

1
2 COMMONWEALTH OF PENNSYLVANIA
3 HOUSE OF REPRESENTATIVES
4 APPROPRIATIONS COMMITTEE

5 MAIN CAPITOL
6 ROOM 140
7 HARRISBURG, PENNSYLVANIA

8 BUDGET HEARING
9 OFFICE OF ATTORNEY GENERAL

10 TUESDAY, FEBRUARY 11, 2014
11 2:36 P.M.

12 BEFORE:

13 HONORABLE WILLIAM F. ADOLPH, JR.,
14 Majority Chairman

15 HONORABLE KAREN BOBACK

16 HONORABLE JIM CHRISTIANA

17 HONORABLE GARY DAY

18 HONORABLE BRIAN ELLIS

19 HONORABLE GARTH EVERETT

20 HONORABLE GLEN GRELL

21 HONORABLE SETH GROVE

22 HONORABLE ADAM HARRIS

23 HONORABLE THOMAS KILLION

24 HONORABLE DAVID MILLARD

25 HONORABLE MARK MUSTIO

HONORABLE DONNA OBERLANDER

HONORABLE BERNIE O'NEILL

HONORABLE MICHAEL PEIFER

HONORABLE SCOTT PETRI

HONORABLE JEFF PYLE

HONORABLE CURT SONNEY

HONORABLE JOSEPH MARKOSEK, Minority Chairman

HONORABLE BRENDAN F. BOYLE

HONORABLE MATTHEW BRADFORD

HONORABLE MICHELLE BROWNLEE

1 BEFORE: (cont'd)

2 HONORABLE MIKE CARROLL
3 HONORABLE H. SCOTT CONKLIN
4 HONORABLE MADELEINE DEAN
5 HONORABLE DEBERAH KULA
6 HONORABLE TIM MAHONEY
7 HONORABLE MICHAEL O'BRIEN
8 HONORABLE CHERELLE PARKER
9 HONORABLE JOHN SABATINA
10 HONORABLE STEVEN SANTARSIERO
11 HONORABLE JAKE WHEATLEY

12 ALSO PRESENT:

13 HONORABLE KERRY BENNINGHOFF
14 HONORABLE PAUL CLYMER
15 HONORABLE JOE HACKETT
16 HONORABLE RON MARSICO
17 HONORABLE RICK SACCONI
18 HONORABLE BRYAN BARBIN
19 HONORABLE TOM CALTAGIRONE
20 HONORABLE DOM COSTA
21 HONORABLE DAN FRANKEL
22 HONORABLE JARET GIBBONS
23 HONORABLE BILL KORTZ
24 HONORABLE MARK LONGIETTI
25 HONORABLE CURTIS THOMAS

DAVID DONLEY, MAJORITY EXECUTIVE DIRECTOR
RITCHIE LAFAVER, MAJORITY DEPUTY EXECUTIVE DIRECTOR
DAN CLARK, MAJORITY CHIEF COUNSEL
MIRIAM FOX, MINORITY EXECUTIVE DIRECTOR

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KATHLEEN KANE
ATTORNEY GENERAL

5

1 P R O C E E D I N G S

2 MAJORITY CHAIRMAN ADOLPH: I'd like to
3 reconvene the House Appropriations Committee.

4 Certainly my pleasure to have before
5 this committee the Pennsylvania Attorney General,
6 Kathleen Kane.

7 Good afternoon.

8 ATTORNEY GENERAL KANE: Good afternoon.

9 MAJORITY CHAIRMAN ADOLPH: Apologize
10 for running a little late. The hearings always
11 seem to run a little longer than we planned.

12 ATTORNEY GENERAL KANE: Quite all
13 right.

14 MAJORITY CHAIRMAN ADOLPH: Okay.
15 Before we get started, I see we have a big group of
16 new people here, and I just want to go over some
17 housekeeping with you.

18 If you have iPhones and iPads with you
19 or any type of electronic devices, please turn them
20 off. It interferes with the PCN television.

21 Also, with us today, it's certainly my
22 pleasure to introduce the Republican and the
23 Democratic chair of the House Judiciary Committee,
24 Representative Ron Marsico and Representative Tom
25 Caltagirone. Welcome, chairmen.

1 Also with us is Representative Joe
2 Hackett, Representative Dom Costa, so the former
3 police officers of the House are well represented
4 here, as well as Representative Rick Saccone.
5 So -- also with us is, from Bucks County, Chairman
6 Paul Clymer, of the House Education Committee.
7 Welcome.

8 Any time that you are ready, Attorney
9 General, if you'd like to give a brief statement.
10 I know you don't have any written statements, and
11 we've all received your handout, but if you'd like
12 to make a couple short early comments, it's
13 certainly your pleasure.

14 ATTORNEY GENERAL KANE: Thank you,
15 Mr. Chairman.

16 Thank you, everyone, for being here.
17 And thank you for allowing us the opportunity to
18 let you know what we've done with your money and
19 the taxpayer money for the past year as well as how
20 we need to go forward to make Pennsylvania safer.

21 We've had incredible successes last
22 year. With the appropriation of 2.5 million
23 dollars for the child predator unit and almost
24 three million dollars for mobile street crimes
25 unit, we have made Pennsylvania safer for our

1 children and for our families.

2 We are here today because we can't stop
3 there. We are asking for an additional 13.9
4 percent, which is about nine million dollars, to
5 cover the cost of the salary and benefits increases
6 to keep the complement that we have in the Office
7 of Attorney General, to keep fighting the fight
8 that we already, I believe, are doing a good job at
9 doing, and, also, to add sixteen new agents in the
10 area of drug law. Those agents are important to
11 Pennsylvania because we have a surge in
12 prescription drug abuse in this commonwealth as
13 well as across the country, and we need those
14 agents, we need those boots on the ground to fight
15 that fight.

16 So, I will look forward to answering
17 your questions here today, and thank you for
18 allowing me the opportunity.

19 MAJORITY CHAIRMAN ADOLPH: Okay. Thank
20 you.

21 Chairman Markosek, any opening
22 comments?

23 REPRESENTATIVE MARKOSEK: Yes. Thank
24 you.

25 Madam General, welcome, again. I

1 remember last year, you were just brand new,
2 almost, when you came to this committee, and I
3 think most of us on this committee, both bipartisan
4 fashion, were very, very impressed with your
5 testimony then. And we look forward to your
6 testimony today.

7 ATTORNEY GENERAL KANE: Thank you.

8 MAJORITY CHAIRMAN ADOLPH: Okay. Thank
9 you.

10 My first question is regarding tobacco
11 settlement. And I also understand that there's
12 probably areas that you cannot discuss because you
13 may be negotiating with those folks. However, this
14 is a budget hearing, okay, and, unfortunately,
15 we're going to be without approximately a hundred
16 and eight million dollars of tobacco settlement
17 money we normally receive I think it's sometime in
18 the spring, if my memory serves correct.

19 For the members of the committee and
20 for the viewers, General, if you don't mind, could
21 you please explain to this committee what exactly
22 went down regarding the decision -- your decision
23 to -- not to accept a settlement, and what's the
24 future outlook look like regarding these funds?

25 ATTORNEY GENERAL KANE: Pennsylvania

1 started litigating the master settlement agreement
2 for the year of 2003. And as you well know,
3 Pennsylvania is not only charged with litigating
4 the matters but also charged with enforcing the
5 contract provisions of due diligence and
6 enforcement.

7 In 2003, the award -- the arbitration
8 decision recently indicated that Pennsylvania was
9 not diligent for their enforcement efforts in 2003,
10 and as such, Pennsylvania stands to lose
11 approximately between a hundred seventy and a
12 hundred and eighty million dollars for that one
13 year.

14 After -- prior to the decision coming
15 down, the arbitration decision coming down, the
16 tobacco companies went to a number of states with a
17 settlement offer. That offer was at a certain
18 amount of money, up-front money, that then would be
19 cut into the -- into the amount that Pennsylvania
20 would receive thereafter. So, in other words, they
21 offered a lump sum, basically, to dangle the carrot
22 in front of us, and then it also indicated that,
23 for the next couple of years, Pennsylvania's award
24 would be cut after that.

25 The problem with it was two-fold. The

1 first problem was, that number was a moving
2 target. We could not verify those numbers. We
3 went -- we called the National Association of
4 Attorneys General to help to us do the math and
5 verify those numbers. Our tobacco litigation
6 section could not verify that that was the actual
7 amount. And tobacco companies would not guarantee
8 that that was the actual dollar amount. That was
9 our first problem.

10 The second problem was even -- was
11 larger than that. The agreement would have bound
12 Pennsylvania into imposing a tax on roll-your-own
13 cigarettes or -- and tobacco product. You know, we
14 as the attorney general's office, we act as the
15 lawyer for the commonwealth. We could not enter
16 into a settlement agreement whereby we bound the
17 general assembly to imposing a tax that
18 Pennsylvania does not have. We did not have that
19 authority. So, therefore, we -- even if we wanted
20 to, even if the dollar amount was a fixed amount,
21 we could not enter into that agreement because I
22 did not have that authority.

23 As such, we went to members of the
24 general assembly. We told them of the settlement
25 offer, what the problems were, and how we could

1 proceed from there. I believe that we have been
2 very diligent in representing the interests of
3 Pennsylvania in partnering with the general
4 assembly at that point as well as going forward.

5 As you know, leadership has agreed and
6 has participated in hiring an outside law firm to
7 litigate the arbitration award. We believe that it
8 is incorrect and erroneous, and it is presently
9 being litigated in a court of law. It is in the
10 early stages, obviously. We are going to try to
11 recoup that hundred seventy million.

12 Going forward, we have to make sure
13 that our tobacco litigation section has the proper
14 number of people to make sure that we diligently
15 enforce, because we are now going into the process
16 of the 2004 year, whether Pennsylvania was
17 diligently enforcing in 2004. If it's found that
18 we were not, we could stand to lose even more money
19 after that. We have to show that we are enforcing
20 the provisions of that agreement.

21 MAJORITY CHAIRMAN ADOLPH: Okay. Thank
22 you very much for that explanation. And I
23 certainly hope that you are successful in -- in
24 arbitration with these folks. I don't know who
25 they are, who makes the decisions. Is this a

1 federal level?

2 ATTORNEY GENERAL KANE: It is, sir.
3 It's a group of retired federal judges that were
4 agreed upon between the working group of the
5 National Association of Attorneys General, all of
6 the states are together on it, as well as, then,
7 the tobacco companies. So, for 2004, it will be a
8 different panel than the 2003.

9 MAJORITY CHAIRMAN ADOLPH: Because
10 these funds have been put to very good use over the
11 years, you know, whether it is cancer research or
12 cessation programs, et cetera, et cetera. So, best
13 of luck to you --

14 ATTORNEY GENERAL KANE: Thank you.

15 MAJORITY CHAIRMAN ADOLPH: -- regarding
16 that.

17 And I'm going to turn this over to
18 Chairman Markosek.

19 MINORITY CHAIRMAN MARKOSEK: Thank you,
20 Chairman Adolph.

21 And General Kane, again, welcome.

22 It's been about a year now that you've
23 been on the job, and it's been quite a year for
24 you. And I have to say, it's been a very
25 impressive year, in my opinion, on how you've taken

1 over the job and how you run your office there.
2 And you've had some successes.

3 And one of those successes that I'm
4 aware of is your success in arresting child
5 predators. Now this current fiscal year, your
6 office was given an increase of three million
7 dollars to support your efforts and taking these
8 dangerous individuals who prey on our children off
9 the streets.

10 My question relative to that is two
11 part. Can you share with us the most recent
12 statistics related to those efforts? And, also,
13 can you explain how you can continue to achieve
14 those kind of goals of child predator unit with
15 less or flat funding in the upcoming fiscal year?

16 ATTORNEY GENERAL KANE: Yes, sir. And
17 thank you for your comments. We -- I have a
18 wonderful, wonderful dedicated team who -- a lot of
19 them are here today, and I can't take the credit
20 for it. I have to pass it along to them as well.

21 The child predator section received an
22 appropriation last year, and with that money, we
23 were capable of staffing that department to
24 nineteen people: five deputy attorney generals,
25 who are experts in the field of sexual predators,

1 twelve special agents and two analysts. The year
2 prior to me taking office, that section made nine
3 child predator arrests. Every single one is
4 important. As of today, there are a hundred
5 twenty-eight child predator arrests, with two
6 search warrants being served today as well, which
7 should bring the number up to about a hundred
8 thirty.

9 We have regional offices: a central,
10 eastern, and western, in Harrisburg, Norristown,
11 and Pittsburgh. We have a dedicated unit. We took
12 a storage facility in our Harrisburg office, and we
13 made it into a dedicated unit.

14 We used the money that also gave enough
15 just as staffing but for technical upgrades, for
16 computers for our agents. And all they do all day
17 long is track child predators.

18 Last year, I came before you, indicated
19 that we had approximately identified twenty-eight
20 hundred child predators in Pennsylvania. This year
21 I'm happy to say, it's about two thousand. So, we
22 believe that we've reduced that risk. There's
23 still plenty of work to do.

24 Going forward, if we have a cut in
25 funds or a flat-funded budget, which actually is a

1 cut in funds because of the increases in salary and
2 benefits due to union and nonunion contracts, then
3 we will be -- we will lose money, and we will have
4 to cut positions. We'll to have cut positions in
5 almost all areas, particularly drug -- the drug law
6 appropriation. And it just -- we can't have that.
7 We have to have -- we've already lost numerous,
8 numerous positions over the past couple of years,
9 too many, and we're down to a skeleton crew at this
10 point. We can't afford to lose anymore. And the
11 only way we can keep Pennsylvania safer is to keep
12 those boots on the ground, keep those agents out
13 there, and keep those prosecutors in the
14 courtroom.

15 MINORITY CHAIRMAN MARKOSEK: Thank you
16 for that answer. And I think all of us in the room
17 here understand the need -- the needs that your
18 office has.

19 It is a tight budget year. There's no
20 getting around that. We understand that, and
21 there's plenty of really good needs out there, and,
22 obviously, they all aren't going to get funded, but
23 I, for one, and I would hope for other members here
24 in the committee, would understand the importance
25 of what you do, and we'll redouble our efforts to

1 try to get you the appropriate finances that you
2 need to get your job done.

3 ATTORNEY GENERAL KANE: Thank you very
4 much.

5 MAJORITY CHAIRMAN ADOLPH: Thank you.
6 Chairman Ron Marsico.

7 REPRESENTATIVE MARSICO: Thank you,
8 Mr. Chairman.

9 Good afternoon, General.

10 ATTORNEY GENERAL KANE: Good afternoon.

11 REPRESENTATIVE MARSICO: Good to see
12 you.

13 ATTORNEY GENERAL KANE: Thank you.
14 Good to see you.

15 REPRESENTATIVE MARSICO: Just to follow
16 up on the point that Chairman Markosek -- in fact,
17 I have a series of questions, if it's okay,
18 Mr. Chairman, on behalf of the committee and the
19 committee members that are here.

20 Just to follow up on that child
21 predator unit that you have. You have done a
22 really good job with that. I think you touched on
23 this, but you said that there was a reduction in
24 the number of child pornography images that have
25 been traveling over the Internet. Did you say

1 that?

2 ATTORNEY GENERAL KANE: That is
3 correct. From twenty-eight hundred to about two
4 thousand. We gather that from our intelligence
5 as -- from our agents as well as our national
6 partners.

7 REPRESENTATIVE MARSICO: Okay. And as
8 you know, you testified at the House Judiciary
9 Committee hearing on the heroin epidemic, and we
10 appreciate your doing that and your input.

11 Addressing that growing epidemic, we've
12 examined -- been examining the law enforcement
13 response to that epidemic. And could you tell us
14 how your office is dealing with this epidemic?

15 ATTORNEY GENERAL KANE: Yes. When the
16 epidemic in western Pennsylvania, we first became
17 aware of it, and it was one of our intelligence
18 agents out there in the west who saw a pattern
19 developing, we immediately gathered our agents from
20 regions four, five, and six, which are out in the
21 west, our drug diversion agents as well as
22 narcotics agents, and they immediately partnered
23 with the local police departments as well as the
24 DEA. We partnered with Washington County drug task
25 force, Greene County drug task force, Allegheny

1 County police, Greene, Armstrong, Washington,
2 Clarion, and Allegheny County DA's offices. We
3 also partnered with the local police departments,
4 Pittsburgh, Clarion, Duquesne, Monessen, just to
5 name a few of the others.

6 Right now, we have taken -- there have
7 been a few arrests. A lot of the local police
8 departments have made those arrests. We have
9 participated in with them. Our office has also
10 made a number of arrests.

11 On January 30th, a search warrant was
12 executed in Clarion, where fifty bricks of heroin
13 stamp bags with a "sky high" were seized along with
14 money as well.

15 We also -- direct OAG results, found
16 one hundred twenty-five bricks of heroin that were
17 seized, thirty thousand in cash, and we've made
18 about twenty-one arrests so far.

19 We have put together a -- we have put
20 an analyst dedicated out into the west to start
21 tracking. We've contacted all of the hospitals,
22 the coroners, as well as EMT personnel to let us
23 know what the information is so that we can better
24 target our enforcing of efforts.

25 We've also tried to trace back the

1 drug, which we believe may be coming some place
2 from Detroit.

3 REPRESENTATIVE MARSICO: So, how do you
4 coordinate, then, with -- are you coordinated with
5 other states and federal levels?

6 ATTORNEY GENERAL KANE: Yes, sir. We
7 are. We are working very closely with the DEA.
8 They are helping us coordinate with the other
9 states. And they have the jurisdiction, then, to
10 trace it back to -- as we said, we think it's
11 coming from Detroit. But we have excellent
12 partnerships out in the west. Everyone is working
13 together. We now have a saturation patrol out
14 there, so to speak, with everyone working in tandem
15 and with the correct information.

16 REPRESENTATIVE MARSICO: You're asking,
17 then, for sixteen new drug agents, is that what I
18 heard?

19 ATTORNEY GENERAL KANE: That is
20 correct.

21 REPRESENTATIVE MARSICO: Okay. Then,
22 at the committee hearings, we heard that there was
23 a direct connection between prescription drug abuse
24 and eventual heroin use. And what efforts are -- I
25 guess, I would imagine what those new request,

1 agents -- sixteen, I think you said.

2 ATTORNEY GENERAL KANE: Sixteen, yes.

3 REPRESENTATIVE MARSICO: You would use
4 those folks, those agents to combat the -- that
5 connection?

6 ATTORNEY GENERAL KANE: Yes, sir. As
7 you are well aware, prescription drug abuse is on
8 the rise. It is, according to the CDC, an
9 epidemic.

10 Prescription drug abuse leads to heroin
11 abuse, because it's too expensive and the user
12 needs the high but can't afford it any longer.
13 Heroin is much, much cheaper, probably at least a
14 quarter of the cost of what prescription drug abuse
15 is.

16 The sixteen new agents would be put
17 under our drug law appropriation, and they would be
18 used in diversion efforts that we have, education
19 and outreach efforts that we have, to teach
20 children who the new drug dealer looks like. It's
21 not just the heroin dealer on the street anymore.
22 It's their friends who are taking medicine out of
23 their mother's cabinet and passing it along to his
24 friends.

25 So, we have a three-fold approach.

1 We're also working with the medical community, to
2 make sure that they are helping us. And we've also
3 supported legislation that would give law
4 enforcement the tools that we need to combat
5 prescription drug abuse.

6 REPRESENTATIVE MARSICO: That was going
7 to be my next question.

8 So, let's just shift gears a little bit
9 then and go to -- tell us about your Mobile Street
10 Crimes unit and how that initiative works.

11 ATTORNEY GENERAL KANE: Mobile Street
12 Crimes Unit, as you know, was formed last year with
13 the appropriation from the general assembly. That
14 is a comprehensive approach. It's not a regular
15 task force. It's not just a saturation patrol.
16 But it is all-encompassing.

17 We have twelve agents who are dedicated
18 just to the Mobile Street Crimes Unit. As you well
19 know, it was operating in a clandestine fashion
20 until about two or three weeks ago. It is up in
21 the Hazleton area, which, according to our threat
22 assessment, has a very high influx of drugs and
23 very low cost measures to be able to fight that.

24 They have been incredibly successful,
25 and not only in the number of statistics. And they

1 will be wrapping up in approximately two more
2 weeks. And I think that you will be astounded by
3 the number of arrests. But the best thing for us
4 is that we have reached children who are being used
5 as mules, good kids from, you know, good schools,
6 straight A students, and they're being used as
7 mules. We were able to identify them, pull them
8 out of those gang-related drug deals and make sure
9 that, you know, their parents knew what happened
10 and that we were able to make sure that they can go
11 forward with a healthier lifestyle.

12 We were able to identify a number of
13 gangs in the Hazleton area. A number of drugs were
14 taken off of the streets. But the best thing about
15 it is that we have reports from the neighbors and
16 the citizens of the Hazleton area that there seemed
17 to be a calm in their areas, and there was a
18 peacefulness, and they saw a lot more police
19 activity.

20 Chief DeAndrea is the Hazleton police
21 chief, who is a wonderful, dedicated public
22 servant, been in law enforcement for almost thirty
23 years. He wrote a letter that we'll share with all
24 of you that indicates that -- the people now have
25 hope. They understand that they're not forgotten

1 by all of you and all of us, that they have hope
2 that they can live a life that they used to live
3 and it can be safer in the Hazleton area.

4 We will be ending that deployment, as I
5 said, and moving that Mobile Street Crimes Unit to
6 another area. We are assessing that threat right
7 now.

8 REPRESENTATIVE MARSICO: Okay. Thank
9 you very much.

10 ATTORNEY GENERAL KANE: Thank you.

11 REPRESENTATIVE MARSICO: Thank you,
12 Mr. Chairman.

13 MAJORITY CHAIRMAN ADOLPH: Thank you.
14 Chairman Caltagirone.

15 REPRESENTATIVE CALTAGIRONE: Thank you,
16 Mr. Chairman.

17 Congratulations on your first year,
18 Attorney General Kane.

19 ATTORNEY GENERAL KANE: Thank you.

20 REPRESENTATIVE CALTAGIRONE: Nice to be
21 working with you.

22 As you know, I represent Reading, and
23 I've seen several high-level arrests of doctors in
24 my area who were flooding the streets of my
25 district and county with prescription drugs. I

1 have been around a long time, and I've never, ever
2 seen the saturation of prescription drugs being
3 abused as they are.

4 And let me just share this with you and
5 the members here today. Last year, we had a crimes
6 summit in Reading hosted by the governor, the
7 attorney general, with the US attorney's office
8 there, the FBI, DEA, state and local police, local
9 law enforcement, the DA. And we're trying to do a
10 coordinated effort with all of those agencies to
11 stop the flow of heroin, drugs coming up the
12 corridor, and, of course, the prescription
13 situation that we have in Reading, in Berks
14 County.

15 And, of course, you did a fine job with
16 that one doctor. I think they confiscated over
17 seven and a half million and another ten million
18 plus went out of country, and God knows, that might
19 be just the tip of the iceberg.

20 Can you comment on this problem? What
21 do you think we, in the legislature, can help to do
22 to fix it?

23 ATTORNEY GENERAL KANE: We have --
24 there are certain legislative fixes that -- as you
25 know, we've supported the prescription drug

1 monitoring, which would give law enforcement access
2 to schedules two, three, four, and five drugs.
3 It's a proactive approach. We don't ever believe
4 in waiting until we have an epidemic of heroin
5 overdoses, fentanyl-laced overdoses, or
6 prescription-drug overdoses until we do something
7 about it. It is a proactive approach. It's an
8 unbelievable tool for law enforcement. It's been
9 successful in a number of other states. That would
10 be a legislative fix.

11 Also, Senator Rafferty has proposed to
12 have a prescription form that would be used by all
13 doctors and pharmacists as well as nurse
14 practitioners, and that would be almost counterfeit
15 proof. That would be another -- another great fix
16 and another great tool for law enforcement. But we
17 have to put the money behind it. We just have no
18 choice.

19 We have to have those troops on the
20 ground. We must have those agents out there. Our
21 education and outreach department is a vital, vital
22 tool for children and their families and schools.
23 We've made thousands -- we've reached thousands and
24 thousands and thousands of people across
25 Pennsylvania over the past year.

1 We need education. We need
2 enforcement. We need prosecution.

3 We also need to make sure that the
4 addicts get the help that they need so that they
5 don't reoffend and that we cut off that supply and
6 that demand.

7 And we also need to make sure that we
8 have the tools necessary.

9 REPRESENTATIVE CALTAGIRONE: Just one
10 real follow-up was Representative DiGirolamo had a
11 piece legislation in our committee, Judiciary. It
12 was voted out. And that would try to tag and
13 target the pharmacies with a record that would be
14 kept as to the prescription pills, the hard
15 narcotic-type pills that are being utilized, to see
16 who may potentially be abusing them and to track
17 that somewhat, so that we still can get a handle on
18 doctors who are abusing the privilege with the hard
19 drugs that they can write scripts for, like this
20 one in Reading, over three thousand scripts. I
21 mean, it's just mind boggling to think they would
22 do something like that, especially professional
23 doctors who are taking oaths to do no harm.

24 Can you comment on that?

25 ATTORNEY GENERAL KANE: Absolutely.

1 Our diversion unit, which is under the drug law
2 appropriation, that's exactly what they do. They
3 monitor the hospitals, long-term care facilities,
4 as well as the doctors and pharmacists to make sure
5 that they're not over prescribing. But the
6 prescription drug monitoring bill would do that for
7 us as well. It would indicate to us whether a
8 doctor or pharmacy is overprescribing. It would be
9 an indicator that, then, we can go out and
10 investigate before people lose their lives. It's a
11 very important tool. It's an important bill that
12 we support wholeheartedly. And I think that you
13 would see the results next year if we had that
14 legislation enacted.

15 REPRESENTATIVE CALTAGIRONE: Thank you,
16 Attorney General Kane.

17 And thank you, Mr. Chairman.

18 MAJORITY CHAIRMAN ADOLPH: Thank you.

19 Representative Mark Mustio.

20 REPRESENTATIVE MUSTIO: Thank you,
21 Chairman.

22 Welcome, Attorney General.

23 First, let me say, I appreciate your
24 staff reaching out to members as far as what our
25 interested subject is, because many times, we'll

1 ask questions of a testifier, and they'll have to
2 get back to us, so I appreciate you respecting the
3 legislative body enough to come prepared for
4 questions. So, thank you.

5 Last year, I asked a question related
6 to Highmark UPMC issue in southwestern
7 Pennsylvania. That has not been resolved.
8 Clearly, from a budget standpoint, that is going to
9 have some impact on health care costs for state
10 employees, particularly in southwestern
11 Pennsylvania, but also for family budgets of many
12 of our constituents.

13 I am not asking you for a silver bullet
14 today. I don't think there is one, or we would
15 have already shot that one. But what I am asking
16 is to see if there is a possibility that you would
17 see a scenario where your involvement would be
18 needed -- if there is a scenario in this process
19 where you think the attorney general's office would
20 be needed to intercede.

21 ATTORNEY GENERAL KANE: As you know
22 with UPMC and Highmark, they are charitable
23 institutions, nonprofit institutions, of which we
24 have oversight over. We also have a health care
25 division of which we also have oversight over.

1 We are very aware of the situation out
2 in western Pennsylvania. I travel there all the
3 time. I see the commercials on television. I talk
4 to people out there. It is something that is
5 definitely affecting the west, too, in a negative
6 way.

7 We are making sure that we keep our eye
8 on the situation. We know what our authority is.
9 And we -- I will tell you that we will use our
10 resources appropriately, if need be, but at this
11 time I can't let you know whether we have any
12 investigation going or whether we will be filing
13 any actions in the near future.

14 REPRESENTATIVE MUSTIO: Representative
15 Christiana and Representative Frankel have
16 introduced legislation in the House. And
17 Representative Christiana and I have made several
18 visits to employers, employer organizations. And I
19 think that they want to make sure that, one, if a
20 solution is not going to be found soon, then let
21 them know so they can plan. What they don't want
22 to see happen, from a business perspective, is for
23 something to take place in the third quarter of the
24 year, because decisions need to be made quickly
25 here in April. So, from your perspective and if

1 your staff has -- if you have staff assigned to
2 this, if there's anything that can be done, that
3 you see a scenario arising, it needs to be done
4 quickly.

5 ATTORNEY GENERAL KANE: Thank you. I
6 understand.

7 REPRESENTATIVE MUSTIO: Thank you very
8 much.

9 MAJORITY CHAIRMAN ADOLPH: Thank you.
10 Representative Carroll.

11 REPRESENTATIVE CARROLL: Thank you,
12 Mr. Chairman.

13 General, thank you so much for your
14 fine work in northeastern Pennsylvania. You
15 referenced already the outstanding work in
16 Hazleton. As somebody who represents a district
17 very close by, I can tell you that those of us in
18 northeastern Pennsylvania greatly appreciate that
19 effort on behalf of the citizenry.

20 ATTORNEY GENERAL KANE: Thank you.

21 REPRESENTATIVE CARROLL: I'd like to
22 move back, if I could, to Chairman Adolph's
23 discussion relative to MSA and the hundred and
24 eighty million dollars in lost funds -- potential
25 lost funds for our commonwealth. And you mentioned

1 in your response that the attorney general, of
2 course, does not have the capacity to impose a tax
3 on roll-your-own cigarettes.

4 My first question is, Madam, if such a
5 tax were in place, what sort of flexibility would
6 that provide to you with respect to your ability to
7 proceed?

8 ATTORNEY GENERAL KANE: It allows us to
9 locate the roll-your-own tobacco companies that we
10 are, then, charged with enforcing. So, right now,
11 since we don't have a tax, we almost don't know
12 where they are. And, you know, we go out, and we
13 make inspections and we do what we can. We rely
14 upon tips. But if there was an excise tax imposed,
15 then we would know where they are. That would
16 certainly have been our diligent enforcement.

17 And, also, let me make clear that we
18 believe that for 2003, that that arbitration award
19 was incorrect. We believe that Pennsylvania was a
20 diligent enforcer. We believe the same thing for
21 '04 all the way up to the present day. But it
22 would make it a bit easier for us if that was the
23 case.

24 REPRESENTATIVE CARROLL: So, can I just
25 characterize that answer to believe that the

1 imposition of such a tax would insulate us in a
2 much more sincere way with respect to the potential
3 loss of a hundred eighty million dollars?

4 ATTORNEY GENERAL KANE: Taking away the
5 policy decision of, you know, taxing, which is not
6 my bailiwick, I will tell you that from a law
7 enforcement perspective, when we know where they
8 are, it's easier for us to enforce.

9 REPRESENTATIVE CARROLL: And then you
10 mentioned just a -- you mentioned just a second ago
11 that the hundred eighty million dollars that's at
12 risk is the result of the arbitration related to
13 2003. I assume that there are -- there is a
14 potential for additional risk and losses moving
15 forward beyond 2003. Is that a safe
16 characterization?

17 ATTORNEY GENERAL KANE: That is
18 correct. In fact, as I speak, they are going
19 through the process of putting together an
20 arbitration panel and getting the rules for the
21 mediation between the states on 2004.

22 REPRESENTATIVE CARROLL: All right.
23 So, thank you for the answers. I think it
24 highlights the importance for those of us in the
25 general assembly to contemplate future actions

1 relative to the roll-your-own cigarette policy and
2 whether or not the imposition of a tax on those
3 sorts of activities and, you know, the
4 contemplation that we must have relative to future
5 losses beyond just a hundred and eighty million --
6 potential hundred and eighty million dollars from
7 2003 activities.

8 Madam General, I'll wrap up with just a
9 quick shift relative to a subject that's near and
10 dear to my heart. You and I have talked about this
11 and your staff has been helpful. I'll remind you
12 again about the desire that I have and many folks
13 in the world of higher education relative to
14 community colleges and higher education private
15 universities with respect to campus police
16 departments and the desire to try and move forward
17 so that we can have some -- a level of protection
18 for students at the community colleges and private
19 universities equivalent to what exists at the
20 state-related and state system schools.

21 I'd ask you to continue your efforts
22 with me in an effort to try and reach a resolution
23 to what, admittedly, is a very complex matter.

24 ATTORNEY GENERAL KANE: Absolutely.

25 REPRESENTATIVE CARROLL: Thank you.

1 MAJORITY CHAIRMAN ADOLPH: Thank you.
2 Representative Brian Ellis.

3 REPRESENTATIVE ELLIS: Thank you,
4 Mr. Chairman. I appreciate it.

5 Attorney General, thank you for coming
6 today. It's always a pleasure to have you in front
7 of us.

8 We, the many different committees, have
9 many questions for you all the time. And I'm going
10 to keep mine very short today.

11 Recently, you decided your office was
12 going to go ahead and take a look at XTO
13 Corporation, and you decided to go ahead and
14 prosecute them criminally for an accident that they
15 had incurred. And the accident, itself, was
16 investigated by both the EPA and Department of
17 Justice under the Obama administration, and they
18 thought that charges were not warranted, and yet
19 you went ahead and processed them criminally.

20 I guess my understanding -- what I need
21 to understand is, what made you decide that? And
22 who specifically -- was it anybody specific that
23 was guilty of something that you thought -- or
24 presumed guilty, that you decided to go after?

25 ATTORNEY GENERAL KANE: To answer your

1 last question first, we charged the corporation,
2 which we are allowed to do under the criminal
3 statutes of Pennsylvania. So, whether there was --
4 no individual person was charged in that case.

5 The federal government had entered into
6 a civil settlement with XTO. Speaking with the
7 United States attorney for the middle district,
8 Peter Smith, he indicated that they did not have
9 the jurisdiction. They did not have the criminal
10 statute under which to charge.

11 REPRESENTATIVE ELLIS: So, did they
12 advise you to criminally charge, or was that still
13 your decision?

14 ATTORNEY GENERAL KANE: It was my
15 decision. Yes.

16 REPRESENTATIVE ELLIS: Okay. And he
17 was with the Department of Justice, or with the
18 EPA?

19 ATTORNEY GENERAL KANE: Department of
20 Justice.

21 REPRESENTATIVE ELLIS: Who did you
22 speak with at the EPA? Did they make any
23 recommendations at all what you should do?

24 ATTORNEY GENERAL KANE: I, personally,
25 did not speak with anybody, although our

1 investigators received the case from the Department
2 of Environmental Protection.

3 REPRESENTATIVE ELLIS: Okay. I
4 appreciate that.

5 I just -- you know, you came here
6 today, and you're asking for the largest increase
7 of anybody that's going to come before us in my six
8 years on the Appropriations Committee. I think
9 it's certainly understandable the things that could
10 be done if we had the money, but as Chairman
11 Markosek indicated, we are in a tight budget year.

12 But I guess what I want to know is, how
13 much money is your office spending on things like
14 prosecuting businesses that are providing services
15 to community, jobs, family-sustaining jobs here in
16 Pennsylvania, growth, keeping energy prices down?
17 Was it a one-time incident with XTO, or are there
18 other companies that you're looking at to go after
19 and use your resources that could be used for some
20 of these other things that you indicated you need
21 increases for? Was this a one-time thing, or do
22 you think you'll continue, even down the road, to
23 go after companies that have entered into civil
24 agreements with the federal government?

25 ATTORNEY GENERAL KANE: As you know, as

1 the chief law enforcement officer, I am discharged
2 with the duties of enforcing the laws of the
3 commonwealth. Where the laws are broken, I will
4 enforce those laws, whether it's a company, whether
5 it's an individual, whether it's a drug dealer.
6 That's my job.

7 REPRESENTATIVE ELLIS: Okay.
8 I appreciate that.

9 How much have we spent so far looking
10 at the criminal -- the civilly settled suit by
11 XTO? How much has your office spent?

12 ATTORNEY GENERAL KANE: On the criminal
13 prosecution?

14 REPRESENTATIVE ELLIS: Yes.

15 ATTORNEY GENERAL KANE: It falls under
16 the criminal law division, of which we don't -- we
17 can't pull up those numbers specifically. We have,
18 obviously -- we haven't hired any outside counsel
19 to do that prosecution, so it all falls under the
20 criminal division appropriation.

21 REPRESENTATIVE ELLIS: Is it available
22 for us, a list of everything that's being handled
23 under that? I mean, not specifically breaking down
24 case by case, but how many different cases are
25 being handled in that?

1 ATTORNEY GENERAL KANE: Under the
2 criminal law division?

3 REPRESENTATIVE ELLIS: Yeah.

4 ATTORNEY GENERAL KANE: Yes. We can
5 give you the to-date. We can't give you the amount
6 of investigations or the names of the
7 investigations, obviously.

8 REPRESENTATIVE ELLIS: Sure. But how
9 much were allocated specifically for that?

10 ATTORNEY GENERAL KANE: For that line
11 item.

12 REPRESENTATIVE ELLIS: Yes.

13 ATTORNEY GENERAL KANE: Yes. That
14 falls under our GGO, which is our general operating
15 fund, and it -- which encompasses the civil law
16 division, the criminal law division, and the public
17 protection division.

18 REPRESENTATIVE ELLIS: Okay. Thank you
19 very much.

20 ATTORNEY GENERAL KANE: You're welcome.

21 MAJORITY CHAIRMAN ADOLPH: Thank you.
22 Representative Parker.

23 REPRESENTATIVE PARKER: Thank you,
24 General.

25 And thank you, Mr. Chair.

1 General, I want to start with one of
2 the questions that I asked this department every
3 year on an annual basis in regards to the issue of
4 witness relocation.

5 I notice that there's a one hundred
6 thousand dollar additional increase that you are
7 requesting for witness relocation. In addition to
8 that, I believe your department recently filed some
9 witness intimidation charges against some
10 individuals.

11 Talk to us, if you will, about this
12 program. And I would be particularly interested in
13 how valuable it is outside of the city of
14 Philadelphia. Because what traditionally happens
15 is, you mention witness relocation and people just
16 think, Well, the only place that program is used is
17 in the city of Philadelphia. If you could talk to
18 us about how it benefits your office overall.

19 ATTORNEY GENERAL KANE: Yes. First,
20 let me answer your question of that we have used
21 that money outside of Philadelphia on numerous
22 occasions. Nine cases were in Allegheny county,
23 eight of them were gun related; three cases were in
24 Chester County, one gun related; three were in
25 Lancaster County, also all three were gun related;

1 and there were six OAG cases, two of them were gun
2 related. Almost the same statistics for the prior
3 year, 2012-2013.

4 There is no doubt that the witness
5 relocation program is a vital use to prosecutors.
6 If we don't have a witness who shows up for court,
7 we cannot prosecute that case.

8 And as you saw, it was, I believe, not
9 last summer but the summer before, there was a -- a
10 violent criminal who, the witness did not show up
11 for court, the courts and the district attorney had
12 no, had -- you know, they couldn't do anything but
13 dismiss the case. And then a couple of months
14 later, that criminal went out and shot and killed a
15 police officer. We can't have that.

16 We have to make sure that the witnesses
17 know that they are safe. We depend upon them for
18 the prosecutions.

19 In 2013, our office opened up a hundred
20 twenty-four cases under the witness relocation
21 program. In fiscal year '12 to '13, our office
22 opened up a hundred fifty-one cases. Of the
23 hundred and twenty-four I just indicated, one
24 hundred one involved the use of a gun, fifty were
25 homicide related. That's a large number.

1 We need to make sure that the witnesses
2 are safe. We're asking for that extra money
3 because when we get towards the end, we have to --
4 we don't ever turn anyone away, but where they may
5 need three thousand dollars, we're only capable of
6 giving them one thousand dollars. We want to make
7 sure they have the resources necessary to carry out
8 through the end of the year to the degree that --
9 to the degree that's necessary.

10 REPRESENTATIVE PARKER: Finally,
11 General, I notice here from the joint local/state
12 firearms task force, there is a request for an
13 additional one hundred seventy-seven thousand
14 dollars.

15 Talk to us, if you will, about the
16 value of this task force to the department. And
17 with that in mind, from a legislative and a policy
18 perspective, issues that we've heard here in our
19 general assembly and across the nation being
20 bandied about. And one, obviously, lost and stolen
21 reporting of guns, something that I have been
22 working on for a very long time, along with the
23 universal background checks. Talk to us about what
24 your position is in thinking and how, if those two
25 pieces of public policy, in particular, were

1 successfully followed through as it relates to this
2 legislative body, how would that impact what you
3 do, particularly with that local and state firearms
4 task force.

5 ATTORNEY GENERAL KANE: The Gun
6 Violence Task Force in Philadelphia is also another
7 incredibly successful program. Since its
8 inception, the task force has opened over twenty-
9 seven hundred cases, investigations, arrested nine
10 hundred and seventeen individuals, recovered over
11 eighteen hundred illegal firearms.

12 In 2013 alone, the task force opened
13 three hundred forty investigations, resulting in a
14 hundred and thirty-five arrests, and recovered a
15 hundred forty firearms.

16 We are requesting the additional
17 increase so that we can -- we can keep our
18 complement in that Gun Violence Task Force that
19 only is for the benefit and the union salary
20 increases.

21 To get to your position regarding lost
22 and stolen, lost and stolen would be a tool that
23 prosecutors and police officers can use for straw
24 purchasers. So, in other words, a straw purchaser
25 really only has to get up on the stand and say,

1 "Well, I don't know where my gun is. It was lost
2 or it was stolen."

3 All lost and stolen does is indicate
4 that, you know, if your gun is lost or stolen
5 within a certain amount of time, you just have to
6 report it, just so that -- for tracking purposes
7 and for prosecutorial purposes. It also would
8 serve to protect the innocent, really.

9 I believe that universal background
10 checks, the way I see it is, if you're going to do
11 a background check, do it right, you know. A gun
12 is a gun. It doesn't matter whether it's a handgun
13 or if it's a long gun. It doesn't matter. They
14 both shoot the bullets. Do a universal
15 background. It's really -- to my eyes, it's a
16 comprehensive background check. There shouldn't be
17 holes. There shouldn't be one person has to do a
18 background check and another one doesn't. Now,
19 certainly the exceptions for familial transfers,
20 absolutely, that should be excluded. The
21 exclusions, I think, are very appropriate. But, if
22 we're going to do a background check, just do it
23 right.

24 REPRESENTATIVE PARKER: Thank you,
25 General.

1 Thank you, Mr. Chair.

2 ATTORNEY GENERAL KANE: Thank you.

3 MAJORITY CHAIRMAN ADOLPH: Thank you.
4 Representative Karen Boback.

5 REPRESENTATIVE BOBACK: Thank you,
6 Mr. Chair.

7 Good afternoon, General Kane. Thank
8 you for being with us.

9 When I perused your legislative budget
10 for the '14-'15 year, I didn't see a line item for
11 elder abuse and fraudulent practices against our
12 elderly, and yet I know that your office is
13 dedicated to protecting our seniors. Did I miss
14 it?

15 ATTORNEY GENERAL KANE: You did not.
16 The elder abuse unit is located in two separate
17 divisions: the Bureau of Consumer Protection as
18 well as the criminal law division. We decided
19 that, because of the nature of elder abuse, whether
20 it's neglect of a care-dependent person, which also
21 falls under our Medicaid fraud section, that we had
22 to separate them out.

23 As you know, most of the issues
24 relating to the elderly are either neglect, abuse,
25 or consumer protection issues. And, in fact, some

1 of the top complaints from our seniors that have
2 come into our consumer protection division are the
3 "do not call" list, the home improvement,
4 telecommunications and broadcast, consumer credit,
5 and money issues. So, we decided, to best serve
6 the elderly, we had to break it into the two
7 separate divisions.

8 We have an elder abuse hotline. All of
9 those calls go into one person. She then farms
10 them out to exactly where they need to go, whether
11 it's consumer protection or whether it's to an
12 agent in the criminal law division.

13 REPRESENTATIVE BOBACK: Okay. And
14 thank you for that.

15 And regarding the hotline, several of
16 the constituents that I have had spoken to me about
17 it. They called the hot line, but, of course, if
18 they've been scammed through the telephone, where
19 they, themselves, give out personal information and
20 the scammer happens to be on a foreign land
21 somewhere, then, of course, they have no recourse.

22 So, what I'm looking for, then, is
23 there something that this branch of your office,
24 along with, perhaps, our offices, can do as a
25 preventative measure? Most of us have senior

1 expos. We have elder abuse task forces, senior
2 days, elderly senior days.

3 What else can we do to bring this to
4 awareness? Because, as hard as we try, there's a
5 new scam on the market. Once we solve one problem,
6 there's another. So, any suggestions that we can
7 help you and you can help us?

8 ATTORNEY GENERAL KANE: What you
9 already do is of vital importance, too, and what
10 I'm sure all of you do in your districts and what
11 our office does as well. The most that we can
12 do -- the problem with international scammers and
13 spoofer, no, we can't catch them. We can't. And
14 it's unfortunate. We don't have the jurisdiction.
15 We don't have the technology. And, you know, even
16 if we call Interpol, their laws aren't the same as
17 ours, and it may not even be illegal where the
18 scammers are located.

19 So, the best that we can do is our
20 education and outreach. Our education and outreach
21 department had one dedicated individual, agent, who
22 was assigned to senior issues. When I took over,
23 we expanded our education and outreach, and we
24 cross-trained all of the agents. So, we now have
25 nine, and we're hoping to add three more agents, so

1 that they can blanket the state.

2 They've done thousands of seminars.
3 They've talked to the elderly all the time. We
4 send out news alerts. We send out text messages.
5 And we do the best that we can to keep ahead of it.
6 But, unfortunately, that's the most that we can do.
7 Education is a vital key.

8 REPRESENTATIVE BOBACK: Thank you very
9 much.

10 Thank you, Mr. Chairman.

11 MAJORITY CHAIRMAN ADOLPH: Thank you.
12 Representative Wheatley.

13 REPRESENTATIVE WHEATLEY: Thank you,
14 Mr. Chairman.

15 And good afternoon, Madam General.

16 I want to start by -- I wasn't going to
17 ask this question, but I guess the previous speaker
18 asked a question related to the corporate
19 investigation, and I'm hoping, as you calculate how
20 much you've spent to go after these companies,
21 maybe compared to when your predecessor used a lot
22 of resources to come after elected officials. So,
23 maybe there's a correlation between what it costs
24 to investigate corporations and what it may cost
25 previous administrations to investigate other

1 elected officials. So, I would like to see that
2 comparison, too, if you're going to submit
3 something. Not that you have to respond to that,
4 just -- that was my statement off of if you are
5 wasting or spending money to go after corporations
6 that might not be warranted.

7 The other thing I have is just a
8 clarity, because the question came about the
9 Highmark UPMC issue, what has become very serious
10 for constituents of mine, especially as the
11 American -- I mean the Affordable Care Act has
12 started to become real, a lot of my citizens are
13 taking and selecting Highmark's plan because it's
14 just a cheapest one in the market so far, but the
15 reality of the situation is, there might come a
16 time where they are not going to be served by some
17 of the closest hospitals in the area.

18 So, at that point, what happens? Do we
19 have a recourse, legally, to challenge to be seen?

20 And, again, I know that you kind made
21 mention to it. I'm not sure if you can talk about
22 it at all, but, I think, for us in the west,
23 especially in Pittsburgh, it's a real serious issue
24 for people, that they may not be aware, as they're
25 selecting their health plans, that there might come

1 a time if something is not done, close to what is
2 being proposed here in the House, that these people
3 will not be able to be seen. So, that's a real
4 issue for us.

5 ATTORNEY GENERAL KANE: Yes. It's of
6 vital importance to us that we also -- we monitor
7 the accessibility of health care as well as the
8 affordability of health care, which is within our
9 jurisdiction. And as I said, we are monitoring the
10 situation of what is occurring between all of the
11 health care companies, not just UPMC or Highmark,
12 that it's something that is important to us. It's
13 within our jurisdiction. And while I can't comment
14 specifically on UPMC and Highmark, I can tell you
15 that we will use the resources that we have if the
16 time is appropriate and if it is the appropriate
17 action in any instance.

18 Whether your constituents can file a
19 legal suit, that, I can't give you a legal opinion
20 on, I can only tell you what the Office of Attorney
21 General can or cannot do.

22 REPRESENTATIVE WHEATLEY: Sure.

23 And my last -- two quick ones,
24 Mr. Chairman, if I may, is I've been getting a lot
25 of social media contacts from constituents who are

1 interested in us moving towards the legalization of
2 marijuana, and I know that it's a very dicey issue
3 here. But the decriminalization of marijuana is
4 what I'm most interested in, because
5 African-American or low-income folk tend to be
6 sentenced at different levels as it relates to
7 that. Wanted to get your opinion, your take on the
8 decriminalization of marijuana.

9 ATTORNEY GENERAL KANE: First, let me
10 address the disparity in sentencing. That is
11 unacceptable. And I believe that everyone is
12 working to -- hopefully, to eradicate the
13 disparity. It should never be like that.
14 Sentencing should never depend upon which group is
15 affected the most. So, I am -- we will do whatever
16 we can to make sure that that doesn't happen.

17 With regard to the decriminalization of
18 marijuana, I am opposed to it.

19 REPRESENTATIVE WHEATLEY: Sure.

20 Now -- again, this is my final
21 question, Mr. Chairman.

22 Because of the incident of where most
23 of these individuals tend to come from, by nature
24 of how you even pose the task force that you have
25 as it relates to violence. It's focused on large

1 urban areas. We've tried to look at innovative
2 ways to take from the seizure money or forfeiture
3 money and reinvest it in neighborhoods in a way
4 that prevents people from going down the wrong
5 paths and not necessarily just focusing on law
6 enforcement. So, I know a lot of what we do
7 focuses on buying of equipment or using it for law
8 enforcement to reinvigorate themselves.

9 Have you thought of maybe a partnership
10 to change that so that maybe those investments can
11 come back into the neighborhoods, either through
12 youth activities -- I know, at some point, that's
13 what Weed and Seed was used for. I'm not sure if
14 you're still partnering in those things, but we
15 would really like to work with your department and
16 agency to look at more creative ways to maybe
17 prevent folks from making wrong decisions, by using
18 the forfeiture money not just for law enforcement
19 but in other ways to reinvest in those communities.

20 So, again you don't have respond unless
21 you want to, but we would love to follow up with
22 you.

23 And thank you, Mr. Chairman.

24 ATTORNEY GENERAL KANE: Very quickly, I
25 will. We are bound by law as to what we can spend

1 the seizure money on, but we are always willing to
2 work with anybody who will help us in bettering
3 neighborhoods and making communities safer.

4 REPRESENTATIVE WHEATLEY: Thank you.

5 MAJORITY CHAIRMAN ADOLPH: Thank you.

6 Representative Scott Petri.

7 REPRESENTATIVE PETRI: Thank you,

8 Mr. Chairman, for recognizing me.

9 And thank you, General, for being here
10 today.

11 Some of my colleagues asked already
12 about prescription drugs, but, I believe -- and I
13 just want to make sure I'm clear on this -- your
14 office and most law enforcement believe that you
15 should not now be required to get a subpoena in
16 order for you to see the information.

17 ATTORNEY GENERAL KANE: That is
18 correct. We believe that the most appropriate
19 burden of proof would be reasonable suspicion
20 rather than probable cause.

21 REPRESENTATIVE PETRI: I agree with
22 you, and I would share with that I think it's
23 probably the number one crime-related problem in my
24 district, and I saw a fiscal note that indicated --
25 I thought the number was somewhere around four

1 hundred million dollars in cost to the state just
2 in managed care organizations. So, I'm glad to
3 hear you say that. Hopefully, the Senate will send
4 that bill back over so that the governor can sign
5 it into law.

6 One of my other colleagues asked about
7 elder abuse, so I'm going to skip that.

8 I wanted to talk a little about the
9 third area that I do see quite a bit of activity in
10 the papers, and I hear a lot the complaint about,
11 and that is, crimes related to nonprofits. Can you
12 tell us, how many investors and prosecutors you
13 have in those areas and the type of cases you're
14 seeing?

15 ATTORNEY GENERAL KANE: In the public
16 protection division -- in the public protection
17 division, it is made up of the charitable trust and
18 organization section as well as the antitrust
19 section. We have the authority, obviously, under
20 the Commonwealth's Attorneys Act.

21 We have -- our complement is made up
22 of -- I don't think I have that here. However, we
23 do make sure that we have oversight over the
24 financial conditions of all nonprofits. We want to
25 make sure that they're spending the money with

1 regard to the mission that they're supposed to, as
2 well as spending it properly. Right now, we have
3 approximately ten major investigations going. And
4 we have fourteen people who make up the charitable
5 trust and the antitrust division under the public
6 protection division.

7 REPRESENTATIVE PETRI: Okay. And the
8 final question I would have for you, as state
9 prosecutor, would you have any advice to fellow
10 board members who may not be -- you know what
11 happens with these nonprofits. A lot of times
12 they're participating, but you don't really have
13 the time. Do you have some advice on their
14 responsibilities and duties vis-a-vis the money
15 that they're receiving and watching over their
16 fellow board members?

17 ATTORNEY GENERAL KANE: That is an
18 excellent question, and I sat on a few nonprofit
19 boards myself, and I know that, at times, the
20 meetings get daunting and you tend to move it, move
21 it past, move it past.

22 My best advice is, is that, you know,
23 those days are over. Money needs to be well
24 spent. Money is tight. People give up, you know,
25 their ten dollars every month just to go to a

1 charity that they believe in. We have an
2 obligation and the officers of the board have an
3 obligation to spend it wisely. So, the days of
4 rubber stamping and not paying attention, I
5 believe, are well over.

6 And I believe that people sit on
7 nonprofit boards for a good reason. They do care
8 about the -- they do care about what they're doing,
9 and they do care about the mission. All they have
10 to do is watch the mission, watch the money, ask
11 the questions, and speak up if they see
12 irregularities.

13 REPRESENTATIVE PETRI: Thank you.

14 Thank you, Mr. Chairman.

15 MAJORITY CHAIRMAN ADOLPH: Thank you.

16 Representative Scott Conklin.

17 REPRESENTATIVE CONKLIN: Thank you,
18 Mr. Chairman.

19 I want to thank you, Madam General, for
20 being here. Most of all, I must say, you've made
21 Pennsylvania proud with your ability to take on
22 individuals who most folks would be afraid to
23 question. So, congratulations on that.

24 I've been working -- and, normally, I
25 don't bring up a personal matter at something like

1 this, but I'm going to tie it into some things.
2 I've been working with a constituent that just
3 called me today for actually a couple hours, that
4 they were called at their place of business,
5 solicited to change their electric -- as you know,
6 under deregulation, it's gone out -- asked to
7 change their electric basically a half a cent less
8 than what they were paying. They agreed to it on
9 the phone. They just got their second bill -- and
10 it's small business -- rather than being eighteen
11 hundred dollars, which it would have been under the
12 old price, it's forty-five hundred dollars, and
13 they have another bill coming in, because I worked
14 with them today and switched them.

15 Is there anything legally that we could
16 implement as a legislature? I mean, this is worse
17 than spoofing. This is worse than scamming. This
18 actually may put a small business out of business,
19 just because they were solicited, changed over on
20 the telephone, which I found out, calling, that
21 it's legal because they did it. Is there anything
22 that we could legally to stop this kind of scamming
23 from going on?

24 ATTORNEY GENERAL KANE: I believe that
25 the best approach would be to refer to our Bureau

1 of Consumer Protection. As you also know, we have
2 a consumer advocate who is under the Office of
3 Attorney General but is an independent advocate.

4 I would suggest referring the case to
5 our office, and let us see what we can do to help
6 out. And if we can go -- move, going forward, and
7 if there is any proposed legislation, we can
8 certainly get back to you.

9 REPRESENTATIVE CONKLIN: Thank you.
10 Through our office, I'm not going to say their
11 name, but it was American something of
12 Pennsylvania. You'll find out that they're out of
13 Florida. I called the number and got a gift card
14 number for Wal-Mart. So, we're still trying to
15 track them down.

16 Just one last follow-up and, again,
17 it's personal. I'm going to see if I can get your
18 thoughts on it. I recently introduced a piece of
19 legislation, and it has to do with PFA orders. I
20 have a friend who was murdered a year ago by her
21 husband, who she requested to be locked up. They
22 left him on the street. Because of his position,
23 they did not lock him up.

24 So, we actually have a piece copying
25 other states that would put a -- basically, a

1 monitoring device, if the judge so deems it
2 appropriate that they have one, and give the
3 individual with the PFA a beeper type of device so
4 they would know that they were in the area. Is
5 that, logistically, able to do? And would there be
6 a problem with the attorney general's office if we
7 were able to push that piece of legislation
8 through?

9 ATTORNEY GENERAL KANE: It is,
10 logistically, capable of doing. In fact, that
11 technology has been around for a very long time.
12 Even in the '90s, when we had a violent criminal
13 who was out on bail, and we had one case where he
14 kidnapped an ex-wife, sexually abused her and beat
15 her, dropped her out of a moving car. Well, he
16 made bail, and we put a monitoring device around
17 his ankle. We set up hot spots around she and her
18 child, and we monitored that. So, whenever he
19 broke that hot spot, whenever he broke his radius,
20 we were all alerted, and we were able to get she
21 and her child to safety.

22 So, that technology is there. It's
23 very effective, and it would not cause any problems
24 for our office.

25 REPRESENTATIVE CONKLIN: Thank you.

1 With the chairmen of Judiciary here,
2 maybe I can put a plug in for that to be moved
3 forward.

4 Thank you.

5 ATTORNEY GENERAL KANE: And I'm sorry
6 for the loss of your friend.

7 REPRESENTATIVE CONKLIN: Thank you.

8 MAJORITY CHAIRMAN ADOLPH: Thank you.
9 Representative Donna Oberlander.

10 REPRESENTATIVE OBERLANDER: Thank you,
11 Chairman.

12 Good afternoon.

13 ATTORNEY GENERAL KANE: Good
14 afternoon.

15 REPRESENTATIVE OBERLANDER: As you
16 know, the governor's budget included funds to
17 correct the pay disparity between mid-level
18 managers and those that they supervise. I'm
19 wondering, does your office have that same
20 experience in those pay disparities?

21 ATTORNEY GENERAL KANE: Yes. We
22 absolutely do. And we have also been working to
23 correct those pay disparities. However, the
24 increases that we have due to the union contracts
25 are contracts not covered under the governor's

1 budget proposal. They're covered -- the governor
2 has the same problem. It's covered for his
3 management employees as well as his union and
4 nonunion, but it's not covered for our employees.
5 That is why we've requested the 13.9 percent
6 increase, almost seven million dollars of that is
7 just to go to the increases that we are mandated to
8 put into place that occurred prior to my
9 administration. The other two million would be for
10 the sixteen agents that we talked about.

11 But, yes, every agency has those
12 problems. Every agency has the problem of covering
13 those costs. It's just unfortunate that the
14 governor's budget did not fund our agency with the
15 increase in costs.

16 REPRESENTATIVE OBERLANDER: I
17 understand that you said that you have started to
18 address that. Can you tell me, have you given
19 increases across the board in your management? If
20 so, was it on a case-by-case basis, and what was
21 the total amount of those increases?

22 ATTORNEY GENERAL KANE: In the fiscal
23 year of 2013, we had a service increment of 2.25
24 percent, management increase of 3 percent, and so
25 the aggregate total was 8.55 percent. Those -- so,

1 I stand corrected. The total that we gave was only
2 3 percent. But prior to that, the management
3 employees had not had that increment or that raise
4 in a number of years. So, we tried to correct the
5 disparity. We need people in the leadership
6 positions, obviously, just as everyone did.

7 REPRESENTATIVE OBERLANDER: Three
8 percent, what was that total amount? What did that
9 amount to?

10 ATTORNEY GENERAL KANE: I don't have
11 that information available, but I will get it to
12 you.

13 REPRESENTATIVE OBERLANDER: That would
14 be great. Thank you.

15 ATTORNEY GENERAL KANE: You're welcome.

16 REPRESENTATIVE OBERLANDER: Thank you,
17 Mr. Chairman.

18 MAJORITY CHAIRMAN ADOLPH: Thank you.
19 Representative Santarsiero.

20 REPRESENTATIVE SANTARSIERO: Thank you,
21 Mr. Chairman.

22 And, Attorney General Kane, welcome.

23 ATTORNEY GENERAL KANE: Thank you.

24 REPRESENTATIVE SANTARSIERO: You're
25 doing an excellent job and keep up the good work.

1 ATTORNEY GENERAL KANE: Thank you.

2 REPRESENTATIVE SANTARSIERO: Very happy
3 to have you.

4 I just wanted to start by following up
5 on a couple of issues that were touched on
6 earlier. One of them was the Representative
7 DiGirolamo's prescription drug bill. I would urge,
8 if you have not yet been in front of the Senate of
9 Appropriations Committee --

10 ATTORNEY GENERAL KANE: I was there
11 this morning.

12 REPRESENTATIVE SANTARSIERO: I thought
13 we would have an opportunity for you to advocate
14 for that, but hopefully we can move it forward in
15 the Senate.

16 ATTORNEY GENERAL KANE: I did do that,
17 sir, because it is important to us. Yes.

18 REPRESENTATIVE SANTARSIERO: Great.
19 Thank you. Thank you very much.

20 And, briefly, on the other issue that I
21 think was raised by Representative Parker earlier,
22 and that is my bill, House Bill 1010, universal
23 background check bill, and to the point that you
24 raised before, it only closes the loophole with
25 respect to long guns. The familial transfer

1 exception would remain under my bill, and I do
2 appreciate your support on that bill as well.

3 ATTORNEY GENERAL KANE: You're welcome.

4 REPRESENTATIVE SANTARSIERO: I just
5 want to add a voice. There are now, I think,
6 nearly a hundred of us in the House who, at long
7 last, support civil rights for all Pennsylvanians,
8 including gay and transgender people, and
9 specifically House bill 300, which would provide
10 those rights, which exist in many other states
11 throughout the country but not yet here in
12 Pennsylvania. And I just wanted to get your
13 comment on that.

14 ATTORNEY GENERAL KANE: As you well
15 know, I am the defender and the protector of the
16 United States Constitution as well as the
17 Pennsylvania Constitution. That's the oath that I
18 took on January 15th. It's part of my duties.

19 We have to make sure that all the
20 rights of all Pennsylvanians are always protected,
21 whether it's, you know, gay and lesbian rights,
22 whether it's color of your skin, whether it's your
23 gender. It doesn't matter. That's part of my
24 job. And to me, it's not a personal decision.
25 It's a legal decision.

1 REPRESENTATIVE SANTARSIERO: Well, I
2 thank you for your comment on that.

3 And as I said, you know, in this day
4 and age, it's 2014, many of us do believe it's time
5 that these rights exist for all Pennsylvanians,
6 regardless of those issues, and so, I encourage my
7 colleagues to move that bill and, hopefully, when
8 it is finally passed, it's one other aspect of our
9 legal framework here in Pennsylvania that your
10 office will do a great job enforcing.

11 Thank you.

12 ATTORNEY GENERAL KANE: Thank you.

13 MAJORITY CHAIRMAN ADOLPH: Thank you.
14 Representative Jeff Pyle.

15 REPRESENTATIVE PYLE: Thank you,
16 Mr. Chairman.

17 Madam General, good to see you again.

18 ATTORNEY GENERAL KANE: Good to see
19 you.

20 REPRESENTATIVE PYLE: I have a mixed
21 bag here from listening to all the other
22 questions. Just as Representative Wheatley pointed
23 out, what's going in the health care system in
24 southwestern Pennsylvania, in my mind -- I know,
25 literally, it's not criminal, but never in my life

1 have I ever seen nonprofits arbitraging and picking
2 off other hospitals and demanding exclusivity and
3 still keep their nonprofit status. That's just an
4 observation.

5 Second one, I appreciate the attention
6 your office has paid to what we discussed last
7 year, which is the serious, serious problem with
8 heroin in western Pennsylvania. I'd like to say
9 we've bit into it. We got good news last night,
10 and this is my good news for you. Sitting on the
11 evidence desk at the Kittanning Borough police
12 station are a hundred thirty more bags of Theraflu
13 they picked off last night. I know the state was
14 involved with that. I know your office was
15 involved with that. And we thank you very, very
16 much.

17 In that light, I have a query for you.
18 We have a little problem back home, as we discussed
19 out in the hallway, which basically is an armed
20 robber knocking down convenience stores during
21 girls' basketball games. They call him the Newport
22 bandit, because he walks in and asks for one pack
23 of Newports, and when the clerk turns around, he
24 sticks his hand in his pocket and says, "Give us
25 all your money." That's happened eight times over

1 the last three weeks.

2 Think you might be able to help out a
3 little bit?

4 ATTORNEY GENERAL KANE: I would be
5 happy to. All we need is -- we will work with the
6 local police, and, you know, we don't have original
7 jurisdiction over robbery. Any case that's
8 referred to us for prosecution must come from the
9 district attorney. But any police department can
10 request our assistance and we will be right there.

11 REPRESENTATIVE PYLE: We're not
12 splitting hairs about who catches them. You just
13 go right ahead if you can. All right?

14 Finally, I was watching the Senate
15 hearing on the tobacco settlement. And I know the
16 state -- when you microcosm and boil down what the
17 budget is, it's basically a collection of revenue
18 versus how you expend. I know we took a pretty big
19 hit in the court's rule on the tobacco settlement
20 moneys. I also know that the roll-your-own tobacco
21 companies are an area we've never gone for
22 taxation, yet, in many of those cases, they meet
23 the legal definition of cigarette.

24 In the Senate hearing, you said you
25 didn't want to proceed because you didn't have

1 statutory authority given to you by the
2 legislature. I'll buy that. But I also know that
3 you have the power to promulgate rules on this.
4 And I'm wondering, is that something you want to
5 consider? Because I'm aware there is an offer on
6 the table right now, and if we're going to lose
7 everything on the tobacco settlement, something's
8 better than nothing.

9 ATTORNEY GENERAL KANE: The settlement
10 that the tobacco companies propose would bind
11 Pennsylvania into imposing an excise tax. I don't
12 have the authority to enter into that agreement
13 because I don't have the authority to impose a tax.

14 REPRESENTATIVE PYLE: That's fair. I
15 didn't understand your perspective, and I just read
16 the black letter, and it said right there you can
17 do this. But from that perspective, it makes much
18 greater sense.

19 Chairman, thank you very much.

20 Madam General, appreciate your time.

21 ATTORNEY GENERAL KANE: Thank you.

22 MAJORITY CHAIRMAN ADOLPH: Thank you.

23 Representative Dean.

24 REPRESENTATIVE DEAN: Thank you,

25 Mr. Chairman.

1 Hello, General Kane. Welcome. And
2 thank you for your testimony. Thank you for the
3 good work and the work of your whole department.

4 ATTORNEY GENERAL KANE: Thank you.

5 REPRESENTATIVE DEAN: Obviously,
6 vitally important.

7 I wanted to start with the issue of
8 heroin addiction and overdose, opiate addiction and
9 overdose, illegal trade of drugs, addiction
10 treatment, education, that whole world. And it's
11 so serious and so grave, and actually your budget
12 request, I think, reflects that. You've asked for,
13 I think, the largest single line item, the
14 six-million-dollar line item, is for sixteen new
15 agents, among other things.

16 Could you give us a sense of what that
17 kind of investment would mean in your department,
18 to put sixteen new agents across this
19 commonwealth?

20 ATTORNEY GENERAL KANE: Right now, we
21 have a drug diversion unit which falls under the
22 drug law appropriation. We don't have enough
23 people out there. We have lost, over the past
24 couple of years, almost fifty agents out on the
25 street. That's too many. We can't afford to lose

1 any more, and we have to start adding people.

2 The importance of having law
3 enforcement present out on the streets and having a
4 proactive approach to prescription drug abuse and
5 having the legislation enacted for the prescription
6 monitoring bill is of vital importance to law
7 enforcement. We can't cut into the prescription
8 drug abuse, we can't cut into the heroin use, we
9 can't cut into the deaths unless we have those
10 people out on the street.

11 As you know, our increase, as somebody
12 said, is the largest that anyone is asking for.
13 We're not a regular row office. What we do affects
14 people's lives. We save lives. We affect their
15 lives. We save parents from burying
16 their children. There's a difference.

17 So, when we put sixteen agents out on
18 the street, you know, we're not paper pushers out
19 there. We're making sure that we are solving
20 crime. We're making sure that we're taking the
21 drugs off the street.

22 And like you said, this is a -- we must
23 have a comprehensive approach. We also make sure
24 that our education and outreach department, they're
25 well trained, they reach as many people as

1 possible. We want to be the resource for parents
2 and children and schools when a problem comes up
3 where they suspect their child of having a drug
4 problem. We need them to know where to go.

5 So, we need treatment. We need
6 prosecutions. We need agents out on the street.
7 And we need education. And unless we tackle all
8 four of those problems, we are merely taking a
9 small bite out of the apple. And it's not good
10 enough. And it is all of our duty to make sure
11 that we tackle this problem that really is killing
12 our children. And it's killing our citizens.

13 And like I said, we're not the worst
14 state in the country. But if we turn our heads or
15 we bury our heads in the sand, we will be. And we
16 can't afford for that to happen.

17 REPRESENTATIVE DEAN: I really
18 appreciate that you're a tireless advocate about
19 this, because it is a life and death issue, what
20 we're talking about.

21 ATTORNEY GENERAL KANE: Yes.

22 REPRESENTATIVE DEAN: And it's growing
23 exponentially. I think everybody in this room
24 knows somebody affected by opiate addiction,
25 somebody who has suffered an overdose, somebody who

1 has lost their child. It doesn't take a movie star
2 to die of a heroin overdose. It can be a student
3 at my school, where I taught. A sophomore, a
4 bright, talented, young man, died recently of an
5 overdose.

6 So, we've had all kinds of
7 misinformation about who this affects. It affects
8 every population in our commonwealth. So, I
9 appreciate your tireless advocacy.

10 To the point of your education
11 programs, can you tell us a little bit about the
12 education programs, not only on drugs, the other
13 one I'm interested in is on the senior scams. I
14 believe your department is doing education
15 outreach.

16 ATTORNEY GENERAL KANE: Yes, we
17 absolutely are. The senior scams are something
18 that we also take very seriously. You know,
19 seniors have amassed the most amount of wealth in
20 the commonwealth. And they are the target for that
21 reason, number one. So, we are trying to, first of
22 all, change their mindset in reporting. We don't
23 want them to be embarrassed, or we don't want them
24 to feel like they're senior citizens and,
25 therefore, somebody's going to put them away or

1 take over their finances because they report it.
2 So, that is part of our education and outreach
3 program.

4 Our senior scam program, though, is
5 unbelievably successful. And in Philadelphia,
6 we've gone to the second annual Scam Jam, which I
7 think is -- it's a great program. But our
8 education and outreach department is -- they
9 take -- they take their job very seriously. We
10 have -- our consumer protection division has taken
11 in over one hundred ten thousand reports, most of
12 those are from seniors who have been scammed.

13 Of those reports, most of the seniors
14 are complaining -- six thousand complaints about
15 the Do Not Call list; one thousand four hundred
16 thirty-two complaints of home improvement;
17 telecommunications and broadcast, thirteen hundred
18 complaints; consumer credit and money handling,
19 thirteen hundred complaints; seven hundred
20 complaints on utilities; four hundred seventy-six
21 complaints on debt collection. We are working with
22 them, not only in solving those problems, our
23 Bureau of Consumer Protection has opened up
24 numerous cases and are attempting to resolve the
25 problems, but the education component is equally as

1 important.

2 Our press department works very hard to
3 make sure that that information gets out as quickly
4 as possible so that we don't have victims of scams,
5 but it's a daunting task. You know, as you know,
6 we are the second highest population of elderly
7 citizens in the entire country. So, we take our
8 job very seriously, but the consumer protection
9 division works very, very hard, and the amount of
10 complaints that it receives is just unbelievable.

11 REPRESENTATIVE DEAN: I think the
12 education is so much more important, too, because
13 so many of the times you can't track back who made
14 that call to tell Aunt Millie, "You're overdue on
15 five hundred dollars. Please meet me here with
16 your check." You can't go back and trace that
17 number and find out legitimately who it was.

18 ATTORNEY GENERAL KANE: There are times
19 that you can, but most times you can't. You know,
20 criminals are extremely smart. They try and stay
21 one step ahead of law enforcement at all times. By
22 the time we hear about the scam, they've moved on
23 to another one. That's why we try and get the
24 information out as quickly as possible. But there
25 is always another scam right behind it.

1 REPRESENTATIVE DEAN: I'd like to
2 partner with members of your team and bring that
3 education to my community, both for the seniors and
4 also for the prescription drug epidemic.

5 And then, finally, I want to thank you
6 for your really clear-eyed statement as to House
7 Bill 1010, which would close the background check,
8 and also House Bill 1515, as Cherelle Parker and
9 Dan Frankel and many people here for years have
10 tried to do lost and stolen legislation. We have
11 it in front of us, so I really appreciate your
12 clear-eyed vision and discourse as to what those
13 two pieces of legislation would mean.

14 Thank you very much.

15 ATTORNEY GENERAL KANE: Certainly.

16 Thank you.

17 MAJORITY CHAIRMAN ADOLPH: Thank you.

18 Representative Jim Christiana.

19 REPRESENTATIVE CHRISTIANA: Thank you,
20 Mr. Chairman.

21 General, good afternoon.

22 ATTORNEY GENERAL KANE: Good
23 afternoon.

24 REPRESENTATIVE CHRISTIANA: Thanks for
25 spending some time with us today.

1 I just have a question as it relates to
2 the million dollars that is designated to your
3 department from the gaming fund. And what
4 specifically -- obviously, that goes for your work,
5 what -- that you do on behalf of the gaming fund,
6 but from an accounting perspective and a safeguard
7 for those resources, can you just, maybe, talk a
8 little bit about your responsibility in that
9 department and what those funds go to?

10 ATTORNEY GENERAL KANE: Yes,
11 absolutely. The unit uses informants and
12 cooperating witnesses to -- as well as physical
13 surveillance and the state-wide grand jury to make
14 sure that we ensure the integrity of the casino
15 gaming industry and also, then, to enforce the laws
16 of the commonwealth.

17 Right now, we have seven personnel in
18 the gaming enforcement unit, which, as you know, is
19 funded by the gaming control board. We have five
20 in the western regional office and two in the
21 eastern regional office. The gaming unit has
22 jurisdiction through the gaming act, and it's
23 complemented by, as I said, three agents, one
24 supervisory agent, and one deputy attorney
25 general.

1 We are a watchdog for monitoring
2 potential criminal infiltration and/or potential
3 corruption of the Pennsylvania gaming industry.

4 REPRESENTATIVE CHRISTIANA: I guess,
5 are there safeguards in place that designate that
6 that million dollars, and increased to 1.1 in this
7 proposal, specifically goes towards those employees
8 and that operation and doesn't get used for any
9 other type of operational cost in your budget or in
10 your department?

11 ATTORNEY GENERAL KANE: Yes, sir.
12 We're always very conscious of using the money
13 appropriately through any specific line item. That
14 money comes directly from the gaming control unit
15 into our office, into our gaming unit. We make
16 sure that that is only used for gaming.

17 REPRESENTATIVE CHRISTIANA: Thank you.
18 Thank you for that.

19 And one final question, in your handout
20 here today, you had, for the total filed and
21 committed employee numbers, you have the number of
22 seven hundred seventy-seven employees for the total
23 department. But, in your testimony, in your
24 budget, if you add up all the filled positions
25 currently, there's six hundred thirty filled

1 positions.

2 That hundred -- those hundred thirty-
3 one vacancies and the sixteen new employees you
4 mentioned seem to be -- you're requesting funding
5 for those in this budget. Can you -- are there --
6 I guess, is this an area of opportunity for us to
7 work as we finalize a final budget, that this area
8 may be an area where we can look to reduce some of
9 those vacant positions that you're hoping to fund?
10 Are you open to that?

11 ATTORNEY GENERAL KANE: Let me tell you
12 the situation from six years ago, from 2008, to
13 what it is today. In 2008, we had eight hundred
14 twenty-six employees. Today, we have, in 2014,
15 seven hundred twenty-one employees. Those
16 employees cover all areas of the civil, public
17 protection, as well as the criminal law division.

18 We cannot cut any more people. We just
19 can't. Our office handles thousands and thousands
20 of contracts. We defend the commonwealth and its
21 agencies in all of the -- all of the actions that
22 are filed either for them or against them.

23 Our public protection division has
24 charities, antitrusts, and the largest bureau of
25 consumer protection. Our criminal law division

1 covers Medicaid fraud, insurance fraud, child
2 predator unity, a whole bunch of other, you know,
3 criminal prosecutions that are referred to us from
4 the DAs. We can't possibly cut any more people.

5 And as Governor Corbett, even as
6 attorney general, indicated even back then, they
7 could not make any more cuts. It's a matter of
8 public safety. We cut any more, we are now taking
9 people off the streets and the public is at risk.

10 REPRESENTATIVE CHRISTIANA: And first
11 of all, thank you for the commitment to the
12 reduction. As I mentioned, I totally understand
13 the rationale for the six hundred thirty current
14 employees you have and the need for the sixteen
15 additional that you mentioned for the drug law
16 enforcement, but the other hundred thirty-one
17 vacant -- the positions that are currently vacant
18 that you're looking to fund over the next twelve
19 months, I would just say, let's work together.
20 Let's continue to work together to maximize the
21 resources that are allocated while still letting
22 you do the wonderful job you are currently doing.

23 ATTORNEY GENERAL KANE: I will tell
24 you, they are vacant but committed, which means
25 that we already -- we are making those hires

1 because we have to. We have to keep that
2 complement up. We have already reduced our
3 complement from the years prior to the point where
4 we can't actually reduce anymore.

5 REPRESENTATIVE CHRISTIANA: And I
6 understand.

7 And if I may take fifteen seconds to
8 just echo the words that my colleague,
9 Representative Mustio, said. Your commitment to
10 reaching out to the legislature on both sides of
11 the goes -- does not go unnoticed. I thank you for
12 that commitment and respecting the legislative
13 process.

14 Thank you, Mr. Chairman.

15 ATTORNEY GENERAL KANE: Thank you, sir.

16 MAJORITY CHAIRMAN ADOLPH: Thank you.
17 Representative Sabatina.

18 REPRESENTATIVE SABATINA: Thank you,
19 Mr. Chairman.

20 Thank you, General, for your testimony
21 today.

22 I just -- I was going to ask you --
23 here I am.

24 I was going to ask you questions but
25 you answered it six times, so I just -- I just

1 wanted to -- the reason I'm speaking is I wanted to
2 let you know, it's an important issue. I also had
3 a friend who, in an automobile accident, addicted
4 to -- was prescribed painkillers, when the
5 painkillers stopped, he switched to heroin, and he
6 overdosed, and he's no longer with us. But I just
7 wanted to thank you for acknowledging that this is
8 a problem. It's an ongoing problem, and I don't
9 know if the legislature has fully grasped that
10 situation of what a problem it is. But I want to
11 thank you for observing that and doing something
12 about it with the request of the sixteen additional
13 officers.

14 ATTORNEY GENERAL KANE: Thank you very
15 much.

16 REPRESENTATIVE SABATINA: Thank you.

17 MAJORITY CHAIRMAN ADOLPH: Thank you.
18 Representative Bradford.

19 REPRESENTATIVE BRADFORD: Thank you,
20 Chairman.

21 Thank you, General Kane.

22 I just wanted to follow up on two
23 pieces of litigation that have received quite a bit
24 of attention. Not to get into the substance of it,
25 but just the status. The Voter ID case that's

1 currently pending, where does that currently stand?

2 ATTORNEY GENERAL KANE: Right now,
3 Voter ID has been appealed. As you know, the
4 Commonwealth Court ruled that there is a permanent
5 injunction, and that -- they further comment
6 regarding that the Voter ID -- the implementation
7 of Voter ID was unconstitutional.

8 The governor's office has decided that
9 they will appeal that decision. Our office is one
10 of the, I believe, three counsel serving to
11 represent the governor and the commonwealth.

12 REPRESENTATIVE BRADFORD: You mentioned
13 three counsel. Can you tell us who those counsel
14 are and what the cost of the private counsel is and
15 how much resources your office has devoted so far
16 to this effort?

17 ATTORNEY GENERAL KANE: I can't give
18 you a definite number because we don't keep track
19 of how much a particular case costs for
20 prosecution. But I can tell you that the other
21 counsel is outside counsel as well as OGC, which,
22 as you know, is the governor's -- represents the
23 governor's office.

24 REPRESENTATIVE BRADFORD: Does -- the
25 outside counsel cost, does that -- is that the

1 governor's -- whose line is that going to be found
2 under? Yours, the governor's?

3 ATTORNEY GENERAL KANE: The
4 governor's.

5 REPRESENTATIVE BRADFORD: Okay.

6 Another litigation in the commonwealth,
7 as you know, I'm from Montgomery County, and we had
8 a hundred seventy-four same-sex couples legally
9 permitted to marry in Montgomery County before
10 there was an injunction issued. Nobody at this
11 point that I'm aware of has challenged the validity
12 of those marriages.

13 Has the commonwealth asked for the
14 advice of your office in terms of how these folks
15 who are legally married are to proceed in terms of
16 taxes, single file, joint file, how they handle
17 those things, and has your office given any
18 guidance?

19 ATTORNEY GENERAL KANE: No one has
20 asked for a legal opinion from our office, which,
21 as you know, can only be given to the commonwealth
22 agencies.

23 Our office, I believe -- if it's the
24 same case we're talking about, our office was
25 also -- I was a named defendant, and we were

1 released by the judge from the lawsuit.

2 REPRESENTATIVE BRADFORD: So, no
3 departments in the -- in the commonwealth have
4 asked for how to handle these issues?

5 ATTORNEY GENERAL KANE: Not to my
6 knowledge, no.

7 REPRESENTATIVE BRADFORD: You know,
8 with that, thank you so much, General. I
9 appreciate your time.

10 ATTORNEY GENERAL KANE: Thank you.

11 MAJORITY CHAIRMAN ADOLPH: Thank you.

12 Thank you, General. Thank you very
13 much for your testimony. We certainly found it to
14 be very informative and looking forward to working
15 with you, as always, during this budget process.

16 For members of the committee. We will
17 reconvene tomorrow at 9:30. Tomorrow we have the
18 Department of Corrections and Probation and Parole
19 before us.

20 I will also be keeping a very close eye
21 on another winter storm coming our way, and we will
22 let you know first thing tomorrow morning whether
23 we're going to be here on Thursday. Give us plenty
24 of time to get back to our families. So, I'll let
25 you know tomorrow morning whether we are going to

1 be here on Thursday.

2 Thank you. And have a good day.

3 (Whereupon, the hearing concluded at
4 3:59 p.m.)

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REPORTER'S CERTIFICATE

I HEREBY CERTIFY that I was present upon the hearing of the above-entitled matter and there reported stenographically the proceedings had and the testimony produced; and I further certify that the foregoing is a true and correct transcript of my said stenographic notes.

BRENDA J. PARDUN, RPR
Court Reporter
Notary Public