 staff attorneys</b>

Source: Office of the Attorney General

**Office of the Attorney General  
Significant Litigation  
Fiscal 2003/2004**

**Securities Division**

**Completed:**

Merrill Lynch \$882,362 to State of Maryland

**Pending:**

Bear Stearns	\$408,100 to State of Maryland
Credit Suisse First Boston	\$1,224,301 to State of Maryland
Goldman Sachs	\$408,100 to State of Maryland
JP Morgan	\$408,100 to State of Maryland
Lehman Brothers	\$408,100 to State of Maryland
Morgan Stanley	\$408,100 to State of Maryland
Salomon Smith Barney (Citigroup)	\$2,448,601 to State of Maryland
UBS Warburg	\$408,100 to State of Maryland
Piper Jaffray	\$204,050 to State of Maryland
Deutsche Bank	\$408,100 to State of Maryland

**Consumer Protection Division**

**Completed:**

***Bankruptcy Authorities, Inc.*** \$62,500 to State of Maryland  
Settlement with company resolving allegations that the company was using deceptive price comparisons.

***CVS Corporation*** \$49,000 to State of Maryland  
An 18-state agreement resolving allegations that CVS charged consumers for prescriptions but failed to fill the entire prescription.

***“Flipping” Houses*** \$2,275,000 to Maryland Consumers  
\$265,000 in Civil Penalties  
The Consumer Protection Division ordered five companies and four individuals to cease and desist unfair and deceptive practices by selling houses to first time home buyers for much more than their value by using phony appraisals and other practices

***Ford Motor Company*** \$300,000 to the State of Maryland  
A 50-state settlement with Ford Motor Company concerning representations that it made in connection with the sale of SUVs and aftermarket tires.

***H&R Block*** \$50,000 to the State of Maryland  
A 42-state agreement resolving allegations that H&R Block charged consumers for its “Peace of Mind Guarantee” without the consumers’ informed consent.

*C81C – Office of the Attorney General*

***Household International, Inc.***

\$12.8 million+ to Maryland Consumers  
\$100,000 to the State of Maryland

A 40-state agreement concerning allegations that Household engaged in predatory mortgage lending practices, including misrepresenting interest rates and points and fees, imposing prepayment penalties to lock borrowers into unfavorable mortgages, and adding prepaid insurance premiums to loans.

***John Kochan***

\$25,000 to Maryland Consumers

Settlement with a hearing aid salesman resolving allegations that he failed to provide refunds to which consumers were entitled. He agreed to injunctive relief to prevent the practices in the future and to pay restitution.

***Merchant's Inc. t/a Merchant's Tire & Auto***

\$790,000 to Maryland Consumers  
\$315,000 to the State of Maryland

Settlement concerning allegations that Merchant's had sold certain maintenance and/or repair packages but failed to replace all of the parts for which the consumer paid.

***Nanticoke Homes, Inc.***

\$216,000 to Maryland Consumers

Settlement resolving allegations that the builder accepted money from consumers when it could not provide the promised homes and failed to deposit the monies into escrow accounts.

***Pfizer, Inc.***

\$125,000 to the State of Maryland

Settlement with Pfizer, Inc. relating to its marketing of the antibiotic Zithromax under which Pfizer agreed to change its marketing practices.

***Property Management People, Inc.***

\$37,000+ to Maryland Consumers  
\$20,000 to the State of Maryland

Settlement resolving allegations that the company made improper deductions from the tenants' security deposits.

***Michael Rymer***

\$142,000+ to Maryland Consumers

Settlement with auctioneer who sold items through Internet auctions but failed to provide them, under which he would not sell without first posting a bond, would promptly provide goods that were sold and he agreed to pay restitution.

***Thompson's Gas & Electric Service, Inc.***

\$76,000 to Maryland Consumers  
25,000 to the State of Maryland

Settlement resolving allegations that Thompson's imposed a new fee during the term of customers' existing contracts when the fee was not provided for in the contract and misrepresented the purposed of the fee.

**Tobacco Sales**

The Consumer Protection Division entered into multi-state settlements with two tobacco retailers, Exxon/Mobil and BP/Amoco, that established protections to prevent the sale of tobacco products to minors.

**Pending:**

*The Consumer Protection Division has more than 100 matters it is investigating, litigating, or in which it is currently distributing restitution to consumers.*

**Sears** \$250,000 to the State of Maryland  
Resolving allegations that its franchisees had used unlicensed personnel to perform plumbing jobs under which Sears agreed to injunctive relief.

**Wal-Mart** \$50,000+ to the State of Maryland  
The Consumer Protection Division recently led a 43 state multi-state settlement with Wal-Mart under which Wal-Mart agreed to institute new safeguards to prevent the sale of tobacco products to minors.

**Antitrust Division**

**Completed:**

Buspar	\$1.8 million to Maryland Consumers, Medicaid, State of Maryland and charities
Cardizem CD	\$400,000 to Maryland Consumers
CDs	\$1.4 million in product to schools and libraries
	\$750,000 to Maryland Consumers
Contact Lenses	\$220,000 to State of Maryland
Stamp Auctions	\$35,000 to State of Maryland
Taxol	\$1 million to Maryland Consumers
	\$990,000 to Maryland Consumers, Medicaid, State of Maryland and charities

**Pending:**

There are a number of active investigations for which Maryland may receive recoveries. While we cannot anticipate exact settlement dates, it is anticipated that Maryland will receive recoveries in the next year.

**Medicaid Fraud Control Unit**

**Completed:**

**Pfizer** \$79,548 to Medicaid Restitution  
\$110,772 to State of Maryland  
Violation of the Federal Medicaid Drug Rebate Statute by failing to accurately report statutorily mandated “best price” information for Lipitor, an anti-cholesterol medication.

**Staff Builders/TLC** \$556,769 to Medicaid Restitution  
\$741,769 to State of Maryland  
Fraudulent behavior of one of its franchisees, William Geist. Over a period of years, Geist padded the Maryland TLC payroll with the salaries of persons who worked for his various other businesses.

**Pending:**

There are a number of active investigations for which Maryland may receive recoveries. While we cannot anticipate exact settlement dates, it is anticipated that Maryland will receive recoveries in the next year.

**Contract Litigation Division**

<b>Completed:</b>	<b>Claimed</b>	<b>Recovered</b>
Grunley	\$16.6 million	\$5.9 million
Kibler	\$5.7 million	\$179,300
Syscom	\$5.7 million +	\$572,834
Wholson Dashiell	\$452,000	\$300,000

**Pending:**

Poole & Kent		\$6.5 million
Whiting Turner		\$1.1 million +
Weeks Marine		\$3.2 million

**Civil Litigation: Cases with Damages Claimed of \$1 Million +**

**Pending as of June 30, 2003:**

<i>Adams v. Skinner (DHCD)</i> Violation of public information act request.		\$9 million
<i>AFSCME v. Ehrlich (Governor/Civil)</i> State employee union seeks to bind new administration to wage increases agreed to in collective bargaining by former administration.		\$100 million
<i>Claim of Amtrak (MDOT/MTA)</i> Contract claim re: Amtrak/MARC collision.		\$5 million
<i>Andrews v. DHMH (DHMH)</i> Violation of rights based on rape when a patient is at a state mental hospital.		\$2.2 million
<i>State Dept. of Assessments &amp; Taxation v. General Motors Acceptance Corp. (SDAT)</i> Dispute over applicability of federal tax credit.		\$1 million +
<i>Baig v. Univ. System of Md. (Education Affairs/DHMH)</i> Suspension from law and commitment to DHMH facility as violation of constitutional rights.		\$5.5 million
<i>BGE v. State Dept. of Assessments &amp; Taxation (SDAT)</i> Claim of tax overpayment.		\$2.2 million for 7 years.
<i>Barrett v. Hite (MDOT/MdTA)</i> Violation of rights during a drug search of employees		\$4.8 million

*C81C – Office of the Attorney General*

***Appeal of Bell BCI (MAA/Contract Lit.)*** \$4.6 million +  
Additional costs of Pier B (airport)

***Claim in Bankruptcy of Bethlehem***

***Steel (WCC/IWIF/UEF/Civil)*** \$10 million +  
Affirmative claim in bankruptcy to collect difference between amount of Bethlehem Steel's self-insurance bond for workers' compensation claims, and the estimated actual cost of those claims.

***Boteler v. Calvert County Sheriff (Civil)*** \$1 million  
Abusive discharge. Former probationary deputy sheriff fired for conduct unbecoming, untruthful statements. Claims he was fired because he supported the institution of a police department in Calvert County.

***Boyle v. Harford County Sheriff (Civil)*** \$1 million  
Religious discrimination. Former deputy fired for refusing to obey an order. Claims the firing was in retaliation for complaining in 1998 about 1996 restrictions regarding carrying bibles into the detention center. Also claims he was fired because he was a prolific whistle blower who reported on fellow officers.

***Bradford v. MSDE (MSDE/Civil)*** \$1 million +  
Constitutionally adequate funding for Baltimore City schools.

***Brandt v. Perkins Hospital Center (DHMH/Perkins)*** \$20 million  
Patient claims violation of civil rights and medical malpractice for use of restraints.

***Britton v. UMBC (Educational Affairs)*** \$6 million  
Former professor alleged sex discrimination/retaliation.

***Brooks v. MSP (MSP)*** \$3 million  
Employment discrimination - Violation of Title VII and ADA. Sex discrimination for PCO who has endometriosis and refuses to work shift work.

***Caldron v. Slander (MDOT/Port)*** \$5 million  
Wrongful death of truck driver at terminal.

***Candeloro v. TFC Cole (MSP)*** \$32 million  
False arrest, physical abuse, battery, other rights violations against a state trooper.

***Carlson v. Hinkle (MSP)*** \$247 million  
Violation of employee's rights, by discipline and termination.

***Carlson v. UMCP (Educational Affairs)*** \$13 million  
Violation of Law Enforcement Officer Bill of Rights.

***Carroll County Commissioners v. MSRPS (MSRPS)*** \$12 million  
"Withdrawal liability" of Carroll County for members who remained in the System after the County's withdrawal in 1985.

*C81C – Office of the Attorney General*

<b>Ceres Marine Terminal v. MPA (MDOT/Port)</b> Violations of the Shipping Act, giving more favorable treatment to other terminal operations.	\$8.2 million
<b>Chinwuba v. Larsen (MIA/Civil)</b> Claim that Insurance Commissioner acted outside the scope and was not immune for public statements.	\$1 million +
<b>Claim of Clark Construction (DHMH/Contract Lit.)</b> Alleged delays in construction of Eastern Shore Hospital Center.	\$2 million
<b>Conte v. Towson University (Educational Affairs)</b> Breach of contract, denial of bonus to director of academic institute.	\$5 million
<b>Crawford v. Seidman (DHMH/BPQA)</b> Civil rights actions taken in denying him his physician's license.	\$3 million against each of 16 defendants
<b>Dahne v. Kushner (DHMH/BDE)</b> Disciplined dentist claims Board of Dental Examiners violated Maryland Public Information Act and other rights.	\$25 million
<b>Davy v. Frederick County (Civil/Sheriff)</b> Employment discrimination.	\$1.5 million
<b>Deneselya v. Kazlo (DLLR/Real Estate Commission)</b> Denial of license.	\$3 million
<b>Dockery v. P.G. County Commissioner, et al. (DHR)</b> Failure of Department of Social Services to place Child in Need of Assistance child with paternal relatives, as violation of civil rights.	\$5 million
<b>Doe v. Kennedy (Civil/Sheriff)</b> Constructive discharge and civil conspiracy.	\$2.8 million
<b>Dugan v. State of Maryland and Bethany House (DHR)</b> Youth placed at Bethany House by DSS left premises, stole a car, and was fatally injured in auto accident.	\$3 million
<b>Duvall v. City of Baltimore, et al. (DHMH)</b> Failure to notify next of kin prior to cremation.	\$3 million
<b>Appeal of Enviroserve, Inc. (Contract Lit.)</b> Compensation for defective specs and delays in construction of Firearms Training Facility – DGS counterclaim for \$122,000.	\$2.6 million+
<b>Farmer v. Ramsey (Educational Affairs)</b> Reverse discrimination claim by unsuccessful applicant to Medical School.	\$1 million +
<b>Fishbeyn v. MTA (MDOT/MTA)</b> Employment discrimination	\$1.3 million

*C81C – Office of the Attorney General*

<b><i>Fisher v. State of Maryland (DHR)</i></b> Failure of DSS to intervene to stop child abuse.	\$15 million
<b><i>Foster v. Richardson (Educational Affairs)</i></b> Wrongful termination, violation of civil rights	\$3 million
<b><i>Ford v. Baltimore City (Civil/Sheriff)</i></b> Excessive force, wrongful arrest.	\$2 million
<b><i>Gary J., et al. v. State of Maryland (DJS/Civil)</i></b> Class action of all juveniles claiming abuse and violation of rights at DJS Boot Camps.	\$12 million
<b><i>Glover v. Glendening (DHMH/Medicaid/Civil)</i></b> Medicaid recipients claim part of Tobacco Master Settlement proceeds.	\$1 million +
<b><i>Gray v. Bowie State University (BSU) (Educational Affairs)</i></b> Assault and battery by BSU employee.	\$1 million
<b><i>Gray v. State of Maryland (MSP)</i></b> False imprisonment, malicious prosecution, violation of other rights.	\$240 million
<b><i>Hill v. Dunn, et al. (Civil)</i></b> Malicious prosecution and related claims against Anne Arundel County State’s Attorney Investigator related to his involvement in the preparation of the criminal case against plaintiff.	\$10 million
<b><i>Holland v. Boyd (Educational Affairs)</i></b> Wrongful arrest, excessive force, false imprisonment, assault, battery.	\$1.5 million
<b><i>Johnson v. Maple Shade Youth &amp; Family Services (DHR)</i></b> Injuries received by foster child in group home	\$1 million
<b><i>Kent v. MdTA (MDOT/MdTA)</i></b> Racial discrimination in employment.	\$6 million
<b><i>Appeal of Kibler (MAA/Contract Lit.)</i></b> Claim for delay damages and liquidated damages.	\$4.2 million+
<b><i>Knox v. Morgan State University (Educational Affairs)</i></b> Termination of employment in retaliation for complaint of sexual harassment.	\$1.5 million
<b><i>Knussman v. MSP (MSP/Civil)</i></b> Violation of father’s rights under Family Medical Leave Act and equal protection.	\$1 million, plus \$700,000 fees/costs
<b><i>Lomax v. Baltimore City Sheriff (Civil/Sheriff)</i></b> Claim of excessive force. Inmate claims two Baltimore City Deputy Sheriffs beat him up in Sheriff’s lockup during altercation with DOC Officer.	\$1 million

*C81C – Office of the Attorney General*

<b><i>Maniki v. MTA (MDOT/MTA/Civil)</i></b> A female MTA bus cleaner alleged workplace sexual harassment.	\$1.5 million
<b><i>In re Mariner, Inc. (DHMH/Medicaid)</i></b> Claim in bankruptcy court for \$1.9 million refund due from nursing home.	\$1.9 million
<b><i>Marcus v. State of Maryland (MSP)</i></b> Illegal search and seizure.	\$20 million
<b><i>MPA v. Arthur Daniel Midlands and CSX Railroad (MDOT/Port)</i></b> Responsibility for damages resulting from collapse of grain pier at the Port	\$20 million
<b><i>Mezu v. Morgan State University (Educational Affairs)</i></b> Title VII discrimination; failure to give salary increase	\$1 million
<b><i>Millard v. Boys Home Society of Baltimore (DHR)</i></b> Sexual assault/rape on child placed by DSS at Boys Home Society, where the assault occurred	\$10 million
<b><i>Morgan v. Ferrante, Inc. (MSP)</i></b> False arrest, false imprisonment, assault, battery, civil rights violations, etc	\$5 million
<b><i>NAACP v. MSP (MSP/Civil)</i></b> Allegations that MSP officer used race-based profiles to stop and search motorists on I-95.	\$2.5 million +
<b><i>Newbold v. West Md. Hospital Center (DHMH)</i></b> Former physician employee claiming defamation for reporting to National Practitioner Data Bank.	\$1 million
<b><i>Nofi v. Cornell (UM Medical School/Educational Affairs)</i></b> Negligence/strict liability, distribution of defective Human Growth Hormone, from which plaintiff died after contracting Cruetzfeld Jakob Syndrome from the hormone	\$3 million
<b><i>Ovstrovsky v. Cashen, et al. (MDOT/MdTA)</i></b> Arises from the arrest of Mr. Ovstrovsky at BWI Airport after he led Authority Police on a chase along I-95, during the arrest, he experienced medical problems and died.	\$52 million
<b><i>Palotai v. UMCP (Educational Affairs)</i></b> Former employee claims discrimination based on learning disability, and retaliation	\$3 million
<b><i>Park v. Springfield Hospital Center (DHMH)</i></b> Defamation and violation of rights of psychiatrist/employee.	\$1.4 million
<b><i>Parker v. Calvert County Sheriff (Civil/Sheriff)</i></b> Former deputy sheriff fired for sexual harassment, claims the charges were false and that white officers were treated more favorably.	\$1 million
<b><i>Pendleton v. State of Maryland (DHR)</i></b> Negligence, battery, assault in foster care	\$4 million

*C81C – Office of the Attorney General*

<b><i>Appeals of PHP Healthcare, Inc. (DPSCS)</i></b>	\$355.7 million
Contract claims resulting from bankruptcy of health care provider in prisons	
<b><i>Pool and Kent Company (DGS/DJS/Contract Lit.)</i></b>	\$9 million
Claim for equitable adjustment for extra work, delay, design changes, etc. in construction of Baltimore City Juvenile Justice Center.	
<b><i>Porridge v. State of Maryland (DHR)</i></b>	\$10 million
Failure to properly investigate complaint of child abuse	
<b><i>Project Life v. Glendenning (MDOT/Port/Civil)</i></b>	\$2 million
Attorneys fees for prevailing party in ADA claim for refusal to lease berth at Port to program operating drug rehabilitation of a ship.	
<b><i>Rindfuss v. David Bramble, Inc. (MDOT/MdTA)</i></b>	\$2 million
Survival action and wrongful death; motorcycle accident at the Bay Bridge.	
<b><i>Salerno v. State of Maryland (DJJ)</i></b>	\$25 million
Juvenile suicide while in state custody	
<b><i>Schlossberg v. Canal Place Investors (DHCD)</i></b>	\$2 million
Complaints of constructive fraud, unjust enrichment, inverse condemnation in sale of property.	
<b><i>Snowling v. Univ. System of Md. (Educational Affairs)</i></b>	\$10.4 million +
Excessive force and harassment by University of Maryland, College Park Police.	
<b><i>Spicer v. Muehleisen (DNR)</i></b>	\$2 million
Wrongful death, drowning at State Park	
<b><i>Spicknall v. MSP, et al. (MSP, Courts/Sheriff, Public Safety)</i></b>	\$18 million
Failure of MSP to prevent former husband from obtaining handgun, after protective order had been issued, resulting in murder of her two children	
<b><i>Stern v. Board of Regents (Educational Affairs)</i></b>	\$12 - \$13 million loss of income
Claim that tuition surcharge was illegal; breach of contract, equitable estoppel, unfair trade practices	
<b><i>Appeal of Syscom, Inc. (MSRPS/Contract Lit.)</i></b>	\$3.8 million
Contract dispute for Pension System software system.	
<b><i>Appeal of Trigon-Cinergy Solutions (two) (Contract Lit)</i></b>	\$1.2 million + and \$1.2 million +
Contract claims for delay in issuing Notice to Proceed and for equitable adjustment.	
<b><i>University of Maryland University College Competent Authority Request, US-German Income Tax Treaty (Educational Affairs)</i></b>	\$1.1 million
Authority of German government to impose income taxes on State of Maryland employees.	

*C81C – Office of the Attorney General*

<b><i>UMUC Value Added Tax Dispute Under German Tax Law (Educational Affairs)</i></b>	\$1 million
Authority of German government to impose value added taxes on tuition revenues received by UMUC's German campus.	
<b><i>USF&amp;G v. Comptroller (Comptroller)</i></b>	\$1.9 million
Request for refund of sales tax.	
<b><i>Appeal of Wackenhut Corp. (DPSCS)</i></b>	\$1.2 million+
Contract claim for food service operations in prisons	
<b><i>Waterman v. Batton, et al. (MDOT/MdTA)</i></b>	\$6 million +
Wrongful death, traffic chase. During an attempted apprehension of Mr. Waterman for speeding, he fled the scene and MdTA Police fatally shot him.	
<b><i>Claim of Weeks Marine, Inc. (MDOT/Port)</i></b>	\$3.4 million +
Contract claim re: dredging, alleges differing site conditions.	
<b><i>Williams v. Bellman, et al. (MDOT/MdTA)</i></b>	\$8.7 million +
Constitutional claims arising from investigatory detention	
<b><i>Woods v. PG County, et al. (Civil/Sheriff)</i></b>	\$8 million
Arrest based on mistaken identity.	

**Fiscal 2004: District of Columbia Commuter Tax Case**

*James M. Banner, Jr., et al. v. The United States of America, et al.*

The State of Maryland intervened as a Defendant in a case brought by eighteen residents of the District of Columbia, the District of Columbia, and the DC Council and Mayor against the United States of America. In the suite, the district seeks to invalidate a congressional prohibition that prevents it from taxing nonresidents who work in DC. If the District of Columbia wins this suit, it will pave the way for the District to tax the income of commuters who work in DC but live in Maryland and other neighboring states. As a party to the lawsuit, Maryland has filed a Motion to dismiss the suit. It is estimated that between \$500 million and \$1.4 billion will be redirected from the treasuries of neighboring states (Including Maryland) to the District's.

**Cases with Important Nonmonetary Issues:**

*State of Maryland v. Blue Cross Blue Shield Association & CareFirst, Inc.* (Civil/MIA)

Status of CareFirst as a Blue Cross member; settled satisfactory to all parties.

*Virginia v. Maryland* (Civil)

As a result of Maryland's initial denial of a permit to Fairfax County to build a water intake pipe into the center of the Potomac River, Virginia has challenged Maryland's regulatory authority over Virginia citizens' activities in the Potomac River in an original jurisdiction action in the Supreme Court. The case was argued on October 7, 2003 and a decision is expected this term.

Source: Office of the Attorney General