



Attorney General

NEW MEXICO

PATRICIA A. MADRID

2005 Activities Report

FINANCIAL RECOVERIES FOR NEW MEXICO

Pojoaque Pueblo

On July 11, Attorney General Patricia Madrid announced the end of the eight-year dispute between the State of New Mexico and New Mexico's gaming tribes over revenue sharing back payments owed from the original gaming compact of 1997. Her office reached a settlement with the Pueblo of Pojoaque to pay the State \$24 million. The State will receive \$1 million on December 31st of 2005, 2006 and 2007; and starting in 2008, annual payments of \$2 million until the back payments are fully paid. From now on, Pojoaque will also pay the State 8% of its annual gambling revenues, as all other gaming tribes are doing. As a result of the Attorney General's lawsuit and the settlements, the State has received to date more than \$250 million.



WorldCom

On October 27, Attorney General Madrid announced that a settlement was reached with WorldCom that recovers nearly \$22 million for

several of New Mexico's investing agencies. The State Investment Council, Public Employees Retirement Association, and Educational Retirement Board had invested in various WorldCom bonds as well as common stock. The Attorney General chose to pursue a suit for damages independently against former WorldCom officers and directors, its commercial and investment bankers and its accounting firm, Arthur Andersen, alleging that WorldCom securities had traded at inflated values because the company had misstated financial information.

Bristol-Myers Squibb

In January, the State of New Mexico received reimbursement checks amounting to more than \$160,000 from Bristol-Myers Squibb, manufacturers of the cancer-fighting drug Taxol and Children's Motrin. The money comes from the settlement of a multi-state antitrust lawsuit. The settlement funds will be divided among the Attorney General's Office, Medicaid, the General Services Department, and UNM Health Sciences Center.

DirectTV

New Mexico and 21 other states have entered into an agreement with the satellite TV programming provider after consumers complained about various marketing and advertising practices. New Mexico's portion of the settlement totals about \$100,000.

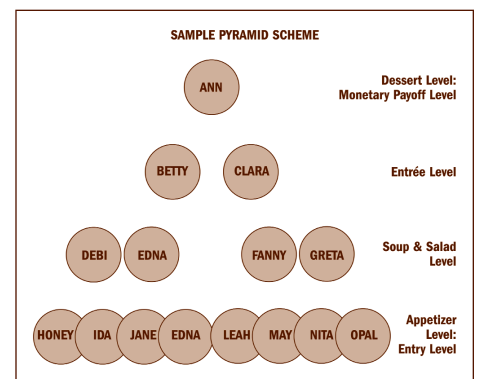
CRIMINAL PROSECUTIONS AND INVESTIGATIONS

Securities Fraud

A 13-month investigation, conducted in cooperation with the Securities Division, led to indictments against Angelo Garcia, Joseph Garcia, and Orlando Montoya on securities fraud charges involving an affordable housing scam in Santa Fe. The three men had allegedly defrauded several elderly victims of nearly one million dollars.

Pyramid Scheme Cases

The Attorney General's Office handled more than 70 pyramid scheme cases, resulting in restitutions in excess of \$550,000 to victims of the schemes.



Meth Summit

In October, Attorney General Madrid conducted a full-day meth summit for law enforcement officers and prosecutors from around the state. More than 250 attended the conference and listened to experts from across the country. Law

enforcement officers and prosecutors traveling more than one and one-half hours from their home stations were eligible for overnight lodging and meals paid for by the Attorney General's Office.



Hurricane Katrina Scam

A joint investigation with the FBI resulted in the arrest of an Edgewood man on two counts of embezzlement. The individual arrested allegedly established a web site that was falsely soliciting funds for victims of Hurricane Katrina.

Timothy Chavez

A Bernalillo County Grand Jury indicted former Albuquerque Police officer Timothy Chavez on charges of criminal sexual penetration and kidnapping of a 14 year-old girl.

Joel Cordova

Former Taos police officer Joel Cordova was convicted at trial on multiple counts of criminal sexual penetration of a minor and sentenced to 32 years in prison.

Caregiver Sentenced

Rebecca Aldaba, a former caregiver of developmentally disabled clients, was sentenced in Valencia County District Court on two felony counts of Exploitation of a Resident and one petty misdemeanor count of Neglect of a Resident. She pled guilty to misappropriating more than \$30,000 from two severely disabled patients under her care.

Working with the Mexican Government

After nine years on the run, an individual accused of killing an Albuquerque woman during a domestic violence incident was captured in Mexico. The Attorney General's Office is currently working with the Mexican authorities to determine whether to extradite the individual, or to try him in Mexico under Article 4 of the Mexican Federal Penal Code.

Attorney General Madrid has established a new Border Violence Unit to work with the U.S. Agency for International Development's "Rule of Law Project." The unit will be involved in such border-related issues as human trafficking and violence against women and children. Assistant Attorney General Maria Sanchez-Gagne, director of the new Border Violence Unit, provided the first Forensic Crime Scene Investigation Training Workshops in December in Ciudad Chihuahua and Ciudad Juarez to members of the Chihuahua Attorney General's office, and will be providing additional training to Mexican prosecutors in best practices in the areas of child abuse, domestic violence, homicide and sexual assault.

INTERNET CRIMES AGAINST CHILDREN ACTIVITIES



In light of the danger presented by online predators who prey on New Mexico's youth, Attorney General Madrid created a website, linked directly to the Internet Crimes Against (ICAC) investigators, which allows the public to report suspected predators. Cases of note include:

Patrick Dangel

Dangel had believed he was communicating online with a 12 year-old girl, when in fact he was communicating with an undercover police officer. Their e-mail correspondence was sexually explicit, and Dangel was arrested when he went to a park thinking he was meeting the young girl for a sexual encounter. He was indicted on attempted criminal sexual penetration and child luring.

Thomas Kaufman

Kaufman had been in communication with a 13 year-old girl from Illinois. He followed up his email messages by sending the girl a gift card, and then began communicating with her over the phone. Working with Illinois police, our ICAC arrested Kaufman. He pleaded no contest to six felony counts and was sentenced to probation. However, he violated the terms of his probation within a week and was sentenced to nine years in prison.



John Kallman II

Kallman was arrested on 10 counts of sexual exploitation of a child for possessing hundreds, possibly thousands, of images of child pornography.

CONSUMER PROTECTION

Scam Alert System

The Public Information Office developed a subscription capability on our web site, allowing consumers to sign up to receive e-mail alerts about the most recent scams reported to our office.

VIN Number Search Capability

We recognize that as many as 500,000 vehicles may have been damaged in the recent hurricanes and it is important to help consumers avoid buying flood-damaged vehicles. Now, consumers can log onto our web site, link to the National Insurance Crime Bureau, and by entering the VIN number of a vehicle determine if the used car they are considering is listed as flood damaged.

Predatory Lending

Attorney General Madrid proposed rules and regulations that would rein in the most abusive practices of the unregulated car title and payday loan industry. Since New Mexico does not have a usury law, interest rates for payday loans have averaged 500%, and 350% for car title loans. The Attorney General, who has authority under New Mexico's Unfair Practices Act to adopt rules and regulations regarding the extension of credit and collection of debts, proposed to cap payday and car title loans at the same rate as all pawnbroker transactions.



State Farm Insurance

A multi-state agreement with State Farm Mutual Insurance Company will result in \$40 million in compensation to thousands of car, SUV, and truck owners nationwide. This settlement involved vehicles that had been mistitled, i.e., vehicles that should have been labeled "salvage" were not. Affected consumers will receive payments ranging from about \$400 to over \$10,000, depending upon the value of the vehicle.

Blockbuster

New Mexico and 46 other states considered Blockbuster's "No Late Fees" Program to be misleading. The settlement that was reached required Blockbuster to improve the accuracy of its advertising, and those Blockbuster stores that were not participating in the program were forced to remove the advertising from their premises. Blockbuster also agreed to refund fees to consumers who paid them but felt they were misled.

Western Union

The multi-state settlement with Western Union will help to protect consumers from scams that ask them to wire money to cover the taxes on lottery winnings, winnings that will never come from a lottery that the consumer did not enter. Nationwide, people routinely fall for these scams. In 2002, it was estimated that American consumers lost \$113 million to frauds perpetrated from Canada.

Mega Auto

Attorney General Madrid filed a lawsuit in San Juan County District Court seeking restitution, civil penalties and an injunction against the now out-of-business Mega Auto Super Store of Farmington. Her complaint alleges that Mega Auto willfully and knowingly committed numer-

ous violations of the Unfair Practices Act during its regular course of business selling used vehicles.

Zangara Auto Companies

Attorney General Madrid also filed a lawsuit alleging numerous violations of the New Mexico Unfair Practices Act by the Zangara auto dealerships and its owner, Kenneth B. Zangara. Her office had issued a "cease and desist" directive against Zangara in 2004, but it became evident that the practices were continuing despite the company's assurances.

Young Consumer Survival Guide

The Attorney General's Office produced "New Mexico's Young Consumer Survival Guide," which is intended to help New Mexico's teenagers and college students become better informed consumers. This fall, the University of New Mexico requested and received enough guides to provide one for each incoming freshman.



OTHER CASES AND MATTERS

UU Bar

After eight years of being closed to public access, the historic 2.6-mile stretch of road through the UU Bar Ranch in Colfax County that leads to White Peak was opened to the public in August. UU Bar Ranch's owner had placed a gate on the road blocking public access to the mountain. Attorney General Madrid believed—

and successfully argued before the New Mexico Court of Appeals—that this action constituted illegal taking of state property.



Otero Mesa

On Earth Day, Attorney General Madrid and Governor Richardson announced that they were [filing a lawsuit against the federal plan to drill on Otero Mesa](#). The Bureau of Land Management had ignored a State plan that would have allowed drilling in a carefully managed manner. The BLM’s drilling plan for Otero Mesa covers three precious and vulnerable groundwater basins: the Tularosa Basin, the Salt Basin and the Jornada del Muerto Basin. Much of the groundwater in these basins is shallow and closely connected to surface water discharge.

Tire Mountain

Attorney General Madrid [won a temporary restraining order against two individuals and two companies, Tire Mountain of New Mexico and International Institute for Health and Wellness, preventing them from dumping 600,000 tires in Columbus, New Mexico](#). A Colorado court had previously barred the defendants from discarding the tires in that state.

Valle Vidal

Attorney General Madrid [submitted comments on the U.S. Forest Service’s proposal to open the Valle Vidal to oil and gas development](#). The

Forest Service’s preliminary analysis suggested that such development would result in the construction of nearly 200 well pads on the eastern portion of the national monument. The Attorney General expressed concerns that bulldozing hundreds of acres of roads and well pads into the pristine forest and grasslands would devastate the resident elk herd, pollute the area’s outstanding rivers and streams and degrade the habitat for Rio Grande cutthroat trout; and said that she will fight any effort to open the Valle Vidal to drilling.



Federal Energy Saving Standards

New Mexico joined a coalition of 14 other states and the City of New York to [sue the U.S. Department of Energy for violating Congressionally enacted mandates to adopt stronger energy-saving standards for 22 common appliances that use large amounts of electricity, natural gas and oil by clearly specified deadlines stated in the law](#). The plaintiffs asserted that modern efficiency standards would reduce demand for electricity, decrease our dependence on foreign oil and save consumers money on their utility bills.

Federal Mercury Rule

Attorneys General and an Environmental Protection Secretary representing 11 states filed a [lawsuit challenging a new Environmental Protection Agency \(EPA\) rule that establishes a](#)

[cap-and-trade system for regulating harmful mercury emissions from power plants](#). According to the suit, the rule will delay meaningful emission reductions for many years and perpetuate hot spots of local mercury deposition, posing a grave threat to the health of children.

Salons Against Domestic Abuse

The Attorney General’s Office joined with salon professionals and domestic violence victims’ advocacy groups in “Cut It Out: Salons Against Domestic Abuse.” This unique [program trains cosmetologists to spot signs of domestic violence and offer assistance to the victims](#).

RECOGNITION

This year, the Attorney General was recognized several times for her work as an attorney, political leader and public servant:

- *Lawdragon Magazine* named her one of “500 Leading Lawyers in America”
- *Hispanic* magazine awarded her the Latina Excellence Award in Government
- The Hispanic National Bar Association gave her its Judiciary Award

In addition, Michael Cox, Director of the Special Prosecutions Division, and Victoria Wilson, Assistant Attorney General in the Criminal Appeals Division, received the Board of Directors Award for Outstanding Advocacy in Capital Cases 2004-05, from the Association of Government Attorneys in Capital Litigation.

This activities report contains highlights of the work of the Attorney General’s Office during 2005. For more information visit www.ago.state.nm.us