2018 ANNUAL REPORT

North Carolina Department of Justice

Attorney General Josh Stein
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To the people of North Carolina,

Over the past two years, I’ve had the privilege to lead the North Carolina Department of Justice (DOJ) as we serve the people of our state. Working on your behalf is the greatest honor of my professional career.

As Attorney General, I am focused on keeping people safe. I am proud of the work we’ve done to protect North Carolinians from crime and fraud, to protect consumers and taxpayers, and to defend the State of North Carolina. I’m also incredibly grateful to my colleagues at DOJ, who are steadfast in their commitment to serving their neighbors.

Our 2018 annual report discusses the work we’ve done across the department. In 2018, we won more than $73 million in settlements and court awards on behalf of North Carolina and its people. In addition, we saved taxpayers more than $88 million in legal fees for an overall positive impact of more than $161 million. Some of our highest priority work is highlighted below.

Confronting the Opioid Epidemic

One of our most significant responsibilities at DOJ is protecting families by fighting crime. In the past two years, that has included a strong focus on fighting the opioid epidemic. Opioids are the number one cause of accidental death in our state, and opioid overdoses kill five North Carolinians every day. The crisis has devastated families across the state and has a far-reaching impact on our healthcare and criminal justice systems.

In 2018, I continued my work to address the crisis through a broad strategy of prevention, treatment, and enforcement. My office helped to draft and pass the HOPE Act (Heroin and Opioid Prevention and Enforcement Act), which officially became law in June. This legislation gives law enforcement officers and agencies additional resources to investigate and prosecute opioid-related cases and hold opioid dealers and traffickers accountable.

We know that drug companies also had a role in contributing to this crisis, and I’ve continued leading a bipartisan group of 41 attorneys general to investigate these companies. As a result of these investigations, I’ve filed three separate lawsuits against opioid manufacturer Insys and another lawsuit against Purdue Pharma for marketing practices that helped to fuel the opioid crisis in our state. If I determine other companies are culpable, I will not hesitate to hold them accountable, as well.

There’s no one silver bullet to address the opioid crisis. We need to work together at the state, federal, and local levels. We need more access to treatment and recovery resources. We need to do more to prevent misuse and addiction. We’ll continue this work in 2019. I hope you’ll join us, because we all have a role to play in taking back our communities from the grips of this epidemic.

Justice for Sexual Assault Victims

In February, my office announced the results of a statewide inventory of untested sexual assault evidence collection kits in the custody of local law enforcement agencies across the state. The report found that there were more than 15,000 untested sexual assault kits in their possession.
We shared the report with the General Assembly, along with three recommendations to help improve the delivery of justice for victims of sexual assault:

1. Test all reported kits currently in local law enforcement custody.
2. Institute a statewide sexual assault kit tracking system.
3. Assemble a committee to develop a protocol to test all kits reported to law enforcement moving forward.

In the fall, we fulfilled the second recommendation by launching a statewide sexual assault kit tracking system. The new system will let anyone, including law enforcement officers, justice system officials, medical providers, and most importantly, victims and survivors themselves, see the real-time testing status of their kit. This new transparency will promote accountability.

But tracking the kits isn’t enough – we must also get them tested. In 2018, we used existing funds to test 843 older kits, 81 of which resulted in hits on the DNA database. That success on solving cold cases demonstrates why we must get the funding we need to bring justice to sexual assault victims. For that reason, we applied for and received a $2 million federal grant to help test untested kits in local law enforcement custody and develop resources to train law enforcement officers on a victim-centered approach when handling sexual assault cases. This grant will allow us to promote culture change in sexual assault cases and improve processes so the justice system is better equipped to support survivors.

These are important steps forward to bring justice to victims and survivors of sexual assault and to hold offenders of this heinous crime accountable and get them off the streets – but there is more to do. That is why I’ll be advocating for state appropriations to give victims the justice they deserve and prevent future sexual assaults.

Keeping People Safe

Keeping the people of North Carolina safe is our core mission. In 2018, DOJ attorneys represented the state in 602 criminal appeals before the N.C. Court of Appeals and N.C. Supreme Court in order to defend convictions obtained by local district attorneys for serious criminal acts. Our Special Prosecutions Section closed 97 complex or conflict cases. The State Crime Lab tested 24,592 case records for law enforcement, added 12,773 DNA profiles to the CODIS database, and provided law enforcement with 677 CODIS hits to help solve crimes. And the North Carolina Justice Academy trained nearly 10,000 law enforcement officers last year.

Protecting Consumers and Seniors

As Attorney General, it’s also my job to protect North Carolina consumers.

I’ve fought to protect people’s access to high quality healthcare by defending the Affordable Care Act (ACA) in federal court. The ACA gives more than 550,000 North Carolinians access to health insurance coverage, protects millions of people with pre-existing conditions, and helps millions of seniors save on prescription drugs.

To keep your power bills lower, I’m appealing Duke Energy’s proposed rate increases to the North Carolina Supreme Court because North Carolinians should not have to bear all of the burden for Duke’s coal ash mismanagement.
The two hurricanes that hit in 2018 devastated people from the mountains to the coast. Picking up the pieces after a natural disaster can be difficult. I visited several communities in eastern North Carolina, and I’ve been inspired by people’s generosity toward their neighbors as communities rebuild. But my office has also been concerned about post-disaster scams, about which we’ve received more than 900 complaints. These complaints include issues such as price gouging, tree removal, and home repair. In 2018, we filed three lawsuits against alleged price gouging companies to stop them from taking advantage of North Carolinians rebuilding after disasters – and we’ll keep working to protect people who are recovering from the storms.

Protecting Clean Air & Water

Climate change is real and is putting North Carolina and its people at risk. I am fighting against the Trump administration’s efforts to roll back key protections that safeguard our climate. I’ve taken legal action to keep the Clean Power Plan in place, retain existing clean car standards, and reduce greenhouse gas emissions. We must do everything we can to prevent devastating environmental consequences for future generations.

I am also fighting to protect North Carolina’s coastline from offshore drilling. Offshore drilling could cause immense harm to our state’s environment and to the people whose jobs depend on the protection of our coast.

I will hold corporations that pollute our environment accountable for their actions. This year, my office and the Department of Environmental Quality reached a proposed $13 million settlement with Chemours to resolve a lawsuit over water quality and contamination. If the order is approved, Chemours will meet several conditions to improve water quality, reduce chemical air emissions, and ensure clean drinking water for North Carolinians.

Protecting the State and Its Taxpayers

My office also works to protect the state of North Carolina, its government and agencies, and the rights of its people. We represent the state and agencies in legal matters, and we take action on national issues when we need to protect North Carolina residents.

Over the past two years, one of the best parts of my job has been traveling across the state and speaking with North Carolinians. Learning from you about the issues your communities are facing or your views on issues affecting our state helps me do my job better. If you would like to share your thoughts about how DOJ and I can better serve North Carolina, please let us know.

Thank you for reading our 2018 report. As we continue into 2019, we’ll keep sharing information and updates on the work we’re doing on your behalf.

Sincerely,

Josh Stein
Attorney General
Who We Are

Attorney General Josh Stein leads the North Carolina Department of Justice (DOJ), which serves North Carolinians in four primary ways:

1. We provide legal representation and advice to state agencies, government departments, and commissions. If the public interest is at stake, Attorney General Stein can take legal action to protect the State and its people.
2. We assist local law enforcement agencies and district attorneys throughout North Carolina in fighting crime and prosecuting cases. The State Crime Lab analyzes evidence related to criminal investigations to help convict the guilty and exonerate the innocent.
3. We oversee training and standards for law enforcement through the Criminal Justice Education and Training Standards Commission, the Sheriffs’ Education and Training Standards Commission, and the North Carolina Justice Academy.
4. We protect the people of North Carolina through our Consumer Protection Division’s work to address frauds and scams and the Public Protection Section’s work to protect the rights and safety of the public.

A Renewed Mission, Vision, and Values

At DOJ, we’re heading into 2019 with a renewed focus on how our work can continue to serve North Carolinians. We’ve redefined our mission to further our commitment to helping create a safer and stronger North Carolina.

Mission Statement

The North Carolina Department of Justice protects the people of North Carolina through its work to prevent crime and support law enforcement, to safeguard consumers, and to defend the State, its people, and their constitutional rights.

Vision Statement

The North Carolina Department of Justice provides excellent representation and support to law enforcement, consumers, the State, and its people through teamwork, innovation, and a commitment to public service.

Organizational Values

Public Service
We at the North Carolina Department of Justice are committed to serving all of the people of North Carolina.

Integrity
We consider the public good without regard to convenience or self-interest; we are trustworthy and dependable in carrying out our duties, and we uphold the high ethical standards of our professions.

Excellence
We strive to do each and every task to the very best of our ability.
Teamwork
We believe that we will best serve the people of North Carolina by working collaboratively and sharing ideas and solutions across the Department, with our clients, and with the public.

Diversity
We believe that we best serve a diverse public and produce our best work with a workforce comprised of people with different backgrounds.

Innovation
We value looking at old problems with fresh eyes, and we don’t do anything because it’s the way it’s always been done.

In 2018, DOJ attorneys devoted nearly 450,000 hours to protect North Carolina and defend the rights of North Carolinians.

In 2018, our work saved the state of North Carolina in legal fees approximately $888 MILLION.
YOUR INVESTMENT IN JUSTICE IN NORTH CAROLINA

We work hard to be good stewards of your taxpayer investment in DOJ. Here is an overview of what North Carolina gets for the $82.6 million investment:

Where does your DOJ dollar go?

Using science to convict the guilty and exonerate the innocent
Training and educating law enforcement officers
Protecting the environment
Protecting tax dollars and limiting state liability
Prosecuting criminals
Running the department

Notice something missing? Our work protecting consumers and vulnerable people is 100% self-funded. That saves taxpayers about $6 million every year.
FIGHTING CRIME IN NORTH CAROLINA

Medicaid Investigations Division

The Medicaid Investigations Division (MID) investigates fraud and abuse in Medicaid-funded healthcare providers and facilities, as well as reports of patient abuse and neglect. The Medicaid program is jointly run by the state and federal governments. MID is staffed by attorneys from DOJ, as well as financial investigators, State Bureau of Investigation (SBI) accredited agents, criminal justice analysts, and support staff.

When people mistreat patients or defraud the Medicaid program, they're cheating taxpayers and stealing money that was intended for their care. Defrauding Medicaid hurts the public's purse and health, and our office is committed to holding people responsible when they misuse these funds.

In 2018, MID worked a particular case that led to two health care professionals pleading guilty to felony Medicaid fraud charges and tax evasion. The individuals submitted thousands of false claims to Medicaid and were paid approximately $4 million for mental health services that they never provided. Both individuals will be sentenced in early 2019 and face between five and 10 years in prison, as well as periods of supervised release, restitution, and monetary penalties.

MID benefits from state/federal partnerships, including with the North Carolina Division of Health Benefits and the National Association of Medicaid Fraud Control Units. North Carolina participated in a $33.2 million settlement with Alere Inc. after an investigation determined that the medical device maker had knowingly sold unreliable diagnostic testing devices to hospitals. The federal government and all 50 states joined the settlement. North Carolina also participated in a nearly $10 million settlement with Rotech Healthcare Inc. over allegations that the company knowingly submitted false claims for portable oxygen contents to Medicaid and Medicare. The settlement was joined by the federal government and 22 other states.

In 2018, MID closed 50 criminal cases, 66 civil cases, and 116 investigations. Through civil settlements, restitutions, and criminal recoveries, the Division recovered more than $18 million in Medicaid-related health care fraud.

Criminal Appeals and Post-Conviction Litigation

Our Department's Criminal Appellate Section represents North Carolina in all criminal appeals before the N.C. Court of Appeals and the N.C. Supreme Court. In 2018, Criminal Appellate attorneys handled 602 appellate cases. In these appellate cases, we defended the criminal convictions obtained by local district attorneys.

Attorneys in the Capital Litigation and Federal Habeas Sections also represented North Carolina in 140 capital post-conviction matters and 74 non-capital habeas cases.

Special Prosecutions

Local district attorneys may request assistance from DOJ if the district attorney’s office has a conflict of interest or if they need support prosecuting cases that are complex or cover several jurisdictions. In these cases, attorneys from our Special Prosecutions Section will handle the case. In 2018, Special Prosecutions closed 97 complex or conflict cases.
These cases often involve serious criminal issues, including murder, rape, sexual abuse, and involuntary manslaughter. The Special Prosecutions Section recently obtained a guilty plea in a Durham case involving the kidnapping, burglary, and sexual battery of two victims, resulting in a sentence of 14 to 20 years in prison for the criminal.

In addition to violent crimes, Special Prosecutions also works financial cases involving tax fraud, tax evasion, and embezzlement. In 2018 tax fraud cases, Special Prosecutions secured $706,874.98 in restitution to the State.

Public Safety and Law Enforcement Liaison Sections

Our Public Safety attorneys represent the North Carolina Department of Public Safety (DPS) in civil litigation in both state and federal court. This year, the Section closed more than 140 public safety cases, including prisoner litigation in federal court, Crime Victim’s Compensation Commission appeals, and personnel cases. The Section also won a series of federal court trial victories for DPS.

The Law Enforcement Liaison Section represents the Criminal Justice Education and Training Standards Commission and the Sheriffs’ Education and Training Standards Commission, both of which are part of DOJ. The Section handled or consulted on approximately 90 cases defending the commissions when they deny or rescind certification of a law enforcement officer or agency. Law Enforcement Liaison attorneys work closely with law enforcement partners across North Carolina and the Justice Academy to develop and implement trainings for officers. This Section also serves as legal counsel to the SBI's Division of Criminal Information, the Alcoholic Beverage Control Commission, and the North Carolina Company Police Program.
The North Carolina State Crime Lab analyzes evidence, provides expert testimony, assists in evidence collection and crime scene processing, and consults on evidence-related issues for any public law enforcement agencies in the state, free of charge. The State Crime Lab has three internationally-accredited laboratories in Raleigh, Edneyville, and Greensboro. Additional information can be found in the State Crime Lab Annual Report.

In 2018, the Lab accepted 33,219 cases and completed 24,592 case records. Cases can often encompass multiple case records.

<table>
<thead>
<tr>
<th>Case Records Submitted By Section</th>
<th></th>
</tr>
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<tbody>
<tr>
<td>Drug Chemistry</td>
<td>20,579</td>
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<tr>
<td>Latent Evidence</td>
<td>1,481</td>
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<tr>
<td>Firearms</td>
<td>1,706</td>
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<td>Forensic Biology</td>
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<td>Trace Evidence</td>
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<td>Toxicology</td>
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<tr>
<td>Audio Video</td>
<td>42</td>
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<tr>
<td>Computer Forensics</td>
<td>88</td>
</tr>
<tr>
<td><strong>Total Case Records Submitted</strong>:</td>
<td>35,784</td>
</tr>
</tbody>
</table>

In February, DOJ announced the results of a statewide inventory of untested sexual assault kits in local law enforcement custody. The inventory found more than 15,000 of these untested kits exist. As a result of the inventory, Attorney General Stein made three recommendations to the legislature:

1. Develop a protocol to test all kits reported to law enforcement going forward.
2. Institute a statewide sexual assault kit tracking system.
3. Test all reported kits currently in law enforcement custody.

In October, the State Crime Lab acted on the second of those recommendations when it launched a new statewide sexual assault kit tracking system with the support of the General Assembly. The system will mark all new sexual assault evidence collection kits with a tracking barcode that will let anyone, including law enforcement, prosecutors, defense lawyers, and the victims themselves, find the real-time status of their kit online. In the same way that you can
track the status of your package, victims and survivors will be able to know where their kit is in the criminal justice process, increasing transparency and accountability.

In addition, Lab Director John Byrd served as a member of the NC Department of Public Safety Sexual Assault Evidence Collection Kits Working Group, which developed recommendations on the testing priority of previously untested sexual assault evidence collection kits currently in local law enforcement custody. This working group was developed as a result of the third recommendation Attorney General Stein made to the legislature. The working group was also charged with developing a strategic statewide protocol for testing future kits. The report can be found here.

The Lab received approximately $7 million in various grant programs to ensure the most up-to-date technology and efficiencies for forensic testing. These grants include a $2 million grant from the U.S. DOJ’s Bureau of Justice Assistance Sexual Assault Kit Initiative for testing untested kits currently in the custody of local law enforcement and coordinating with law enforcement agencies to help move these cases forward.

In 2018, the Lab played a critical role in identifying the Ramsey Street Rapist and helping the Fayetteville Police Department close a case that began 12 years ago. Using the results of new genetic technology, the Lab developed a DNA profile that helped police arrest a suspect in August in connection with six sexual assault cold cases that occurred between March 2006 and January 2008 in Fayetteville.

"They did their magic with it. We were able to obtain his DNA, get it off to the state crime lab, and we got a match yesterday. We got the guy."

LIEUTENANT JOHN SOMERINDYKE
FAYETTEVILLE POLICE DEPARTMENT

PHOTO CREDIT: WASHINGTON POST/CITY OF FAYETTEVILLE
North Carolina Justice Academy

The North Carolina Justice Academy provides trainings and educational materials for law enforcement officers and criminal justice personnel, as well as technical assistance to criminal justice agencies. The Justice Academy offers courses across a variety of law enforcement trainings, including in anti-terrorism, community-oriented policing, detention, tactical operations, and leadership.

- Courses offered
  - On-campus: 369
  - Off-campus: 114
  - Online: 94
- Online course completions: 114,527
- Number of bed nights spent on campus: 39,030
- Justice Academy students trained
  - On-campus: 5,877
  - Off-campus: 3,810

In July, the Justice Academy hosted an opioid investigations training from the National Attorneys General Training & Research Institute, with 306 students in attendance.
Law Enforcement Commissions

DOJ staffs the Criminal Justice Education and Training Standards (CJ Standards) Commission and the Sheriffs’ Education and Training Standards Commission. Both commissions regulate training standards for sheriffs’ deputies and law enforcement, criminal justice, corrections, and juvenile justice officers. The commissions determine training and certification topics for officers in the state and review cases of deputies and officers who have been accused of violating commission rules.

2018 CJ Standards at a Glance:
- Opened 345 investigations
- Closed 211 investigations
- Certified 4,610 law enforcement officers
- Certified 2,251 corrections officers
- Certified 193 juvenile justice officers
- Certified 191 company/campus police
- Certified 2,711 general instructors
- Conducted 162 school audits
- Conducted 72 agency audits

2018 Sheriffs’ Standards at a Glance:
- Closed 189 investigations
- Certified 983 new deputies
- Certified 1408 new detention officers
- Certified 214 new telecommunicators
- Certified 352 general and specialized instructors
- Conducted 70 agency audits
PROTECTING NORTH CAROLINA SENIORS AND CONSUMERS

The Consumer Protection Division protects North Carolina consumers from scams, frauds, and businesses engaging in unfair or illegal business practices. We investigate businesses and individuals who may be defrauding consumers and work to recover their money and get justice on their behalf.

In 2018, the Consumer Protection Division received 19,022 consumer complaints about scams and frauds. Of all complaints received in 2018, 4,035 were complaints or calls related to elder fraud, or scams that target older residents who may be more vulnerable. In the course of investigating all complaints, DOJ refunded consumers more than $3.3 million, of which $2.3 million went to refund victims of elder fraud cases.

In 2018, Attorney General Stein and DOJ won more than $22.7 million in settlements and court awards on behalf of the people of North Carolina. More than $15 million came from a nationwide settlement with Wells Fargo for mistreating its customers by opening unauthorized accounts, improperly charging fees, and failing to provide refunds.
When Gov. Roy Cooper declared states of emergency for Hurricanes Florence and Michael, the state’s price gouging law went into effect. Price gouging, or charging too much in times of a crisis, is illegal. The Consumer Protection Division received more than 900 price gouging complaints from across the state. As a result of these complaints, Attorney General Stein and DOJ filed three price gouging cases in 2018 against individuals and companies who allegedly ripped off North Carolinians who were rebuilding from the hurricanes’ devastating effects.

Attorney General Stein also took auto body shops, event producers, debt collectors, and contractors to court over deceptive business practices.
In October, Attorney General Stein attended an event in Charlotte to speak with customers who had been victims of Charlotte photographer Eben Patten. Patten allegedly charged thousands of dollars for wedding and engagement photos that were not delivered or were of low quality. Attorney General Stein and members of the DOJ’s Consumer Protection Division met with brides who had been scammed and helped them file complaints with our office.

"Those pictures are some of the most critical memories that a couple could possibly have. So, if a business is out there making representations about what they’re going to deliver, they need to deliver."

ATTORNEY GENERAL JOSH STEIN
COLLECTING CONSUMER COMPLAINTS FROM VICTIMS OF CHARLOTTE PHOTOGRAPHER EBEN PATTEN
PHOTO CREDIT: FOX 88 CHARLOTTE

Defending People’s Healthcare

Attorney General Stein fought to protect people’s healthcare by defending the Affordable Care Act (ACA). Between 2010 and 2015, more than 550,000 North Carolinians gained health insurance coverage through the ACA, and another 70,000 people were able to stay covered on their parents’ insurance. The ACA also guarantees coverage for pre-existing conditions, which benefits nearly 5 million North Carolinians, prescription drug savings for more than 1 million seniors, and women’s right to make their own decisions about family planning instead of their employers.

Attorney General Stein reached a settlement with Atrium Health resolving an antitrust lawsuit the NCDOJ and the U.S. DOJ filed in 2016. The settlement prohibits Atrium Health from including clauses in contracts with insurance companies that would prevent price transparency and consumer access to lower cost, better quality doctors and hospitals.

Attorney General Stein also spent much of 2018 examining HCA’s proposed purchase of Mission Hospital System in western North Carolina. His focus is ensuring there are substantial protections for healthcare for western North Carolina residents, that the taxpayers who helped to build Mission Hospital benefit from their decades of investment, and that the new charitable foundation reflects the diversity of western North Carolina.
NC Attorney General wants to see more protections for medical services in Mission-HCA deal

ASHEVILLE — State Attorney General Josh Stein said Tuesday he wants to see changes in the proposed sale of Mission Health to HCA Healthcare to ensure the interests of Western North Carolina residents are protected.

In a telephone interview, Stein outlined three basic concerns with the proposed transaction as it is currently structured:

**Josh Stein’s 3 main concerns**

- Are the provisions to ensure continuation of specific health care services at Mission Hospital and the five rural hospitals in the system strong enough?
- Is the roughly $1.5 billion HCA proposes to pay enough?
- Will the board of the foundation to get money from a sale be diverse and truly representative of WNC?

“Health care access is the definition of life and death,” Stein said. “So many people’s futures are at stake. We want to do everything in our power to make sure that the people of Western North Carolina get the quality of health care that they deserve.”
Protecting People’s Personal Information

Under North Carolina law, businesses and state and local governments are required to report security breaches to DOJ. In 2018, 1,057 notices of data breaches were submitted, affecting more than 1.9 million North Carolinians.

Attorney General Stein reached a multi-state settlement with Uber over its security breach and failure to notify affected people. Uber agreed to improve its data security processes and pay the states $148 million. Facebook and Google experienced significant data breaches as well as questions about their data-sharing practices, and Attorney General Stein has written to both companies to demand answers about the security and safety of consumer information.

![North Carolinians Impacted by Security Breaches](chart.png)

Protecting Ratepayers

Attorney General Stein is appealing Duke Energy’s proposed rate increases to the North Carolina Supreme Court after the Utilities Commission decided to pass nearly all of Duke’s coal ash costs on to ratepayers. DOJ is arguing that North Carolinians should not have to bear sole responsibility for coal ash cleanup costs, especially because Duke knew for decades that coal ash would be an issue. At the Utilities Commission, Attorney General Stein is also advocating for Duke to focus on energy efficiency programs and renewable sources of energy and to properly implement legislation that increases the availability of renewable energy.

In addition, Attorney General Stein opposed Carolina Water Service’s proposed water rate increase to the Utilities Commission, arguing that the increase is unjustifiably high. He opposed excessive rate increases for Aqua as well, calling attention to Aqua’s numerous violations of the laws that protect our environment.
Attorney General Stein urged the Utilities Commission to promptly reduce all utility rates paid by customers by returning the excess money that had been collected from them before corporate income tax rates were cut by the federal government at the end of 2017.

Protecting Students

Attorney General Stein continued taking action to support students defrauded by predatory, deceptive lending practices and the abrupt shutdown of for-profit colleges. Last year, Attorney General Stein and a national coalition of attorneys general successfully sued the U.S. Department of Education (DOE) to reinstate borrower defense rules that help defrauded students get financial relief. As a result of this litigation, DOE will automatically cancel approximately $150 million in federal student loans for thousands of borrowers who attended a recently-closed school.

Attorney General Stein also achieved results for students whose schools were closed. In March 2018, due to Attorney General Stein’s repeated urging, DOE took the unprecedented action of expanding closed-school discharge eligibility to include most students in attendance at Charlotte School of Law when it became obvious the school would close. This action made students eligible for hundreds of thousands of dollars in student loan relief. Attorney General Stein similarly advocated on behalf of students who were impacted when the Dream Center abruptly closed all of its North Carolina schools. He has also urged DOE to reject accrediting agencies that do not fulfill their obligations to students.

Fighting for Fair Credit for Borrowers

Attorney General Stein has advocated on behalf of North Carolinian consumers to keep banking and housing protections that guard against discrimination. Underprivileged populations and minorities are most at risk when critical fair housing and banking protections are discarded, making it difficult for everyone to get an equal chance at success and be part of stronger, more stable communities. Attorney General Stein led a coalition urging the U.S. Department of Housing and Urban Development to continue protecting consumers from loan discrimination that makes it harder for people to get fair housing.

Attorney General Stein also led a coalition of attorneys general urging the Consumer Financial Protection Bureau to protect the rights of consumers from credit discrimination on the basis of race, color, religion, national origin, sex, marital status, age, and other prejudices.

He also urged the federal government to protect states’ abilities to take action against businesses that deceive consumers, including corporate lenders and pharma companies.

Protecting Military Servicemembers

Attorney General Stein led a coalition of 33 attorneys general calling on the Consumer Financial Protection Bureau to protect military servicemembers from predatory lenders. He also took enforcement actions against two charities for misusing charitable contributions intended for military servicemembers and veterans and is investigating a jeweler that operates near and on military businesses for its business practices. Attorney General Stein also released the 2018 Military Consumer Protection Guide to help servicemembers and their families protect themselves from scams and frauds.
DOJ’s Environmental Division represented the Department of Environmental Quality (DEQ) and reached a historic agreement with chemical company Chemours and the Cape Fear River Watch to resolve a lawsuit filed by DEQ against Chemours. The suit sought to prevent the unlawful discharge of GenX and other pollutants into the Cape Fear River as well as air emissions of those pollutants that contributed to groundwater contamination. If approved by the court in the coming weeks, the agreement will require Chemours to immediately reduce air emissions of GenX by 92 percent and to achieve at least a 99.99 percent reduction by the end of 2019. Among other things, the proposed consent order also prohibits discharge of process wastewater from Chemours’ manufacturing areas, mandates that Chemours provide permanent clean drinking water for residents whose wells were contaminated by Chemours, requires accelerated remediation of the chemical plant and groundwater to reduce contamination of the Cape Fear River, obligates Chemours to conduct health studies, and assesses a $12 million civil penalty, with an additional $1 million for investigative costs. The penalty will be the largest ever collected by DEQ for environmental violations.

Attorney General Stein believes that climate change is real so he is opposing the Trump administration’s efforts to roll back key protections leaving the climate and North Carolinians at greater risk. He has gone to court to defend the Clean Power Plan and clean car fuel efficiency standards. He fought against the “Dirty Truck” loophole. As a direct result of this lawsuit, the U.S. Environmental Protection Agency reversed course and reclosed the loophole, thereby ensuring that all trucks will be required to adhere to pollution control requirements. According to the DEQ’s analysis, the loophole would have had harmful impacts on public health in North Carolina and frustrated the State’s efforts to maintain compliance with air quality standards.

Attorney General Stein also took a number of actions to protect North Carolina’s coastline from offshore drilling and environmental harm. He led a coalition of coastal states opposing the Department of Interior’s plan to permit offshore drilling. Along with other Atlantic states, North Carolina sued the federal government to prevent seismic testing, a precursor to offshore drilling, from occurring in waters off of our coast. Offshore drilling and coastal environmental damage don’t just impair the beauty of our coasts – they will also hurt tourism, jobs, and the economy.
In the summer of 2018, DOJ successfully defended multiple lawsuits in state and federal court challenging a DEQ-issued water quality certification that imposed important conditions and limitations on the Atlantic Coast Pipeline to protect North Carolina’s rivers, streams, and wetlands. In challenging the water quality certification, these lawsuits sought to eliminate the water quality protections imposed by the DEQ.

As in 2017, DOJ continued to pursue legal action on behalf of the DEQ to address surface water and groundwater violations at coal ash impoundments at Duke Energy’s coal-fired facilities.

In addition, the Environmental Division:
- Facilitated the resolution of DEQ-issued civil assessments for fuel oil releases to the French Broad and Choah Rivers and their tributaries, collecting more than $160,000.
- Defended an $84,352.24 DEQ-issued penalty assessment against a developer for damaging water quality at a development site.
- Distributed $178,576 to benefit water quality projects across the state as part of the Attorney General’s Environmental Enhancement Grant Program.
- Obtained injunctive relief against a company that refused to clean up residual hazardous waste contamination at a site near Asheville after being found responsible by the North Carolina Court of Appeals in a separate case handled by DOJ in 2017.
- Represented 12 rule-making and licensing boards and commissions affecting the state’s environment, health, safety, and welfare.
- Handled more than 300 civil penalty collection cases for DEQ and collected more than $550,000 in judgments and payment owed to the State, and resolved numerous environmental compliance issues related to those civil penalty collection efforts.
PROTECTING THE STATE AND ITS TAXPAYERS

Attorney General Stein and DOJ serve as legal counsel for state government and state agencies, boards, commissions, and state employees. We also take legal action to protect the interests of the people and the State. Here’s how we did that this year.

Department of Health and Human Services

Department of Health and Human Services (DHHS) attorneys work to protect children, the elderly, ill, and those seeking mental health treatment from licensed professionals. They also work to investigate issues related to health care fraud.

In 2018, the Health and Human Services Division:

- Closed 2,133 Medicaid cases.
- Closed 205 child care/welfare cases.
- Closed 59 health care personnel registry cases to stop unlicensed health care workers with histories of abuse, neglect, misappropriation, fraud, or drug diversion from caring for vulnerable North Carolinians.
- Resolved 223 adult care licensure and mental health licensure and certification cases to protect some of North Carolina's most fragile residents.

DOJ fought and successfully certified for collection more than $790,000 in delinquent child support for children who are entitled to child support payments under the law.

The Health and Human Services Division prevailed in an appellate case to defend the revocation of a child care license. The case involved a caregiver concealing very young children in the basement of her home without adult supervision to hide having more than the maximum number of children allowed for child care.

The Division also assisted DHHS with a licensure suspension and the immediate and safe removal of adolescents from a psychiatric residential treatment facility. The facility had recurring
incidents of self-harm and mutilation due to a lack of supervision, improper administration of medication, and insufficient clinical staff.

DOJ attorneys worked with the Division of Child Development and Early Education (DHHS) to implement a statewide registry to prevent individuals who have maltreated children, including individuals involved in shaken baby fatalities, sexual abuse, and discipline causing physical injuries, from working in licensed child care facilities.

Department of Agriculture

Through the legal representation of DOJ and based upon allegations brought by the North Carolina Department of Agriculture and Consumer Services, the North Carolina Pesticide Board revoked the Commercial Pesticide Applicator license of an individual who was applying restricted use pesticides labeled solely for agricultural uses to residential homes. The inappropriate use of these pesticides in this fashion created a severe risk to environmental and human health. This individual is no longer able to purchase or access restricted use pesticides and harm people’s health or the environment.

Department of Labor

The Labor Section represents the Department of Labor (DOL) in areas including the enforcement of the State’s OSHA, Wage and Hour, Elevator, Amusement Device, and Boiler laws. This year, the Section provided assistance on 362 OSHA inspections involving serious injuries or death and closed out 129 OSHA enforcement cases. In many of these enforcement settlements, the employers agreed to implement improvements to their safety and health programs that exceeded the requirements in the standards.

Several of the consultations involved more than one DOL enforcement area. For example, one consultation involved a fatality at a construction site where a buck hoist (construction elevator) malfunctioned, resulting in an employee falling 19 floors to his death. The Section assisted DOL in obtaining documents, interviewing employees, and shutting down the site until all four of the site’s elevators had been evaluated for safety and critical evidence had been secured.

Department of Natural and Cultural Resources

In 2018, DOJ helped the Department of Natural and Cultural Resources recover alienated public records. Attorneys helped recover a 1768 indictment signed by Declaration of Independence signer William Hooper and a book of indenture bonds from Perquimans County courthouse dated 1842-1854.
Department of Transportation

DOJ attorneys represented the Department of Transportation in negotiating a resolution to a lawsuit brought by the Sierra Club against a planned U.S. 70 bypass around the town of Havelock. The U.S. 70 route through Havelock is a major source of congestion for military servicemembers traveling to Cherry Point Marine Air Corps Station and visitors traveling to local beaches. The planned bypass would reduce congestion, but cut through the Croatan National Forest. The DOT resolved to impose a conservation easement on a parcel of land adjacent to the bypass and provided funding to a third-party land trust to purchase additional land conservation in the area. As a result of these negotiations and the additional environmental protections, the Sierra Club dismissed its lawsuit and construction on the bypass is scheduled to begin in February 2019. In all, DOJ closed more than 504 cases involving condemnation, contract claims and administration, and motor vehicles.

Tort Claims

DOJ represents state agencies and individual employees in actions grounded in negligence and particularly, claims filed pursuant to the Tort Claims Act. These claims cover a variety of issues ranging from minor property damage to complex engineering and medical malpractice actions. In 2018, we handled more than 2,000 claims, working to save the state millions of dollars in taxpayer funds.
In 2019, our office will have an updated portal that state agencies and universities can use to submit their past-due accounts. With this updated, user-friendly portal, we are hopeful that the Department will be better able to assist in the collection of monies owed to state entities.

North Carolina State Government

In addition to the above agencies, DOJ attorneys and staff handled hundreds of cases for the Department of Insurance, the Department of State Treasurer, the Secretary of State, the Department of Public Instruction, state universities, cabinet agencies, and a variety of boards and commissions.
EDUCATING NORTH CAROLINIANS AND ENHANCING PUBLIC SAFETY

Preventing Crimes

DOJ’s Public Protection Section works to educate North Carolinians about the most important consumer and public safety issues impacting residents. The section also works with organizations and individuals who are focused on these issues to develop policy initiatives that make North Carolinians safer.

The section covers issues including cybersecurity and data breaches, domestic violence, sexual assault, internet safety, scams and frauds, and human trafficking. In 2018, Public Protection Section outreach specialists and attorneys spoke at more than 100 events and educated nearly 6,500 North Carolinians about protecting themselves from scams, frauds, and other crimes.

Section staff also serve on various state councils and commissions working to educate North Carolinians and find smart solutions to lower rates of violence and increase public safety. These groups include the Crime Victims’ Compensation Fund, the Domestic Violence Commission, the Human Trafficking Commission, the NC Senior Consumer Fraud Task Force, the State Reentry Council Collaborative, the Financial Literacy Council, and the Governor’s Crime Commission.

Enhancing Public Safety

The Section collaborates with local and state leaders on initiatives that increase public safety by improving the way the criminal justice system works. Members of the DOJ and Attorney General Stein are part of the State Reentry Council Collaborative, established by Governor Roy Cooper in 2017 to help individuals leaving prison or jail successfully reintegrate back into their communities. By addressing key issues including mental health, employment, housing, and transportation, the SRCC improves public safety, creates stable communities, and helps people returning to their communities build healthy lives.

In addition to reentry, the Section is also working to help local jurisdictions improve their pretrial systems to reduce unnecessary pretrial detention, while also increasing pretrial accountability.
Current pretrial systems often incarcerate people not for the risk they pose to society, but because of the size of their bank account. As part of our office’s efforts to address the opioid epidemic, DOJ is also working with local law enforcement to implement pre-arrest and assisted diversion programs to save lives by connecting people with treatment instead of jail.

Open Government Unit

DOJ attorneys work to answer questions from the public about the business of state government, coordinating to ensure transparency about government work while making sure that all information released follows public records and open meetings laws. In 2018, the Open Government Unit responded to more than 100 open government-related questions, and educated other lawyers and state agencies on the specifics of public records laws. The Open Government Unit also updated North Carolina’s Guide to Open Government, which will be released in 2019.

Address Confidentiality Program

The Address Confidentiality Program (ACP) helps keep victims safe from abusers by keeping their mailing address confidential. This program keeps survivors’ residential information private when they register to vote, get a driver’s license, or sign up for utility services.

In 2018, ACP enrolled almost 170 new participants for a total of 1,409 active participants.

College Outreach

The Public Protection Section hosted events at the University of North Carolina at Chapel Hill and North Carolina A&T State University to discuss sexual assault, student loans, and the opioid epidemic. 2018 also marked the second year of the Attorney General’s Council on Collegiate Opioid Misuse, a delegation of students who are committed to implementing solutions to address opioid misuse on college campuses.
PROTECTING NORTH CAROLINIANS’ RIGHTS AND DEFENDING THE CONSTITUTION

In February, Attorney General Stein led all 56 members of the National Association of Attorneys General in urging Congress to enact legislation that protects victims of sexual harassment in the workplace and ensures that victims have their day in court. Attorney General Stein also called on Congress to reauthorize the Violence Against Women Act, which ensures funding for programs that aim to address and reduce violence against women.

Attorney General Stein urged the Trump administration to abandon an effort to adopt a federal definition of “sex” that excludes transgender and gender-nonconforming individuals, who would lose federal civil rights protections as a result.

Attorney General Stein went to court to defend the legal status of 27,000 young North Carolinians under the Deferred Action for Childhood Arrivals (DACA) program. The court ordered their continued protection while litigation continues.

Attorney General Stein also took action to challenge the Trump administration’s forced family separation policy. While President Trump signed an executive order ending his family separation policy, the order did not undo the damage done by the policy, nor did it establish a plan to reunite separated family members. As we have learned in recent months, the federal government is still working to reunite families.
RECOGNIZING NORTH CAROLINIAN LEADERS

For the second year, Attorney General Stein honored North Carolinians from across the state with the Attorney General’s Dogwood Awards. The awards are given annually to recognize North Carolinians who are working to address serious issues facing our state and build safer, healthier, and happier communities.

The 2018 Dogwood Awards honorees are:

- Jim Albright, Director, Guilford County Emergency Services, Greensboro
- Asa Buck, Carteret County Sheriff, Beaufort
- Mike Cannon, co-founder of JCANS, Wilson
- Becky Cannon, co-founder of JCANS, Wilson
- J.H Corpening, Chief District Court Judge, 5th Judicial Circuit, Wilmington
- Debbie Dalton, founder of The Hunter Dalton #HDLife Foundation, Cornelius
- Bill Hollingshead, Chief of Police, Waynesville Police Department, Waynesville
- Monika Johnson-Hostler, Executive Director, North Carolina Coalition Against Sexual Assault, Raleigh
- William Lassiter, Deputy Commissioner of Juvenile Justice, NCDPS, Raleigh
- Bradley Letts, Superior Court Judge, Eighth Division, North Carolina Superior Court, Waynesville
- Spencer Merriweather, District Attorney, Mecklenburg County, Charlotte
- Kenneth Shultz, Chief of Police, High Point Police Department, High Point
- John Somerindyke, Lieutenant, Fayetteville Police Department, Fayetteville
- Kurtis Stewart, Board Chair of the New Bern Area of Improvement, New Bern/Durham
- Nicole Sullivan, Director – Reentry, Programs and Services, NCDPS, Raleigh
- Meade Horton Van Pelt, Executive Director, The Harrelson Center, Wilmington
Thank you for reading the North Carolina Department of Justice's 2018 annual report. We hope you will continue to stay engaged with our work at ncdoj.gov, @ncago on Twitter and at facebook.com/ncdoj. You can also sign up for regular updates here.