



Biennial Report

Major Activities

2013 - 2014

California
Department of
Justice



Kamala D. Harris
Attorney General

ROLE OF THE ATTORNEY GENERAL

As chief law officer of California, the Attorney General is responsible for ensuring that state laws are uniformly and adequately enforced. The Attorney General carries out this constitutional responsibility through the programs of the Department of Justice. The Attorney General's specific charges are threefold: to provide legal representation, to support common law enforcement, and to protect consumers and the environment.



**KAMALA D. HARRIS
ATTORNEY GENERAL**

The Attorney General represents the People of California the United States in criminal and civil matters; serves as legal counsel to state officers, boards, commissions and departments; and assists district attorneys in the administration of justice.

To support California's local law enforcement community, the Attorney General coordinates statewide narcotics enforcement efforts, participates in criminal investigations, and provides identification and information services and telecommunication support.

In addition, the Attorney General establishes and operates projects and programs that protect Californians from fraudulent, unfair and illegal activities that victimize consumers or threaten public safety, and enforces the laws that safeguard the environment and natural resources.

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EXECUTIVE SUMMARY – HIGHLIGHTS OF 2013 AND 2014

In last two years of Attorney General Kamala D. Harris' administration, California continued its gradual recovery from the worst financial crisis in a generation. The state also faced new and emerging threats to public safety, such as the proliferation of transnational criminal organizations and 21st century crime. Despite these and other challenges, California continued to lead the way as a national innovator in the areas of criminal justice, consumer protection, environmental justice, and civil rights.

Chief among the Attorney General's priorities was addressing elementary school truancy, a statewide crisis with serious economic and public safety implications. The Attorney General issued the first statewide, comprehensive report on elementary school truancy and sponsored a package of bills to support school districts, local law enforcement, and community organizations as they tackle this crisis.

The Attorney General continued to focus her attention on one of the most serious threats to public safety in California: transnational criminal organizations. She led a delegation of state Attorneys General to Mexico to meet with federal and state counterparts in that country and coordinate the efforts of law enforcement to address this growing threat. The Attorney General also fought for funding for the Department's Task Forces and Special Operations Units as they collaborated with local, state, federal and international authorities to combat the trafficking of drugs, guns, and people across local, state, and national borders.

To address the challenges brought on by the Public Safety Realignment Act of 2011, the Attorney General created the Division of Recidivism Reduction and Re-Entry (DR3). A new division within the Department of Justice, DR3 works with local jurisdictions to increase public safety by reducing the number of repeat offenders in the criminal justice system and on the streets.

The Attorney General continued to protect California's homeowners, consumers, and taxpayers by holding banks and corporations accountable for illegal and unfair practices. The office litigated major constitutional challenges before the Supreme Court, defending voting rights, reproductive rights, and the right of same-sex couples to marry. The office also safeguarded California's environment and public health from dangerous pollutants and other environmental hazards.

Recognizing that technology has introduced new threats to public safety, the Attorney General fought to protect Californians from 21st century crime, including identity theft, cyber exploitation, and privacy breaches.

This report describes some of the major accomplishments during the biennial period.

Combated Trafficking of Drugs, Guns, and Humans

Issued Report on Transnational Criminal Organizations

The Attorney General issued a report titled “Gangs Beyond Borders: California and the Fight Against Transnational Organized Crime.” The report shed light on transnational criminal organizations and offered recommendations for law enforcement to combat their criminal activity. Since the report, increased resources have been allocated to this effort statewide, leading to more coordination among local, state and federal law enforcement agencies. This has resulted in increased busts and dismantling of criminal organizations.

Created a Bi-National Working Group of Attorneys General

The Attorney General led a delegation of U.S. state attorneys general to Mexico City to meet with their Mexican counterparts in an effort to address transnational crime. The trip culminated in the signing of a letter of intent with National Banking Securities Commission of Mexico establishing a bi-national working group on money laundering enforcement.

Convened a Multinational Law Enforcement Summit

Following the U.S. delegation visit to Mexico City, the Attorney General convened a summit that focused on the use of technology to fight transnational organized crime. Participants included federal officials, state attorneys general, Mexico Attorney General Jesús Murillo Karam, El Salvador Attorney General Luis Martínez, and Mexico state attorneys general.

Dismantled Major Drug Trafficking Organization (DTO)

Following a two-year investigation, a DOJ-led task force took down a drug trafficking organization (DTO) in Contra Costa County with links to the Sinaloa Cartel in Mexico. Agents made 17 arrests and seized more than \$17 million in drugs, along with cash and weapons.

Infiltrated Mexican Drug Ring

A DOJ-led task force infiltrated a Mexican DTO in Riverside County, arresting three suspects after they delivered 50 pounds of methamphetamine to undercover officers.

Led Major Central Valley Drug Bust

A DOJ-led task force investigated an organization that was trafficking narcotics from Mexico through the Central Valley and across the nation. The multi-state, multi-agency investigation led to the arrest of nine suspects and the seizure of 176 pounds of methamphetamine, in addition to cocaine, marijuana and cash.

Took Down Human Trafficking Rings

A DOJ-led task force took down the leaders running a sex trafficking ring with multiple brothels in San Francisco’s Richmond District. DOJ’s task forces also took down several brothels in Sacramento and the Bay Area that were part of a trafficking ring that transported women from the East Coast to California for prostitution. (*People v. Chin.*)

Sponsored Human Trafficking Legislation

The Attorney General sponsored legislation providing that a defendant convicted of solicitation or prostitution may petition the court to set aside the conviction if it was the result of his or her status as a victim of human trafficking.

Led Narco-Dollar Money Laundering Bust

DOJ's LA IMPACT task force, in concert with local and federal partners, led an investigation and raid that netted approximately \$100 million. Based in the Los Angeles garment district, the money laundering ring was utilized by transnational criminal organizations to exchange dirty drug money for legitimate currency.

Strengthened Law Enforcement's Ability to Fight Crime

Added 30 Special Agents to Law Enforcement Programs

DOJ added 30 Special Agents to its law enforcement programs and started its first special agent academy since 2008. The academy class has 14 special agents, 12 of whom will be placed in the Bureau of Firearms and two of whom will be placed in the Bureau of Medi-Cal Fraud and Elder Abuse.

Secured Funds for Two Special Operations Unit Teams

DOJ secured funds for two new Special Operations Units (SOUs), one of which will be located in Southern California and the other which will be located in Northern California. The creation of the two SOUs and augmentation of the existing SOU team will add 16 special agents to DOJ.

Created Division of Recidivism Reduction & Re-Entry

The Attorney General launched the Division of Recidivism Reduction and Re-Entry, which will work to reduce recidivism through collaborative partnerships with District Attorneys, county probation and law enforcement, and community organizations. The division is preparing to launch a pilot program, "Back on Track – LA," in Los Angeles County.

Enhanced Community Policing through the TRUST Act

The Attorney General issued a bulletin informing local law enforcement agencies statewide of their responsibilities under the TRUST Act and the potential liability created by voluntary compliance with federal detainer requests for undocumented immigrants.

Advocated for Local Law Enforcement Authority over Concealed Weapons Permits

The Attorney General appealed a Ninth Circuit ruling stating that San Diego County violated the Second Amendment by requiring individuals to show good cause when applying for a concealed-carry weapons (CCW) permits. (*Peruta v. County of San Diego*.) The office also filed an amicus brief in *Richards v. Prieto*, a case relying on *Peruta* in holding Yolo County's similar good cause requirement for CCW issuance violated the Second Amendment.

Recovered 400 Illegally Trafficked Firearms

A DOJ-led task force investigated and arrested two individuals suspected of trafficking weapons and selling them illegally at gun shows without going through a licensed firearms dealer. More than 400 firearms, including banned assault weapons, two WWII-era grenades and one mortar round were recovered in the bust.

Improved the Process for Testing Rape Kits

DOJ's Rapid Analysis DNA Service (RADs) program was recognized by US DOJ and received its Award for Professional Innovation in Victim Services. RADs was recognized for its success in reducing the processing time of rape kits from an average of 120 days to 15 days.

Expanded Digital Evidence Capabilities

The Bureau of Forensic Services opened four new digital evidence kiosks, which enable law enforcement to extract and analyze cell phone data related to investigations.

Increased Law Enforcement Access to Data

DOJ's JusticeMobile provides federal, state, and local law enforcement officials in California with anytime, anywhere access to criminal justice information via mobile devices.

Fought for the Rights of all California's Communities

Fought to Fix California's Elementary School Truancy Crisis

The Attorney General issued "In School + On Track 2013," the state's first comprehensive report on elementary school attendance in California. The report highlighted the need for an ongoing analysis of elementary school truancy and absenteeism and identified strategies to combat this crisis. The Attorney General's Office also created a Truancy Intervention Panel to implement best practices for truancy prevention. The Attorney General issued her second report on chronic absenteeism and truancy, "In School + On Track 2014," in September 2014.

Sponsored Legislation to Address California's Truancy Crisis

In September 2014, the Governor signed into law two bills sponsored by the Attorney General to address California's attendance crisis in its elementary schools. AB 2141 requires a state or local agency conducting truancy-related proceedings or mediations to notify the school district, school attendance review board (SARB), county superintendent of schools, probation department with the outcome of each referral. AB 1643 enhances the makeup of local and SARBs to include representatives from the district attorney and public defender's offices, and authorizes county SARBs to take on additional responsibilities with respect to providing guidance to local SARBs and conducting SARB hearings.

Advocated for Access to Preventive Healthcare for Women

California joined an amicus brief urging the U.S. Supreme Court to overturn the Tenth Circuit Court of Appeals decision that allowed for-profit businesses to deny access to essential healthcare services to female employees based on the religious beliefs of the company's owners. (*Burwell v. Hobby Lobby*.)

Protected Reproductive Rights

California joined a multi-state amicus brief filed with the U.S. Supreme Court, supporting a Massachusetts law creating a buffer zone around reproductive health care facilities. (*McCullen v. Coakley*.)

Defended the Rights of Same-Sex Couples

California joined an amicus brief arguing that the Defense of Marriage Act, which defined "marriage" as a union between a man and a woman, was unconstitutional. (*United States v. Windsor*.)

The Attorney General also asked the Ninth Circuit Court of Appeals to lift its stay on same-sex marriages immediately following the U.S. Supreme Court's historic opinion in *Hollingsworth v. Perry*.

The Attorney General also co-sponsored legislation that removed language from state statutes that referred to “husband and wife,” replacing those references with gender-neutral language to reflect California’s recognition of same-sex marriages.

Defended Rights of the LGBT Community

California successfully defended a law barring mental health providers from providing discredited and dangerous sexual orientation change efforts to LGBT minors. (*Pickup v. Brown* and *Welch v. Brown*.)

The Attorney General co-sponsored legislation to curtail the effectiveness of so-called “panic defenses” in homicide trials, which allowed defendants to seek lesser penalties for crimes against LGBT victims.

Fought for Voting Rights

California joined other states in an amici curiae brief urging the U.S. Supreme Court to uphold the constitutionality of Section 5 of the federal Voting Rights Act. (*Shelby County, Alabama v. Holder*.)

Protected Indigenous Lands

The Attorney General filed suit to enjoin construction of a toll road through an ancient indigenous Native American village in Southern California. (*Native American Heritage Commission v. Foothill/Eastern Transportation Corridor Agency*.)

Facilitated Legal Representation for Unaccompanied Minors

The Attorney General used her convening power to gather major law firms in California and ask them to provide pro-bono legal services to address the humanitarian crisis of unaccompanied children entering the United States. She also supported legislation to provide \$3 million to qualified nonprofits in California who provide legal services for these children.

Safeguarded the State’s Environment and Public Health

Helped Reduce Environmental Impact of Refinery Project

DOJ filed comments on the draft environmental impact report for the Chevron Richmond Refinery Modernization Project. Based largely on our recommendation, the City adopted a new alternative to the project which significantly reduces the environmental impact of Chevron’s refinery operations.

Continued to Defend AB 32

As counsel to the California Air Resources Board, DOJ is leading the legal defense of California’s landmark Global Warming Solutions Act of 2006 (AB 32) in numerous challenges in state and federal court.

Supported Greenhouse Gas Regulation

Under the Attorney General’s authority to protect the state’s public interest in public health and the environment, our office submitted comments supporting the U.S. Environmental Protection Agency’s (EPA) proposals to regulate greenhouse gas emissions from fossil-fueled power plants.

Protected the Community from Hazardous Pollutants

The Attorney General defended an EPA rule limiting pollutants emitted by coal and oil-fired electric power plants. (*White Stallion Energy Center, LLC v. U. S. Environmental Protection Agency.*)

Sought to Reduce the Harmful Impacts of Oil-by-Rail Projects

The Attorney General filed comments on the draft environmental impact report for the WesPac Pittsburg Energy Infrastructure Project, a proposal to construct a facility to store, transfer and transport huge volumes of crude oil delivered from out-of-state by rail, pipeline, and ship, and for the Benicia Valero Refinery Project, a proposal to allow 100 railcars per day of crude oil to pass through urban centers in Northern California.

Reached Major Tobacco Settlement

California received \$375 million under a multistate settlement of a major payment dispute under the Tobacco Master Settlement Agreement (MSA).

Enforced Ban on Tobacco Cartoon Advertising

The Attorney General enforced the MSA's ban on cartoon advertising against RJ. Reynolds Tobacco Company.

Fought for California Homeowners & Consumers

Secured Relief for Homeowners

The Attorney General secured \$550 million in a joint state-federal settlement with SunTrust Mortgage, providing direct payments to borrowers for foreclosure abuses. The Attorney General also secured more than \$300 million for California homeowners as part of a 48-state, \$2.1 billion settlement with Ocwen Financial Corp. and Ocwen Loan Servicing over mortgage servicing and foreclosure misconduct.

Cracked Down on Mortgage Servicing Misconduct

DOJ's Mortgage Fraud Strike Force investigated seven individuals responsible for defrauding more than 1,550 California homeowners who sought loan modification services during the foreclosure crisis. The Attorney General also secured \$36.6 million for the state from Lender Processing Services, Inc. (LPS) and affiliates, which had allegedly engaged in robo-signing and other misconduct.

Prosecuted Lawyers Preying on Struggling Homeowners

The Attorney General obtained judgments against attorneys engaged in false advertising targeting struggling homeowners. (*People v. Kramer & Kaslow.*)

Sued Bank for Using Fraudulent Debt-Collection Practices

The state brought suit against JPMorgan Chase & Co. for using unlawful procedural shortcuts to obtain default judgments against tens of thousands of Californians. (*People v. JPMorgan Chase & Co., et al.*)

Sued For-Profit Colleges for False Advertising

The Attorney General filed a civil enforcement action against Corinthian Colleges, Inc. and subsidiaries for false and deceptive marketing to current and prospective students. (*People v. Heald College, et al.*)

Protected Healthcare Consumers

DOJ shut down fraudulent websites luring consumers into purchasing health plans that do not meet coverage standards under the federal Patient Protection and Affordable Care Act.

Ended Unlawful Marketing of Prescription Drugs.

The Attorney General filed a lawsuit against GlaxoSmithKline (GSK) alleging that the company unlawfully promoted its asthma drug, Advair, and antidepressant drugs, Paxil and Wellbutrin, resulting in a \$7 million settlement.

Issued Guide to Help Protect Businesses Avoid Data Breaches

In response to major data breaches, the Attorney General issued recommendations to California businesses to help protect against and respond to cyber attacks.

Fought for Employees' Rights

The Attorney General reached a \$3.75 million settlement with eBay for entering into an agreement not to compete with Intuit in hiring employees. (*People v. eBay, Inc.*)

Held Corporations Accountable for Anticompetitive Conduct

The Ninth Circuit sided with the Attorney General in holding that individuals living outside California may recover for injuries caused by anticompetitive conduct occurring within the state. (*AT&T Mobility v AU Optronics.*)

Protected Consumers from Price-Fixing

California led 33 states in a multidistrict case challenging price-fixing of memory chips by foreign and domestic manufacturers. (*In re Dynamic Random Access Memory (DRAM) Antitrust Litigation.*)

Took Down a Ponzi Scheme

The Department of Business Oversight helped prosecute a former Los Angeles Police Department detective for operating a Ponzi scheme. (*People v. Greenfield.*)

Prosecuted Fraudulent Real Estate "Flippers"

In conjunction with the U.S. Attorney's Office, DOJ successfully prosecuted four defendants engaged in a multi-million dollar real estate "flipping" scheme. (*U.S. v. Shults.*)

Protected Elderly Investors

DOJ successfully prosecuted a defendant who defrauded elderly investors out of more than \$100 million in retirement savings. (*People v. Koenig.*)

Stopped Misuse of Charitable Assets

The Attorney General filed a lawsuit alleging fiscal abuse by a veterans' charity's officers, resulting in a \$3.5 million settlement. (*People v. Help Hospitalized Veterans, et al.*) In another

case, the Attorney General obtained a judgment against the directors of a charity for breach of fiduciary duty. (*People v. Comite de Beneficencia de Los Angeles, Inc., Mexican Benefit Corporation, et al.*)

Recovered Billions for Taxpayers and the State

Preserved Billions in Revenue for Local Government

The Government Law Section successfully defended the Department of Finance in nearly 200 cases involving redevelopment agency dissolutions, preserving billions of dollars in revenue for local governmental services.

Recovered over \$1 Billion for CalPERS and CalSTRS

The Attorney General obtained \$102 million from Citigroup, \$298 million from JP Morgan Chase Bank, and \$300 million from Bank of America, all of which profited by giving California's pension funds incomplete information about mortgage investments. These settlements included more than \$1 billion in consumer relief for those hit hardest by the mortgage crisis.

Recovered Millions from Drug Companies

California joined other states to sue drug companies for engaging in unlawful marketing and kickback schemes. More than \$145 million was recovered for California's Medicaid federal and state funding portion. (*United States of America, ex rel. Starr v. Janssen Pharmaceutical Products L.P.; United States of America, ex rel. Barry v. Ortho-McNeil-Janssen Pharmaceuticals, Inc.*)

California joined with other states to secure more than \$18 million from defendants who falsified documentation with the U.S. Food and Drug Administration to sell generic drugs. (*United States of America, ex rel. Thakur v. Ranbaxy USA, Inc.*)

Secured \$750 Million from Utility Companies

The Attorney General secured \$750 million for consumers and the Department of Water Resources to settle claims stemming from overpriced power during the 2000-2001 energy crisis. (*People v. Powerex.*)

Sued for Losses Sustained by State Pension Funds

The Attorney General sued Standard & Poor's and its parent corporation overinflated ratings and misleading claims, alleging more than \$1 billion in losses. (*People v. McGraw-Hill.*)

Cracked Down on Recycling Fraud

DOJ agents arrested six people in two different cases for defrauding the state's Beverage Container Recycling Fund.

Busted Tax Refund Scam

The Special Investigations Team (SIT) Program investigated an accountant for submitting fraudulent documents to the Board of Equalization to request \$4.5 million in tax refunds for defaulted car loans.

Safeguarded Californians Against 21st Century Crime

Fought Online Exploitation

The Attorney General's eCrime Unit arrested two individuals, each accused of operating revenge porn websites. One operator facilitated in the posting of over 400 sexually explicit photos of Californians and extorted victims for as much as \$250 for the removal of each photo. Another operator facilitated in the posting of over 10,000 sexually explicit photos and extorted victims for as much as \$350 for the removal of each photo.

Successfully Prosecuted Identity Thieves

DOJ successfully prosecuted a number of individuals for stealing and using victims' personal identifying information to obtain credit and goods. (*People v. Castillo* and *People v. Steidell*.)

Prosecuted Law Enforcement Officer for Child Pornography

DOJ successfully prosecuted a Chief Probation Officer for San Mateo County for ordering and possessing child pornography. (*People v. Forrest*.)

Used Technology to Combat Crime

DOJ used cellular records to link two defendants to 15 commercial burglaries in several counties targeting high-end electronic devices. (*People v. Tate and Mahlet*.)

Fought Intellectual Property Crime

DOJ successfully prosecuted the operators of web-based video hosting services that provided unauthorized viewing of copyrighted content to mobile devices. (*People v. Hoang*.)

Protected Consumers from Online Breaches

The Attorney General reached a stipulated judgment with Citibank after an online breach impacted more than 80,000 Californians. The company agreed to improve its security procedures and provide credit monitoring for those affected. (*People v. Citibank, N.A.*)

Cracked Down on Employer Privacy Breach

Kaiser agreed to a stipulated judgment for delayed notification to its employees after more than 20,000 employee records were compromised. (*People v. Kaiser Foundation Health Plan, Inc.*)

Reached Multi-Million Dollar Agreement with Google

In a multistate investigation, Google agreed to pay \$7 million for copying unencrypted private wireless network payload data. In another investigation, the company agreed to pay \$17 million for its ignoring web browser privacy settings.

Issued Privacy Guidelines for Businesses

The Attorney General issued recommendations for businesses to comply with the recent changes to California's privacy laws. The guide provided businesses with a comprehensive resource to help craft an effective privacy policy for California consumers.

DEPARTMENT OVERVIEW

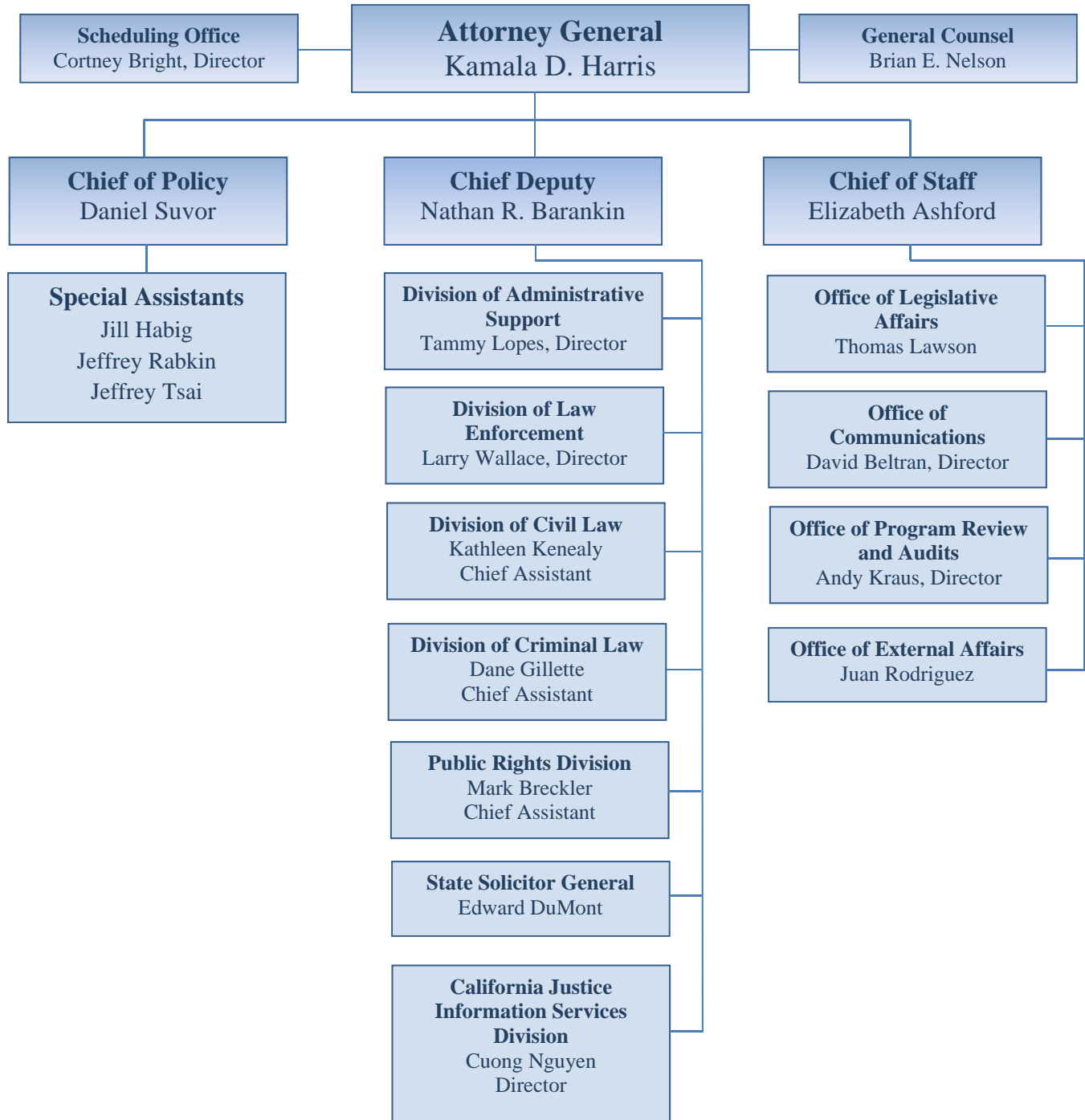
The Attorney General's responsibilities are fulfilled through the diverse programs of the Department of Justice, which has approximately 4,700 employees, four divisions, and an annual operating budget of over \$750 million.

Division	Authorized Positions	Budget
Legal Services Division	1,592	\$399,490,000
Division of Law Enforcement	1,082	\$209,140,000
California Justice Information Services	1,057	\$168,326,000
Directorate and Administration	927	(\$ 95,592,000)
Total	4,658 positions	\$776,956,000

Through its dedicated employees, the Department represents the People in matters before the appellate and supreme courts of California and the United States, serves as legal counsel to state agencies, coordinates efforts to fight crime, provides identification and information services to criminal justice agencies, and pursues projects designed to protect the People of California from fraudulent, unfair and illegal activities.

Major issues, significant cases, and improvements in the Department's operations are highlighted on the following pages.

DEPARTMENT OF JUSTICE



DIVISION OF LAW ENFORCEMENT

The Division of Law Enforcement, through its 1,082 employees, provides exemplary and comprehensive law enforcement, forensic services, investigations, intelligence and training. The division ensures that the state's firearm laws are fairly administered and vigorously enforced, and regulates legal gambling activities to ensure they are conducted honestly and free from criminal and corruptive elements. The division provides a wide range of support services to law enforcement agencies and manages several of its own crime suppression programs through the Bureau of Forensic Services and the Bureau of Investigation.

The Division of Law Enforcement consists of the following bureaus:

- Bureau of Forensic Services
- Bureau of Investigation
- Bureau of Firearms
- Bureau of Gambling Control

Bureau of Forensic Services

The bureau provides services to state and local law enforcement, district attorneys and the courts. Laboratory staff conduct forensic examinations across a broad range of physical evidence and maintain several specialized programs, including forensic toxicology, latent prints and questioned documents. The bureau also provides forensic service training for DOJ scientists and local government crime laboratory staff through the California Criminalistics Institute.

Rapid Analysis DNA Service (RADS). In 2014, the RADS program was recognized with a prestigious national award from the Office for Victims of Crime. This program provides expedited processing and DNA typing from body swabs collected from victims and standard rape kits that are submitted to the DOJ DNA Laboratory in Richmond. Within 15 working days, the DNA evidence is uploaded into the CAL-DNA Data Bank and compared to over 2.3 million offenders in California and 10 million offenders nationwide. Alameda County is currently participating in a RADS pilot project.

Digital Evidence. The Digital Evidence program has established kiosks that provide cellular phone extraction tools for law enforcement agencies to analyze cell phone data related to investigations. Kiosks are located in Fresno and Sacramento, and in 2014, additional kiosks were expanded to Los Angeles, San Diego, Riverside, and Richmond.

DNA Aids Cold Case. In September 1988, a woman was raped and murdered in Mendocino County. Her DNA was submitted to the DOJ DNA Laboratory in 1999, and over the years, items of evidence were continually evaluated against multiple suspects, however, no probative DNA profile could be obtained. In 2011, a new DNA development, Y-STR (male) DNA, provided

exclusion of potential suspects. In April 2013, swab sticks yielded sufficient DNA to obtain a profile for a CODIS search. Although the Mendocino County Sheriff's Office had a prime suspect, the individual could not be compared to the evidence because no direct reference sample was available. The suspect had committed suicide at sea in 1998 and his body was never recovered. His family members provided reference samples, and a complicated reverse paternity analysis conducted by the DOJ DNA Laboratory provided a high probability that the suspect was the source of the DNA found on the victim's body. In July 2013, the Mendocino County Sheriff's Office closed this case based on the DNA results.

Calaveras County Homicide. In April 2013, an eight-year-old Valley Springs girl was murdered. After an expansive manhunt that included vehicle stops and searches in remote areas of Calaveras County, and countless hours analyzing and interpreting evidence, the victim's brother was implicated and arrested for the death of his sister. The Calaveras County Sheriff expressed its appreciation to the BFS Central Valley for its assistance and professionalism in the homicide investigation.

Palm Print Database. In September 1997, a 17-year-old Pacific Grove resident was stabbed during a carjacking and robbery. Over the years, local investigators worked tirelessly on the case and requested assistance from DOJ. DOJ latent print analysts identified two brothers by using a palm print database, and DOJ DNA analysts placed the suspects at the scene from DNA evidence. One suspect pled guilty in April 2012; the second suspect was found guilty in April 2013.

Leica ScanStation. The Leica ScanStation builds digital 3-D models of crime scenes that include body position and the location of evidence. ScanStations are routinely used in officer-involved shootings, and figuratively place the jury at the scene of a crime. This innovative technology better documents crime scenes and evidence, and crime scene reconstructions.

People vs. Gilley. Dalene Carlson was last seen with Jason Gilley after she left a Stockton bar in the early hours in August 2011. A security video from a grocery store captured the two around 0100 hours. The last activity on Carlson's cell phone was at 0500 hours that pinged off a cell phone tower near Gilley's residence. Carlson's remains were found in a cornfield. She had been shot, and five expended .22 cartridge cases were found in the field near her remains. The Stockton Police Department and the FBI also collected over one hundred and twenty .22 caliber cartridge cases from a canal area, and found a pistol belonging to Gilley's uncle. A DOJ firearms examiner identified five cartridge cases from the scene and two cartridge cases from the canal as having been fired from the uncle's pistol. Gilley was convicted in October 2013 of kidnapping and first-degree murder, and sentenced to life in prison without the possibility of parole.

CAL-DNA Data Bank Program. California's convicted offender and felony arrestee DNA database has grown tenfold over the last decade, to over 2.3 million records in 2014. Currently, 80 percent of the data bank submissions are arrestee records. The DOJ has the fourth largest DNA offender database in the world, and processes 15,000 offender/arrestee samples each month. The hits from the database increase every year and currently average 500 per month.

Bureau of Investigation

The Bureau of Investigation provides statewide expert investigative services combating multi-jurisdictional criminal organizations. Through leadership and innovative programs, the bureau strives to enhance public safety by focusing law enforcement efforts in the areas of organized crime, consumer fraud, cyber-crimes, and any crime or civil action of statewide importance to the Attorney General.

Special Investigations Team (SIT) Program. The SIT programs support the Attorney General's legal divisions, conducting a wide range of complex investigations.

Tax Refund Scam. The California Board of Equalization (BOE) referred a suspicious claim for tax refunds on defaulted car loans. Our investigation revealed that accountant Larry Harmon from Harmon of Harmon & Associates had created a shell company, Premier Capital Finance, and had submitted fraudulent bank documents and loan papers for refunds of \$4.5 million in defaulted car loans. In 2013, agents executed search and arrest warrants and discovered that Harmon was in the process of creating two false claims for over \$5 million each. In July 2013, Harmon was sentenced to 16 months in county jail.

Special Operations Unit (SOU). The SOU provides statewide enforcement combating intrastate drug trafficking and violent career criminals and gangs. Emphasis is placed on targeting the organization's hierarchy rather than easily replaced low-level members.

Secured Funds for Two Special Operations Unit Teams. The Department of Justice secured funding for two new SOUs, one of which will be located in Southern California and the other which will be located in Northern California. The creation of the two SOUs and the augmentation of the existing SOU team, which is located in Fresno, will add 16 special agents to the Department of Justice.

Major Drug Trafficking in Merced. The Norteño street gang in Merced County was investigated for distributing crystal methamphetamine and collecting taxes on behalf of the Nuestra Familia prison gang. Simultaneously, agents with the Merced Multi-Agency Narcotic Task Force (MMNTF) initiated a separate investigation into the Luis Tejada-Hurtado drug trafficking organization (DTO) that netted several large methamphetamine and cocaine seizures.

The agents combined their investigations in February 2014 after discovering the Hurtado DTO were supplying methamphetamine to the Norteño gangs in Merced County and Memphis, Tennessee. In May 2014, over 200 agents from numerous law enforcement agencies executed arrest and search warrants in Merced County. The investigation resulted in 51 arrests and seizure of \$98,400 in cash, 72.5 pounds of methamphetamine, six pounds of cocaine, 300 ecstasy pills, 10 marijuana growing operations and 20 firearms. The U.S. Attorney's Office is prosecuting seven defendants for federal charges, and the Merced County District Attorney's Office is prosecuting defendants who are facing state charges.

Task Force Program. The Bureau of Investigation continues its partnership with local jurisdictions coordinating and concentrating efforts against drug traffickers and major crimes through its task force program.

South Los Angeles PCP. The Los Angeles Interagency Metropolitan Police Apprehension Crime Task Force (L.A. IMPACT), in partnership with the Drug Enforcement Administration and federal High-Intensity Drug Trafficking Area Task Force, conducted an investigation into the manufacturing and distribution of Phencyclidine, commonly known as PCP or “angel dust,” in South Los Angeles, the nation’s PCP hub. The investigation uncovered a network of manufacturers and distributors stretching from South L.A. to Texas, Maryland, North Carolina, Oklahoma and New York. In February 2014, agents made 20 arrests and seized several labs, 100 gallons of PCP, and enough precursor chemicals to manufacture thousands of gallons. A gallon of PCP yields 76,800 doses.

Thirty-eight defendants were charged with conspiracy to manufacture, distribute and possess with the intent to distribute PCP, and face sentences of life without parole. In addition, the Los Angeles City Attorney’s Office is pursuing civil abatement lawsuits for three properties, including two properties located on the same block as an early education center and elementary school.

West Contra Costa County Drug Trafficking Organization. The West Contra Costa County Narcotic Team teamed with the FBI to investigate and dismantle a major DTO. The organization, supplied by the Sinaloa Cartel, was trafficking methamphetamine, other controlled substances, and firearms through the West Contra Costa County and laundering the proceeds. Members of the DTO were connected to the Norteño street gang. The two-year investigation culminated in a major takedown in November 2013, in which agents made 17 arrests and seized 475 pounds of methamphetamine worth over \$17 million, 158 grams of cocaine, numerous firearms, vehicles, motorcycles, and over \$950,000 in cash, effectively dismantling the DTO.

Led Narco-Dollar Money Laundering Bust. In September 2014, DOJ’s LA IMPACT task force, in concert with local and federal partners, led a raid that netted approximately \$100 million in narco-dollars. The bust was the culmination of a two-year investigation into a trade-based money laundering scheme that was initiated by LA IMPACT in October 2012. Based in the Los Angeles fashion district, the money laundering scheme was utilized by transnational criminal organizations to exchange dirty drug money for legitimate currency in pesos.

Marijuana-Growing Operation on State Preserve. In May 2013, the Mountain and Valley Marijuana Investigation Team investigated suspected members of the Sureño gang in Tulare County for an illegal marijuana growing operation. Agents discovered a large-scale marijuana growing, processing and packaging operation at the state-owned Stone Lakes Preserve in Sacramento County. A tactical operation in June 2013 resulted in the arrest of four suspects and seizure of more than 7,000 marijuana plants, 100 pounds of processed marijuana, and three firearms.

Riverside County Methamphetamine Crackdown. The Inland Crackdown Allied Task Force (INCA) infiltrated a Mexican DTO in Hemet. In January 2014, three suspects were arrested by members of INCA and the Murrieta Police Department’s Special Enforcement Team after

delivering 50 pounds of methamphetamine, with an estimated street value of \$5 million, to an undercover task force officer in Murrieta.

Central Valley Narcotics Trafficking. In 2013, the Central Valley Marijuana Investigation Team investigated Jose Magana for suspected marijuana trafficking. Magana and members of his organization trafficked narcotics, including methamphetamine and cocaine, from Mexico through California's Central Valley. Magana's organization distributed the narcotics as far as Arkansas, Georgia, Illinois, New York and Pennsylvania, and also supplied a Kings County street gang affiliated with Nuestra Familia.

Over the course of this multi-state and multi-agency investigation, agents arrested nine suspects and seized 56 pounds of methamphetamine, four kilograms of cocaine, nearly 1,000 marijuana plants, \$268,775 in cash and one vehicle. The Tulare County District Attorney's Office is prosecuting the case. Two additional suspects were arrested in Arkansas and are being prosecuted by the U.S. Attorney's Office.

Recycle Fraud Program. The Recycle Fraud Program investigates and prosecutes organized fraud against the Beverage Container Recycling Fund on behalf of the California Department of Resources Recycling and Recovery. In early 2014, agents arrested six people in two cases for trucking hundreds of thousands of pounds of empty beverage containers from Washington to California, and then illegally redeeming the containers for the California Redemption Value (CRV) fee. These two cases defrauded the fund of an estimated \$425,000.

Foreign Prosecutions and Law Enforcement Unit (FPLEU). The FPLEU provides international law enforcement liaison services to California law enforcement agencies and is the Attorney General's lead contact for interactions with foreign governments. Between January 1, 2013, and April 30, 2014, 41 investigative cases were opened, 31 cases were resolved or closed, and 83 documents were translated for California law enforcement and Mexican government officials. The unit received 21 requests for child abduction assistance under the Hague Treaty and attended 18 associated hearings.

Case Support to the Sacramento County Sheriff's Office. In January 2014, the Sacramento County District Attorney's Office requested assistance from DOJ in locating a material witness to a 2011 double homicide, believed to be hiding in Mexico. Mexican authorities, along with DOJ agents, located the individual in Rosarito, Baja California. The subject initially attempted to hide from Mexican authorities, but later consented to travel with them to Tijuana for processing and deportation proceedings. He is booked in the San Diego County Jail as a material witness.

eCrime Program. The eCrime program investigates multi-jurisdictional identity theft and technology crimes involving electronic devices, networks or intellectual property.

Revenge Porn Website, Extortion of Victims. Agents launched an investigation into a "revenge porn" website that published nude and explicit photographs. The individuals who upload the photos are allowed to remain anonymous. However, the site required subjects of the 10,000+ photos to be identified by full name, location, age, and link to their Facebook profile. The investigation led to a suspect, the site's owner and operator, who extorted fees up to \$350

from victims to have the illicit content removed via a second website. The suspect was arrested in December 2013, and charged with 31 counts of conspiracy, identity theft and extortion.

Los Angeles Regional Criminal Information Clearinghouse (LACLEAR). As part of a nationally recognized Intelligence Service System, LACLEAR represents a unified effort in delivering an information management system to support local, state and federal law enforcement operations. This “all crimes” approach includes narcotics, gangs and homicides within the Los Angeles High Intensity Drug Trafficking Area. The system uses advanced technology and skilled professionals to maximize the ability of law enforcement to manage and share critical information. From January 1, 2013, to April 30, 2014, LACLEAR conducted over 350,000 target inquiries, provided technical support to over 900 wiretap investigations, provided analytical support to 1,217 investigations, and supported 9,690 cases statewide. As a result of criminal justice realignment, the Watch Center’s volume of calls increased by 40 percent, and on subjects and locations account for most of all LA CLEAR inquiries.

Tax Recovery and Criminal Enforcement Task Force (TRaCE). TRaCE is a cooperative effort the DOJ, Criminal Law Division, BOE, Franchise Tax Board, FBI, and IRS to combat organized elements of the underground economy in manufacturing, importation, distribution and sales of pirated intellectual property, human trafficking, and other economic crimes resulting in the evasion of business, payroll and/or income taxes.

Sex Trafficking Ring. TRaCE agents, in conjunction with the FBI and Sacramento Police Department, investigated an organized prostitution ring that trafficked young women from Boston and New York to brothels in Sacramento and San Mateo counties. Once in California, the pimps rotated the women between residential brothels. The five-month investigation culminated in the June 2013 arrests of four brothel operators, who were charged with pimping and/or pandering.

Western States Information Network (WSIN). The Western States Information Network[®] (WSIN) was established by Congress as one of six Regional Information Sharing Systems[®] (RISS) centers in the United States. WSIN responds to the intelligence needs of more than 1,450 law enforcement agencies in Alaska, California, Hawaii, Oregon and Washington. Over 33,000 officers, analysts, and other key law enforcement personnel access WSIN’s services.

Deconfliction of Law Enforcement Operations. WSIN’s 24-hour Watch Center identifies and monitors law enforcement activities, such as service of search warrants, surveillance, and undercover activities, with the goal of alerting affected agencies and officers to potential conflicts. Nearly 190,000 law enforcement operations were posted to and monitored in 2013.

WSIN Criminal Intelligence Database. The criminal intelligence database contains nearly 1.1 million records and has a seamless search capacity with 39 other state and regional intelligence databases nationwide. In 2013, member agencies made 347,345 database inquiries and submitted 211,554 records for inclusion in the database, including subjects, vehicles, locations, gangs, weapons and phone numbers.

RISS Master Telephone Index (MTI). The RISS MTI is an analytical database designed to compare and match telephone numbers in law enforcement investigations across the nation.

When telephone numbers are queried or uploaded into the MTI, matches from existing cases generate a hit report. This technology uncovers possible links between suspects that otherwise would not have been found. The MTI database currently has more than 20 million call records and 270,000 subscribers.

Bureau of Firearms

The Bureau of Firearms ensures the state's firearms laws are administered fairly, enforced consistently, and understood uniformly throughout California. The bureau is a leader in innovation and collaboration, providing firearms expertise and information to law enforcement, legislators and the general public, in a comprehensive program designed to promote legitimate and responsible firearms possession and use by California residents. Law enforcement and program services are extended to all 58 counties through two regional offices, four field offices, two program offices, and one headquarters office.

On-Line Mental Health Firearms Prohibition System (MHFPS). MHFPS is an electronic application that enables public and private mental health facilities statewide to electronically report individuals who, because of mental health issues, are prohibited under state or federal law from owning/possessing firearms. This new application minimizes delays caused by the previous system, which required manual entry. In April 2014, MHFPS was expanded to allow state courts and law enforcement agencies to submit mental health prohibitions electronically.

Implementation of Mobile Justice Software. The bureau worked collaboratively with the Hawkins Data Center in the conceptualization, construction, and implementation of Mobile Justice, portable Finger Print Scanners, and the use of iPads and iPhones to improve enforcement efficiency.

Increased Personnel to Address 21,000 Persons in APPS Database. In 2013, Senate Bill 140 (Leno) appropriated \$24 million to DOJ from the Dealer Record of Sale account. The additional funding was allocated specifically to reduce 21,000 prohibited persons in the Armed Prohibited Persons System (APPS) database over a three-year period. This funding created new APPS enforcement teams at each regional office, consisting of 36 agents, six Criminal Intelligence Specialists, and six Office Technicians. In 2013, the bureau investigated 4,156 subjects and seized 3,548 firearms, and in 2014, the bureau expects to handle over 8,000 APPS investigations.

Significant APPS cases include the following:

Information Received from the Federal Bureau of Alcohol, Tobacco and Firearms (ATF) Leads to Assault Weapons Seizure in California. In January 2013, agents received information from ATF regarding a subject who purchased three AR-15 assault rifles, two short-barreled shotguns, and a Glock 17 handgun in Arizona, using Arizona and California driver licenses. A search warrant of the subject's residence and vehicle resulted in the seizure of one AR-15 assault rifle, two Bushmaster rifles, two short-barreled shotguns, two handguns, five high-capacity magazines, two high-capacity Glock handgun magazines, one bullet button for an AR-15, one forward grip, one pistol grip, one AR-15 charging handle, one .45 caliber magazine,

and miscellaneous ammunition. The subject was arrested on weapons violations including transportation of assault weapons.

Glendale Gun Show Investigation Leads to Arrest of Convicted Felon in Possession of Assault Weapon. In March 2013, agents identified a convicted felon attempting to sell an AR-15 upper receiver at the “Crossroads of the West” gun show in Glendale. Agents followed the subject to the Moreno Valley area and conducted a consent search of his residence, where they seized one WASR-10 (AK-47 style) assault rifle, one Palmetto AR-15 lower receiver, one Glock 9mm handgun, eight high-capacity magazines, and 346 rounds of ammunition. The subject was arrested and charged with possession of assault weapons and being an ex-felon in possession of a firearm and ammunition.

202 Firearms Seized from APPS Subject. In May 2013, agents investigated an APPS subject who was prohibited from owning or possessing firearms due to an involuntary mental health commitment. The DOJ’s Automated Firearms System (AFS) Dealer Record of Sales (DROS) had 66 handguns registered in the subject’s name. A consensual search of his residence resulted in the seizure of 202 firearms found in a safe.

Long Beach Felon Illegally in Possession of Guns and Ammo. In May 2013, agents of the Long Beach Police Department contacted an APPS subject at his residence. The subject was prohibited from owning or possessing firearms for a period of ten years due to a 2013 conviction for corporal injury to his spouse and a restraining order. The subject initially gave consent to search his residence, but later reversed his decision. By the time his consent was revoked, agents had observed enough ammunition and other evidence to obtain a search warrant. During the subsequent search, the subject was found to be in possession of two handguns, one bolt action rifle, approximately 5,000 rounds of ammunition, and a large quantity of ammunition reloading supplies. The subject was arrested and charged as an ex-felon in possession of a firearm and ammunition.

Ex-Felon in Possession of Firearm at Local Gun Range. In June 2013, agents received an anonymous tip that an ex-felon was working as the manager and firearms instructor at his family's shooting range in Corona. The business is located on a 1,200-acre ranch and is well-known to local shooting enthusiasts. Agents confirmed the subject worked at the business and was in possession of firearms and ammunition, and obtained search warrants for the business and the subject’s residence. In August 2013, agents executed search warrants and seized 28 rifles, 50 shotguns, 10 handguns, and over 10,000 rounds of ammunition. The subject was arrested and charged as being an ex-felon in possession of firearms and ammunition.

Two Men Arrested on Weapons Charges, 412 Guns and Two WWII Grenades Seized. In September 2013, agents investigated a gun show vendor from Oildale, California. An undercover agent purchased a handgun from the vendor without going through the proper procedures. The undercover agent purchased two California-banned assault weapons from the vendor and a co-conspirator. Arrest and search warrants were obtained for the suspects and their residences. Agents seized two WWII-era grenades, one mortar round, and 412 firearms, including four assault weapons that are banned in California.

Undercover Operations Net C-4, Rocket Launcher Tube, Grenade Igniters, 39 Illegal Assault Rifles and 170 Handguns. An undercover agent was contacted by an individual who offered to sell an illegal "Galil" assault rifle and large-capacity magazines. The agent met the subject in a parking lot in the City of Ontario in November 2013, and purchased a rifle and magazines for \$3,500. The subject was arrested and found to be armed with two loaded handguns. Agents subsequently executed a search warrant at the subject's residence in Eastvale and seized 36.4 grams of C-4 explosive, eight M228 grenade fuses, one igniter time blasting fuse, one fully automatic machine gun, one fully automatic lower receiver, one short barrel shotgun, two Browning M-1919 .30 cal. rifles, one AT4 rocket launcher tube, and 39 illegal assault rifles. An additional 170 handguns and rifles and large capacity magazines were also seized. Two firearms were reported stolen. The subject was booked for possession of explosives and destructive devices, sale of an assault weapon, and related weapons violations.

Fifty Firearms Possessed by Person who had Previously Been Committed. In November 2013, agents initiated an APPS investigation of a subject in the Sacramento area who was prohibited from owning or possessing firearms due to an involuntary mental health commitment. Agents seized 50 firearms and over 10,000 rounds of ammunition from the subject, who had been buying, trading and selling firearms for the past 30 years.

Parents Jailed after Agents Find Guns and Drugs in Home with Small Children. In November 2013, agents followed up on a possible "straw purchase." This term refers to the purchase of a firearm by a "straw buyer" on behalf of someone who is either legally prohibited from making the purchase or wishes to acquire the firearm anonymously. Agents executed a search warrant on the straw buyer's residence and recovered the handgun in question, a second stolen handgun and a shotgun, and discovered a marijuana extraction lab and marijuana. The loaded firearms, lab, and marijuana were accessible to three minor children. The straw buyer and prohibited person (wife and husband, respectively) were arrested and charged with furnishing a firearm to a prohibited person, being a felon in possession of a firearm, operating a chemical extraction of a controlled substance lab, and child endangerment.

Ex-Felon/Gang Member Arrested after Attending Reno Gun Show. In April 2014, agents identified a subject on probation who was shopping for gun items at the Reno Gun Show. He was with a group of males who were subsequently detained and found to be in possession of nine large-capacity handgun magazines, one 60-round .223 rifle magazine, and one 100-round 5.56 mm rifle drum magazine. A follow-up search warrant was executed at the subject's residence in Santa Rosa, where agents seized one S&W M&P, .40 Caliber handgun, three pounds of processed marijuana, and 104 mature marijuana plants that averaged four-and-a-half feet tall. The subject was arrested for being an ex-felon with a firearm, engaging in a felony while on bail, active felonious participation in gang activity, and cultivating marijuana.

Two Bay Area Norteño Gang Members Arrested for Possessing an AK-47. In April 2014, agents observed two documented San Francisco Norteño gang members purchasing a high-capacity 100-round drum magazine at a Reno Gun Show. A vehicle stop resulted in the seizure of a loaded .40 caliber semi-auto handgun with two magazines containing 10 rounds each, an AR-15 high-capacity 100-round drum magazine, an AK-47 high-capacity 75-round drum magazine and a partial AK-47 lower receiver. One of the subjects was arrested for transporting a loaded firearm and high capacity magazine into the state.

In May 2014, agents executed search warrants at both subjects' residences in Alameda County. Both of them are documented gang members. At one residence, agents found an AK47, fully loaded with a "banana" style high-capacity magazine in the subject's girlfriend's bedroom. The subject and the girlfriend were both arrested as ex-felons in possession of an assault weapon, ex-felons in possession of a firearm, and violation of probation.

Delta Mob Outlaw Motorcycle Gang Member and Girlfriend Arrested on Firearms

Violations. In April 2014, agents from the Contra Costa County Anti-Violence Support Effort (CASE) conducted a probation search on a member of the Delta Mob outlaw motorcycle gang (which is a sanctioned farm club to the Richmond Hells Angels), who was prohibited in APPS due to a battery conviction. A search of the subject's girlfriend's residence resulted in the seizure of a loaded H&K USP .40 caliber semi-automatic pistol, one S&W .12 gauge shotgun, one AR-15 style lower receiver, one incomplete 7.62 caliber AK-47 style rifle, and 274 rounds of pistol ammunition. In April 2014, agents obtained felony arrest warrants from the Contra Costa District Attorney's Office for both the subject and his girlfriend, who were charged with four counts of illegal possession of firearms and ammunition.

Firearms Purchaser Clearance Section. The Firearms Purchaser Clearance Section (FPCS) serves as a vital public service by ensuring that no retail or private party firearms transaction results in firearms being placed in the hands of persons who are prohibited from owning a firearm. Additionally, the section identifies and notifies the employer and/or licensing authority regarding peace officers, armed security guards, and carry concealed weapon (CCW) permit holders who have subsequently become prohibited from owning/possessing firearms.

This section encompasses the following programs: the DROS Unit, Phone Resolution Unit, Law Enforcement Gun Release and the Employment & Subsequent Notification Unit.

In 2013, the section received and processed 960,179 DROS applications, and denied 7,445 applicants due to existing prohibitions. This unit also processed 50,874 DROS-related DMV mismatched transactions in 2013 (e.g., the name supplied on the DROS application did not match the applicant's DMV issued Driver License/Identification Card resulting in rejection of the transaction). The DROS unit processed 16,749 other firearms-related applications and documents in 2013.

From January to April 2014, the section received and processed 312,477 DROS applications and denied 2,643 applicants due to existing prohibitions. This section also processed 19,548 DROS-related DMV mismatched transactions and 7,890 other firearms-related applications and documents.

Dealer's Record of Sale (DROS) Entry System Customer Support Center. The DROS Entry System (DES) was established by statute in 1997 to allow dealers to transmit firearms purchase/transfer information electronically to the DOJ. The DES and associated customer support center were administered by Verizon Business Services. In December 2011, Verizon notified the Department that they would no longer administer the DES and the contract would lapse when it expired on December 31, 2013. Consequently, the Department assumed the duties previously administered by Verizon Business Services as of January 1, 2014.

The bureau, in collaboration with the Hawkins Data Center, immediately developed a plan to implement and design a new DES to be administered by the bureau. This included the following: (1) development of the new system; (2) collaboration with firearm dealers; (3) acquisition of new positions; (4) execution of credit card processing contracts; (5) promulgation of new regulations; (6) notification to firearms dealers of the new DES; and (7) implementation of new DES procedures. The new DES was successfully implemented on January 1, 2014. Since its deployment, the DES Customer Support Center has handled 8,000 phone calls from dealers with questions about the new DES, including billing questions. During the first month of operation, the bureau saved \$90,000 as a result of administering the DES program in-house and expects to save \$1.5 to \$2 million annually.

Bureau of Gambling Control

The Bureau of Gambling Control is responsible for the following:

- Investigates license applicant backgrounds.
- Monitors regulatory compliance.
- Investigates suspected gaming-related criminal activity.
- Coordinates the statewide exchange of criminal intelligence data among gambling establishments and law enforcement agencies.
- Registers and regulates fundraisers using “controlled games.”
- Administers the Statewide Exclusion Program.

Card Room and Tribal Licensing Investigations. From January 1 through March 31, 2014, the bureau completed 3,551 background investigations for applicants seeking new or renewed licenses, permits or findings of suitability; approved 385 new or modified games or gaming activities; reviewed 23 local ordinances; and approved 88 contracts and contract amendments for California cardrooms and third-party providers of proposition player services.

Governor’s Reorganization Plan #2. The Governor’s Reorganization Plan #2 was enacted to consolidate and reduce program duplication between the bureau and the California Gambling Control Commission (Commission). This plan moved the Commission’s Financial Audit Section and Technical Service Program – merged into the new Audits and Compact Compliance Section – and the Remote Caller Bingo Program to the bureau effective July 1, 2013. The bureau received 35 positions that perform tribal compact compliance audits and license application reviews. In addition, one attorney position was transferred to provide legal analysis of all transactional documents requiring Commission approval.

Remote Caller Bingo Program. Since joining the bureau on July 1, 2013, the program has completed review of 82 applications from companies, non-profit organizations, and individuals associated with remote caller bingo games.

Audits and Compact Compliance Section (ACCS). The section conducted 34 tribal audits and 28 technical inspections since merging and transferring on July 1, 2013. The auditors verify contributions paid to the Special Distribution Fund and General Fund, and ensure that certain tribes are eligible to receive the Revenue Sharing Trust Fund set forth in the California 1999 Tribal-State Gaming Compact. The technical inspections ensure that the tribal casinos are not utilizing revoked software on their gaming floors.

Additionally, the section has assisted sworn staff with investigations involving embezzlement, fraud, and civil accusations, and has aided the bureau's licensing section by conducting financial evaluations on nine vendor applicants, 26 cardroom applicants, and four third-party applicants.

Responsible Gambling, Self Exclusion, and Charitable Gambling Programs. The bureau's Responsible Gambling Program operates the Exclusion Management System (EMS) and provides training on the system for licensed gambling establishments.

The EMS is a web-based database that allows problem gamblers, certain government and law enforcement agencies, licensed gambling establishments and bureau staff to upload statewide exclusions. Qualified nonprofit organizations may apply for registration via the EMS. Records maintained in this database include Charitable Gambling Registration and Statewide Exclusion forms, a list of California licensed gambling establishments, and user registration applications. These records are uploaded, edited and maintained by bureau staff. Forty-three of California's 89 operating card rooms are actively using the EMS. The exclusion program consists of self-exclusions, self-restrictions and involuntary exclusions. From January 1, 2013, through June 30, 2014, the bureau enrolled more than 635 self exclusions and registered more than 710 charitable organizations for charitable gambling events.

Compliance and Enforcement. The bureau conducted 384 criminal investigations associated with licensed card rooms and tribal casinos, and 213 regulatory compliance inspections of the licensed card rooms and tribal casinos. As a result of the bureau's criminal investigations, 76 individuals were arrested and illegal gaming devices and other contraband were seized.

Commercial Burglary Investigation. Agents initiated an investigation into a subject who was reported to be on probation for identity theft. At the time he was gambling substantial sums of money and had no identifiable employment. Due to the subject's use of counter-surveillance driving techniques, agents obtained a search warrant to place a tracking device on his vehicle. Global Positioning System information identified 19 locations where the subject had used credit card information belonging to third parties, without their permission, to buy iPads and other merchandise. Further investigation revealed that the subject may have been obtaining personal information by mail theft and used that information to apply for new credit cards in the victims' names. In April 2014, the subject pled guilty to felony commercial burglary and was sentenced to one year in county jail. He also is facing deportation to Nigeria.

Robbery Investigation. Agents investigated the December 2010 robbery of \$4,000 from a patron of the Rancho's Club in Rancho Cordova. The suspect, identified after interviews and investigation, was arrested for the robbery in early 2011 and identified by local law enforcement as the primary suspect in five additional robberies, including bank robberies in and around the Sacramento area. In March 2014, the subject accepted a plea deal of 22 years in state prison.

Insurance Broker Steals \$172,000 from Tribal Casino. Casino Pauma contacted the bureau for assistance following the theft of over \$170,000 by an insurance broker with whom the tribe had done business. Agents and auditors conducted an extensive, 18-month investigation in conjunction with the Department of Insurance and the San Diego County District Attorney's Office. The subject was arrested on January 31, 2014, and charged with multiple counts of felony offenses, including theft of funds by fiduciary, embezzlement and grand theft.

Executive Director Embezzled Money from Indian Human Resource Center to Gamble. Bank records belonging to the Indian Human Resource Center (IHRC), a local non-profit organization serving the Native American Community, revealed large amounts of cash being withdrawn at local tribal casinos. The DOJ investigation uncovered that the Executive Director was embezzling money from the IHRC's accounts and gambling with those funds at local casinos. A federal grand jury indicted the subject in March 2013, for theft from a program receiving federal funds, and an arrest warrant was issued. On April 25, 2013, agents arrested the subject and turned him over to the U.S. Marshal's Service for booking into a federal correctional facility.

"World's Most Famous Gambler" Arrested. In July 2013, the bureau received a request to assist the Barona Tribal Casino with a card marking case. Surveillance captured the suspect marking cards at the blackjack table and successfully cheating the casino out of more than \$8,000, however, the casino was unable to identify the suspect. Agents immediately began developing the case through surveillance, Multi-State Intelligence Bulletins through the bureau's Intelligence Unit, Biometrica and the Nevada Gaming Control Board (NGCB).

Agents identified the suspect as a world-famous poker player according to several media sources and industry-related people in Las Vegas. The bureau confirmed the subject's address in Las Vegas, and also confirmed that he frequented California cardrooms and tribal casinos.

The agents, working with a San Diego Deputy District Attorney and the NGCB, obtained a felony arrest warrant for the subject and a search warrant for his residence in Las Vegas. The bureau, with the assistance of the NGCB's Special Investigations and Intelligence Unit, executed the search warrant and arrested the subject in September 2013.

BGC Special Agents Seize Firearms from Convicted Felons. In March 2014, the bureau requested L.A. IMPACT's assistance with probation searches and interviews of subjects regarding the fraudulent use of, and subsequent theft involving, an ATM machine at the Hollywood Park Casino. The bureau conducted a probation search of the suspect's residence and identified another resident as being on probation for violations involving narcotics and prostitution. The probation search also revealed that the subjects were in possession of three firearms. The terms and conditions of their respective probations prohibited them from having firearms in their possession. Both subjects were arrested and booked into jail.

Documented Violent Transnational Gang Member Arrested. A tribal police department asked for assistance with an investigation into a documented member of a violent transnational street gang who had committed check fraud at a tribal casino. The agents identified the suspect, followed up with the banking institution, and arrested the subject for burglary and forgery. Agents booked him into county jail on two felony counts.

LEGAL SERVICES DIVISION

The Legal Services Division, through its 1,592 attorneys and professional staff in six legal offices, is comprised of the Public Rights Division, Civil Law Division and Criminal Law Division. The three legal divisions are comprised of nearly 30 practice areas of law, and represent the People in civil and criminal matters before trial courts, appellate courts and supreme courts of California and the United States, state and federal courts, and also serve as legal counsel to state officers, and with few exceptions, to state agencies, boards, and commissions. Significant cases and activities follow.

PUBLIC RIGHTS DIVISION

The Public Rights Division serves Californians by safeguarding the state's environment and natural resources, protecting state lands, maintaining competitive markets, preventing fraudulent business practices, protecting consumers against misleading advertising claims, preserving charitable assets and protecting civil rights. The division is currently handling over 3,212 cases.

The Public Rights Division consists of the following sections:

- Antitrust Law
- Charitable Trusts
- Civil Rights Enforcement
- Consumer Law
- Corporate Fraud
- Environment Law
- Indian and Gaming Law
- Land Law
- Natural Resources Law
- Tobacco Litigation and Enforcement

Antitrust Law

The Antitrust Law Section is responsible for civil and criminal enforcement of California's antitrust laws and has authority to file civil actions under federal antitrust law. The section works closely with other states and federal antitrust enforcement agencies to ensure that anti-competitive and unfair business practices, such as price-fixing, are prevented and stopped. The

section also investigates potential antitrust violations, analyzes mergers and acquisitions, litigates cases in state and federal courts and prosecutes criminal cases.

Significant cases and activities include the following:

People v. eBay, Inc. This lawsuit challenged an agreement by eBay and Intuit not to compete in hiring nor recruiting employees from the other company. eBay further agreed not to hire any Intuit employees. The settlement, pending court approval, requires eBay to refrain from such agreements for the next five years and pay \$3.75 million, of which \$2.375 million be made available to employees affected by the agreement. The settlement establishes that such conduct violates California antitrust and unfair competition laws. This is the first case to require payment for general harm to the California economy.

AT&T Mobility v AU Optronics. Adopting the view elucidated by the Attorney General as amicus (and by no other party), the Ninth Circuit held that a defendant's conspiratorial conduct that is sufficiently connected to California, that the state antitrust law to that conduct is neither arbitrary nor fundamentally unfair, and does not violate the due process clause. This holding confirms the extraterritorial reach of our state antitrust laws and permits individuals residing outside California to recover for injuries caused by anticompetitive conduct occurring within the state.

In re Dynamic Random Access Memory (DRAM) Antitrust Litigation. The California Attorney General led a 33-state group in this hard-fought multidistrict case challenging price-fixing of memory chips by a conspiratorial group that included numerous foreign and domestic manufacturers. The Attorneys General represented natural persons as *parens patriae* as well as state and local government purchasers. A settlement was reached for over \$3 million, and will benefit a nationwide class of indirect purchaser resellers and end-users.

Charitable Trusts

The Charitable Trusts Section has authority over charities, charitable trustees, and fundraising professionals incorporated, or operating in California. The section is responsible for:

- Identifying, registering, collecting and maintaining public records for California charities and their fundraisers.
- Prosecuting charity fiscal abuse, including fraud, diversion and mismanagement of funds.
- Reviewing transactions that have a significant impact on the charity and its assets, including mergers, sale of assets, conversion to another corporate status and disposition of assets when a charity is dissolved.
- Reviewing transactions involving the sale of nonprofit health facilities or the transfer of their assets, which requires the Attorney General's written consent.
- Representing the People of the State of California, as beneficiaries, in trust and probate litigation involving charitable gifts to unnamed charities.

Registry of Charitable Trusts. The Registry of Charitable Trusts manages the registration and annual reporting requirements for nonprofit organizations, charitable trustees and charitable fundraisers and provides these reports publicly on the DOJ webpage. The Registry processed 18,296 registrations and 98,844 annual reports from charities and charitable trustees. The Registry also sent out 7,071 delinquency notices to delinquent charities and charitable trustees, processed 5,577 dissolution requests, issued 2,457 dissolution waivers, processed 8,198 raffle registration forms, 2,978 raffle report forms, 1,262 fundraising professional registrations, 3,149 commercial fundraiser financial reports and 3,792 commercial fundraiser notice of intent forms. The Registry also responded to 56,062 requests for information, and made 210,051 documents available to the public. In addition, the Registry publishes the Attorney General's Annual Commercial Fundraiser Report, which contains a summary of charitable solicitation campaigns conducted by commercial fundraisers. The report assists the public in making informed decisions on spending their charitable dollars.

The Attorney General's audit and legal team conducted financial reviews of 252 transactions involving the sale of a charity's assets and mergers for both nonprofit and for-profit entities. Over 125 audit investigations are pending involving excess compensation, self-dealing transactions, illegal loans to directors, losses or threatened losses to charitable assets, and fundraising abuses.

Significant cases include the following:

People v. Crawford Smith Foundation (CSF). The directors engaged in self-dealing loans from 2004 to 2013. After filing the lawsuit and conducting extensive discovery, the parties settled. The settlement provides for recovery of a loan of \$902,000 and attorneys fees. The settlement also provides that the Chief Financial Officer and President are permanently banned from serving on a California charity in any capacity.

In re Kovshar Private Charitable Memorial Foundation. A petition was filed seeking the removal of the trustee and the board of directors for self-dealing transactions (improper loans to trustees and free rent in a building owned by the foundation), excessive trustee fees, and improper management of the foundation. The petition was granted, and a temporary trustee was appointed to marshal the charitable assets. The foundation's real property is anticipated to be sold for \$8.4 million, and the proceeds will be distributed to a charity with a similar purpose. The foundation will be dissolved.

People v. Comite de Beneficencia de Los Angeles, Inc. This lawsuit forcibly removed the directors of a Mexican benefit corporation for breach of fiduciary duty, to dissolve the charities, and for improperly transferring real property. The directors were banned from damaging or making claims against the charity's real property, and ordered to pay \$177,490 in damages, \$13,500 in civil penalties and \$159,900 in attorney fees. The court also voided the illegal transfer of real property. Pursuant to the Attorney General's request, the court ordered the charity's property, worth more than \$1.2 million, be transferred to East LA Community Corporation.

People v. Help Hospitalized Veterans. This lawsuit was filed against the officers and directors to recover charitable funds wasted on excessive compensation to its officers, the purchase of a

condominium and golf club memberships, imprudent loans to its for-profit fundraiser, and self-dealing transactions involving the CEO, Roger Chapin. The lawsuit also sought penalties for false and misleading solicitations and misleading public reports. On the eve of trial, the parties reached a settlement agreement of \$3.5 million, and all of the Board of Directors resigned and have a lifetime from serving as an officer or director of any California charity.

Civil Rights Enforcement

The Civil Rights Enforcement Section enforces civil rights laws on behalf of state agencies and the Attorney General in her independent capacity. The section acts when there are civil rights law violations or where an important or unsettled issue of law is presented. The section conducts investigations, files civil actions in state and federal courts, and participates in appellate proceedings, often as *amicus curiae*.

Significant cases and activities include the following:

In School + On Track. In September 2014, the Attorney General issued “In School + On Track 2014,” her second report on chronic absenteeism and truancy in California’s elementary schools. This report provided updated statistics regarding chronic absenteeism and truancy rates for the past school year, and provided detailed analysis of the high absenteeism rates of at-risk youth, including foster youth, homeless children, and children of color. The report also highlighted the requirement, pursuant to the landmark Local Control Funding Formula legislation, that school districts must develop local control accountability plans that specify annual goals and action plans focused on attendance and chronic absence. The report further provided additional recommendations regarding ways to address California’s elementary school attendance crisis.

Attorney General’s Truancy Intervention Panel. In March 2014, our office formed the Truancy Intervention Panel (TIP) along with state and local prosecutors and community advocates, to assist in developing best practices to ensure consistency and effectiveness in preventing and addressing elementary school truancy. To that end, the goals of adopting cohesive best practices for prosecutors should include early intervention to address attendance issues so that the bulk of cases can be screened and resolved quickly, leaving only a small number of cases to be prosecuted. TIP is assisting the Attorney General in drafting a guide that will provide practical and useful tools for prosecutors around the state to implement their truancy intervention efforts.

Schuetz v. BAMN. The Attorney General, on behalf of California, submitted an amicus brief, joined by five other states and the District of Columbia, urging the U.S. Supreme Court to hold unconstitutional a provision of the Michigan Constitution that is virtually identical to California’s Proposition 209, banning race-conscious admissions policies in public universities. Our brief argued that Michigan’s prohibition on race-conscious policies that are otherwise permissible under the U.S. Constitution violates the equal protection guarantee of the Fourteenth Amendment under the “political structure” doctrine. The brief reasoned that Michigan’s ban violated the political structure doctrine because, like Proposition 209, it erects barriers for the adoption of race-conscious policies in university admissions that do not exist for non-racial admissions policies, such as familial legacy, athletic ability or geographic or economic diversity.

The Supreme Court disagreed, and in a 6-2 decision, held that Michigan's provision was not unconstitutional under the political structure doctrine.

Shelby County, Alabama v. Holder. The Attorney General joined other states in an amicus brief urging the U.S. Supreme Court to uphold the constitutionality of Section 5 of the federal Voting Rights Act. The State of Alabama contended that the 2006 reauthorization by Congress of this historic law is unconstitutional because the extraordinary discrimination that led to its enactment in 1965 had been reduced. The Supreme Court held that section 4(b) of the Act, which sets out the formula used to determine which state and local governments must comply with Section 5's preapproval requirement, is unconstitutional, thus, rendering Section 5 obsolete.

Burwell v. Hobby Lobby Stores, Inc. The Attorney General filed an amicus brief with the state of Massachusetts, joined by 13 additional states, urging the U.S. Supreme Court to hold that for-profit companies cannot deny essential healthcare coverage to female employees based on the religious beliefs of the company's owners. Closely-held corporations and their owners argued that rules under the Affordable Care Act requiring employer-sponsored health plans to cover FDA-approved contraceptives violated the corporations' rights under the Religious Freedom Restoration Act (RFRA), which prohibits the federal government from substantially burdening a "person's" right to exercise religion unless justified by a compelling government interest. The Supreme Court held that closely-held corporations could invoke RFRA's protections, and that the contraceptive coverage rules violated the corporations' rights under RFRA.

McCullen v. Coakley. The Attorney General joined a multi-state amicus brief filed with the U.S. Supreme Court that supported a Massachusetts law creating a 35-foot buffer zone around reproductive health care facilities against a First Amendment challenge. The Massachusetts law prohibited anyone from being within 35 feet of the entrances or driveways of health care facilities (other than hospitals) where abortions are offered or performed, with certain limited exceptions. The brief argued that the buffer zone law is a reasonable time, place and manner restriction, especially in light of Massachusetts' prior unsuccessful experience with narrower restrictions. The Supreme Court disagreed, unanimously holding that the law violated the First Amendment. Five members of the court, led by Chief Justice Roberts, found the law content- and viewpoint-neutral, although still unconstitutional because it burdened substantially more speech than necessary to achieve the government's interests. Four concurring justices would have found the law content- or viewpoint-based and subject to the even stricter requirement that it be the least restrictive means of achieving a compelling governmental interest.

Native American Heritage Commission v. Foothill/Eastern Transportation Corridor Agency. This lawsuit, filed on behalf of the Native American Heritage Commission (NAHC) seeks to enjoin construction of a toll road in Orange and San Diego counties through the indigenous Village of Panhé, a major village of the Juaneño/Acjachemen people that is still used for reburials and other ceremonial activities. The lawsuit alleges that construction of the road violates Public Resources Code section 5097.9, that prohibits public agencies from causing severe and irreparable damage to a Native American sanctified cemetery, place of worship, religious or ceremonial site, or sacred shrine located on public property. Because an adverse Coastal Commission decision prevented the project from going forward, the case was dismissed without prejudice, but was later reinstated when the Foothill/Eastern Transportation Corridor Agency and its Board of Directors approved the initial 5.5-mile portion of the road, ostensibly as

a separate project. The San Diego Regional Water Quality Control Board then denied a necessary permit. On appeal from that decision, the State Water Resources Control Board remanded the matter back to the regional board with directions to provide the factual and legal basis for its decision. The lawsuit has been stayed indefinitely while the water permit issues are being resolved.

Los Angeles Police Protective League v. City of Los Angeles. The Attorney General filed an amicus brief supporting the Los Angeles Police Department's (LAPD) exercise of managerial discretion to issue Special Order 7. Special Order 7 prohibits officers from invoking the fixed 30-day impound statute for vehicles driven by unlicensed drivers in certain circumstances. Special Order 7 was implemented to provide a clear directive to officers on how to handle the various discretionary Vehicle Code impound statutes and to address allegations of disparate treatment and other concerns raised by the city's immigrant community. The Los Angeles Police Protective League (LAPD's union) challenged Special Order 7, principally arguing that it unlawfully deprived individual officers of discretion to impound a vehicle as allowed under the Vehicle Code. The Attorney General's brief argues that the LAPD's decision to exercise vehicle impound discretion at the managerial level, thereby limiting individual officer's discretion, is a lawful exercise of the LAPD's authority and is consistent with California law enforcement tradition. The brief further argues that to maximize public safety, law enforcement agencies must retain the authority to evaluate the unique needs of their particular communities and officers, and determine when the issuance of discretion-limiting directives are appropriate.

Cassirer v. Thyssen-Bornemisza Collection Foundation. California Code of Civil Procedure (CCP) section 354.3, enacted in 2002, specifically extended the limitations period for actions to recover Holocaust-era stolen artwork. After the Ninth Circuit Court of Appeals held that CCP section 354.3 impermissibly intruded upon the federal government's exclusive power to make and resolve war, in violation of the foreign affairs doctrine, the Legislature amended California's generally applicable statute of limitations, CCP section 338, to extend the limitations period for claims to recover all stolen artwork, and not specifically Holocaust-era claims. In a case that utilized Section 338 to bring claims to recover a masterpiece French impressionist painting allegedly taken by the Nazi regime, our office filed an amicus brief with the Ninth Circuit in support of CCP 338's constitutionality. In December 2013, the Ninth Circuit held that Section 338, as applied to the particular claims in this case, did not violate the foreign affairs doctrine and was constitutional.

Von Saher v. Norton Simon Museum. Our office filed an amicus brief in the Ninth Circuit in another case that used Code of Civil Procedure (CCP) section 338 to seek the recovery of artwork allegedly stolen during the Holocaust, which is currently hanging in the Norton Simon Museum in Pasadena. In that case, the district court held that the plaintiff's claims against the museum and the remedies she sought conflicted with express foreign policy on recovered art, which required the artwork to be returned to the county of origin for internal restitution proceedings. In June 2014, the Ninth Circuit held that these claims did not conflict with any foreign policy because the artwork was never subjected to postwar internal restitution proceedings in the Netherlands.

Fisher v. University of Texas. In June 2013, the U.S. Supreme Court declined to revisit its 2003 ruling in *Grutter v. Bollinger*, 539 U.S. 306 (2003), in which it held that diversity in higher education is a compelling governmental interest that can justify the use of race-conscious admissions standards. Instead, the Supreme Court, in a 7-1 decision, held that the Fifth Circuit Court of Appeals had failed to hold the University of Texas to the "demanding burden" of strict scrutiny, as required by prior cases, and remanded the matter for reconsideration under the correctly applied strict scrutiny standard. The Attorney General had filed an amicus curiae brief on behalf of the State of California in 2012 supporting the Fifth Circuit's decision permitting race-conscious admissions at the University of Texas. The brief argued that the educational and societal benefits of a diverse student body justify retaining the flexibility for race-conscious admissions that is currently available under the Fourteenth Amendment, even though California is prohibited by its own Constitution (Proposition 209) from considering race in admissions decisions to its public colleges and universities.

Consumer Law

The Consumer Law Section enforces the laws against false advertising, deceptive marketing and unfair competition through civil prosecutions brought on behalf of the People. In these cases, the Attorney General seeks restitution for consumers, and civil penalties and injunctive relief to halt the illegal activities. The section also maintains registries for travel sellers, telephonic sellers, foreclosure consultants, credit services organizations and seller-assisted marketing plans. Significant cases and activities include the following:

Mortgage Servicing Settlements. Ocwen Financial Corporation and Ocwen Loan Servicing (Ocwen), a large residential mortgage servicer, engaged in robo-signing, dual-tracking, and other mortgage servicing and foreclosure misconduct. The Attorney General secured over \$300 million in relief for California homeowners as part of a \$2.125 billion settlement reached with 48 states and the Consumer Financial Protection Bureau. Ocwen also agreed to an injunction preventing misconduct in the future, and appointing a monitor who will oversee their compliance for the next three years.

The Attorney General secured \$550 million in a joint state-federal settlement with SunTrust Mortgage, which provided direct payments to borrowers for foreclosure abuses. The settlement also required SunTrust to substantially change how it services mortgages, handles foreclosures and ensures the accuracy of information in bankruptcy court.

DOJ's Mortgage Fraud Strike Force investigated seven individuals responsible for defrauding over 1,550 California homeowners who sought loan modification services during the foreclosure crisis. These individuals illegally charged up-front payment for these modification services and lied about the services they were providing.

People v. JPMorgan Chase and Co. In its efforts to collect consumer credit-card debt, Chase sued over 100,000 California consumers relying on unlawful procedural shortcuts, including the rampant use of false, robo-signed documents to obtain default judgments. Chase used the fraudulently obtained judgments to, among other things, sweep consumers' bank accounts and

garnish their wages. A lawsuit was filed against Chase to halt these unlawful practices, provide restitution for Chase's victims, and obtain substantial civil penalties.

People v. Janssen Pharmaceuticals, Inc. The Attorney General reached a \$15.2 million settlement with Janssen Pharmaceuticals for unfair and deceptive practices in promoting Risperda, an antipsychotic drug, and for failing to adequately disclose potential side effects to health care providers.

People v. Dish Network. Dish Network made more than 60 million illegal calls in violation of state and federal Do Not Call laws. The Attorney General, the Federal Trade Commission, and three other states sued DISH in federal court. California is seeking injunctive relief, penalties and damages of \$100 million.

People v. Heald College. This civil enforcement action was filed against Corinthian Colleges, Inc. and its subsidiaries that operate Everest, Heald, and Wyotech schools, for misrepresenting job placement rates to students and investors; advertising for programs that they do not offer; unlawfully using military seals in their advertisements; inserting unlawful clauses into their enrollment agreements; engaging in unlawful debt collection practices; failing to make mandated disclosures regarding student loans; and making misrepresentations regarding the transferability of academic credit.

Lender Processing Services. Lender Processing Services, Inc. (LPS) and its affiliates LPS Default Solutions and DocX, allegedly engaged in robo-signing and other misconduct related to mortgage loan default servicing. Under a multi-state settlement, LPS is required to improve its business practices and pay California \$36.3 million. In addition, LPS is to provide assistance to injured consumers, including recording corrected mortgage documents if necessary and providing monetary payment to consumers who suffered financial harm.

People v. Kramer and Kaslow. The Attorney General, working with the California State Bar, sued lawyers and their business partners who engaged in false and misleading advertising and other marketing violations that targeted thousands of homeowners at risk of losing their homes to foreclosure. The Attorney General obtained injunctions and stipulated judgments to stop the illegal business practices, and the State Bar disbarred the lawyers as a result of those unlawful activities.

Corporate Fraud

The Corporate Fraud Section investigates and prosecutes cases concerning:

- Securities and commodities fraud.
- Violations of state labor laws such as underground economy schemes.
- Market manipulation arising out of California's energy crisis.
- Financial wrongdoing perpetrated against the state under California's False Claims Act.

Significant cases and activities include the following:

People v. McGraw-Hill. Our office filed a lawsuit against Standard & Poor's and its parent corporation, McGraw-Hill, for overinflated ratings and misleading claims of independence, alleging more than \$1 billion in resulting losses by state pension funds. We have prevailed against multiple attempts by Standard & Poor's to have our claims dismissed. The case remains pending in the San Francisco Superior Court.

Investigation of Citigroup. The Attorney General conducted an extensive investigation of the practices of Citigroup with respect to the issuance of residential mortgage-backed securities (RMBS) during the period of 2004 through 2007. In July 2014, the Attorney General obtained a \$102.7 million settlement of claims relating to RMBS against Citigroup. The settlement also provides for substantial consumer relief.

Investigation of Bank of America. The Attorney General obtained a settlement, including \$300 million in cash and a guarantee of at least \$500 million in homeowner relief credits, with Bank of America for claims relating to RMBS sold from 2004 through 2007, in which Bank of America or its affiliates, including Countrywide and Merrill Lynch, were involved. This is the third major settlement of RMBS claims, through which the Attorney General has recovered all of the losses of the CalPERS and CalSTRS pension funds on RMBS caused by the actions of JP Morgan Chase, Citigroup, and Bank of America.

Environment Law

The Environment Section enforces state and federal environmental laws that affect California's natural resources and public health. The attorneys investigate and litigate matters concerning:

- Enforcement actions to protect consumers from toxic chemicals, reduce emissions of greenhouse gases that contribute to global warming, and prohibit air and water pollution. These laws include the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65), which prohibits contaminated or illegal discharges into sources of drinking water and undisclosed exposures to toxins and carcinogens.
- Ensures that environmental laws are enforced fairly, so that all Californians enjoy the benefits of a healthy environment. Its work under the California Environmental Quality Act (CEQA) seeks to further environmental justice by requiring full consideration of the potential for cumulative impacts and impacts to sensitive communities.
- Represents the Department of Toxic Substances Control in its enforcement of federal and state hazardous waste control laws. Its work includes enforcement of the "Superfund Law" created to protect people and communities from heavily contaminated toxic waste sites.
- Under a variety of laws, exercises the Attorney General's broad independent authority under the California Constitution, the Government Code, and case law to act on behalf of the People to protect California's natural resources from pollution, impairment, and destruction so that they may continue to be enjoyed by current citizens and future generations.

Significant cases and activities include the following:

White Stallion Energy Center, LLC v. U. S. Environmental Protection Agency. The Attorney General coordinated the intervention of a multi-state group to defend a 2012 rule adopted by the Environmental Protection Agency (EPA). The rule would protect public health by limiting the amount of hazardous air pollutants, including neurotoxin mercury that is emitted by coal and oil-fired electric power plants. Power plants emit about half of the mercury released into the air nationwide, and once airborne, this mercury reaches California waters, contaminating fish, including that consumed by communities engaged in subsistence fishing. Petitions seeking to overturn EPA's emission limits were filed by the energy and power industries, and some environmental organizations also challenged the rule's compliance and monitoring mechanisms. In rejecting all of the challenges, the federal Court of Appeals agreed with the Attorney General that EPA's interpretation of the Clean Air Act was correct. Specifically, the Act allows EPA to impose emissions limits upon a finding that public health studies shows that regulation to be "appropriate and necessary," and does not require EPA to consider costs to electricity generators or ignore factors such as environmental harm. The mercury regulation is estimated to save thousands of lives over the years. Plaintiffs have filed a petition for a writ of certiorari, which the multistate group has opposed. The petition is pending.

Chevron Richmond Refinery Modernization Project. Under the Attorney General's authority to enforce the California Environmental Quality Act (CEQA), our office filed comments on the draft environmental impact report for the Chevron Richmond Refinery Modernization Project. Chevron proposed to replace an existing hydrogen production plant and make other changes to enable the refinery to process higher sulfur crude oils. Our comments urged the City and Chevron to do more to evaluate and mitigate potential impacts on public safety (from corrosion from sulfur), local air pollution and greenhouse gas emissions. Based largely on our recommendation, the City adopted a new alternative to the project which reduces Chevron's increase in sulfur processing, requires no physical increase in greenhouse gas emissions from Chevron's refinery operations, and should also lower emissions of local air pollutants.

Continued Defense of AB 32. California's landmark Global Warming Solutions Act of 2006 (AB 32) placed the state into a world-leading role in tackling climate change and has led to the adoption of innovative approaches to reducing greenhouse gas emissions. One such approach, the Low Carbon Fuel Standard (LCFS), lowers the carbon intensity transportation fuels consumed in California and incentivizes the development of next generation fuels. Another approach, California's Cap-and-Trade regulation, provides a market-based solution that drives cost-effective reductions in emissions from a broad array of sources. As counsel to the California Air Resources Board, our office is leading the legal defense of both of these programs in numerous challenges in State and Federal Court. In 2013, DOJ achieved a significant victory for the LCFS in the Ninth Circuit Court of Appeals and successfully defended the Cap-and-Trade program's auction in State trial court. The proceedings in each of these challenges persist and our work continues.

National Greenhouse Gas Regulation. Under the Attorney General's authority to protect the state's public interest in public health and the environment, our office submitted comments supporting the U.S. Environmental Protection Agency's (EPA) proposals to regulate greenhouse gas emissions from fossil-fueled power plants. In a white paper filed jointly with other states

and in a California comment letter on the first of EPA's proposed rules – for new power plants – DOJ emphasized that California can lower greenhouse gas emissions from electricity generation and, in the process, foster new industries and create green jobs. DOJ also stressed that EPA must take action given the existing and potential future adverse public health and environmental impacts of climate change. In addition, the Attorney General has joined several other states in intervening to support EPA in an early case challenging EPA's authority to regulate greenhouse gas emissions from existing power plants under the Clean Air Act (*West Virginia, et al., v. U.S. Environmental Protection Agency, et al.*). We are actively following EPA's process for adopting regulations to control greenhouse gas emissions from power plants.

Exide Technologies, Inc. v. Department of Toxic Substances Control (DTSC). This case was filed by Exide, a regulated lead acid battery recycler from Vernon, that was temporarily suspended from conducting its hazardous waste treatment operations. Exide obtained a preliminary injunction against the order. The parties entered settlement negotiations, in which DTSC imposed conditions on the operation of the facility that protected the community from releases of hazardous waste. Exide also filed for bankruptcy, and our office is also representing DTSC as a claimant in that proceeding.

Crude-By-Rail Projects. Under the Attorney General's authority to enforce CEQA, our office filed comments on the draft environmental impact report (DEIR) for the WesPac Pittsburg Energy Infrastructure Project, a proposal to construct a facility to store, transfer and transport huge volumes of crude oil delivered from out-of-state by rail, pipeline, and ship. If approved, the facility will distribute crude oil to five Bay Area refineries for processing. Our comments note that the DEIR failed to adequately analyze the public health and safety and environmental impact of the project, and consider enforceable mitigation to reduce the air quality and greenhouse gas emission impacts on the surrounding community. We also filed comments critical of the DEIR prepared by the City of Benicia to allow 100 rail cars per day of crude oil to be transported across Northern California for refining at the Valero facility. The DEIR underestimated the safety risks and air quality impacts of the project.

Utility Air Regulatory Group v. U.S. Environmental Protection Agency. The U.S. Supreme Court granted review of a lower court decision upholding EPA's first set of regulations on greenhouse gas emissions, finding that they endanger human health and welfare and a regulation limiting greenhouse gas emissions from motor vehicles. The Attorney General, along with other states, intervened in support of EPA's rules, and filed a brief in the Supreme Court supporting EPA's interpretation of the Clean Air Act in which motor vehicle regulations trigger corresponding controls on certain large stationary sources. Stationary sources such as coal-fired power plants are responsible for more than one-half of the nation's climate pollution, and can only be effectively regulated at the national level. The Supreme Court upheld most of EPA's authority to regulate greenhouse gas emissions, resulting in controls being placed on 80% of the sources EPA sought to regulate.

People v. Dakota Brothers. In April 2013, a Proposition 65 lawsuit was filed against 11 companies that make, distribute or sell ginger and plum candy and baking products containing high levels (more than 100 parts per billion) of lead. Defendants failed to warn customers that these products expose them to lead. DOJ is also working with the companies to make these products safe, and have retained two food quality scientists to assist in this effort. Once the

source of the lead contamination is determined, our office will seek injunctive relief requiring defendants to change their processes, and will also impose civil penalties for past violations. This case is ongoing.

People v. Atlantic Richfield Company, BP West Coast Products LLC; People v. ConocoPhillips. In 2013, lawsuits were filed against Atlantic Richfield Company (ARCO) and BP, and ConocoPhillips for violation of state hazardous waste laws by failing to properly inspect and maintain underground tanks used to store gasoline for retail sale at hundreds of gas stations in California. Our office partnered with the District Attorneys of Alameda, El Dorado, Merced, Nevada, Placer, San Bernardino, and Stanislaus in pursuing these claims. It is alleged that, since November 2006, the oil companies improperly monitored, inspected and maintained underground storage tanks used to store gasoline for retail sale and tampered with or disabled leak detection devices, and failed to test secondary containment systems, conduct monthly inspections, train employees in proper protocol, and maintain operational alarm systems. Defendants also improperly handled and disposed of hazardous wastes and materials associated with the underground storage tanks at their retail gas stations. These cases are ongoing.

Indian and Gaming Law

The Indian and Gaming Law Section provides legal representation and advice regarding Indian law and gambling to the following entities:

- Governor's Office
- DOJ's Bureau of Gambling Control
- California Gambling Control Commission
- California Horse Racing Board
- State Lottery Commission
- Other officers and state agencies

Significant cases and activities include the following:

Gaming Compacts. The Attorney General assists the Governor in negotiating new compacts and compact amendments with a number of federally recognized Indian tribes in California. The compacts enhance environmental, consumer and employee safeguards in the expansion of the Indian gaming industry in California, and ensure that the state receives a fair share of revenues from tribal gaming.

Big Lagoon Rancheria v. State of California. Big Lagoon filed a lawsuit alleging that the state negotiated in bad faith for a class III gaming compact with the tribe. The Attorney General successfully argued before the Ninth Circuit that the state had no obligation to negotiate for a casino on land taken into trust in 1994 for the tribe since the land did not fall under the Indian Gaming Regulatory Act in a decision rendered by the U.S. Supreme Court in 2009.

Suits Challenging the Governor’s Authority Under the Indian Gaming Regulatory Act.

The Attorney General prevailed in several law suits challenging the Governor’s decision to concur with the Secretary of the Interior’s decisions to take off-reservation land of two California Indian tribes into trust for the tribes to build casinos. The petitioners lost their claims that:

1) the Governor was required under California law to comply with the California Environmental Quality Act before concurring with the Secretary’s trust action; and 2) by granting the concurrence, the Governor violated the state’s separation of powers clause. Various superior court decisions are on appeal to Courts of Appeal.

San Pasqual Band of Mission Indians v. California Gambling Control Commission. The San Pasqual Band sued the Commission and other state defendants for \$115 million in damages for revenue it allegedly lost when the Band was not awarded 428 slot machine licenses it sought. The Attorney General successfully argued that both the state and the Band have sovereign immunity under their tribal-state class III gaming compact for lawsuits seeking damages.

People v. Lucky Bobs Internet Café; People v. Stockton Déjà Vu Boutique. These cases involve unfair competition actions against Internet café operators and a software company that used sophisticated sweepstakes software to run illegal gambling under the guise of a legitimate café. After the Attorney General successfully prosecuted these cases in federal district court, the parties stipulated to judgment in favor of the People against the defendants in all of the actions. Under the judgment, the defendants admitted to violations of the Unfair Competition Law, agreed not to operate businesses in California, and pay \$400,000 in civil penalties. The computer equipment seized from the defendants was donated to charity. The Attorney General is also working with federal and state law enforcement agencies and prosecutors to stem the tide of this new form of illegal gambling.

Land Law

The Land Law Section represents and advises the state in land use litigation and in cases that involve lands that the state owns and administers for resource conservation or development. The section attorneys are authorities on laws pertaining to land use and resource regulation, environmental review, real property, the public trust doctrine, oil and gas development, administrative procedure, and on the law applicable to constitutional takings.

The Land Law Section’s client agencies include the following:

- State Lands Commission
- California Coastal Commission
- San Francisco Bay Conservation and Development Commission
- Natural Resources Agency
- Department of Parks and Recreation
- Department of Conservation
- Ten state conservancies

- Delta Stewardship Council
- Central Valley Flood Protection Board
- California High-Speed Rail Authority (for environmental litigation and compliance)

Significant cases and activities include the following:

California Building Industry Association v. City of San Jose. In 2014, the Attorney General filed an amicus brief in the California Supreme Court in defense of the City of San Jose’s inclusionary housing ordinance. The California Building Industry Association challenged the San Jose ordinance as unlawful and argued that it is an unconstitutional taking of property subject to a heightened standard of judicial review. The Attorney General’s brief explains why inclusionary housing ordinances are not a taking of property and should not be subject to a heightened standard of judicial review. A decision is pending.

California High-Speed Rail Authority. The Attorney General advises the California High-Speed Rail Authority concerning environmental law requirements for construction of the high-speed rail system, including advice on programmatic environmental impact reports analyzing the system’s route from the Bay Area to the Central Valley, and the report for the first Central Valley segment of the system. In this long running and complex litigation, the Attorney General has successfully defended the Authority’s programmatic report. The matter currently is ongoing in the state Court of Appeal where it involves the additional question of whether the federal government has preempted any state court environmental remedy.

Lake Tahoe. Since 1971, California Attorneys General have enforced the laws designed to protect the Lake Tahoe Basin from threats to its water clarity and other natural resources. This includes a 1987 settlement of litigation with the Tahoe Regional Planning Agency that required the Planning Agency to adopt specific regional plan provisions. Over the past few years, the Attorney General worked with the Planning Agency, the Natural Resources Agency, the State of Nevada, and other stakeholders to update that plan. After the Planning Agency adopted its update in December 2012, the Attorney General actively supported California and Nevada legislation that preserves the compact between the states to protect Lake Tahoe. Currently, the Attorney General is working with the Planning Agency and other stakeholders to address environmental protection issues that were deferred in the 2012 plan update.

Sacramento-San Joaquin Delta. The Attorney General has represented the Delta Stewardship Council since its creation as part of the historic 2009 legislation that reformed the laws applicable to the Delta. This representation includes advising the Council as it developed, and in 2013 adopted, a Delta Plan seeking to protect the Delta ecosystem while promoting a more reliable water supply for California. Soon after the Council adopted the Delta Plan, 26 parties filed seven lawsuits challenging the plan. The Attorney General is now defending the Council in those coordinated lawsuits.

Access to Navigable Waters. The California Constitution and state law mandate public access to navigable waters, such as the ocean, rivers and lakes. The Attorney General frequently represents clients who seek to protect public access to the ocean or lakes such as Lake Tahoe. For example, the Attorney General represents the Coastal Commission in protecting access to

beaches and the ocean, as in *City of Dana Point v. California Coastal Commission*. In *Dana Point*, the City attempted to claim a nuisance as a basis for closing off access after the Commission had required this condition as part of the coastal permit. The Court of Appeal upheld the ability of the Commission to keep public access ways open and to protect public access to a public beach.

Natural Resources Law

The Natural Resources Law Section represents the majority of state agencies responsible for natural resources management or pollution control. The section handles complex environmental litigation both in defense of client actions and enforcement of pollution laws and regulations. Much of the section's litigation work involves the Air Resources Board, the State Water Resources Control Board, the Regional Water Quality Control Boards, the Department of Fish and Wildlife, the Department of Conservation and the Department of Forestry and Fire Prevention. The section also represents the Department of Food and Agriculture and the 55 District Agricultural Associations.

Significant cases and activities include the following:

Climate Change Litigation and Advice. The Attorney General represented California's interests in several climate change lawsuits and provided advice on related matters arising under AB 32. The section is currently defending the California Air Resources Board's low carbon fuel standard and cap and trade rule in court. The section was also involved in federal litigation in support of the U.S. EPA's regulation of greenhouse gases.

Greka Oil Spills. The Attorney General represents the Department of Fish and Wildlife and the Regional Water Quality Control Board to recover penalties and natural resource damages by a series of onshore oil spills caused by Greka / HVI Cat Canyon in Santa Barbara County. Greka's poor equipment maintenance and employee training resulted in multiple spills that released hundreds of thousands of gallons of crude oil and polluted water to creeks and streams. The case is expected to go to trial in 2015.

Fire Suppression Cost Recovery Actions. The Attorney General represents the Department of Forestry and Fire Prevention to recoup the cost of fire suppression for wildland fires that occur in California each year. From January 2013 to April 2014, the Attorney General litigated cases that resulted in more than \$50 million in recoveries.

Pacific Lumber Company v. California. Pacific Lumber Company and Scotia Pacific Company alleged that California and various water boards enacted legislation and enforced regulations that prevented plaintiffs from obtaining timber harvest levels guaranteed under the Headwaters Forest Agreement. The superior court granted the state's summary adjudication motion, and this ruling subsequently was affirmed by the Court of Appeal. The California Supreme Court denied review in February 2014, preventing plaintiffs' recovery of more than \$600 million in alleged damages for breach of contract.

Water and Endangered Species Litigation. The Attorney General represents the state and Regional Water Boards and the California Department of Water Resources in several cases involving the adjudication of water rights over surface and ground water, as well as complex

litigation challenging federal biological opinions affecting releases of water by the state and federal water projects in the Bay Delta and the protection of endangered Salmon and Smelt species.

Tobacco Litigation and Enforcement

The Tobacco Litigation and Enforcement Section protects and enforces California's rights under the nationwide tobacco master settlement agreement (MSA), which limits the marketing of tobacco products and entitles California to settlement payments for ongoing cigarette sales. Over the past 15 years, California, its counties and four largest cities have received more than \$12.6 billion in settlement payments. The section also enforces state laws that control the marketing and sale of tobacco products.

Significant cases and activities include the following:

MSA Payment Litigation. In 2013, California received \$375 million under a multistate settlement for a major payment dispute under the MSA. The dispute involved a provision that permits cigarette manufacturers to reduce their settlement payments to states that fail to diligently enforce state escrow laws applicable to non-settling manufacturers. The settlement resolved payment disputes over a 10-year period.

RJ Reynolds Cartoon Advertising Litigation. In this action, the Attorney General enforced the MSA's ban on cartoon advertising against RJ Reynolds Tobacco Company. The company had used cartoon images to advertise its Camel cigarettes. The Attorney General secured an injunction to end the advertising campaign and a judicial determination that the images were prohibited cartoons. The Attorney General recovered \$3.8 million in attorneys' fees for successful prosecution of this action.

Litigation Against Illegal Cigarette Sales. In 2013 and 2014 the Attorney General prosecuted several lawsuits against sellers of illegal, tax-evaded, non-fire safe certified cigarettes. In 2013 the Attorney General secured preliminary injunctions against three illegal sellers. In 2014 the Attorney General won a permanent injunction prohibiting one retailer from selling cigarettes to the general public that are not lawful for sale and are not certified as fire-safe.

DIVISION OF CIVIL LAW

The Division of Civil Law is comprised of nine sections, and much of the work of the division is non-discretionary, client-based, and defense-oriented. The division represents more than 200 state agencies, and the state's constitutional officers, including the Governor and the Attorney General, in litigation. The division is presently handling 33,391 cases.

The Division of Civil Law consists of the following sections:

- Business and Tax
- Correctional Law
- Employment and Administrative Mandate
- Government Law
- Health, Education and Welfare
- Health Quality Enforcement
- Licensing
- Opinion Unit
- Tort and Condemnation

Business and Tax Section

The Business and Tax Section's primary mission is to protect the state's treasury by defending California's tax structure.

The section helps to protect the insurance, real estate, and financial interests of Californians, as well as the interests of members of the labor and business communities. The section represents three major state taxing agencies and various business and regulatory agencies and their officials, including:

- Franchise Tax Board (personal and corporate taxes)
- Employment Development Department (employment taxes)
- Board of Equalization (sales and use taxes, and utility and property taxes)
- Insurance Commissioner
- Department of Insurance
- Bureau of Financial Institutions
- Bureau of Real Estate and its Commissioner
- Industrial Welfare Commission
- California Apprenticeship Council

Significant cases include the following:

Gillette Company v. Franchise Tax Board. This case has potential revenue consequences for California and sister-state members of the Multistate Tax Compact. The section is defending a challenge to the validity of Revenue and Taxation Code section 25128, the “double-weighted sales factor apportionment formula,” that is used to determine California taxable income of multistate businesses. This case has enormous revenue implications because tens of thousands of multistate enterprises do business in California. The potential revenue loss is estimated to be nearly \$750 million. Similar litigation is pending in three other states, but this case is the most developed, with briefing completed in the California Supreme Court.

Harley-Davidson, Inc. v. Franchise Tax Board. In another case with significant revenue consequences, the section is defending a challenge to California’s unitary business method of formula apportionment. A multistate unitary business is required to file a combined report so that its total income can be apportioned between California and other jurisdictions. The taxpayer-plaintiff claims an entitlement to file California franchise tax returns using a separate-entity basis, which a wholly in-state business has the option of using. The filing of separate reports has vast potential for manipulation by multistate businesses, and the estimated loss of revenue in this case could be nearly \$8 billion. After prevailing in the trial court, the section is now defending the case in a state court of appeal.

Correctional Law Section

The Correctional Law Section represents the following entities in litigation and other proceedings:

- Governor’s Office (prison and parole litigation)
- Department of Corrections and Rehabilitation (CDCR), Division of Juvenile Justice, and Board of Parole Hearings
- Department of Mental Health (custodial issues)

The section defends state officials in civil suits brought by state prisoners regarding prison conditions and aspects of parole proceedings. More than 135,000 prisoners, 42,000 parolees, and 650 juvenile offenders are under the jurisdiction of the section’s client agencies. Successful defense of these cases saves millions of taxpayer dollars in potential liability.

The section handles thousands of individual inmate trial and appellate court cases annually, and is currently defending many high-profile class-action lawsuits, including:

Coleman v. Brown. This class action challenges inmate mental-health care. Since 1995, a court-appointed special master has monitored and reported on CDCR’s compliance with a remedial plan. In 2013, the state unsuccessfully moved to terminate the case; that portion of the case is pending in the Ninth Circuit.

Plata v. Brown. This class action challenges the delivery of inmate medical care services to prisoners. In 2006, a federal receiver was appointed to manage inmate medical care after finding

that California was unable to make needed changes. The receiver has spent billions of dollars and hired hundreds of healthcare professionals to improve inmate medical care.

Three-Judge Court Litigation. In 2011, the U.S. Supreme Court affirmed a three-judge court's finding that prison overcrowding was the primary cause of alleged unconstitutional medical and mental health care (*Coleman* and *Plata* cases). In February 2014, the three-judge court granted the state a two-year extension to meet the final population-reduction benchmark. The order requires the state to comply, in part, through a combination of housing alternatives, including county jails, community correctional facilities, and a private prison, and through newly enacted programs. The new programs will include additional measures on reforms to state penal and sentencing laws designed to reduce the prison population. The three-judge court appointed retired appellate Justice Elwood Lui as the "compliance officer" who can order the state to release inmates if any benchmarks are missed.

Armstrong v. Brown. This class action involves enforcement of inmates' and parolees' rights under the Americans with Disabilities Act. This case is in the remedial stage.

Ashker v. Brown. Plaintiffs in this class action are long-standing validated gang members and associates housed in Pelican Bay's Security Housing Unit. Plaintiffs claim that gang validation and review procedures violate their due process rights, and that the conditions of confinement constitute cruel and unusual punishment. Trial is set for December 2015.

Employment and Administrative Mandate Section

The Employment and Administrative Mandate Section represents state agencies and state officials in litigation and other proceedings that involve personnel matters and claims of employment discrimination, harassment, retaliation, and violations of other terms of employment. The section also provides advice, training, and investigative services relating to a variety of employment issues so that its client agencies can better detect, remedy, and prevent problems in the workplace. Additionally, the section represents specific law enforcement and regulatory state agencies in matters affecting public safety, such as vehicle licensing, liquor licensing, and attempts by criminal defendants to obtain information from the personnel files of peace officers.

Significant cases include the following:

Ennabe v. Manosa. Parents brought a wrongful death action against the host of a private party alleging that the host "sold alcohol" to an underage, intoxicated guest who paid a fee to enter the party, consumed alcoholic beverages, and later killed their child in a car accident. The section filed an amicus brief on behalf of the Alcoholic Beverage Control. The California Supreme Court held that charging an entrance fee to guests entitled them to drink alcoholic beverages supplied at the party, therefore, the host "sold alcohol" within the meaning of Business and Professions Code section 25602.1, and was potentially liable for selling alcohol to an "obviously intoxicated minor."

Coffey v. Department of Motor Vehicles (DMV). Coffey challenged the suspension of her driver license based on a series of breathalyzer tests. First, she had a blood alcohol content (BAC) of 0.08 as measured by a breathalyzer test. She took another test a few minutes later resulting in a 0.09 BAC and twenty-five minutes later resulting in 0.095 BAC. Coffey contends that since her BAC continued to rise throughout the three tests, her BAC was below 0.08 while she was driving. The appellate court held that the DMV met its burden in that the three BAC tests were within the margin of error of each other, and circumstantial evidence of the officer included observations and testing at the scene. The case is fully briefed and pending in the California Supreme Court.

Cornejo v. Lightbourne. Plaintiff brought this action under the Whistleblower Protection Act (WPA) against the Department of Social Services and eight individuals without first filing a tort claim. Defendants successfully demurred for plaintiff's failure to exhaust the Tort Claim Act (TCA) requirements. The appellate court overruled the demurrer analogizing the WPA to the Fair Employment and Housing Act and found that the WPA's comprehensive administrative procedure satisfied the TCA.

California Grocers Association v. Department of Alcoholic Beverage Control. The Grocers Association challenged an advisory notice regarding the sale of alcoholic beverages at customer-operated checkout stands. The appellate court held that alcoholic beverages may not be sold at a customer-operated checkout stand even with a "lockout" feature that requires face-to-face approval by a clerk.

Mounts v. California Department of Corrections and Rehabilitation. Plaintiff, a Caucasian parole agent, brought this action alleging race discrimination because the CDCR promoted an African-American parole agent to a position they both applied for. The jury found that race was not a substantial motivating reason for the decision not to promote the plaintiff. This was the second time this case was tried. The first verdict (also for the defense) was overturned on appeal after the California Supreme Court issued its decision in *Harris v. Santa Monica* related to the mixed-motive defense. Plaintiff indicates he will appeal the second verdict as well.

Guerrero v. California Department of Corrections and Rehabilitation (CDCR). Guerrero, a Latino job applicant, alleges CDCR violated his federal civil rights by removing his name from the correctional peace officer eligibility list for intentionally using a false social security number for ten years while an undocumented alien. Guerrero also sued the State Personnel Board (SPB) for affirming the CDCR's decision that he was not qualified to be a correctional peace officer. Guerrero contends that CDCR and SPB illegally discriminate against Latinos or former illegal immigrants. We contend that CDCR's employment decisions are based on individualized assessments of each applicant, and that CDCR has made a significant number of Latino applicants eligible, including applicants who misused social security numbers while undocumented aliens in circumstances deemed excusable. Summary judgment is pending.

Government Law Section

The Government Law Section advises the state’s constitutional officers, including the Governor and the Attorney General, and represents them in civil litigation. The section:

- Defends state statutes against constitutional challenges.
- Advises and defends on elections matters.
- Carries out the Attorney General’s role in preserving the integrity of the electoral process by preparing titles and summaries for proposed initiatives.
- Serves as counsel to the State Treasurer and various state agencies with regard to issuance of bonds.
- Advises and defends on firearms matters.
- Assists state agencies in handling procurement disputes.
- Advises clients on issues relating to public records, open meeting laws, and conflicts of interest.

Significant cases and activities include the following:

Parks Investigation. After public disclosure that the Department of Parks and Recreation had neglected to report tens of millions of dollars in annual budget reports to the Department of Finance, our office conducted an administrative investigation. Our report to the Governor, included 40 witnesses and related transcripts and exhibits, and concluded that financial managers at Parks failed to disclose at least \$20 million over nine years.

Redevelopment Agency Dissolution Cases. This landmark decision reported in our last biennial report—*California Redevelopment Association v. Matosantos*, which upheld a statute dissolving redevelopment agencies—marked the birth of a completely new area of law. Since that decision, our office has successfully defended the Department of Finance in 200 cases involving redevelopment agency dissolutions. A number of these cases are on appeal or soon will be, preserving billions of dollars in revenue used for core local governmental services such as schools, fire suppression, and water.

Hollingsworth v. Perry. The U.S. Supreme Court ruled that the proponents of Proposition 8 lacked standing to appeal the district court’s decision invalidating the constitutional ban on same-sex marriage. The case was remanded to the Ninth Circuit with instructions to dismiss the appeal. This decision left intact the district court injunction prohibiting the enforcement of Proposition 8. The Department of Public Health instructed all county clerks and recorders that they must license and record marriages of same-sex couples.

United States v. Windsor. The Attorney General and fourteen other Attorneys General joined New York’s amicus brief arguing that the Defense of Marriage Act (DOMA), which defines “marriage” in thousands of federal laws and programs as a union between a man and a woman, as unconstitutional. The U.S. Supreme Court agreed, and adopted many of the arguments in the amicus brief in its 5-4 decision.

Pickup v. Brown and Welch v. Brown. In these two federal cases, the Ninth Circuit unanimously upheld California's law barring licensed mental health providers from providing to minors a discredited and dangerous form of therapy called sexual orientation change efforts (also known as conversion or reparative therapy). The court held that California could prohibit licensed mental health providers from administering therapies deemed harmful, so long as the Legislature had a rational basis for doing so, and the First Amendment does not prevent a state from regulating treatment performed through speech alone.

Chinatown Neighborhood Association v. Brown. The Ninth Circuit affirmed denial of a preliminary injunction to a statute outlawing the possession, sale, and trade of shark fins in California. Plaintiffs claim the statute violates the equal protection, commerce, and supremacy clauses of the U.S. Constitution. The Ninth Circuit agreed with the district court that plaintiffs had not established a likelihood of success on any of their claims nor had they established irreparable harm.

Association des Eleveurs de Canards et d'Oies du Quebec v. Harris. The Ninth Circuit unanimously denied a preliminary injunction motion to suspend California's law prohibiting the sale of foie gras derived from ducks and geese force-fed to enlarge their livers. Plaintiffs allege that the statute is unconstitutionally vague and violates the commerce clause by interfering with the interstate market for foie gras. The Ninth Circuit concluded that plaintiffs failed to raise a serious question and were not likely to succeed on either of these claims.

Cramer v. Harris. This lawsuit challenges the constitutionality of Proposition 2, which established minimum living space requirements for certain farm animals, including egg-laying hens. Plaintiff alleges that Proposition 2 does not provide enough information to determine how many egg-laying hens can be put into an enclosure, and that law enforcement officials could not consistently enforce the statute. The trial court granted the Attorney General's demurrer, finding the statute is facially constitutional and that mathematical precision is not required in order to determine how many hens may be kept in an enclosure. The case is on appeal before the Ninth Circuit.

California High-Speed Rail Authority v. Superior Court. The section on behalf of the Attorney General, California High-Speed Rail Authority, the Governor, and other officials, successfully challenged court rulings that would have prevented bond financing and endangered billions of dollars in state and federal funding for the high-speed rail project. The conclusion of this litigation removes these obstacles to financing, paving the way for the sale of high-speed rail bonds, and allowing the California High-Speed Rail Authority to move forward on its plan to build the first leg of the nation's first high-speed rail system in the Central Valley.

Pension Reform Cases. The section, on behalf of the Attorney General, is representing the state in twelve cases defending the constitutionality of the Governor's public pension reform legislation passed in 2012. Three cases have been consolidated in one court, and the other nine cases are in various state courts or on appeal. In each of the cases that have reached a decision, the Attorney General has received favorable rulings from the lower courts.

Peruta v. County of San Diego. The Ninth Circuit held that San Diego County’s “good cause” requirement for issuing a concealed weapon carry permit (CCW) violates the Second Amendment. The opinion states that a statement from an applicant who wants a CCW for “self-defense” establishes good cause. The decision has statewide implications. The section filed a motion to intervene and a request for rehearing en banc in an effort to reverse the decision. The section also filed an amicus brief supporting en banc review of *Richards v. Prieto*, a case relying on *Peruta* in holding Yolo County’s similar good cause requirement for CCW issuance violated the Second Amendment.

Health, Education and Welfare Section

The Health, Education and Welfare Section represents more than 30 state agencies responsible for administering a multitude of health, education, and welfare programs, and represents them in litigation and other proceedings pertaining to:

- Medi-Cal Program
- CA Health Benefit Exchange (CoveredCA)
- CalWorks
- In-home supportive services
- California community colleges
- Large-scale public school funding and oversight
- Special education
- Charter schools
- English language learners
- State mental hospitals
- State developmental centers
- Challenges to adoptions
- Foster care programs
- Child support enforcement

Significant cases and activities include the following:

Vergara v. State of California. Students Matter, an organization created by Silicon Valley multimillionaire David Welch and a private public relations firm, sued the Governor, State of California, Superintendent of Public Instruction, State Board of Education, Department of Education, and two school districts challenging the constitutionality of five Education Code laws. One statute grants permanent employee status to tenured teachers, three statutes govern discipline and dismissal of teachers, and the last statute establishes a seniority-based lay-off system. Plaintiffs claim that the five statutes are unconstitutional and have a disparate impact on schools with a high percentage of minority and/or low-income students. The section is representing the state defendants on appeal.

D.J. by Guardian ad litem E.A. v. State of California. Brought by parents, students and a former administrator against the State of California, the Superintendent of Public Instruction, the State Board of Education, and the Department of Education, this lawsuit alleges the failure to respond to reports that local school districts did not provide essential language instruction to English learner students. The section is representing the state defendants on appeal.

Robles-Wong v. State; Campaign for Quality Education v. State. Plaintiffs in both cases contend the state’s “education finance system” is unconstitutional. Plaintiffs include individual students and parents, state and private educational associations, and nine school districts. Plaintiffs seek (1) a declaration that the State’s current school funding system is unconstitutional and (2) an injunction requiring the State to develop and implement a new school funding system. The trial court ruled that there was no constitutional right to a particular level of school funding and dismissed the cases. The section represents the state defendants on appeal.

Katie A. v. Bonta. This class action, against the Department of Health Care Services and Department of Social Services, seeks to expand Medicaid-covered services under the Early and Periodic Diagnosis, Screening and Treatment Program for children who have a mental illness condition and who are in foster care or at imminent risk of foster care placement. The potential fiscal liability to the state ranges from several hundred million to more than one billion dollars. The parties achieved a court-approved settlement and are working with a special master to implement the settlement terms. Program costs are estimated at \$26 million, which will come from the general fund.

Medi-Cal Rate Reimbursement cases. Approximately 30 lawsuits are pending against the State of California to increase payment amounts to providers for Medi-Cal services. The cases challenge budget reductions intended to reform and reduce Medi-Cal program expenditures and involve motions for preliminary injunction. In February 2012, the U.S. Supreme Court vacated nine Court of Appeals decisions to stop budget reductions, and remanded the cases for further proceedings. Those cases settled. Several other cases are pending before state and federal trial and appellate courts. Collectively, the reimbursement amounts are more than \$1 billion.

Covered California cases. The California Health Benefit Exchange implements both the federal Patient Protection and Affordable Care Act (Affordable Care Act) and the California Patient Protection and Affordable Care Act, which is California’s version of the Affordable Care Act. The health insurance programs began implementation in 2014. Consumer fraud has been an emerging issue, as scammers attempt to lure consumers into purchasing health plans that do not meet the programs’ coverage standards. The section is taking action on behalf of the Attorney General and the Exchange to shut down fraudulent websites that mislead consumers.

Gaines v. Lee. The section is defending the California Health Benefit Exchange against a lawsuit filed by a California State Senator, challenging the Exchange’s implementation of the federal and state versions of the Affordable Care Act, particularly, its policies compelling insurers to provide consumers with plans that meet federal and state standards.

State Department of Public Health v. Superior Court of Sacramento County. The California Supreme Court recently granted review on this case which presents the following

issue: In the context of a request under the Public Records Act for citations issued by the Department of Public Health to state facilities housing the mentally ill and the developmentally disabled, can the public accessibility provisions for citations issued under the Long-Term Care Act be reconciled with the confidentiality provisions of the Lanterman-Petris-Short Act and the Lanterman Developmental Disabilities Services Act, and, if so, how? The section represents the Department of Public Health.

In re the Marriage of Haugh. The section represents local child support agencies in appeals from child support enforcement actions. The issue in this case involved the modification of a California child custody and support order where both parents and child no longer reside in California. Does California continue to have jurisdiction over its order until another state assumes jurisdiction? The Court of Appeal concluded in the negative, finding that California lost jurisdiction to modify a 2008 child support order when all the parties moved permanently to another state, and thus the trial court in this case acted in excess of its authority when it attempted to modify a child support obligation.

Gonzalez v. Rebollo. The issue in this case involved whether California had jurisdiction to modify a father's child support obligation which was based on a Mexicali court order and where the father claimed he did not reside in California. The California Court of Appeal found that the father failed to provide sufficient evidence to show Mexican residence, and that there was evidence to show he actually resided in California. Therefore, California had jurisdiction to modify the order.

Health Quality Enforcement Section

The Health Quality Enforcement Section directs investigations and prosecutes disciplinary actions against licensees of the Medical Board of California. The section also prosecutes disciplinary cases for other health care boards within the Department of Consumer Affairs, including:

- Podiatric Medicine
- Physician Assistants
- Speech-Language Pathology and Audiology/Hearing Aid Dispensers
- Physical Therapy
- Psychology
- Respiratory Care
- Acupuncture
- Osteopathic Medical
- Licensed Midwives
- Naturopathic Medicine
- Registered Dispensing Opticians

As part of its prosecutorial function, the section seeks interim suspension orders and criminal bail restrictions to prevent imminent harm to public health, safety, and welfare. The section also defends lawsuits filed against client agencies relating to their implementation of licensing and enforcement programs.

As part of its vertical enforcement and prosecution functions, pursuant to Government Code section 12529.6, the section directs the Medical Board's investigations of physicians for alleged misconduct actions.

Significant cases and activities include the following:

Medical Board of California v. Montegut, M.D. The issue in this case was whether Dr. Montegut must comply with the Board's investigative subpoenas in connection with the Board's investigation of a complaint that Dr. Montegut "may be abusing drugs, prescribing to himself and over prescribing to patients." Dr. Montegut contended that the subpoenas were defective because, among other things, (1) the declaration of good cause was insufficient and (2) the Los Angeles County Superior Court lacked jurisdiction because he lived and worked in Orange County. The Court of Appeal rejected Dr. Montegut's arguments and ruled that the expertise and opinion of the Board's medical consultant established good cause for the issuance of the subpoenas, and that the petition to compel production was proper in Los Angeles County because the investigation was directed from the Attorney General's Office located there.

In the Matter of the Accusation Against Rader, M.D. The section, on behalf of the Medical Board, obtained the revocation of Dr. Rader's medical license based on findings that since 2006, he had engaged in gross negligence; repeated negligent acts; false/misleading advertising; disseminating false and misleading statements; dishonesty and corruption; and unprofessional conduct. All of the acts arose out of Dr. Rader's advertising for, recommending, and participating in patient use of fetal stem cell therapy. Throughout the investigation and prosecution, Dr. Rader denied he was the physician to any of the patients, some of whom suffered from cancer, notwithstanding that he received payment from and provided fetal stem cell therapy through his solely owned company, "Stem Cell of America." The Board found that, Dr. Rader "misunderstood and abused his role" as a physician and that he "purposefully dealt with patients in a dishonest way by enticing them into treatment based on false and misleading information."

Alwin Carl Lewis, M.D. v. Superior Court of the State of California. On September 17, 2014, the California Supreme Court granted Petitioner Alwen C. Lewis, M.D.'s Petition for Review in the matter of *Alwin Carl Lewis vs. Los Angeles County Superior Court* (Medical Board of California (MBC), Real Party in Interest) seeking review of the decision by the Second Appellate District in *Lewis v. Superior Court* (2014) 226 Cal. App. 4th 933. In *Lewis*, the Court of Appeal denied Dr. Lewis' petition for writ of mandate, where he alleged that the MBC violated his patients' privacy rights (Cal. Const., art. I, § 1) when the MBC obtained their controlled substances prescription records under the Controlled Substance Utilization Review and Evaluation System (CURES) (Health & Saf. Code, § 11165).

In the Matter of the Accusation against Sabit, M.D. Dr. Sabit, a Ventura County neurosurgeon, surrendered his medical license in the face of conceded charges of repeated negligent acts and poor recordkeeping. Sabit stipulated that in the care of five patients, he performed unnecessary spinal surgeries and documented procedures, in his operative reports, that he did not perform. The order provides that Sabit is forbidden to file a petition for reinstatement of his surrendered license and gives up the right to reapply in the future for a medical license in California. Consumer Watchdog had previously identified Dr. Sabit as one of California's "Top Ten Dangerous Doctors" accounting for twenty lawsuits were filed against him stemming from the 17 months he practiced in Ventura County. Sabit is now practicing in Michigan.

In the Matter of the Petition for an Interim Order of Suspension Against Bailey, M.D. A petition seeking the immediate suspension of the medical license of Dr. Bailey, a pediatrician, was filed based on his history of alcohol and benzodiazepine dependence, in addition to his prescribing controlled substances to his wife for his own use. The evidence substantiating the order was submitted at the hearing, including the licensee's admissions to being an alcoholic who has experienced in excess of 50 blackouts due to alcohol consumption, and claiming to be in recovery after only 6 days of sobriety. The requested suspension order was issued based upon findings that the licensee is unable to practice medicine safely due to his physical and mental condition and that permitting him to continue to engage in the practice of medicine will endanger the public health, safety, and welfare. The suspension order will remain in effect pending final disposition of disciplinary charges to be filed against Dr. Bailey before the Medical Board of California.

People v. Timothy William Wilkins. The section, on behalf of the Medical Board, at the arraignment of an emergency room doctor on 13 felony counts and 4 misdemeanor counts, obtained a bail order under Penal Code section 23, prohibiting him from practicing medicine pending the outcome of a criminal case arising from his conduct toward a 16-year-old female patient and her 15-year-old friend. After hiring the girls as babysitters for his twin 4-year-old children, he provided them with alcohol, showed them pornography, and performed a "breast exam" on the 16-year-old in his bedroom. He subsequently engaged in sexual intercourse with the 16-year-old patient six times over a four month period.

Robert P. Fettgatter v. California Board of Psychology. The section represents the Board of Psychology in this appeal of a trial court ruling upholding the Board's decision to revoke psychologist Dr. Fettgatter's license. Among other things, Dr. Fettgatter argued that the Board had failed to show "good cause" to perform a medical examination of Dr. Fettgatter. In denying the doctor's petition, the trial court held: 1) The California Board of Psychology was within its authority to revoke the licensee's psychologist license based upon his failure to submit to the ordered examination; 2) *Lee v. Board of Registered Nursing* (2012) 209 Cal.App.4th 793, was controlling appellate authority which established that the only factual matter relevant to a licensee's challenge to disciplinary charges based upon his failure to submit to a psychiatric examination is whether the licensee did in fact fail to submit to the examination; 3) Fettgatter had failed to demonstrate any violation of his due process rights or of the Supremacy Clause of the United States Constitution. The appellate case is briefed. We await the scheduling of oral argument.

Licensing Section

The Licensing Section provides legal services to regulatory agencies created to protect consumers from harm from more than one million licensed businesses and professionals who operate in California. The clients of the Licensing Section are responsible for the regulation of:

- Accountants
- Architects
- Automotive Repair Shops and Smog Technicians
- Barbers and Cosmetologists
- Boxers, Martial Arts Fighters and Promoters
- Cemetery and Funeral Businesses
- Chiropractors
- Contractors
- Court Reporters
- Dental Assistants and Hygienists
- Dentists
- Electronic and Appliance Repair persons
- Engineers
- Fiduciaries
- Geologists
- Landscape Architects
- Land Surveyors
- Marriage and Family Therapists and Social Workers
- Occupational Therapists
- Optometrists
- Pest Exterminators
- Pharmacists and Pharmacies
- Private Investigators and Security Guards
- Private Post-secondary Educational Institutions
- Psychiatric Technicians
- Real Estate Appraisers
- Registered and Vocational Nurses
- Shorthand Reporters
- Suppliers of Home Furnishings
- Veterinarians and Veterinary Technicians
- Yacht and Ship Brokers

- Trainers of Service Dogs

Significant cases and activities include the following:

Nat'l Ass'n of Optometrists & Opticians, LensCrafters v. Harris, 567 F.3d 521 (9th Cir. 2009); 682 F.3d 1144 (9th Cir. 2012); 133 S.Ct. 1241 (2013 cert. denied). LensCrafters and the optical industry's trade association challenged laws and regulations that restrict business and financial arrangements between optometrists and opticians as unconstitutional under the Commerce Clause of the United States Constitution. After ten years of litigation and appeals, in June 2012, the Ninth Circuit held that the laws do not infringe on interstate commerce. The Supreme Court considered plaintiffs' petition for review and numerous amicus briefs on their behalf, requested our response to the petition, and upon its review, declined *certiorari* on February 19, 2013

AMBD Inc. dba D&S Termite Control v. Department of Pesticides Regulations, Structural Pest Control Board. Since 2006, the Structural Pest Control Board has pursued disciplinary action against D&S Termite Control arising from the pesticide poisoning and death of a building occupant. After eight years, a lengthy administrative hearing, two superior court writ proceedings and two appeals, the licensees submitted to the last judgment in favor of the Structural Pest Control Board denying plaintiffs' petition for writ of mandate. In 2014, discipline against the licensees was sustained, and their right to appeal the final judgment expired.

Hoang v. California State Bd. of Pharmacy, (Cal. App. 4th Dist. Sept. 12, 2014) Cal. App. LEXIS 902. In an appeal from the denial of a pharmacist's petition for writ of mandate, the Fourth District Court of Appeal held: (1) a licensing agency is not required to reserve the penalty of revocation for only dangerous conduct that threatens the safety of the public and affirmed the Board's authority to suspend or revoke a license for professional dishonesty; (2) the Board of Pharmacy's Disciplinary Guidelines did not require the existence of specific factors or combination of factors for imposition of the minimum or maximum penalty, affirming the Board has discretion in setting the penalty for the unprofessional conduct of its licensees, including revocation of licensure; and (3) due process does not require another hearing after non-adoption of a decision proposed by an administrative law judge.

Cassidy v. California Bd. of Accountancy (2013) 220 Cal. App. 4th 620. Cassidy's license to practice accountancy was revoked by the Board of Accountancy for practicing with an expired license by preparing tax returns, practicing under an unlicensed CPA firm name, failing to respond to Board inquiries, making untrue statements to the Board and misrepresenting to a client that he had filed its federal tax return. The Fourth District Court of Appeal affirmed the trial court's denial of Cassidy's petition for writ of mandate, holding: (1) the agency's licensing history declaration qualified as a licensing certificate "as prima facie evidence of the facts therein recited" under Business and Professions Code section 162; (2) use of the "CPA" title in tax documents constitutes the practice of public accountancy; and (3) revocation of Cassidy's license was not an abuse of the Board's discretion in exercise of its duty to protect the public.

California Master Trust. The California Master Trust is an entity that holds in excess of \$65 million dollars for 27,000 consumers for pre-need funeral services. In a superior court action on

behalf of the Cemetery and Funeral Bureau, settlement has been reached with almost all defendants in the action which will result in injunctions and restitution of over \$2.1 million dollars. The matter should reach final conclusion in early, 2015.

Opinion Unit

The Opinion Unit prepares and distributes formal written opinions in response to legal questions from legislators, state agencies, district attorneys, county counsel, city prosecutors and county sheriffs.

The unit also responds to requests for permission to bring quo warranto actions (disputes over the right of public office-holders to serve their term). Opinions published by the Attorney General may be cited by courts as persuasive authority.

Of the opinions issued during the biennial period, the following were of particular interest:

Opinion 13-1102 97 Ops.Cal.Atty.Gen. 21 (2014)

Federal law authorized, and rendered operative, the California Industrial Hemp Farming Act as of February 7, 2014.

Opinion 13-102 96 Ops.Cal.Atty.Gen. 36 (2013)

Quo warranto does not lie to determine whether it is illegal to: 1) assign a retired judge for service in the absence of genuinely exigent or extraordinary circumstances, or 2) assign a retired judge to multiple or successive periods resulting in continuous service for a significant length of time.

Opinion 10-504 96 Ops.Cal.Atty.Gen. 54 (2013)

The offense of ‘completing an unlicensed firearm transaction’ is committed by both the person transferring the firearm and the person receiving it.

Opinion 12-402 96 Ops.Cal.Atty.Gen. 59 (2013)

When the Department of Child Support Services issues a withhold order on the bank account of a delinquent child support debtor, exemptions cannot be “stacked.” Instead, the debtor’s funds are protected only up to the amount excluded by the largest applicable exemption.

Opinion 12-901 96 Ops.Cal.Atty.Gen. 80 (2013)

An owner-operated business with no employees is a “place of employment” for purposes of the prohibition on smoking in a place of employment, as long as any employment is carried on there, such as temporary clerical or maintenance services.

Opinion 12-1101 97 Ops.Cal.Atty.Gen. 5 (2014)

The continuous surveillance videotaping of truck drivers during on-the-job-driving is not illegal, so long as the videotapes are used by the employer or the employer’s agent for the sole benefit of the employer.

Tort and Condemnation Section

The Tort and Condemnation Section defends the state, its agencies, departments, and employees in civil actions for personal injury, wrongful death, property damage, and civil rights claims brought in state and federal courts. The section handles litigation pertaining to:

- Civil-rights claims brought under 42 U.S.C. section 1983.
- Public entity and public employee liability under the Government Claims Act for dangerous condition of public property, breach of statutory duty, and negligence.
- Defense of law enforcement officers and agencies.
- Automobile, boat, and aircraft accidents.

The section also prosecutes matters relating to the acquisition of real property for public purposes (eminent domain) and defends against claims that a public project resulted in the taking or damaging of private property (inverse condemnation). The section also handles complex construction arbitration and litigation cases that frequently involve multi-million dollar claims.

Significant cases and activities include the following:

Property Reserve v. Superior Court. The section office represents the Department of Water Resources (DWR) in eminent domain actions supporting a project designed to develop a canal or tunnels to move water from the Sacramento–San Joaquin Delta to Central and Southern California. As part of the conveyance project, DWR sought to enter parcels of private property near where the conveyance would be constructed and conduct certain environmental tests. Many property owners refused DWR’s request to enter their property to conduct its studies and litigation ensued. The California Supreme Court granted review of the case in order to decide: (1) whether geological testing activities proposed by a public agency constitute a taking; (2) whether environmental testing activities (soil borings, etc.) constitute a taking; and (3) if so, do California’s precondemnation entry statutes provide a constitutionally valid eminent domain proceeding for the taking?

State of California v. Superior Court (Alvarado). The issue in this case is whether the California Highway Patrol is vicariously liable for the negligence of tow truck drivers participating in the Freeway Service Program. The program, authorized by statute, seeks to free the roads of traffic impediments by allowing local transportation agencies to contract with towing companies to assist stranded motorists. CHP oversees the program, performing background checks, training drivers, inspecting vehicles, dispatching drivers, and investigating complaints. Plaintiff was severely injured when her vehicle was rear-ended by a tow truck contracted for the Freeway Service Patrol program. The California Supreme Court granted review to decide whether the CHP is liable for a tow truck driver’s negligence as a “special employer.” Briefing is completed and the parties are awaiting oral argument.

Department of Mental Health v. Superior Court (Novoa). This case presents the following issues: (1) Did the state comply with the requirement of the Sexually Violent Predator Act that it conduct a “full evaluation” of an inmate potentially qualifying as a “sexually violent predator” prior to the inmate’s release? (2) Did the Court of Appeal err in finding that, as a matter of law, plaintiff could not establish that defendants’ actions were a proximate cause of her injuries? The California Supreme Court granted review of the decision. Briefing is completed and the parties are awaiting oral argument.

Angelotti Chiropractic v. Baker. The section represents Christine Baker, Director of the California Department of Industrial Relations, in her appeal of the district court’s preliminary injunction in an action challenging the state’s imposition of an activation fee on pre-existing workers’ compensation liens. The case is pending before the Ninth Circuit. Oral argument is scheduled for November 18, 2014.

Lal v. California Highway Patrol (CHP). The section represents the California Highway Patrol in this case. The issue is whether the CHP officers involved in fatally shooting Lal after a high-speed chase, are entitled to qualified immunity. Lal’s family brought this action against the CHP and its officers. Lal fled his residence after his wife made a 911 domestic disturbance call, then led the officers on a 45-minute high-speed pursuit. Lal confronted officers at close range with a football-sized rock over his head, and after refusing repeated warnings, was shot by the CHP officers. The Ninth Circuit ruled in CHP’s favor. A petition for a writ of certiorari is pending in the United States Supreme Court.

DIVISION OF CRIMINAL LAW

The Criminal Law Division represents the People of the State of California in criminal cases, as mandated by both the constitution and by statute. The majority of the division’s work involves criminal appeals. The division also investigates and prosecutes investment fraud, business and technology crimes, privacy issues, Medi-Cal fraud and elder abuse. During the 2013-14 biennial period, the division handled nearly 20,000 cases of all types. In addition, the division serves as a liaison to Native American tribes residing in California, and to victims of crime.

The Criminal Law Division consists of the following sections:

- Appeals, Writs and Trials Section
- Correctional Writs and Appeals Section
- eCrime Unit
- Financial Fraud and Special Prosecutions Section
- Bureau of Medi-Cal Fraud and Elder Abuse
- Office of California-Mexico Bilateral Relations

- Office of Native American Affairs
- Victims Services Unit

Appeals, Writs and Trials Section

The Appeals, Writs and Trials Section carries out the following functions:

- Represents the People in all appeals of criminal cases.
- Handles criminal trials and investigations where local prosecutors cannot proceed because of conflicts or recusal.
- Advises the Governor on extradition and clemency matters.
- Provides advice to local, state and federal law enforcement and prosecutorial agencies, and to state legislators regarding the state's criminal laws.
- Enforces the criminal provisions of the Political Reform Act of 1974.
- Conducts special prosecutions involving money laundering, asset forfeiture, wiretap cases and organized crime.

Significant cases include the following:

Fernandez v. California. After committing a robbery, Fernandez fled to his apartment, where he beat his live-in girlfriend. The police followed, and despite Fernandez's objection, entered the apartment and detained him to investigate the domestic abuse. He was arrested for the robbery and removed from the premises. The girlfriend voluntarily consented to a search of the apartment, which led to the discovery of incriminating evidence. In February 2014, the U.S. Supreme Court held that a physically present occupant can give valid consent for a warrantless search, despite a co-occupant's prior objection. The decision is important because it recognizes the right of citizens, including victims of spousal abuse, to consent to searches in order to protect themselves from a co-occupant's criminality.

Johnson v. Williams. In February 2013, the U.S. Supreme Court held that a federal court must presume, subject to rebuttal, that a state court has adjudicated a federal claim on the merits, so as to trigger deferential habeas review under 28 U.S.C. section 2254, when the claim was presented to the state court and the state court ruled against the defendant, even if the state court did not expressly address the federal claim in question. Applying the presumption, the Ninth Circuit had erred in finding that the state court had overlooked the federal claim simply because the state court's opinion engaged in a thorough state-law discussion of the issue without specifically addressing federal law.

Maryland v. King. California, and many other states, have laws permitting police to conduct DNA cheek swabs from persons arrested for serious crimes. In this case, the U.S. Supreme Court upheld the constitutionality of these laws, which have resulted in many crimes being solved across the nation. The Attorney General prepared an amicus brief joined by all 50 states urging the laws be upheld. Repeatedly citing this brief, the Supreme Court concluded that

“taking and analyzing a cheek swab of the arrestee’s DNA is, like fingerprinting and photographing, a legitimate police” procedure.

Navarette v. California. The U.S. Supreme Court determined that police officers may rely on an anonymous tip of drunk driving made through 911 by another motorist. Navarette was stopped by a CHP officer after an anonymous motorist reported that he might be drunk. Navarette was not drunk, but did have a truckload of marijuana. After his drug trafficking conviction was upheld by the state courts, the U.S. Supreme court heard the case and concluded the CHP had acted lawfully.

People v. Filner. An investigation revealed that then-San Diego Mayor Bob Filner had inappropriately touched, grabbed, and constrained multiple women. He pled guilty to felony false imprisonment and two counts of misdemeanor battery. Filner was sentenced to home confinement, three years probation, and lost a portion of his mayoral pension. Filner resigned from office during the investigation.

People v. Murray. In January 2014, the Court of Appeal, affirmed the conviction of Conrad Murray, who was convicted of the involuntary manslaughter of “pop star” Michael Jackson. The Court found that substantial evidence supported his conviction, and that Murray had administered a lethal dose of the surgical anesthetic propofol to Jackson.

People v. Ogg. Ogg’s boyfriend sexually abused her daughter a period of 10 years. The daughter told of the abuse on two occasions; Ogg did nothing and encouraged her daughter not to report him. He remained in the house and Ogg later married him. In an August 2013 published decision, the Court of Appeal affirmed Ogg’s conviction for aiding and abetting the continuous sexual abuse of a child. The court held that parents have a duty to protect their children and that criminal liability may arise from a failure to act or come to the aid of another where there is a legal duty to do so.

Correctional Writs and Appeals Section

The Correctional Writs and Appeals Section is responsible for the following:

- Defending the policies and actions of prison officials.
- Ensuring convicted felons properly serve their sentences under the conditions prescribed by law.
- Defending against legal challenges brought by inmates, juvenile offenders, and parolees about conditions of confinement in prisons, state hospitals, and state juvenile facilities, parole suitability, and conditions of parole.
- Defending quasi-class action lawsuits by groups of inmates seeking to invalidate a prison regulation or effect change in the parole system.

Significant cases include the following:

In re Lira. Lira was convicted of second-degree murder for killing his estranged wife. The Board of Parole Hearings recommended he be released for parole; however the Governor denied the request. Lira successfully challenged the Governor's decision in court, claiming he would have been released sooner if not for the Governor's erroneous parole denial, and therefore his incarceration during that period was unlawful. As a remedy, he argued that his parole period be reduced for time spent in prison. The California Supreme Court disagreed and found Lira was lawfully imprisoned, even after the Governor's decision was reversed. The Court noted that the proper remedy for a Governor's decision unsupported by evidence of the inmate's current dangerousness is for the reviewing court to vacate the Governor's parole denial, and reinstate the Board's parole grant, allowing the Board to conduct its usual release procedures and rescind the parole grant if warranted. As a result, life inmates will serve their parole period without any reduction for time spent in prison even if their release is delayed, and subsequently secured due to successful habeas corpus litigation.

In re Vicks. Vicks was convicted of multiple crimes resulting in an indeterminate life prison term. In 2009, the Board of Parole Hearings denied him parole for five years, pursuant to the parole deferral scheme enacted under Proposition 9, the Victims' Bill of Rights Act of 2008 (Marsy's Law). Vicks challenged the denial length, and the Court of Appeal held that the statutory parole-deferral periods violated ex post facto protections under federal and state constitutions. In a 2013 opinion, the California Supreme Court reversed, concluding that there is no significant risk of prolonging incarceration because of the Board's unfettered discretion to advance a parole consideration hearing on its own initiative or at the inmate's request. The Board continues to utilize the parole deferral scheme enacted through Marsy's Law.

Gilman v. Brown. This civil rights class action involves life inmates who assert that the Board of Parole Hearings' application of Marsy's Law retrospectively increases the time between parole hearings and the Governor's review of parole decisions in violation of the ex post facto clause. The federal district court ruled in favor of the inmates. The court enjoined the Board from using the parole deferral periods set by Marsy's Law and enjoined the Governor from imposing longer sentences than necessary when applying the same parole suitability factors the Board considers. The office obtained a stay of the order, and the case is on appeal in the Ninth Circuit.

eCrime Unit

The eCrime Unit is responsible for the following:

- Investigating and prosecuting multi-jurisdictional criminal organizations, networks, and groups that perpetrate identity theft crimes, use electronic devices or networks to facilitate crimes, or commit crimes targeting electronic devices, networks or intellectual properties.
- Providing investigative and prosecutorial support to five California regional high-tech task forces funded through the High Technology Theft Apprehension and Prosecution Trust Fund (HTTAP) Program.
- Providing investigative, legal, and prosecutorial support for technology crime investigations in rural counties that are not represented by HTTAP-funded task forces.
- Coordinating out-of-state technology-crime investigations.

- Supporting technology-crime investigations initiated by other California state agencies.
- Providing legal support for state-operated digital forensic laboratories.
- Providing training for judges, prosecutors, law enforcement officers, and the public on the importance of best information-security practices and evolving technology-related crime issues.

The eCrime Unit, in conjunction with the Privacy Enforcement and Protection Unit, provided more than 60 training programs on technology crime and privacy issues. In 2014, the Unit began a series of investigations into “revenge and/or involuntary porn” internet sites that resulted in the shutdown of two international sites (winbystate and ugotposted) and filing of criminal complaints against the site’s owners.

Significant cases include the following:

People v. Castillo. A San Diego based identity theft lab operation stole and used hundreds of victims’ personal identifying information to obtain credit and goods. Castillo pled guilty and was sentenced to 44 months in state prison.

People v. Steidell. Steidell used victims’ personal identifying information to obtain luxury goods in Los Angeles and San Diego. Steidell pled guilty and was sentenced to 80 months in state prison.

People v. McBride. McBride used victims’ personal identifying information taken from vehicle burglaries to pay for access to online pornography. Steidell pled guilty and was sentenced to 16 months in state prison.

People v. Forrest. Forrest, a Chief Probation Officer for San Mateo County, was arrested by U.S. Postal investigators for ordering and possessing child pornography. Following a jury trial, Forrest was convicted and sentenced to county jail.

People v. Tate and Mahlet. Defendants committed 15 commercial burglaries in several counties targeting high-end electronic devices, and sold the stolen property on Craigslist. The suspects’ cellular records were used to link them to the locations of the various crimes. Both defendants pled guilty. Tate was sentenced to 48 months in state prison and Mahlet to 60 months.

People v. Wen. Wen was a broker who purchased large quantities of stolen iPhones for resale to China. The iPhones were stolen by a national subscription fraud and shipped to Sacramento for resale to China. Wen pled guilty and was sentenced to 32 months in state prison.

People v. Hoang. Defendants operated a web-based video hosting services that provided unauthorized viewing of copyrighted motion picture content to iPhones and other mobile devices. Defendants pled guilty and were sentenced to county jail.

People v. Koenig. This security fraud case targeted a company that specialized in securities secured by managed elder care facilities. The victims, who were primarily elderly investors who lost their retirement savings, reported losses of more than \$100 million. Following a five-month trial, Koenig was convicted of 35 felonies and sentenced to 45 years in state prison.

Privacy Enforcement and Protection Unit

The Privacy Enforcement and Protection Unit is responsible for the following:

- Protecting Californians' constitutionally guaranteed right to privacy through civil enforcement of state and federal privacy laws, including consumer protection laws that regulate the collection and use of personal information by new and rapidly changing technologies.
- Serving as a clearinghouse for privacy issues within the Department of Justice.
- Educating consumers, developing legislation and policies, and forging partnerships with industry and innovators on privacy issues.

The Privacy Enforcement and Protection Unit conducts independent investigations, reviews public complaints, and assists individuals and business on a variety of privacy issues. The Privacy Enforcement and Protection Unit also reviews all data breach notifications, as well as proposed privacy legislation.

The unit has recovered more than \$1.9 million in penalties and attorneys' fees, and through grants totaling \$124,000, purchased equipment and created a privacy workroom. The workroom contains an independent broadband network, computers, and mobile devices used to test mobile applications and websites for compliance with privacy laws, including the California Online Privacy Protection Act.

Significant cases include the following:

People v. Delta Air Lines, Inc. The Attorney General filed the first legal action under California's online privacy law against Delta Airlines for its failure to comply with the state's Online Privacy Protection Act. The Act requires commercial operators of websites and mobile applications that collect personally identifiable information from Californians to conspicuously post a privacy policy. Our office appealed the court's order granting of Delta's demurrer to our complaint. The case is ongoing.

People v. Kaiser Foundation Health Plan, Inc. An unencrypted USB drive that contained more than 20,000 Kaiser employee records was discovered at a Santa Cruz thrift store. Kaiser agreed to a stipulated judgment for delayed notification to its employees, and paid \$150,000 in penalties and attorneys' fees. Kaiser also agreed to comply with California's data breach notification law in the future, provide notification of any breaches on a rolling basis, and implement training on the sensitive nature of employee records.

People v. Citibank, N.A. Citibank agreed to a stipulated final judgment for a breach on its online website that affected more than 80,000 California account holders. Citibank paid \$420,000 in penalties and attorneys' fees to California and \$55,000 to the Connecticut Attorney General. Citibank also agreed to improve its security procedures, conduct an independent audit of its online accounts, and provide credit monitoring for affected individuals for two years.

Google Streetview. In this multistate investigation, Google agreed to pay \$7 million for its actions in copying unencrypted private wireless network payload data while taking photographs for its streetview service.

Google Safari Cookie Circumvention. In this multistate investigation, Google agreed to pay \$17 million for its actions in ignoring privacy settings in Apple’s Safari web browser.

Fraley v. Facebook, Inc. The Attorney General filed an amicus brief on behalf of California in this case. This case, on appeal from the federal court, argues that California law protecting publicity rights of minors (Civil Code § 3344) remain valid and enforceable, and are not preempted by the federal Children’s Online Privacy Protection Act. This case is ongoing.

Issued Privacy Guidelines for Businesses. The Attorney General issued a guide titled “Making Your Privacy Practices Public,” which provides businesses with a comprehensive resource to help craft a useful, transparent privacy policy for California consumers. The guide directly addresses the most recent changes to California’s privacy laws.

Financial Fraud and Special Prosecutions Section

The Financial Fraud and Special Prosecutions Section is responsible for the following:

- Investigating and prosecuting political corruption and election fraud.
- Investigating and prosecuting cases involving human trafficking, underground economy, and transnational criminal organizations.
- Assisting local, state and federal law enforcement agencies in the investigation and prosecution of large-scale, multi-jurisdictional investment frauds, business crimes, and environmental fraud.
- Investigating and prosecuting crimes where state agencies are the victims of economic crime.
- Assisting local, state and federal agencies in the investigation and prosecution of lending abuses, loan modification crimes and mortgage fraud.

Significant cases include the following:

People v. Chin. This investigation involved several residential brothels in Sacramento and the Bay Area that were part of a trafficking ring. Women from the East Coast were flown to Sacramento and picked up by a Sacramento pimp. After rotating between several houses in Sacramento, the women were transported to other brothels in Fremont and San Mateo for prostitution. New women came in every 10 days. When the brothels were taken down by DOJ, all of the women were over the age of 18 and appeared to be uncoerced when extracted. However, one woman from San Mateo appeared to be a trafficking victim and received assistance from a victims' service entity working in conjunction with DOJ. The two Sacramento pimps were convicted of pandering and sentenced to 3 years prison. The San Mateo case is pending.

People v. Cruz. Kirsio Cruz was a principal figure in an elaborate multi-county scheme to steal vehicles through his auto registration business and other entities run through straw owners. He used his intimate knowledge of the DMV registration system to access records and process forged documents in order to "lien-wash" legal owners and later sold or shipped the vehicles out of country. Cruz was sentenced to more than 8 years in prison.

People v. Greenfield. Darcey Greenfield, a former Los Angeles Police Department detective, operated Beverly Hills Investment Firm, and informed investors that their funds would assist homeowners delinquent on their residential mortgages. She promised investors a double-digit return within a few months of their initial investment, and profits after the homeowners refinanced their mortgages. Bank records revealed that Greenfield ran a Ponzi scheme, using investor funds to pay other investors. Most investors never received any return. The Los Angeles Police Department assisted in the investigation, and the Department of Business Oversight assisted in the prosecution of this case. Greenfield pled guilty to three felonies, was sentenced to 16 months in state prison, and was ordered to pay nearly \$865,000 restitution.

U.S. v. John Does 1 and 2. After a long-running Federal Bureau of Investigation and Drug Enforcement Administration investigation, two individuals associated with the largest Mexican narcotics cartel were indicted by a federal grand jury for importing and distributing cocaine and heroin in the United States. A Deputy Attorney General, acting as a Special Assistant United States Attorney, presented evidence establishing the defendants' role in importing and attempting to distribute 18 kilograms of cocaine and 7 kilograms of heroin. The defendants face life sentences and a \$10 million fine on each of the four counts in the indictment. The case is ongoing.

U.S. v. Shults. Following the financial crisis in 2008, defendants engaged in a multi-million dollar real estate "flipping" scheme by purchasing distressed properties in bulk and promising investors they would receive titles to homes that could be easily resold. In 2009 and 2010, defendants bought properties for less than \$10,000, and resold them for as much as \$45,000, falsely representing they would provide guaranteed renters, management services, and buy back properties if necessary. In reality, the properties did not have "clean" titles, and were uninhabitable or worthless. In some cases, homes did not exist, and others were condemned or encumbered by tax liens, fines or building code violations. In addition, funds paid by investors were immediately disbursed to defendants, instead of being held in escrow as promised. The case was prosecuted in conjunction with the U.S. Attorney's Office, and assistance from the FBI. Following a six-week trial, a federal jury convicted the four defendants of multiple counts of wire fraud.

Bureau of Medi-Cal Fraud and Elder Abuse

The Bureau of Medi-Cal Fraud and Elder Abuse has dual criminal and civil prosecution responsibilities. The attorneys work in close partnership with DOJ law enforcement personnel and forensic auditors. The Bureau is responsible for the following:

- Protecting the state's \$43.9 billion Medi-Cal program from provider fraud and abuse.
- Investigating and prosecuting elder abuse, neglect and poor quality of care in health care facilities such as hospitals, skilled nursing facilities and residential care facilities.

Significant cases include the following:

People v. Anderson. Anderson was the fiduciary for his elderly father who suffered from dementia and was living in a skilled nursing facility. Anderson created a joint checking account to access his father's benefits and misappropriate funds. Anderson pled guilty to embezzlement, was sentenced to county jail and placed on probation, with a condition that he no longer be eligible for employment with elderly adults. He was also ordered to pay \$43,000 in restitution.

People v. Hirepan. Hirepan, a registered sex offender, was a patient in a locked psychiatric ward. He molested a young autistic woman who was also at the facility and under suicide watch. He was charged with sexual assault of an institutionalized victim. Hirepan pled guilty and was sentenced to four years in state prison.

People v. Pura. Pura was arrested for his role in the neglect of a resident at a board and care facility owned by his father. The resident received regular medical care from October 2009 to March 2010, at which point all care abruptly stopped. In May 2010, the victim was transported to the Tri City Hospital emergency room. He was suffering from 17 decubitus ulcers, dehydration and malnutrition, and died four weeks later. Pura pled guilty to felony involuntary manslaughter, received a jail sentence, and was placed on probation with a condition that he no longer be eligible for employment with elderly adults.

California v. GlaxoSmithKline, LLC. The Attorney General filed a lawsuit against GlaxoSmithKline (GSK) alleging that the company unlawfully promoted its asthma drug, Advair, and antidepressant drugs, Paxil and Wellbutrin, which resulted in a \$7 million settlement. The stipulated judgment prohibits GSK from providing incentive payments to its salespeople, which serve to encourage off-label promotion of drugs, and from using paid doctors to promote its products.

United States of America, ex rel. Starr v. Janssen Pharmaceutical Products L.P.; United States of America, ex rel. Barry v. Ortho-McNeil-Janssen Pharmaceuticals, Inc. In these *qui tam* actions, defendants engaged in unlawful off-label marketing and kickback schemes to promote the sales of Risperdal and Invega, atypical antipsychotic drugs. Our office joined with other states to settle all claims and recovered more than \$145 million to reimburse California's Medicaid program.

United States of America, ex rel. Thakur v. Ranbaxy USA, Inc. This *qui tam* case alleges that defendants knowingly falsified dossier and other documentation filed with the U.S. Food and Drug Administration to gain approval, including first to file status, to sell generic drugs in the United States. It also alleges systemic deficiencies in defendants' manufacturing plants located in India. Our office joined with other states to settle these claims and successfully sought and secured more than \$18 million to reimburse California's Medicaid program.

Office of California-Mexico Bilateral Relations

The Office of California-Mexico Bilateral Relations (OCMBR) supports and facilitates the work performed by professional and support staff engaged in addressing legal and law enforcement issues between California and Mexico. These issues and programs include the return of abducted children; combating human trafficking, money laundering and other crimes committed by transnational criminal organizations and gangs; pursuing the prosecution of fugitives for crimes committed in California; advancing border environmental enforcement; and monitoring litigation and legislation related to Mexico and border legal affairs. The office provides advice and recommendations to the Attorney General on matters of importance to California law enforcement, public safety officials, residents, and community based- non-governmental agencies on border, bilateral legal policies and programs to promote safe and crime-free communities in California. The office serves to strengthen cooperation in governmental and legal relations involving California and Mexico; develop and enhance DOJ policies and programs involving Mexico, our neighboring sister border states, and the U.S. federal government; and build stronger relationships with representatives of Mexico at all levels of law enforcement, civil government, and the diplomatic corps.

Gangs Beyond Borders: California and the Fight Against Transnational Organized Crime.

The Attorney General has made the fight against transnational criminal organizations a top priority. In 2013, she convened a working group to research and issue a report on the three emerging pillars of transnational criminal activity in California: the trafficking of drugs, weapons, and human beings; money laundering; and high-tech crimes such as digital piracy, hacking, and fraud. The resulting report, *Gangs Beyond Borders: California and the Fight Against Transnational Organized Crime*, was released in March 2014 and discussed the major forms of criminal activity perpetrated by these groups. The report also offered a series of recommendations to address these threats, including new laws targeting the leaders of these criminal networks and their assets; increased coordination between federal, state, and local law enforcement; and expansion of Special Operations Units focused on transnational organized crime.

International Law Enforcement Coordination. As a follow-up to *Gangs Beyond Borders*, the Attorney General led a delegation of state attorneys general from Colorado, Florida, Nevada, and New Mexico in March 2014 to meet with their Mexican counterparts and federal officials in Mexico City. The delegates discussed shared priorities in the fight against drug, human, and firearms trafficking, financial crimes, and cybercrimes, and they signed a letter of intent with the National Banking and Securities Commission of Mexico to establish a bi-national working group on money laundering enforcement. The Attorney General also convened a July 2014 summit of the U.S. Conference of Western Attorneys General (CWAG) to focus on human trafficking, intellectual property violations, and money laundering. Mexico Attorney General Jesus Murillo Karam and El Salvador Attorney General Luis Martinez attended the summit, as did attorneys general from 12 U.S. states and 18 Mexican states. Discussions focused on the increasing use of technology (smartphones, the Internet, and social media) by transnational criminal organizations to recruit members, train operatives, and oversee criminal networks from outside U.S. jurisdiction.

Office of Native American Affairs

The Office of Native American Affairs coordinates with California's 108 federally recognized tribes. The office is responsible for assisting Native American communities by fostering relationships between the DOJ, the tribal governments, and state and local law enforcement agencies. The office also advises on tribal public safety issues as mandated by federal law, and collaborates with tribes and state and federal justice agencies to provide training and information on the unique policing situations of California's Indian lands.

Victims Services Unit

The Victims Services Unit provides assistance, information, and support to families in capital cases. The unit is also the statewide contact for inquiries on Marsy's Law, which created additional constitutional and statutory rights for victims.

CALIFORNIA JUSTICE INFORMATION SERVICES DIVISION

The California Justice Information Services Division (CJIS), through its 1,057 employees, provides accurate, timely and comprehensive criminal history data and analysis to law enforcement, district attorneys, and local and state regulatory agencies. In addition, the division supports the critical DOJ information technology infrastructure.

The California Justice Information Services Division consists of the following bureaus:

- Criminal Identification and Investigative Services
- Criminal Information and Analysis
- Criminal Justice Information Technology Services
- Office of the Chief Information Office and Departmental Technology Services
- Technology Support

Bureau of Criminal Identification and Investigative Services

The Bureau of Criminal Identification and Investigative Services is responsible for the following systems:

- Missing and Unidentified Persons
- Megan's Law
- Automated Property
- Stolen Vehicles
- California Sex and Arson Registry
- Supervised Release File
- Wanted Persons
- California Automated Restraining and Protective Order
- Automated Fingerprint Identification
- Automated Latent Print
- California Automated Palm Print
- Controlled Substance Utilization Review and Evaluation System Program

Automated Fingerprint Identification System (AFIS). The DOJ's Automated Fingerprint Identification System (AFIS), is the second largest fingerprint identification system in the nation, containing more than 23.1 million criminal and applicant fingerprint records. The system processed 2.1 million criminal and 2.8 million applicant transactions during the biennial period.

Mobile ID Program. The mobile device program provides law enforcement officers in the field with immediate access to information to identify subjects. Thirteen agencies, including the DOJ Bureau of Firearms, are using the system and several agencies are in various stages of testing. Four participating agencies, including the Bureau of Firearms, also have access to mug shot photos.

Palm Print Images to the FBI. In 2013, the National Palm Print System maintained by the FBI, began accepting palm print images as part of the Next Generation Identification project. In May 2013, our office began forwarding palm print images to the FBI. As of February 2014, DOJ has submitted more than 600,000 palm print images to the NPPS.

Deceased Fingerprint Submissions. Rolled fingerprint and flat impressions of fingerprints of descendants were added to Live Scan, and subsequently, DOJ approved the use of FBI certified flat capture Live Scan devices to accept deceased fingerprints. Coroners throughout the state have adopted this new method to capture fingerprints.

Iris Pilot Program. Our office is conducting an iris pilot program with the FBI and San Bernardino and Riverside Counties. The program will integrate iris biometric services to support identification and investigation needs of law enforcement agencies throughout California, and ultimately integrate multiple biometric services such as fingerprint, facial and iris into one.

Automated Latent Print Section. In January 2014, Automated Latent Print Section (ALPS) was accredited as a stand-alone identification unit by Forensic Quality Services under ISO/IEC 17020 standard. ALPS is the eighth forensic latent print unit in the nation and first in California to become accredited under the ISO/IEC 17020 standard. Receiving this accreditation validates the outstanding casework conducted by the ALPS.

The ALPS provided identification on 634 of the 3,620 cases received during the biennial period.

Significant activities include the following:

In 2010, the Elk Grove Police Department submitted to DOJ latent impressions collected from a homicide. A bloody palm print was identified and led to the investigation of several gang members. In 2013, one of the individuals was convicted of murder and sentenced to 112 years in prison, and several other gang members were convicted and sentenced to multiple years in prison.

In 2011, two men armed with a machine gun and handgun entered the Uncle Credit Union in Tracy and made off with an undisclosed amount of money. Latent impressions collected from the scene and submitted to DOJ identified two individuals. Both individuals were arrested, and in October 2013, pled guilty to robbery and were both sentenced to ten (10) years in prison.

Missing and Unidentified Persons Section (MUPS). MUPS assists the public and criminal justice community with missing and unidentified person investigations. Various methods are used, including Internet resources, governmental databases, and forensic dental comparisons. A recent case involved the McStay family, who disappeared in 2011 without a trace. Remains were located, and MUPS, using dental x-rays, identified the remains, and investigators moved forward with a homicide investigation. In 2013/2014, MUPS assisted with locating 1,139 missing persons and identified 17 unidentified people.

Sex Offender Registration and Evidence-Based Best Practices Conference. In March 2014, our office hosted the Sex Offender Registration and Evidence-Based Best Practices Conference in Monterey to more than 450 local, state and federal law enforcement attendees. This conference featured speakers imparting expertise and experience on all facets of the sex offender registration process, including sex offender registration requirements, enforcement, and compliance, and an update on Penal code section 290.

Violent Crime Investigative Support Section (VCISS). This section provides analytical case support to local law enforcement agencies and prosecutorial and expert testimony services for Offices of the District Attorney. Significant activities include:

The San Joaquin County Sheriff's Department investigated the theft of \$500,000 worth of walnuts and equipment. VCISS reviewed call records and tower data of individuals believed to be involved, and provided detailed analyses of the suspects' calls, text messages, and cell tower records, and created a video of cell tower movement for each suspect's telephone. One suspect was arrested and the other was turned over to Immigration and Customs Enforcement for deportation.

While assisting the San Joaquin County Sheriff's Office in an attempted homicide investigation, the Stockton Police Department reported the victim of the attempted homicide had been murdered. Our office coordinated with both agencies in separate investigations and with Stockton Police Department on a subsequent wiretap. VCISS provided reports, maps, timelines, and a video detailing cellular phone and cell tower activity. The Grand Jury indicted both suspects who pled to attempted homicide. The suspect in the homicide fled and has an outstanding Ramey warrant.

Roseville Police Department (RPD) requested assistance in a homicide of a young man who was beaten and buried next to a creek. RPD supplied cellular telephone records of four suspects, and analysis by VCISS yielded a potential lead involving gift cards. One suspect made calls to check gift card balances and looked up numbers for cards the victim was carrying at the time of his death. National Crime Information Center (NCIC) offline search results detailing contacts by law enforcement helped establish movement of the suspects and connectivity between them. Three of the four suspects were arrested.

San Joaquin County Sheriff's Office contacted our office for assistance in a homicide investigation. Two men investigating suspicious activity confronted suspect(s) watching over their Marijuana Grow in Acampo. The suspects shot at them, fatally wounding one man. VCISS analyzed dump records from towers in the area, and identified three suspects. Their overall call

and tower activity around the time of the crime were analyzed. Three targets were arrested and a fourth (identified through analysis of the call records) is currently being sought.

California Sex and Arson Registry System Support Section. This section provides support, maintenance, and training of the California Sex and Arson Registry. In 2013, enhancements to the CSAR application were released to law enforcement clients. Enhancements included: allowing users to send messages on all sex and arson registrants; integrating CSAR data with the SmartJustice application; and release of the new National Sex Offender Registry (NSOR) Interface resulting in improved data integrity and accuracy. The section has begun work on the Risk Assessment Phase II and Record Merge projects.

Controlled Substance Utilization Review and Evaluation System Program (CURES). The CURES program is a prescription drug monitoring system that maintains and monitors more than 300 million prescription records for Schedule II, III, and IV controlled substances. The CURES program receives an average of 1 million prescription records weekly. Between January 2013 and March 2014, the number of approved CURES users doubled from 12,278 to 23,374.

Information Expedite Services Section. The DOJ Information Expedite Services Section (IESS) provides expedited criminal history information and other assistance to law enforcement and criminal justice agencies 24 hours a day, 7 days a week. During the past two years, IESS Command Center and Teletype Unit staff have responded to more than 800,000 requests from law enforcement and criminal justice agencies on criminal history and other information critical for public safety.

California Law Enforcement Telecommunication Systems (CLETS) Audits and Inspections. The section conducts CLETS terminal inspections for compliance with CLETS/National Crime Information Center policies and provides training on CLETS policies and issues, such as, CLETS Training for Trainers and Agency CLETS Coordinator training.

Criminal Offender Record Information (CORI) Audits. The unit conducts mandatory audits and training for all law enforcement agencies and/or authorized agencies to ensure compliance of proper use and dissemination of Criminal Offender Record Information.

Database Audits. The unit conducts mandatory audits and training for all law enforcement agencies and/or authorized users to ensure compliance with DOJ and FBI/National Crime Information Center (NCIC) policies and regulations of database records. Databases audited include Stolen Vehicle, Stolen Boat, Automated Firearms, Wanted Persons, California Restraining and Protective Order System, Missing Persons, and California Sex and Arson Registry systems.

Live Scan Support Section. The section acts as the liaison between the DOJ Bureau of Criminal Identification and Investigative Services and public and private agencies or vendors that submit applicant, criminal, and DNA collection live scan transactions to the department. The section's primary responsibility includes the coordination of Live Scan site selection, equipment procurement, connectivity and acceptance testing of Live Scan devices. Once the Live Scan site is operational, DOJ staff provides support including technical assistance, problem resolution and training.

Cal-Photo. The Cal-Photo system provides law enforcement and public criminal justice agencies access to mugshot images maintained by California's law enforcement agencies, as well as access to photographs and data maintained by the California Department of Motor Vehicles. There are currently more than 79,000 active Cal-Photo system accounts/users.

Latent Gateway. The Latent Gateway offers an efficient and streamlined process for local law enforcement agencies to search latent fingerprints against the FBI and DOJ repositories. The Latent Gateway allows for disparate Automated Fingerprint Identification Systems (AFIS) to communicate via web services, and search and/or register latent fingerprints in both the FBI and the DOJ AFIS databases. Five counties are currently using Latent Gateway services, one additional county is in development, and six more counties have requested implementation.

License Plate Reader (LPR). The program makes available to all California law enforcement agencies the FBI's License Plate Reader Extract which contains vehicle information from the National Crime Information Center (NCIC) Wanted Persons, Protection Order, Missing Person, Gang, Known or Appropriately Suspected Terrorist, Supervised Release, Convicted Sexual Offender Registry, and the Immigration Violator files. The License Plate Reader Extract can be used in conjunction with state-of-the-art license plate screening technology to compare scanned license plate numbers against vehicle information. Twenty agencies are currently using LPR services and an additional five agencies are in development.

Mobile ID. The program provides law enforcement officers in the field with the means to identify offenders through the DOJ AFIS and the FBI Repository for Individuals of Special Concern. Fourteen counties are using Mobile ID services, and an additional seventeen counties are in various stages of development. The next phase of Mobile ID will provide return fingerprint identifications with photos and RAP sheets on individuals in question.

RAP Sheet Training. The Client Services Program provides Record of Arrest and Prosecution (RAP) Sheet training to law enforcement and criminal justice agencies, providing informed and up-to-date information on laws, mandates, and regulations affecting Criminal Offender Record Information (CORI) and the Automated Criminal History System (ACHS). The Special Projects Section staff provide both webinar and on-site training upon request.

Bureau of Criminal Information and Analysis

The Bureau of Criminal Information and Analysis is the central repository of criminal history information used by local, state and federal law enforcement agencies, courts and regulatory agencies. The Bureau also collects, maintains, and publishes criminal statistical data, and supports the Child Abuse Central Index.

Disposition Reporting Instruction Manual. The former Arrest and Disposition Manual was reconfigured to a comprehensive, complete instructional tool for law enforcement agencies, district attorneys, courts, and probation offices when notifying DOJ on the final dispositions of criminal cases. The manual was updated in compliance with current statute reporting, and includes the latest version of forms.

Covered California. As an urgency statute, the passage of Chapter 10, Statutes of 2013 (Senate Bill 509), mandated DOJ to provide criminal history background checks on Covered California employees, prospective employees, contractors, subcontractors, volunteers, and vendors. Also known as the California Health Benefits Exchange, this new entity was established as an authorized agency in June 2013 and is responsible for enrollment requirements of the national Patient Protection and Affordable Care Act. Since July 1, 2013, nearly 10,000 criminal history background checks have been conducted.

2012 Crime in California/Criminal Justice Profiles. In July 2013, the Criminal Justice Statistics Center made available criminal justice profiles in new interactive data tables. Released alongside the 2012 Crime in California publication, these tables provide researchers, data contributors, government entities and the public with tools to customize data for tailored reports. Criminal justice profile data was formerly available in pre-formatted reports that could not be queried or searched. The interactive tables allow data to be filtered by jurisdiction, agency, types of offenses and specific date ranges in any combination sought by the user.

Information Technology Bureaus

The DOJ's Chief Information Officer oversees three bureaus that deliver digital and information services for the Department and law enforcement and public safety agencies in California.

Criminal Justice Information Technology Bureau. The bureau is responsible for designing, implementing and maintaining the DOJ's statewide criminal justice information systems, supporting the Division of Law Enforcement's applications, and providing analytical reporting and information services.

Smarter Justice Information Sharing. In 2013, DOJ deployed SmartJustice, a data-sharing platform for federal, state, regional and local law enforcement agencies to access, analyze, and share criminal justice information. The SmartJustice application and web services also establish a statewide data warehouse for criminal justice information through the integration of data from the California Department of Corrections and Rehabilitation and DOJ systems, including: Automated Criminal History, Cal-Photo, California Restraining and Protective Order, California Sex and Arson Registry, Supervised Release File, Wanted Persons and CalParole LEADS. Our office is also working to integrate information from law enforcement and probation agencies across California into SmartJustice.

Quality of Criminal History Data. The Automated Criminal History System (ACHS) was enhanced to programmatically purge expired misdemeanor offenses and simplified the manual purge process for users of the system. In addition, the bureau coordinated the review and redaction of misdemeanor offenses from more than 2.8 million documents. The ACHS was also enhanced to consolidate disposition only records with the associated criminal identification index records, thus reducing the disposition data gap.

Collection of Fire Arm Sale and Transfer Information. The Dealer Record of Sale Entry System (DES) streamlines the process for firearms dealers in California to submit information to the department on firearms purchases and transfers. The system provides firearms dealers with notification regarding the status of a purchaser's eligibility to take possession of a firearm and to make on-line payments to DOJ for the cost of background checks. The system also implemented new functionality related to the retention of long gun information pursuant to AB 809 (Chapter 745, Statutes of 2011).

Public Safety through Improved Reporting of Firearm Prohibitions. The Mental Health Reporting System (MHRS) provides authorized users with the ability to electronically report to DOJ, individuals who are prohibited from possessing firearms. The MHRS was enhanced to allow authorized superior courts, juvenile courts and law enforcement users to electronically report prohibitions to the department pursuant to AB 1131 (Chapter 747, Statutes of 2013) and SB 127 (Chapter 753, Statutes of 2013).

Information Needs Related to Realignment. To assist with the changes brought about by criminal justice realignment (AB 109), the Supervised Release File was enhanced to increase the breadth and fidelity of data stored in the system. Enhancements included adding address information about probationers and treatment programs, modifying the contact message display, and creating active record cleanup to allow for the effective supervision of individuals under Post Release Community Supervision.

Office of the Chief Information Officer and Departmental Technology Services Bureau.

The bureau provides enterprise support for the Department's computing, applications and shared services environments. The bureau also partners with DOJ programs and law enforcement agency partners to ensure technical solutions meet state and federal information security requirements.

Public Safety through Mobile Access to Information Services. JusticeMobile provides federal, state, and local law enforcement officials in California with anytime, anywhere access to criminal justice information via mobile devices. Built on a secure application platform, JusticeMobile provides mobile access to DOJ services, including: federal and state criminal justice information systems via the JusticeMobile App, the SmartJustice information sharing platform and the CalPhoto image warehouse. Thousands of law enforcement users across California use JusticeMobile to make communities safer.

Mobile Access to Criminal Justice Information. Through JusticeMobile Device Management (JusticeMDM), our office has established a mobile security product that allows law enforcement agencies to access criminal justice information in compliance with federal and state information security policy. Delivered as a cloud service, JusticeMDM is configured for high availability and preconfigured with security policies in place, while providing flexibility to meet the needs of agencies. Thousands of law enforcement users across the state use mobile devices secured by JusticeMDM.

Technology Support Bureau. The Technology Support Bureau designs, coordinates, installs and provides 24-hour support for communications applications, server infrastructure, and networks used by DOJ, state criminal justice agencies and national criminal justice systems.

Performance, Reliability and Security through JusticeCloud. Over the last two years, our office has virtualized more than 500 applications and servers into JusticeCloud, DOJ's private cloud infrastructure. Cloud computing reduces costs, enables power savings, achieves better utilization of computing resources and increases program agility. DOJ's "Cloud First" strategy maximizes capital investments in IT infrastructure while minimizing operating costs and downtime of critical DOJ services. Our office will continue this effort with the deployment of the JusticeCloud Desktop department-wide this year.

DOJ's Statewide Network for a Converged Future. In 2013, the Department's statewide network was upgraded to provide greater performance, reliability, resiliency and security. In addition to increased capabilities, the upgraded service uses flexible technology that allows DOJ to quickly modify bandwidth capacity based on programmatic needs without the cost of additional hardware.

LEAWeb and the JusticeMobile App. In 2014, LEAWeb and the JusticeMobile App were enhanced for law enforcement and public safety users who request a single name search to receive responses from the CJIS Hot Files, Department of Motor Vehicles and the National Crime Information Center (NCIC). This enhanced functionality provides a more efficient and convenient way for law enforcement and public safety users to obtain critical data via a single search.

DIVISION OF ADMINISTRATIVE SUPPORT

The Division of Administrative Support (DAS), through its nearly 850 employees, supports the day-to-day operations of the department and assists programs in administrative and technical areas such as accounting, budgeting, personnel, asset management, facilities, procurement, contracting, conferencing, recycling, training, law library services, legal case management, time reporting, special projects, litigation support and legal support services.

DAS consists of the following sections and programs:

- Accounting Office
- Budget Office
- Case Management Section
- Legal Support Operations
- Litigation Support Section
- Office of Departmental Services
- Office of Professional Development
- Personnel Programs
- Statewide Operational Services Unit

Significant activity for the division is:

FI\$Cal. The Accounting Office, Budget Office, Office of Departmental Services (Purchasing and Contracts Units) and Statewide Operational Services Unit have been actively preparing for implementation of FI\$Cal. This multi-year project, sponsored by the Department of Finance and other control agencies, will standardize fiscal reporting among state agencies. Our office is involved in advisory work groups, system integration and interface, data cleansing and conversion, and business process documentation. The FI\$Cal system will replace our department's accounting system in July 2014, and is projected to be implemented by all state agencies in July 2017.

Accounting Office

The Accounting Office provides oversight and monitors the department's resources by maintaining centralized records of appropriations, expenditures, revenues, reimbursements and legal billing. The Accounting Office also serves as liaison between the department and the state control agencies, namely the State Controller's Office and the State Treasurer's Office. It also provides cash flow analysis and prepares the year-end financial statements for the department's 50+ funding sources.

Budget Office

The Budget Office is responsible for the DOJ's annual financial plan and provides technical direction and support to program managers in the preparation, negotiation and management of the department's annual budget. As of June 30, 2014, the DOJ budget is \$758 million.

Case Management Section

The section is responsible for the development, implementation and maintenance of the department's case management and time reporting system (ProLaw) used by the legal staff. The section works closely with the accounting staff, attorneys and executive staff to manage legal staff billable hours, and produce reports for client agencies for reimbursement of our legal work.

Legal Support Operations

Legal Support Operations provides administrative support and law library services for our law offices in Sacramento, Oakland, San Francisco, Fresno, Los Angeles and San Diego. Services are provided to our 1,300 attorney and paralegal staff in 25 law practice areas. The administrative services include legal secretarial and clerical support, business and office services, digital printing and reprographics, docketing and records management, procurement and facilities management.

Attorney General Offices Restacking. The legal offices in Sacramento and Los Angeles, worked with the Department of General Services to consolidate office space in order to reduce our real estate footprint. In Los Angeles, more than 9400 square feet was relinquished in the Ronald Reagan Office Building saving \$180,000 per year in rent. In Sacramento, staff at J Street were moved to our I street building, saving the Department \$1.7 million annually in operating expenses.

Law Library Services. The section provides research services and manages the law libraries in the legal offices statewide. The libraries maintain codes, statutes, court procedures, treatise materials, including historical codes dating back to the founding of California and legislative histories.

Significant activities include the following:

Expansion of Online Resources. Hundreds of electronic resources were added to the library catalog through Westlaw, Westlaw Next, Lexis, Accurint, HeinOnLine and Courtlink.

Legal Research. Research services were expanded by providing a combination of print and online resources, and new research tools for legal staff, such as Westlaw Next and Lexis Courtlink, CLE legal research courses, Webinars, one-on-one training sessions and personalized research assistance with digitized, searchable legislative histories.

Fiscal Management. The section consolidated its law collections by eliminating duplicate hard copies to "green" the offices, and reduce paperback and hardbound coded books, as well as a number of California Annotated Code pocket-part updates.

Litigation Support Section

Litigation Support provides attorneys with services and applications to manage data for their cases. The section manages large-scale litigation, and designs and implements databases to manage, sort, index and abstract large volumes of data produced in litigation. The section works with legal teams and client agencies to collect, preserve, and produce electronically stored information. The section also develops data management strategies, assists with technology in the courtroom, provides user support for litigation software and coordinates with technology vendors.

Office of Departmental Services

The Office of Departmental Services provides a wide range of business support services throughout the DOJ, including facilities management, telecommunications services, contracting, purchasing, warehousing, printing, publication and media production, and mail and delivery operations.

Facilities Planning and Management and Telecommunications Section. The section manages the space needs of more than 1.7 million square feet of DOJ facilities statewide, including legal offices, forensic crime laboratories, regional law enforcement offices, anti-crime task force offices, aircraft hanger space, the Hawkins Data Center, and field offices and radio sites.

Business Services Section. The section is comprised of three units: Contracts, Purchasing and Central Services. The Contracts Unit prepares contracts for expert witnesses, outside attorney services, forensic services, law enforcement training and maintenance and repair of equipment. The Purchasing Unit oversees the ordering and purchasing of equipment, furniture and supplies. The Central Services Unit provides mail and warehouse services to DOJ, including shipments and document archive storage.

Significant accomplishments include the following:

FI\$Cal Purchasing. With the upcoming implementation of FI\$Cal, the DOJ has made changes to its business process to centralize the Department-wide purchasing functions. This centralized process will provide a more focused effort by the department to purchase through small and DVBE businesses, as well as leverage better pricing through bulk purchases of common supplies. Purchasing staff have attended training in FI\$Cal to assume buying for all of the department's programs.

Automated Package and Document Tracking System. A new evidence, package, and document storage tracking system was implemented to improve evidence chain of custody, and ensure the protection of important and confidential DOJ documents.

Communications and Imaging Resource Center. The center offers imaging and media production services to the department. In-house services include printing, creating signage and court exhibits, publishing, graphic and web design, photography, video production, audio recording and live-streaming of press conferences.

CIRC helped to create the Attorney General's Reports on Human Trafficking, Truancy, and Transnational Organized Crime. CIRC also produced videos for several projects including California Sex and Arson Registry, Truancy, and Human Trafficking as well as provided several on-site audio and video services for the Attorney General's zone meetings with local, state, and federal law enforcement officials.

Office of Professional Development

The Office of Professional Development provides training and learning opportunities to all DOJ employees. Courses include new employee orientation, basic supervision, continuing legal education for attorneys and paralegals, desktop applications, and mandated classes. OPD also serves as video conference coordinators in the legal offices, and provides help desk support on desktop applications. OPD is advancing the development and delivery of computer-based/online training, and also assists department programs on delivering large-scale training through webinars.

Significant accomplishments include:

In conjunction with our partners in the Hawkins Data Center, OPD received approval from the Department of Technology to develop and implement an Enterprise Learning Management System that will track employee training, ensure mandatory training is completed, and provide online training courses.

Personnel Programs

Personnel Programs is responsible for all facets of employment for the DOJ's 4,500 authorized positions. The section is comprised of five units that handle classification and pay, labor relations, risk management, testing and selection, and personnel transactions.

Significant accomplishments include:

Personnel Training. Personnel Programs, in conjunction with the Office of Professional Development, provided a series of six webinars covering the entire recruitment and hiring process to hundreds of DOJ supervisors and managers. These webinars were recorded and are now available online to DOJ staff.

Manager and Supervisor Training. DOJ reestablished Personnel Focus, a monthly newsletter for managers and supervisors covering a wide range of topics including hiring, performance management, leadership and data analysis.

Attorney Recruitment. In ongoing efforts to increase diversity in the workplace, the Testing and Selection Unit worked with the California Bar Associations to identify contacts statewide who will disseminate DOJ employment opportunities with association members.

Recruitment Efforts Following Layoff. Personnel Programs worked closely with the Division of Law Enforcement and the Bureau of Medical Fraud and Elderly Abuse to reemploy staff who were affected by the department's 2012 layoff due to budget cuts.

Approval of JusticeHR Business Plan. In conjunction with our partners in the Hawkins Data Center, Personnel Programs received approval from the Department of Technology to purchase and implement an automated time and attendance solution for the Department. This new system will increase efficiencies by replacing several labor-intensive manual systems.

Statewide Operational Services Unit

The unit provides analysis and assistance to our office in a variety of areas including fleet management, regulations, legislation, mandated reporting, asset and records management, parking, merit awards, forms, conference services, wireless devices and recycling.

EXECUTIVE PROGRAMS

Executive Programs consists of the following units:

- Solicitor General
- Office of Legislative Affairs
- Division of Recidivism Reduction & Re-Entry
- Special Assistant Attorneys General
- Office of Communications
- Public Inquiry Unit
- Equal Employment Rights and Resolution Office
- Office of Program Review and Audits

Solicitor General Unit

The Solicitor General Unit promotes a high level of quality in the Attorney General's Office legal practice, particularly in the California Supreme Court and the U.S. Supreme Court. The unit helps to determine whether to seek review of a case in the state or federal supreme courts, assists deputy attorneys general in writing petitions and briefs, consults with deputies in preparing for oral argument and provides general instruction regarding Supreme Court procedures. The unit also coordinates and participates in the supervision of amicus curiae briefs filed by the Attorney General in state and federal reviewing courts, including the California and U.S. Supreme Courts and the Ninth Circuit Court of Appeals.

The Solicitor General is the Attorney General's liaison to state and federal appellate courts in matters relating to the Attorney General's litigation efforts, with state solicitors and with the National Association of Attorneys General concerning litigation matters before the U.S. Supreme Court. The Solicitor General is the statutory designee for receipt of service of all briefs filed in the California Supreme Court or state appellate courts concerning specified civil rights statutes.

Office of Legislative Affairs

The Office of Legislative Affairs represents the Attorney General in legislative matters, and is responsible for coordinating the Attorney General's communications with the State Legislature and U.S. Congress.

The Attorney General sponsored 20 bills during the biennial period, most of which had a direct connection to the work of the department. Some of the sponsored bills included:

AB-307 (Muratsuchi)

Allows a court to issue a protective order for up to 10 years when a defendant is convicted of specified sex crimes, regardless of the sentence imposed. (Chaptered 09/09/13)

AB-1585 (Alejo)

Provides that a defendant who has been convicted of solicitation or prostitution may petition the court to set aside the conviction if the defendant can establish by clear and convincing evidence that the conviction was the result of his or her status as a victim of human trafficking.

AB-1643 (Buchanan)

This bill authorizes a county school attendance review board (SARB) to accept referral or requests for hearing services from one or more school districts within its jurisdiction; and authorizes a county SARB to be operated through a consortium or partnership of a county with one or more school districts or between two or more counties.

AB-1672 (Holden)

Requires, beginning June 1, 2015, the governing board of each school district that has established a local school attendance review board (SARB) to adopt rules and regulations to require the appropriate officers and employees of the school district to gather and post specified information on its Internet Web site.

AB-1866 (Bocanegra)

This bill expands the information reported through the California Longitudinal Pupil Achievement Data System (CalPADS) to include specific data relative to truancy.

AB-2141 (Hall)

Requires a state or local agency conducting a truancy-related mediation or prosecuting a pupil or a pupil's parent or legal guardian to provide the outcome of each referral to the agency that made a referral.

AB-2501 (Bonilla)

Curtails the effectiveness of so-called "panic defenses" in homicide trials, which previously allowed defendants to seek lesser penalties for crimes against LGBT victims, by clarifying that the discovery of a victim's sexual orientation or gender identity is not reasonable provocation for purposes of reducing a murder charge to manslaughter.

SB-140 (Leno)

This bill appropriates \$24 million from the Dealers Record of Sale (DROS) Special Account to the Department of Justice (DOJ) for costs associated with regulatory and enforcement of illegal possession of firearms by prohibited persons, and requires the DOJ to report specified information to the Joint Legislative Budget Committee by March 1, 2015 and every March 1 until 2019. (Chaptered 05/01/13)

SB-809 (DeSaulnier)

Establishes a funding mechanism to update and maintain the Controlled Substance Utilization Review and Evaluation System (CURES) and Prescription Drug Monitoring Program (PDMP), requires all prescribing health care practitioners to apply to access CURES information, and

establishes processes and procedures for regulating prescribing licensees through CURES and securing private information. (Chaptered 09/27/13)

SB-1094 (Lara)

This bill allows the Attorney General to enforce the conditions of an approved agreement, and to amend the conditions of an agreement or transaction involving a non-profit health facility if a party to the transaction or agreement made material misrepresentations.

SB-1306 (Leno)

This bill brings the state's Family Code in line with state and federal Supreme Court same-sex marriage decisions by providing that marriage is the gender-neutral civil contract between two persons and replacing outdated gendered language regarding marriage with gender-neutral terms.

Division of Recidivism Reduction & Re-Entry

The Attorney General announced the creation of a new division within the Department of Justice, the Division of Recidivism Reduction & Re-Entry (DR3), in November 2013. DR3 works to reduce recidivism through collaborative partnerships with the state's 58 counties. DR3 partners with District Attorneys, county probation and law enforcement, community organizations, and state agencies to facilitate new programs and practices that reduce recidivism. The division consists of three branches: Programs, Program Evaluation, and Grants. Through these branches, DR3 designs evidence-based anti-recidivism programs and policies, identifies federal and private grant opportunities to fund county initiatives, and aids counties in applying for funding, as well as utilizes innovative and secure technology to provide data-driven analytics and metrics to track, analyze and evaluate program results. The division is currently preparing to launch a pilot program, "Back on Track—LA," with partners in Los Angeles County.

Special Assistant Attorneys General

The Attorney General appoints the Special Assistant Attorneys General to focus on the priorities of her administration, such as human trafficking, recidivism reduction, mortgage fraud, privacy issues, transnational gangs, and law enforcement. Special Assistants also serve as the Attorney General's designees on task forces, commissions and committees and serve as liaisons with local, state and federal agencies, associations and advocacy groups.

Office of Communications

The Office of Communications oversees media relations. The office organizes news conferences, provides media organizations with information on activities of the Attorney General and the department, responds to daily press inquiries, conducts research, and prepares news releases.

Public Inquiry Unit

The Public Inquiry Unit is the primary point-of-contact for members of the public seeking assistance and information from the Attorney General's Office. The unit responds to thousands of written and telephone inquiries annually from citizens, elected officials, law enforcement agencies and other governmental entities on a wide variety of subjects and issues.

Consumer Protection. The unit works closely with attorneys in the Consumer Law Section on consumer issues and provides reports of complaints against companies that may be used to support investigations and lawsuits.

Alternate Dispute Resolution Program. The unit takes a leading role in helping consumers resolve their disputes with California businesses. In many instances after a complaint is received, the company or individual is contacted by the unit to resolve the issue through an informal mediation process.

Equal Employment Rights and Resolution Office

The office ensures equal employment opportunities within the DOJ, consistent with state and federal laws. The office administers the employee discrimination complaint process, monitors departmental employment processes, and provides training to ensure a workplace free of discrimination and harassment. The office also provides advice and consultation on difficult personnel issues to curtail potential complaints. The office facilitates employee mediation services as an alternative to help employees resolve conflict in the workplace. The office also oversees foreign language translation services for the department.

Training and Wellness Activities. The office provided harassment and discrimination prevention training to more than 1,500 DOJ employees annually during the biennial period. The unit assisted DOJ employees who received State Restriction of Appointment (SROA) notices with career counseling and advice on employment and promotional opportunities with other state agencies. The office also provided diversity and inclusion awareness training, upward mobility skill building workshops and other training on request. The office conducted activities to promote the wellbeing of DOJ employees, such as flu shot clinics, *Weight Watchers*, yoga and meditation classes, brown bag topics and wellness articles.

EEO Reports. The office produces state and federally mandated Equal Employment Opportunity reports. The reports track race, ethnicity, and gender by classification, the hiring of people with disabilities, the status/effectiveness of the Upward Mobility Program, as well as deficiencies in the hiring process. The unit also implemented the workforce composition database to identify workforce representation, upward mobility, recruitment, hiring, and under-represented and/or under-utilized racial, ethnic, gender and disabled groups.

Office of Program Review and Audits

The office is the DOJ's primary internal audit organization, and ensures that the department meets Government Code reporting requirements for accounting and internal control.

The office reduces departmental risk by providing information and recommending solutions to DOJ programs to improve operational efficiency. The office conducts internal control and program audits, program evaluations and management reviews. The office also coordinates external audit requests and responses to state and federal agencies, and assists in defending the department's policies, processes and practices.

Audits. The office conducts comprehensive and objective independent internal and external audits and reviews to determine whether the organization's network of risk management, control, and governance processes are adequate and functioning. The office makes recommendations to the executive staff and directors regarding an audit or a review, including its scope and conditions.

The office performs reviews of the California Witness Relocation and Assistance Program and provides assistance to the Bureau of State Audits for whistleblower investigations.

Information Security Office. The Director serves as the DOJ's Information Security Officer and Privacy Officer. The primary objective of the office is to protect DOJ's information technology and information assets and its computing environments, processes, systems, and applications. The office works closely with the DOJ's California Justice Information Services Division on the information security policy, and oversees the department's compliance with policies and procedures on the security of information assets.

Information Security Office activities are coordinated with the Privacy Office to ensure security and confidentiality of records, to prevent breaches of confidential records within the department, and to ensure that DOJ employees receive mandatory information security and privacy training.

Privacy Office. The office is responsible for ensuring privacy protection within the DOJ pursuant to Government Code section 11019.9 and provisions of the Information Practices Act of 1977 (Civ. Code, §1798 et seq.) regarding the administrative procedures related to the collection, use, maintenance, dissemination and disposal of personal information.