



INVESTIGATIVE REPORT

Cynthia Carrasco, Inspector General

OFFICE: OFFICE OF THE ATTORNEY GENERAL
TITLE: CONTINGENCY FEE CONTRACT
CASE ID: 2016-03-0054
DATE: April 4, 2016

ATTORNEY GENERAL CONTINGENCY FEE CONTRACT

The Office of Inspector General's Chief Legal Counsel, Tiffany Mulligan, after examination and review, reports as follows:

The purpose of this Report is to fulfill the statutory requirements of Ind. Code § 4-6-3-2.5 regarding contingency fee contracts. This statute requires the Office of the Inspector General ("OIG") to review contingency fee contracts for possible conflicts of interest and potential ethics code violations. Under this statute, an agency may not enter into a contingency fee contract unless the OIG has made a written determination that entering into the contract would not violate the Indiana Code of Ethics set forth in 42 IAC 1-5 ("Code of Ethics") or agency rule concerning conflicts of interest.

On March 24, 2016, the Office of the Indiana Attorney General ("OAG") notified the OIG that it wished to enter into a contingency fee contract with a law firm located in Pasadena, California with experience with collections. The purpose of the contract is to get assistance in collecting judgments for the State of Indiana against numerous defendants located in California. These judgments are related to consumer protection, telephone privacy, and other cases the OAG handles on behalf of state agencies.

The OAG's request explains that the litigation must be undertaken in California. If the

OAG handled the work itself, it would have to pay travel expenses of a deputy to travel to California and would still have to retain local counsel to sponsor the deputy pro hac vice as the OAG deputies are not generally licensed to practice in California, which does not have reciprocity with Indiana.

Pursuant to Ind. Code § 4-6-3-2.5(b), the OAG is required to make a written determination before entering into the contract that contingency fee representation is cost effective and in the public interest. The OAG must consider five factors when making this determination as outlined by Ind. Code § 4-6-3-2.5(c). The OAG made such a determination and considered all of the factors outlined in the statute.

Furthermore, Ind. Code § 4-6-3-2.5(b) requires the OAG to request proposals from private attorneys wishing to provide services on a contingency fee basis unless the agency, in this case also the OAG, determines in writing that requesting proposals is not feasible under the circumstances. The OAG determined that, because it does not have a good mechanism for disseminating requests for proposals for California attorneys and law firms, requesting formal proposals for this contract was not feasible under the circumstances. In addition, the OAG had previously utilized this law firm for collections services under a similar contract and has been satisfied with the firm's work.

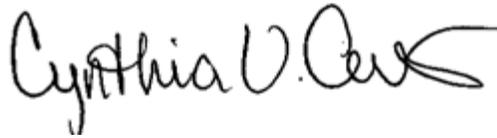
After careful examination and review, the OIG has determined that the contract will not violate the Code of Ethics or any statute or agency rule concerning conflicts of interest. First, the contract is with a law firm located out of state; therefore, it does not appear that either law firm employs any state employees. Likewise, there is no information to indicate that any OAG employee or immediate family member has a financial interest in either law firm or the contract itself. Because of that, it also does not appear that any OAG employee is contracting with or will

be supervising the work of a business entity in which a relative is a partner, executive officer or sole proprietor. Furthermore, the OAG's request asserts that to the best of their knowledge, neither the law firm nor any member of the firm has a conflict of interest that would violate either the Code of Ethics or any rule of the Indiana Supreme Court.

Based on the information provided, we find that entering into the contract will not violate the Code of Ethics or any statute or agency rule concerning conflicts of interest. This Report is issued in compliance with the above noted statutory requirements.

Dated this 4th day of April, 2016.

APPROVED BY:

A handwritten signature in black ink, appearing to read "Cynthia V. Carrasco", with a stylized flourish at the end.

Cynthia V. Carrasco, Inspector General