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STATE BOARD OF ACCOUNTS
302 West Washington Street
4th Floor, Room E418
INDIANAPOLIS, INDIANA 46204-2738

AUDIT REPORT
OF
OFFICE OF THE ATTORNEY GENERAL
STATE OF INDIANA
November 1, 1998 to March 31, 2001



FILED

AUG 01 2001

Charlie Johnson
STATE EXAMINER

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AGENCY OFFICIALS

Office

Official

Term

Attorney General

Mr. Jeffrey A. Modisett
Ms. Karen Freeman-Wilson
Mr. Steve Carter

01-13-97 to 02-19-00
02-20-00 to 01-07-01
01-08-01 to 01-10-05



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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TO: THE OFFICIALS OF THE OFFICE OF THE ATTORNEY GENERAL

We have examined the records of the Office of the Attorney General, for the period November 1, 1998, to March 31, 2001, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Indiana Comprehensive Annual Financial Reports.

STATE BOARD OF ACCOUNTS

May 15, 2001

OFFICE OF THE ATTORNEY GENERAL
AUDIT RESULTS AND COMMENTS
March 31, 2001

QUESTIONABLE USE OF PUBLIC FUNDS

On August 18, 2000, we received a request from a State Representative requesting a review of the Attorney General's License Fund Account, fund/center 2260/103000. Our review revealed that most of the disbursements from the fund/center appeared to be allowable for the use of public funds. However, we found payments totaling \$10,178.71 made from this account for promotional tote bags with the following printing: "Indiana Attorney General Karen Freeman-Wilson, An Experienced Public Servant: Working For You; Working With You." There was no additional information on the bags. Because we could not determine how these promotional tote bags related to the operation of the Attorney General's Office, on September 21, 2000, we requested a written justification of the State business purpose of their purchase.

We have not received a written justification of the State business purpose of their purchase. Therefore, we could not conclude how this purchase related to the operation of the Attorney General's Office. Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Page 5:3)

In addition, we found some items purchased with Consumer Protection Funds for distribution to the public that had the name of the Attorney General (Jeffrey A. Modisett or Karen Freeman-Wilson) printed on them such as the "Handbook on Indiana's Public Access Laws" and the "Declaration of Independence, United States Constitution, Indiana Constitution." Whenever an individual's name is printed on items for distribution these items will eventually become dated.

We have forwarded copies of our report to the State Ethics Commission, Speaker of the State House of Representatives, and the President of the State Senate for consideration on appropriateness or possible statutory changes.

CELLULAR PHONE

Attorney General Karen Freeman-Wilson used a cellular phone service paid by the agency for personal calls. Unreimbursed calls totaled \$344. (See Summary, Page 74)

Cellular phone service, which is paid for with public funds, is for the sole benefit of the state agency. Personal calls, whether local or long distance, should not be made on a cellular phone. Agencies should monitor the use of cellular phones to ensure that they are not paying for air time that is not needed. Agencies should review service providers' plans and determine if there may be a more cost efficient plan based on the actual use of the phone service. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Page 5:4)

INTERNAL CONTROLS OVER FUND/CENTER 2260/103000

The Attorney General's office maintains fund/center 2260/103000. Recently the Consumer Protection Fund has been a major sub account for this fund/center. The balance provided to us at March 31, 2001, was \$2,512,502.93 for this fund/center, with \$1,876,657.81 for the Consumer Protection Fund.

Various types of expenditures for the Consumer Protection Fund were found. Expenditures during September and December 1999 totaled \$117,913 for anti-smoking billboards. During July 2000, consumer protection brochures (\$21,660) and sponsorship of the World Police and Fire Games (\$100,000) were purchased from this fund. The tote bags discussed in the audit result and comment entitled Questionable Use of Public Funds (\$10,178.71) were purchased in August 2000.

OFFICE OF THE ATTORNEY GENERAL
AUDIT RESULTS AND COMMENTS
March 31, 2001
(Continued)

The funding source for the Consumer Protection Fund is based on court settlements. The State is bound to follow the court orders governing the expenditures of these settlements. However, we found that these orders were broad in nature. For example, one order states: "... and is to be used by the individual States for attorney's fees and investigative costs, and may be designated for those purposes or for consumer education, litigation, public protection or local consumer aid funds or any other purpose authorized by state law at the discretion of each state's Attorney General." Another states: "... such sum is to be used by the individual Attorneys General for attorneys fees or costs of investigation, applied to consumer education, litigation, enforcement, local consumer aid, or other consumer protection purpose, revolving account or fund of any of the Attorneys General, at the discretion of the Attorneys General and as permitted under their respective state laws."

Neither the current nor the prior Office of the Attorney General had a written policy concerning the expenditure of these settlements and there is not an Indiana Code that deals specifically with these types of settlements. Because the court order is broad and there is no law governing these settlements and there is no written policy that contains the Attorney General's clear intent, objectives, and restrictions over the expenditure of these settlements, we could only test to determine whether or not these expenditures violated general restrictions on the use of public funds.

Each agency, department, institution or office should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Page 1:5)

INTERNAL CONTROLS OVER FUND/CENTER 6000/113000

During FY 2000, \$1,389,619.07 was wire transferred into fund/center 6000/113000. Grants were then awarded to various entities to finance anti-tobacco campaigns.

The Report of Collection listing the above noted wire transfer contained no supporting documentation indicating the source of the funds. Through inquiry we have been unable to determine the source of these funds. Therefore, we could not determine the validity of these funds or the related expenditures. In addition, the Office of the Attorney General has no policies or procedures in place to monitor the grants that were awarded.

Controls over the receipting, disbursing, recording, and accounting for financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements, and incorrect decision making. This would include establishing and monitoring policies for developing and modifying accounting systems and control procedures. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Pages 1:5)

Supporting documentation such as receipts, canceled checks, invoices, bills, contracts, etc., must be made available for audit to provide supporting information for the validity and accountability of monies received or disbursed. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Pages 1:6)

OFFICE OF THE ATTORNEY GENERAL
AUDIT RESULTS AND COMMENTS
March 31, 2001
(Continued)

INTERNAL CONTROLS OVER FINANCIAL ACTIVITIES

We noted concerns over the controls on receipting, disbursing, recording, and accounting for the following financial activities:

Consumer Protection Restitution Fund

The Office of the Attorney General's case records for Consumer Protection Restitution have not reconciled to Auditor of State's balance in fund/center (6000/152000) for several years.

Collections Division

The monthly collection report files are not reconciled to amounts being entered onto the system database. Monthly system reports do not reconcile to monthly report files for all State agencies.

Each agency is responsible for maintaining an effective and accurate accounting system for subsidiary and supplementary records. At all times, the agency's manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank or Auditor's balance should agree. If reconciled bank or Auditor's balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Pages 1:5-6)

CONTRACT APPROVALS

We found that the Office of the Attorney General entered into contracts to provide grants to the Indiana Fever Partnership/Pacers Sports and Entertainment and the Indiana Minority Health Coalition, Inc., without the required agency approvals.

Indiana Code 4-13-2-14.1 and 14.2 require that a contract to which a state agency is a party must be properly approved and in writing.

ATTENDANCE REPORTS

As noted in our prior audit report (B12455), we observed that employee attendance reports were frequently signed and dated prior to the last day worked or were signed but not dated. Also noted were attendance reports that were signed but not dated by the supervisor.

Employee attendance reports should not be signed, dated or approved prior to the last day worked in a pay period. Also, employee attendance reports should be reviewed, signed, and dated by the immediate supervisor of the employee, or another designated individual who has knowledge of the employee's attendance. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Page 9:4)

OFFICE OF THE ATTORNEY GENERAL
AUDIT RESULTS AND COMMENTS
March 31, 2001
(Continued)

FIXED ASSET INVENTORY

As noted in our prior audit report (B12455), the fixed asset inventory of the Office of the Attorney General is not complete as to additions and retirements and assets have not been consistently tagged and receipt. Additionally, an annual physical inventory of assets owned has not been conducted.

Each state agency is required to report to the Auditor of State all additions and retirements of assets with a cost of \$5,000 or more. Assets costing more than \$500 but less than \$5,000 must be maintained in an asset control system at the agency. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Page 10:1-2)

Assets at the minimum level of \$500 must be tagged. Assets should be tagged upon receipt. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Page 10:4)

Once a year, after receiving a Fixed Asset Master Listing, a physical inventory is to be taken and compared to the Master Listing and the agency's listing of assets from its asset control system. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Page 10:6)

SDO FUND RECONCILIATIONS

The Office of the Attorney General has not performed reconciliations of its Special Disbursing Office (SDO) advance in a timely manner.

Two reconciliations must be performed for the SDO fund each month. The bank statement for the checking account must be reconciled to the check register. Also, the check register must be balanced to the total SDO advance. These reconciliations must be formally documented. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Page 7:1)

USE OF UNAPPROVED FORM

As noted in our prior audit report (B12455), the Office of the Attorney General is using forms that have not been approved by the State Board of Accounts. The forms are used by the Unclaimed Property and Collection Divisions, for reporting and/or receipting property and funds.

Indiana Code 5-11-1-2 states in part: "The state board of accounts shall formulate or approve statements and reports necessary for the internal administration of the office to which they pertain."

OFFICE OF THE ATTORNEY GENERAL
AUDIT RESULTS AND COMMENTS
March 31, 2001
(Continued)

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OFFICE OF THE ATTORNEY GENERAL
EXIT CONFERENCE

The contents of this report were discussed at the Office of the Attorney General on June 19, 2001, with Mr. Larry Hopkins, Chief Executive Officer; Mr. Chuck Todd, Chief Operating Officer; and Mr. Tony Rogers, Controller. The official response to the audit findings has been made a part of this report and may be found on Pages 9 through 71.

The contents of this report were also discussed by phone on June 19, 2001, with Ms. Karen Freeman-Wilson, former Attorney General. Her official response to the audit findings has been made a part of this report and may be found on Pages 72 and 73.



STATE OF INDIANA
OFFICE OF THE ATTORNEY GENERAL

INDIANA GOVERNMENT CENTER SOUTH, FIFTH FLOOR
402 WEST WASHINGTON STREET • INDIANAPOLIS, IN 46204-2770

STEVE CARTER
ATTORNEY GENERAL

TELEPHONE (317) 232-6201

July 3, 2001

Mr. Charles Johnson
State Examiner
State Board of Accounts
302 W. Washington Street, #E418
Indianapolis, IN 46204

Dear Charles:

In the following paragraphs, the office of Attorney General Steve Carter submits comments on the audit conducted for the period November 1, 1998 to March 31, 2001.

Questionable Use of Public Funds

The promotional shopping bags acquired by the previous administration appear to be a questionable use of public funds by the prior administration. This office specifically requests that State Board of Accounts (SBA), fully review this expenditure and make a determination whether the purchase,

- a) related to the operation of the Attorney General's office;
- b) was a personal expenditure; or
- c) was a campaign related expenditure.

Only upon such review can a proper remedy, if applicable, be determined. The current audit comment essentially leaves the issue of questionable use unanswered.

The current administration agrees that prudence was not exercised by the prior administration when ordering dated publications. The result was a large quantity of unusable brochures and booklets that quickly became outdated due to changes in laws and administrations.

Internal Controls over Fund/Center 2260/103000

Although the prior administration had no written policy concerning the expenditure from this fund/center, nor appropriate internal controls, the current administration has established a written policy that all expenditures from this fund will adhere to court ordered guidelines for disbursements of these funds. In addition to adherence to the court orders, each expenditure from the fund will be accompanied by a written statement of the Attorney General (AG), or his



designee regarding how the expenditure furthers the objectives, duties, or activities of the AG's office.

Furthermore, the written policy also requires any grant application for expenditure to include a written request and grant agreement governing such expenditure with provisions for compliance reporting and auditing.

Unlike a grant agreement that was found for \$25,000 made to Galilee Baptist Church Scared Stiff Program and signed by the prior administration on its last business day in office, January 5, 2001, this office could find no such grant agreement for the World Police and Fire Games grant expenditure of \$100,000.00, made by the prior administration, as reported in the SBA audit findings.

Internal Controls over Fund/Center 6000/113000

The prior administration received \$1,389,619.07 without retaining any documentation with respect to the source of the funds or any restrictions that may be present with respect to their use. Through contact with former National Association of Attorneys General personnel, the source of funds was ascertained to be a reimbursement of Tobacco In-House Costs and Fees paid in prior periods. (See Enclosure 1) A search of prior administration documents failed to provide the basis of authority upon which these monies were retained by the prior administration and later issued as grants. Nearly all of the funds were disbursed before the current administration took office on January 8, 2001. During the haste of the prior administration to expend the funds, normal state rules and regulations were apparently not followed, including violation of the approval process. In some cases, the expenditures were made through the use of unauthorized signatures. The current administration would request that a full review and determination of the propriety of the expenditures be made in order to determine what remedy, if any, is applicable.

In addition, the prior administration made some grants without having any procedures in place for the monitoring of the grants and without providing the current administration with complete documentation that would be useful in a monitoring process. The current administration contacted some of the grant recipients for required expense reports. Some reports were received for our review by June 26, 2001. The current administration's grant policy does include procedures for the monitoring of grants to insure that the funds have been used for lawful public purposes.

This office notes that the SBA findings surrounding internal controls omits other facts regarding expenditures from this fund and center. No additional documentation could be located that identified specific grant requests for the monies disbursed by the prior administration. The SBA comment that the monies granted were for anti-tobacco campaigns omits reference to grants for non-tobacco and non-consumer matters such as womens' health and social issues (See Enclosure 2) and genetic and cancer treatment methodologies (See Enclosure 3). This office recognizes the community value of the recipient organizations, and it is desirable that these recipients not be jeopardized by the improprieties of the past administration.

Specifically, this office notes that a grant was made in the amount of \$500,000.00 to the Indiana Minority Health Coalition without the required state agency approvals by the Governor, Department of Administration and the State Budget Agency required by Indiana Code 4-13-2-14.1 and 14.2 even though an earlier draft of the agreement had signature blocks for the Department of Administration and State Budget Agency. (See Enclosure 4 with signature blocks) (See Enclosure 5 without signature blocks)

Another grant in the amount of \$213,200.00 was made to Ball State University which administers funding for Smokefree Indiana, to secure a sponsorship of the Indiana Fever, a professional women's basketball team. (See Enclosure 6) The term of the agreement commenced on June 1, 2000, but the grant agreement was not signed by the Attorney General's office until January 5, 2001, which was the last business day in office of the prior administration. Half of the funds for this grant were used to pay for a team sponsorship that had occurred during the season ending in August of 2000.

The agreement also contained the signature of an employee in the Attorney General's office who signed the agreement on behalf of the State Budget Agency without authorization.

Additionally, a transfer in the amount of \$250,000.00 was also made from this fund to the Office of Women's Health. Although required by a Memorandum of Understanding, as of this date, no report has been received by the Attorney General's office detailing the disposition of the funds. (See Enclosure 2)

Internal Control over Financial Activities

With respect to the following financial activities:

We note that transactions of the current administration are not the subject of this finding. ***Consumer Protection Restitution Fund*** records for restitution had not been reconciled to the Auditor of State's balance in fund/center (6000/152000) since 1994 per your June 30, 1996 audit report. The status of supporting records is unknown at the present time. Therefore, it may be physically impossible for the current administration to correct the problems and reconcile the fund that has not been done for at least seven years. This office will attempt to reconcile the fund and transfer any unresolved amounts to the appropriate lawful account, e.g., the General Fund or the Unclaimed Property Fund. Your office advised that \$39,746.71 is the current amount that requires review and resolution.

Collections Division inability to reconcile monthly reports to the internal systems arises from the efforts of the current administration to correct serious problems that were found to exist within the prior administration's management of the Collections Division. The current administration found that no uniform case tracking system was in place for the Collections Division. In fact, the primary tracking method that was being used was to respond to notices from courts that the case was about to be dismissed because of lack of prosecution by the state. In order to correct this problem, the current administration immediately implemented the policy that all cases must be posted to the computer software program, Law Manager. However, the rapid institution of the policy of using Law Manager, which was necessary to overcome the emergency situation regarding lack of case tracking, was implemented prior to the coordination of the other computer programs being used. The current administration solved this problem by converting all the data over to the single Law Manager database.

Contract Approvals

This office concurs with SBA's finding regarding the prior administration's contract grant agreements utilizing unauthorized signatures and missing the required agency approvals by the Governor, Department of Administration and the State Budget Agency as noted in our response to Internal/Controls over Fund Center 6000/113000 above. These approvals are required by Indiana Codes 4-13-2-14.1 and 14.2.

Attendance Reports

The prior administrations had followed a practice for years that was criticized in the 1996 SBA audit report. This office has changed long-standing practices of the prior administration in order to insure that full and complete compliance with all state regulations regarding time sheets are adhered to by all employees.

Fixed Asset Inventory

This office is correcting non-compliant fixed asset practices known to exist by previous administrations as identified by prior SBA audit findings. This office is restoring accountability of public assets through use of an inventory database, a physical inventory of assets present, and establishing both policy and procedure for all agency personnel to follow for safeguarding fixed assets. The current administration disclaims having responsibility for any inventory missing prior to January 8, 2001, that may be discovered.

SDO Fund Reconciliations

SDO reconciliations will be accomplished per formats contained in Chapter 7 Accounting and Uniform Compliance Manual. The current administration discovered upon taking office that reconciliations were not performed on some accounts since October 2000 and that canceled checks and bank statements were and are missing for the same period. Despite this, efforts are continuing to be made to perform required reconciliations and maintain accountability of each SDO account.

Use of Unapproved Form

On June 25, 2001, the current administration requested State Board of Accounts approval of the Unclaimed Property Claim Form that was being used by persons seeking return of their property (See Enclosure 7). This form does not involve reporting or receipting of property but permits the person claiming property to document his or her claim. Once the claim is verified, a separate voucher, using approved auditor forms, is prepared for returning the property. We are pleased to have received immediate State Board of Accounts form approval on June 28, 2001. The form used by Collections has been sent to SBA for form approval.

Sincerely,



Larry Hopkins
Chief Executive Officer

ENCLOSURE 1

MEMORANDUM

TO: Steve Glanzman, NAAG
FROM: Laurie J. Loveland
RE: Direction to Pay Indiana's In-House Costs and Fees
DATE: December 6, 1999

I am writing you on behalf of the NAAG In-House Costs and Fees Review Committee to direct NAAG to pay \$1,389,619.07 to Indiana from the In-House Costs and Fees Account.

The Review Committee has made a final decision of the amount Indiana is to be reimbursed for its in-house costs and fees. That final reimbursement amount is \$1,737,023.84. Under the reimbursement guidelines, Indiana is to be reimbursed 80% of that amount or \$1,389,619.07 at this time.

The guidelines provide NAAG is to make payment of the 80% amount within one week after the Review Committee's final determination of a State's reimbursement amount. The Review Committee's determination of Indiana's reimbursement amount was made Tuesday, November 23, 1999, but became a "final determination" today, Monday, December 6, 1999, when the State did not ask the Committee to reconsider its decision within the established deadline.

I have sent Indiana the wiring form and asked them to contact you to arrange payment logistics. Please send me for the file a copy of the documentation showing the State has been paid when that is done. If you have any questions, please feel free to contact me. Thank you.

cc: Dennis Lee
Bob Butterworth
Chris Gregoire
Mike Moore
Mary Schlaefel

MEMORANDUM

TO: Dennis Lee, Indiana Attorney General's Office

FROM: Laurie Loveland

RE: In-House Costs and Fee Submission

DATE: November 29, 1999

The In-House Costs and Fees Review Committee met by conference call on Tuesday, November 23, 1999 and considered Indiana's in-house costs and fee reimbursement request.

During the meeting the Committee approved reimbursement of Indiana's in-house costs and fees in the amounts provided in the spreadsheet I sent you on November 1, 1999. Specifically, the Committee has decided that Indiana will be reimbursed a total of \$1,737,023.84, which includes \$1,676,400.00 in fees and \$60,623.84 in costs. Please remember the State receives only 80% of the reimbursement amount at this time.

As you know, the Committee's decision ultimately is final and non-appealable. **However, if you would like the Committee to reconsider its decision before it becomes "final," you may request that reconsideration by notifying me and providing me with the additional information or arguments you believe the Committee should consider on or before 5 p.m. on Friday, December 3, 1999. If I have not heard from you by that time, the Committee's decision will be final and I notify NAAG to pay your State 80% of the final reimbursement amount. If you do not intend to request reconsideration and would like me to begin the payment process sooner, please let me know.**

As soon as the reconsideration time period given above expires (or I hear from you that you would like me to process payment sooner), I will direct NAAG on behalf of the Review Committee to pay to Indiana 80% of the reimbursement amount or \$1,389,619.07.

Attached is a copy of the form NAAG will use to give wiring instructions for the funds to be sent to your State. **As soon as possible please complete the following sections in the attached form:**

- Name of bank
- ABA #
- Account #
- Name of account
- Contact Person (i.e., the person Merrill Lynch should contact at the State if there is a question)

Memorandum to Dennis Lee
November 29, 1999
Page 2

Then please fax the form with this information included to Steve Glanzman at NAAG at 202-408-6999. Please note that the note on the form stating "Original request will follow in the mail, please don't duplicate" is directed at Merrill Lynch from NAAG. Also, the "Authorized Signature" is that of NAAG, not the State. If you have any questions about the form or payment of the money, you should contact Steve Glanzman at NAAG at 202-326-6029.

If you need to reach me, you may contact me by phone at 401-521-9400, by fax at 401-521-9408, and by e-mail at llovelan@nmlrp.com or LovelandRI@aol.com. Thank you for your on-going assistance in this process.

cc: Steve Glanzman, NAAG
Mary Schlaefer, NAAG

Enclosure

ENCLOSURE 2

Attorney General's Office Memorandum of Understanding with the Office of Women's Health

This Memorandum of Understanding ("MOU") is made and entered into by and between the Indiana Attorney General's Office ("AGO") and the Office of Women's Health ("OWH" or "Grantee").

Purpose of Agreement

The purpose of this MOU is to enable the AGO to make a grant of \$250,000 from its tobacco settlement reimbursement fund to OWH. OWH shall use the \$250,000 to fund the statewide mini-grant program in conjunction with the Indiana Commission for Women. This mini-grant program will focus on the following categories:

- Prenatal Care
- Violent Prevention: Rape/Sexual Assault, Domestic Violence, Dating Violence, Incest
- Addiction: smoking cessation (adolescents and pregnant women), alcohol, legal drugs, illegal drugs, and gambling
- Cancer Prevention: early detection/screening, effects of environmental pollution, lifestyle factors, etc.
- Prevention/Wellness: stress reduction, exercise, nutrition
- Eating Disorders: anorexia nervosa, bulimia, overeating
- Menopause Education
- Cardiovascular Disease and its impact on women

Grant Amount

Two hundred fifty thousand dollars (\$250,000)

Term

This MOU shall be for a period of one (1) year. This MOU will begin on July 1, 2000 and end on June 30, 2001. This MOU is not renewable by either party.

Payment of Grant Funds by the AGO

The AGO will pay Grant funds to OWH when this MOU is fully executed.

Responsibility of OWH

Before June 30, 2001, OWH shall provide to the AGO an accounting of how the funds associated with this Grant have been used.

Access to Records

The Indiana Commission for Women shall maintain all books, documents, papers, accounting records, and other evidence pertaining to how the funds associated with this Grant are used and will provide written quarterly reports to the OWH.

Assignment

OWH shall not assign the whole or any part of this Grant without the AGO's prior written consent.

Authority to Bind Grantee

Notwithstanding anything in the Grant to the contrary, the signatory for OWH represents that he/she has been duly authorized to execute grants on behalf of the OWH and has obtained all necessary or applicable approval from the home office of the OWH to make this grant fully binding upon the OWH when his/her signature is affixed.

Compliance with Laws

OWH agrees to comply with all applicable federal, state and local laws, rules, regulations or ordinances, and all provisions required thereby to be included herein are hereby incorporated by reference. The enactment of any state or federal statute or the promulgation of regulations thereunder after execution of this grant shall be reviewed by the AGO and OWH to determine whether the provisions of this grant require formal modification.

Governing Laws

This Grant shall be construed in accordance with and governed by the laws of the State of Indiana and suit, if any, must be brought in the State of Indiana.

Notice to Parties

Whenever any notice, statement or other communication shall be sent to the AGO or OWH, it shall be sent to the following address, unless otherwise specifically advised.

A. Notices to the Attorney General's Office shall be sent to:

Attorney General Karen M. Freeman-Wilson
Indiana Attorney General's Office
IGCS, 5th Floor

402 West Washington Street
Indianapolis, IN 46204

B. Notices to OWH shall be sent to:

Barbara Levy Toby
Director
Office of Women's Health
Indiana State Department of Health
Two North Meridian Street, Section 2D
Indianapolis, IN 46204
Phone #: 317/233-7256

C. Payment to OWH shall be sent to:

The Indiana Women's Commission Special Fund
Special Fund
6000-137400

Substantial Performance

This Grant shall be deemed to be substantially performed only when fully performed according to its terms and conditions and any modification thereof.

Successors and Assignees

OWH binds its successors, executors, administrators, and assignees to all covenants of this Grant. Except as above set forth, OWH shall not assign, sublet or transfer interest in this Grant without the prior written consent of the AGO.

Waiver of Rights

No right conferred on either party under this Grant shall be deemed waived and no breach of this Grant excused, unless such waiver or excuse shall be in writing and signed by the party claimed to have waived such right.

Non-Collusion and Acceptance

The undersigned attests, subject to the penalties for perjury, that he/she is the contracting party, or that he/she is the representative, agent, member or officer of the contracting party, that he/she has not, nor has any other member, employee, representative, agent or officer of the firm, company, corporation or partnership represented by him/her, directly or indirectly, to the best of his/her knowledge, entered into or offered to enter into any combination, collusion or agreement to receive or pay, and that he/she has not received or paid, any sum of money or other

consideration for the execution of this agreement other than that which appears upon the face of the agreement.

Nondiscrimination

Pursuant to IC 22-9-1-10 and the Civil Rights Act of 1964, OWH shall not discriminate against any employee or applicant for employment in the performance of this contract. The Contractor shall not discriminate with respect to the hire, tenure, terms, conditions or privileges of employment or any matter directly or indirectly related to employment, because of race, color, religion, sex, disability, national origin or ancestry. Breach of this covenant may be regarded as a material breach of contract. Acceptance of this contract also signifies compliance with applicable Federal laws, regulations, and executive orders prohibiting discrimination in the provision of services based on race, color, national origin, age, sex, disability or status as a veteran.

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The rest of this page is left blank intentionally.

In Witness Whereof, Office of Women's Health and the Attorney General's Office have, through duly authorized representatives, entered into this agreement. The parties having read and understand the foregoing terms of the contract do by their respective signatures dated below hereby agree to the terms thereof.

Office of Women's Health

By: Barbara Levy Tobey
Printed Name: BARBARA LEVY Tobey
Title: Director
Date: 6-15-00

State Department of Health

Richard Feldman
Richard Feldman, M.D.
Commissioner of Health
Date: 6/17/00

Office of the Attorney General

Karen M. Freeman-Wilson
Karen M. Freeman-Wilson
Attorney General
Date: 7/10/00

ENCLOSURE 3

Attorney General's Office Grant to Indiana Minority Health Coalition

This Grant is made and entered into by and between the Indiana Attorney General's Office ("AGO") and the Indiana Minority Health Coalition ("IMHC" or "Grantee").

Purpose of Agreement

The purpose of this Grant is to enable the AGO to make a grant of \$500,000 from its tobacco settlement reimbursement fund to IMHC. IMHC shall use the \$500,000 to fund the Minority Smoking Prevention Initiative ("Initiative") in the following counties: Floyd, Clark, Harrison, Lake and Marion; the latter county through the Indiana Black Expo and the Indianapolis Chapter of the Indiana Black Expo. The Initiative has been created to identify effective treatment methodologies through basic science research in the area of genetics and cancer in minority populations. Furthermore, this initiative will provide culturally appropriate youth smoking prevention and intervention programs in counties throughout the State.

Grant Amount

Five hundred thousand dollars and no cents (\$500,000.00).

Term

This Grant shall be for a period of one (1) year. This Grant will begin on August 1, 2000 and end on July 31, 2001. This Grant is not renewable by either party.

Design and Implementation of Project

The Indiana Minority Health Coalition shall act as the agent for IMHC for funding accounting purposes. IMHC shall divide funds ("200,000") between the following counties: Floyd, Clark, Harrison, Lake and Marion; the latter county through the Indiana Black Expo and the Indianapolis Chapter of the Indiana Black Expo which implement and utilize the Youth Initiatives program for cessation and prevention of tobacco among minority teenagers during the term of this Grant. IMHC shall distribute the remainder of this grant ("300,000") for research and development on the discovery of effective treatment methodologies in the area of genetics and cancer in minority populations. Frank Lloyd, Jr. M.D. has been identified as the lead research investigator. Thomas Brown, STD and Kenneth Ware, Ph.D., will conduct the risk assessment and behavioral studies associated with the research project. Drs. Lloyd, Brown and Ware are required to submit an approved protocol (by the appropriate Institutional Review Board) within 30 to 90 days after the execution of this contract or prior to the initiation of the research study.

Payment of Grant Funds by the AGO

The AGO will pay Grant funds to IMHC when the following conditions are met:

- A. This Agreement must be fully executed.
- B. Before May 31, 2001, IMHC shall provide to the AGO an accounting of how each county minority health unit that receives funding through IMHC used the funds associated with the Youth Initiative Program. Drs. Wright, Brown, and Ware are required to submit quarterly reports or in within the appropriate intervals outlined in the approved protocol. The final report for the research study should also be submitted before May 31, 2001. None of the funds described in this Grant may be used for any capital expenditure by any IMHC unit receiving these funds.

Use of Grant Funds by Grantee

Grant funds received by IMHC pursuant to this Grant shall be used only to fund the Youth Initiatives Program and the Minority Research and Development project.

Access to Records

IMHC shall maintain all books, documents, papers, accounting records, and other evidence pertaining to how each IMHC unit receiving funds uses the funds associated with this Grant. The IMHC units shall make such materials available at their respective offices at all reasonable times during the contract period and for three (3) years from the date of final payment under this grant for inspection by the AGO or by any other authorized representative of the AGO. Copies thereof shall be furnished at no cost to the AGO if requested.

Assignment

IMHC shall not assign the whole or any part of this Grant without the AGO's prior written consent.

Authority to Bind Grantee

Notwithstanding anything in the Grant to the contrary, the signatory for IMHC represents that he/she has been duly authorized to execute grants on behalf of the IMHC and has obtained all necessary or applicable approval from the home office of the IMHC to make this grant fully binding upon the IMHC when his/her signature is affixed.

Compliance with Laws

IMHC agrees to comply with all applicable federal (including all applicable FDA guidelines pertaining to clinical research), state and local laws, rules, regulations or ordinances, and all provisions required thereby to be included herein are hereby incorporated by reference. The enactment of any state or federal statute or the promulgation of regulations thereunder after execution of this grant shall be reviewed by the AGO and IMHC to determine whether the provisions of this grant require formal modification.

Conflict of Interest

A. As used in this section:

"immediate family" means the spouse and the unemancipated children of an individual.

"Interested party," means:

1. The individual executing this Contract;
2. An individual who has an interest of three percent (3%) or more of Grantee, if Grantee is not an individual; or
3. Any member of the immediate family of an individual specified under subdivision 1 or 2.

"Department" means the Indiana Department of Administration.

"Commission" means the State Ethics Commission.

B. The Department may cancel this Contract without recourse by Grantee if any interested party is an employee of the State of Indiana.

C. The Department will not exercise its right of cancellation under section B above if the Grantee gives the Department an opinion by the Commission indicating that the existence of this Grant and the employment by the State of Indiana of the interested party does not violate any statute or code relating to ethical conduct of state employees. The Department may take action, including cancellation of this Grant consistent with an opinion of the Commission obtained under this section.

D. Grantee has an affirmative obligation under this Grant to disclose to the Department when an interested party is or becomes an employee of the State of Indiana. The obligation under this section extends only to those facts that Grantee knows or reasonably could know.

The Grantee hereby covenants and agrees to make a good faith effort to provide and maintain a drug-free workplace. Grantee will give written notice to the State within ten (10) days after receiving actual notice that an employee has been convicted of a criminal drug violation occurring in sub-Grantee's workplace.

False certification or violation of the certification may result in sanctions including, but not limited to, suspension of Grant payments, termination of the Grant or agreement and/or debarment of grant opportunities with the Grantee for up to three (3) years.

In addition to the provisions of the above paragraphs, if the total Grant amount set forth in this Agreement is in excess of \$25,000.00, Grantee hereby further agrees that this Grant is expressly subject to the terms, conditions and representations of the following Certification:

This certification is required by Executive Order No. 90-5, April 12, 1990, issued by the Governor of Indiana. Pursuant to its delegated authority, the Indiana Department of Administration is requiring the inclusion of this certification in all Grants with and grants from the State of Indiana in excess of \$25,000.00. No award of a grant shall be made, and no grant, purchase order or agreement, the total amount of which exceeds \$25,000.00, shall be valid, unless and until this certification has been fully executed by the Grantee and made a part of the Grant or agreement as part of the Grant documents.

The Grantee certifies and agrees that it will provide a drug-free workplace by:

- A. Publishing and providing to all of its employees a statement notifying their employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the Grantee's workplace and specifying the actions that will be taken against employees for violations of such prohibition; and
- B. Establishing a drug-free awareness program to inform their employees of (1) the dangers of drug abuse in the workplace; (2) the Grantee's policy of maintaining a drug-free workplace; (3) any available drug counseling, rehabilitation, and employee assistance programs; and (4) the penalties that may be imposed upon an employee for drug abuse violations occurring in the workplace.
- C. Notifying all employees in the statement required by subparagraph (a) above that as a condition of continued employment the employee will (1) abide by the terms of the statement; and (2) notify the Grantee of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction;
- D. Notifying in writing the State within ten (10) days after receiving notice from an employee under subdivision (c)(2) above, or otherwise receiving actual notice of such conviction;
- E. Within thirty (30) days after receiving notice under subdivision (c)(2) above of a conviction, imposing the following sanctions or remedial measures on any employee who is convicted of drug abuse violations occurring in the

workplace: (1) take appropriate personnel action against the employee, up to and including termination; or (2) require such employee to satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State or local health, law enforcement, or other appropriate agency; and

- F. Making a good faith effort to maintain a drug-free workplace through the implementation of subparagraphs (a) through (e) above.

Disputes

Should any disputes arise with respect to this Grant, IMHC and the AGO agree to act immediately to resolve any such disputes. Time is of the essence in the resolution of disputes.

IMHC agrees that, the existence of a dispute notwithstanding, it will continue without delay to carry out all its responsibilities under this Grant that are not affected by the dispute. Should IMHC fail to continue to perform its responsibilities as regards all non-disputed work without delay, any additional costs incurred by the AGO or IMHC as a result of such failure to proceed shall be borne by IMHC, and IMHC shall make no claim against the AGO for such costs. If the AGO and IMHC cannot resolve a dispute within ten (10) working days following notification in writing by either party of the existence of said dispute then the following procedure shall apply:

The parties agree to resolve such matters through submission of their dispute to the Commissioner of the Indiana Department of Administration. The Commissioner shall reduce a decision to writing and mail or otherwise furnish a copy thereof to IMHC and the AGO within ten (10) working days after presentation of such dispute for action. The Commissioner's decision shall be final and conclusive unless either party mails or otherwise furnishes to the Commissioner, within ten (10) working days after receipt of the Commissioner's decision, a written appeal. Within ten (10) working days of receipt by the Commissioner of a written request for appeal, the decision may be reconsidered. If no reconsideration is provided within ten (10) working days, the parties may mutually agree to submit the dispute to arbitration for a determination, or otherwise the dispute shall be submitted to an Indiana court of competent jurisdiction.

The AGO may withhold payments on disputed items pending resolution of the dispute.

Force Majeure

In the event that either party is unable to perform any of its obligations under this Grant -- or to enjoy any of its benefits -- because of natural disaster or decrees of governmental bodies not the fault of the affected party (hereinafter referred to as a Force Majeure Event), the party who has been so affected shall immediately give notice to the other party and shall do everything possible to resume performance. Upon receipt of such notice, all obligations under this Grant shall be immediately suspended. If the period of nonperformance exceeds thirty (30) days from the receipt of notice of the Force Majeure Event, the party whose ability to perform has not been so affected may, by giving written notice, terminate this Grant.

Governing Laws

This Grant shall be construed in accordance with and governed by the laws of the State of Indiana and suit, if any, must be brought in the State of Indiana.

Indemnification

IMHC agrees to indemnify, defend, and hold harmless the AGO and its agents, officers, and employees from all claims and suits including court costs, attorney's fees, and other expenses caused by any act or omission of IMHC. The AGO shall not provide such indemnification to IMHC.

Independent Contractor

Both parties hereto, in the performance of this Grant, will be acting in an individual capacity and not as agents, employees, partners, joint venturers or associates of one another. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purposes whatsoever. Neither party will assume any liability for any injury (including death) to any persons, or any damage to any property arising out of the acts or omissions of the agents, employees or subcontractors of the other party.

IMHC shall be responsible for providing all necessary unemployment and worker's compensation insurance for IMHC's employees.

Multi-Term Funding Cancellation

When the Director of the State Budget Agency makes a written determination that funds are not appropriated or otherwise available to support continuation of performance of a multi-term contract, the multi-term contract shall be canceled. A determination by the Budget Director that funds are not appropriated or

otherwise available to support continuation of performance shall be final and conclusive.

Nondiscrimination

Pursuant to IC 22-9-1-10 and the Civil Rights Act of 1964, Grantee and its sub-Grantees shall not discriminate against any employee or applicant for employment in the performance of this Grant. The Grantee shall not discriminate with respect to the hire, tenure, terms, conditions or privileges of employment or any matter directly or indirectly related to employment, because of race, color, religion, sex, disability, national origin or ancestry. Breach of this covenant may be regarded as a material breach of contract. Acceptance of this Grant also signifies compliance with applicable Federal laws, regulations, and executive orders prohibiting discrimination in the provision of services based on race, color, national origin, age, sex, disability or status as a veteran.

Notice to Parties

Whenever any notice, statement or other communication shall be sent to the AGO or IMHC, it shall be sent to the following address, unless otherwise specifically advised.

A. Notices to the Attorney General's Office shall be sent to:

Attorney General Karen M. Freeman-Wilson
Indiana Attorney General's Office
IGCS, 5th Floor
402 West Washington Street
Indianapolis, IN 46204

B. Notices to IMHC shall be sent to:

Stephanie E. DeKemper
Executive Director
Indiana Minority Health Coalition
3737 North Meridian Street, Suite 303
Indianapolis, IN 46208
Phone #: 317/926-4011

C. Payment to IMHC shall be sent to:

Stephanie E. DeKemper
Executive Director
Indiana Minority Health Coalition
3737 North Meridian Street, Suite 303

Indianapolis, IN 46208
Phone #: 317/926-4011

Penalties / Interest / Attorney's Fees

The AGO will in good faith perform its required obligations hereunder and does not agree to pay any penalties, liquidated damages, interest, or attorney's fees, except as required by Indiana law, in part, IC 5-17-5-1 et seq., IC 34-54-8-5 et seq., and IC 34-13-1-6 et seq.

Severability

The invalidity of any section, subsection, clause or provision of this Grant shall not affect the validity of the remaining sections, subsections, clauses or provisions of this Grant.

Substantial Performance

This Grant shall be deemed to be substantially performed only when fully performed according to its terms and conditions and any modification thereof.

Successors and Assignees

IMHC binds its successors, executors, administrators, and assignees to all covenants of this Grant. Except as above set forth, IMHC shall not assign, sublet or transfer interest in this Grant without the prior written consent of the AGO.

Taxes

The AGO is exempt from state, federal, and local taxes. The AGO will not be responsible for any taxes levied on IMHC as a result of this Grant.

Waiver of Rights

No right conferred on either party under this Grant shall be deemed waived and no breach of this Grant excused, unless such waiver or excuse shall be in writing and signed by the party claimed to have waived such right.

Work Standards

IMHC agrees to execute its respective responsibilities by following and applying at all times the highest professional and technical guidelines and standards. If the AGO becomes dissatisfied with the work product or the working relationship with those individuals assigned to work on this Grant, the AGO may request in writing the replacement of any or all such individuals and IMHC shall grant such request.

Non-Collusion and Acceptance

The undersigned attests, subject to the penalties for perjury, that he/she is the contracting party, or that he/she is the representative, agent, member or officer of the contracting party, that he/she has not, nor has any other member, employee, representative, agent or officer of the firm, company, corporation or partnership represented by him/her, directly or indirectly, to the best of his/her knowledge, entered into or offered to enter into any combination, collusion or agreement to receive or pay, and that he/she has not received or paid, any sum of money or other consideration for the execution of this agreement other than that which appears upon the face of the agreement.

The rest of this page is intentionally left blank.

In Witness Whereof, Indiana Minority Health Coalition and the Attorney General's Office have, through duly authorized representatives, entered into this agreement. The parties having read and understand the foregoing terms of the contract do by their respective signatures dated below hereby agree to the terms thereof.

Indiana Minority Health Coalition: (Where Applicable)

By: _____ Attested By: _____
Printed Name: _____
Title: _____
Date: _____

Indiana Attorney General's Office:

By: _____
Printed Name: _____
Title: _____
Date: _____

Department of Administration

Glenn Lawrence
Commissioner
Date _____

State Budget Agency

Betty Cockrum
Commissioner
Date _____

Office of the Attorney General

Karen M. Freeman-Wilson
Attorney General
Date: _____

ENCLOSURE 4

Attorney General's Office Grant to Indiana Minority Health Coalition

This Grant is made and entered into by and between the Indiana Attorney General's Office ("AGO") and the Indiana Minority Health Coalition ("IMHC" or "Grantee").

Purpose of Agreement

The purpose of this Grant is to enable the AGO to make a grant of \$500,000 from its tobacco settlement reimbursement fund to IMHC. IMHC shall use the \$500,000 to fund the Minority Smoking Prevention Initiative ("Initiative") in the following counties: Floyd, Clark, Harrison, Lake and Marion; the latter county through the Indiana Black Expo and the Indianapolis Chapter of the Indiana Black Expo. The Initiative has been created to identify effective treatment methodologies through basic science research in the area of genetics and cancer in minority populations. Furthermore, this initiative will provide culturally appropriate youth smoking prevention and intervention programs in counties throughout the State.

Grant Amount

Five hundred thousand dollars and no cents (\$500,000.00).

Term

This Grant shall be for a period of one (1) year. This Grant will begin on August 1, 2000 and end on July 31, 2001. This Grant is not renewable by either party.

Design and Implementation of Project

The Indiana Minority Health Coalition shall act as the agent for IMHC for funding accounting purposes. IMHC shall divide funds ("200,000") between the following counties: Floyd, Clark, Harrison, Lake and Marion; the latter county through the Indiana Black Expo and the Indianapolis Chapter of the Indiana Black Expo which implement and utilize the Youth Initiatives program for cessation and prevention of tobacco among minority teenagers during the term of this Grant. IMHC shall distribute the remainder of this grant ("300,000") for research and development on the discovery of effective treatment methodologies in the area of genetics and cancer in minority populations. Frank Lloyd, Jr. M.D. has been identified as the lead research investigator. Thomas Brown, STD and Kenneth Ware, Ph.D., will conduct the risk assessment and behavioral studies associated with the research project. Drs. Lloyd, Brown and Ware are required to submit an approved protocol (by the appropriate Institutional Review Board) within 30 to 90 days after the execution of this contract or prior to the initiation of the research study.

Payment of Grant Funds by the AGO

The AGO will pay Grant funds to IMHC when the following conditions are met:

- A. This Agreement must be fully executed.
- B. Before May 31, 2001, IMHC shall provide to the AGO an accounting of how each county minority health unit that receives funding through IMHC used the funds associated with the Youth Initiative Program. Drs. Wright, Brown, and Ware are required to submit quarterly reports or in within the appropriate intervals outlined in the approved protocol. The final report for the research study should also be submitted before May 31, 2001. None of the funds described in this Grant may be used for any capital expenditure by any IMHC unit receiving these funds.

Use of Grant Funds by Grantee

Grant funds received by IMHC pursuant to this Grant shall be used only to fund the Youth Initiatives Program and the Minority Research and Development project.

Access to Records

IMHC shall maintain all books, documents, papers, accounting records, and other evidence pertaining to how each IMHC unit receiving funds uses the funds associated with this Grant. The IMHC units shall make such materials available at their respective offices at all reasonable times during the contract period and for three (3) years from the date of final payment under this grant for inspection by the AGO or by any other authorized representative of the AGO. Copies thereof shall be furnished at no cost to the AGO if requested.

Assignment

IMHC shall not assign the whole or any part of this Grant without the AGO's prior written consent.

Authority to Bind Grantee

Notwithstanding anything in the Grant to the contrary, the signatory for IMHC represents that he/she has been duly authorized to execute grants on behalf of the IMHC and has obtained all necessary or applicable approval from the home office of the IMHC to make this grant fully binding upon the IMHC when his/her signature is affixed.

Compliance with Laws

IMHC agrees to comply with all applicable federal (including all applicable FDA guidelines pertaining to clinical research), state and local laws, rules, regulations or ordinances, and all provisions required thereby to be included herein are hereby incorporated by reference. The enactment of any state or federal statute or the promulgation of regulations thereunder after execution of this grant shall be reviewed by the AGO and IMHC to determine whether the provisions of this grant require formal modification.

Conflict of Interest

A. As used in this section:

"Immediate family" means the spouse and the unemancipated children of an individual.

"Interested party," means:

1. The individual executing this Contract;
2. An individual who has an interest of three percent (3%) or more of Grantee, if Grantee is not an individual; or
3. Any member of the immediate family of an individual specified under subdivision 1 or 2.

"Department" means the Indiana Department of Administration.

"Commission" means the State Ethics Commission.

B. The Department may cancel this Contract without recourse by Grantee if any interested party is an employee of the State of Indiana.

C. The Department will not exercise its right of cancellation under section B above if the Grantee gives the Department an opinion by the Commission indicating that the existence of this Grant and the employment by the State of Indiana of the interested party does not violate any statute or code relating to ethical conduct of state employees. The Department may take action, including cancellation of this Grant consistent with an opinion of the Commission obtained under this section.

D. Grantee has an affirmative obligation under this Grant to disclose to the Department when an interested party is or becomes an employee of the State of Indiana. The obligation under this section extends only to those facts that Grantee knows or reasonably could know.

The Grantee hereby covenants and agrees to make a good faith effort to provide and maintain a drug-free workplace. Grantee will give written notice to the State within ten (10) days after receiving actual notice that an employee has been convicted of a criminal drug violation occurring in sub-Grantee's workplace.

False certification or violation of the certification may result in sanctions including, but not limited to, suspension of Grant payments, termination of the Grant or agreement and/or debarment of grant opportunities with the Grantee for up to three (3) years.

In addition to the provisions of the above paragraphs, if the total Grant amount set forth in this Agreement is in excess of \$25,000.00, Grantee hereby further agrees that this Grant is expressly subject to the terms, conditions and representations of the following Certification:

This certification is required by Executive Order No. 90-5, April 12, 1990, issued by the Governor of Indiana. Pursuant to its delegated authority, the Indiana Department of Administration is requiring the inclusion of this certification in all Grants with and grants from the State of Indiana in excess of \$25,000.00. No award of a grant shall be made, and no grant, purchase order or agreement, the total amount of which exceeds \$25,000.00, shall be valid, unless and until this certification has been fully executed by the Grantee and made a part of the Grant or agreement as part of the Grant documents.

The Grantee certifies and agrees that it will provide a drug-free workplace by:

- A. Publishing and providing to all of its employees a statement notifying their employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the Grantee's workplace and specifying the actions that will be taken against employees for violations of such prohibition; and
- B. Establishing a drug-free awareness program to inform their employees of (1) the dangers of drug abuse in the workplace; (2) the Grantee's policy of maintaining a drug-free workplace; (3) any available drug counseling, rehabilitation, and employee assistance programs; and (4) the penalties that may be imposed upon an employee for drug abuse violations occurring in the workplace.
- C. Notifying all employees in the statement required by subparagraph (a) above that as a condition of continued employment the employee will (1) abide by the terms of the statement; and (2) notify the Grantee of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction;
- D. Notifying in writing the State within ten (10) days after receiving notice from an employee under subdivision (c)(2) above, or otherwise receiving actual notice of such conviction;
- E. Within thirty (30) days after receiving notice under subdivision (c)(2) above of a conviction, imposing the following sanctions or remedial measures on any employee who is convicted of drug abuse violations occurring in the

workplace: (1) take appropriate personnel action against the employee, up to and including termination; or (2) require such employee to satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State or local health, law enforcement, or other appropriate agency; and

- F. Making a good faith effort to maintain a drug-free workplace through the implementation of subparagraphs (a) through (e) above.

Disputes

Should any disputes arise with respect to this Grant, IMHC and the AGO agree to act immediately to resolve any such disputes. Time is of the essence in the resolution of disputes.

IMHC agrees that, the existence of a dispute notwithstanding, it will continue without delay to carry out all its responsibilities under this Grant that are not affected by the dispute. Should IMHC fail to continue to perform its responsibilities as regards all non-disputed work without delay, any additional costs incurred by the AGO or IMHC as a result of such failure to proceed shall be borne by IMHC, and IMHC shall make no claim against the AGO for such costs. If the AGO and IMHC cannot resolve a dispute within ten (10) working days following notification in writing by either party of the existence of said dispute then the following procedure shall apply:

The parties agree to resolve such matters through submission of their dispute to the Commissioner of the Indiana Department of Administration. The Commissioner shall reduce a decision to writing and mail or otherwise furnish a copy thereof to IMHC and the ACO within ten (10) working days after presentation of such dispute for action. The Commissioner's decision shall be final and conclusive unless either party mails or otherwise furnishes to the Commissioner, within ten (10) working days after receipt of the Commissioner's decision, a written appeal. Within ten (10) working days of receipt by the Commissioner of a written request for appeal, the decision may be reconsidered. If no reconsideration is provided within ten (10) working days, the parties may mutually agree to submit the dispute to arbitration for a determination, or otherwise the dispute shall be submitted to an Indiana court of competent jurisdiction.

The AGO may withhold payments on disputed items pending resolution of the dispute.

Force Majeure

In the event that either party is unable to perform any of its obligations under this Grant -- or to enjoy any of its benefits -- because of natural disaster or decrees of governmental bodies not the fault of the affected party (hereinafter referred to as a Force Majeure Event), the party who has been so affected shall immediately give notice to the other party and shall do everything possible to resume performance. Upon receipt of such notice, all obligations under this Grant shall be immediately suspended. If the period of nonperformance exceeds thirty (30) days from the receipt of notice of the Force Majeure Event, the party whose ability to perform has not been so affected may, by giving written notice, terminate this Grant.

Governing Laws

This Grant shall be construed in accordance with and governed by the laws of the State of Indiana and suit, if any, must be brought in the State of Indiana.

Indemnification

IMHC agrees to indemnify, defend, and hold harmless the AGO and its agents, officers, and employees from all claims and suits including court costs, attorney's fees, and other expenses caused by any act or omission of IMHC. The AGO shall not provide such indemnification to IMHC.

Independent Contractor

Both parties hereto, in the performance of this Grant, will be acting in an individual capacity and not as agents, employees, partners, joint venturers or associates of one another. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purposes whatsoever. Neither party will assume any liability for any injury (including death) to any persons, or any damage to any property arising out of the acts or omissions of the agents, employees or subcontractors of the other party.

IMHC shall be responsible for providing all necessary unemployment and worker compensation insurance for IMHC's employees.

Multi-Term Funding Cancellation

When the Director of the State Budget Agency makes a written determination that funds are not appropriated or otherwise available to support continuation of performance of a multi-term contract, the multi-term contract shall be canceled. A determination by the Budget Director that funds are not appropriated or

otherwise available to support continuation of performance shall be final and conclusive.

Nondiscrimination

Pursuant to IC 22-9-1-10 and the Civil Rights Act of 1964, Grantee and its sub-Grantees shall not discriminate against any employee or applicant for employment in the performance of this Grant. The Grantee shall not discriminate with respect to the hire, tenure, terms, conditions or privileges of employment or any matter directly or indirectly related to employment, because of race, color, religion, sex, disability, national origin or ancestry. Breach of this covenant may be regarded as a material breach of contract. Acceptance of this Grant also signifies compliance with applicable Federal laws, regulations, and executive orders prohibiting discrimination in the provision of services based on race, color, national origin, age, sex, disability or status as a veteran.

Notice to Parties

Whenever any notice, statement or other communication shall be sent to the AGO or IMHC, it shall be sent to the following address, unless otherwise specifically advised.

A. Notices to the Attorney General's Office shall be sent to:

Attorney General Karen M. Freeman-Wilson
Indiana Attorney General's Office
IGCS, 5th Floor
402 West Washington Street
Indianapolis, IN 46204

B. Notices to IMHC shall be sent to:

Stephanie E. DeKemper
Executive Director
Indiana Minority Health Coalition
3737 North Meridian Street, Suite 303
Indianapolis, IN 46208
Phone #: 317/926-4011

C. Payment to IMHC shall be sent to:

Stephanie E. DeKemper
Executive Director
Indiana Minority Health Coalition
3737 North Meridian Street, Suite 303

Indianapolis, IN 46208
Phone #: 317/926-4011

Penalties / Interest / Attorney's Fees

The AGO will in good faith perform its required obligations hereunder and does not agree to pay any penalties, liquidated damages, interest, or attorney's fees, except as required by Indiana law, in part, IC 5-17-5-1 et seq., IC 34-54-8-5 et seq., and IC 34-13-1-6 et seq.

Severability

The invalidity of any section, subsection, clause or provision of this Grant shall not affect the validity of the remaining sections, subsections, clauses or provisions of this Grant.

Substantial Performance

This Grant shall be deemed to be substantially performed only when fully performed according to its terms and conditions and any modification thereof.

Successors and Assignees

IMHC binds its successors, executors, administrators, and assignees to all covenants of this Grant. Except as above set forth, IMHC shall not assign, sublet or transfer interest in this Grant without the prior written consent of the AGO.

Taxes

The AGO is exempt from state, federal, and local taxes. The AGO will not be responsible for any taxes levied on IMHC as a result of this Grant.

Waiver of Rights

No right conferred on either party under this Grant shall be deemed waived and no breach of this Grant excused, unless such waiver or excuse shall be in writing and signed by the party claimed to have waived such right.

Work Standards

IMHC agrees to execute its respective responsibilities by following and applying at all times the highest professional and technical guidelines and standards. If the AGO becomes dissatisfied with the work product or the working relationship with those individuals assigned to work on this Grant, the AGO may request in writing the replacement of any or all such individuals and IMHC shall grant such request.

Non-Collusion and Acceptance

The undersigned attests, subject to the penalties for perjury, that he/she is the contracting party, or that he/she is the representative, agent, member or officer of the contracting party, that he/she has not, nor has any other member, employee, representative, agent or officer of the firm, company, corporation or partnership represented by him/her, directly or indirectly, to the best of his/her knowledge, entered into or offered to enter into any combination, collusion or agreement to receive or pay, and that he/she has not received or paid, any sum of money or other consideration for the execution of this agreement other than that which appears upon the face of the agreement.

The rest of this page is intentionally left blank.

In Witness Whereof, Indiana Minority Health Coalition and the Attorney General's Office have, through duly authorized representatives, entered into this agreement. The parties having read and understand the foregoing terms of the contract do by their respective signatures dated below hereby agree to the terms thereof.

Indiana Minority Health Coalition: (Where Applicable)

By: _____ Attested By: _____
Printed Name: _____
Title: _____
Date: _____

Indiana Attorney General's Office:

By: _____
Printed Name: _____
Title: _____
Date: _____

Department of Administration

Glenn Lawrence
Commissioner
Date _____

State Budget Agency

Betty Cockrum
Commissioner
Date _____

Office of the Attorney General

Karen M. Freeman-Wilson
Attorney General
Date: _____

ENCLOSURE 5



VOUCHER ABSTRACT — FORM A-3
 State Form 22933 (R2/5-89)
 Approved by State Board of Accounts 198

DOCUMENT NUMBERS	
Starting Number	C04604401
Ending Number	C04604401
Date (Month, Day, Yr)	07/11/2000

AGENCY NOTICE: Use this form as a covering transmittal for vouchers chargeable.
 Send two copies to the Auditor of the State of Indiana.

SIGNATURES FOR APPROVAL	
Department of Administration Signature	
Date Received (Mo., Day, Yr.)	Date Approved (Mo., Day, Yr.)
Budget Agency Signature	
Date Received (Mo., Day, Yr.)	Date Approved (Mo., Day, Yr.)

AGENCY FILL IN	
Fund/Object/Cente	6000 572500 113000
Agency Name	Attorney General Office
Agency Number	046

AGENCY LEAVE BLANK	
control Group Number	07-12-00 PAID 2072

PAYEE (Double space, use reverse side if necessary)	AMOUNT
INDIANA MINORITY HEALTH COALITION INC	500,000.00

Done to Agency 7/13/00

DATE	WARRANT NO.
07/12/00	16699261

BOLP 035192426A 01

FUND/OBJECT/CENTER 6000/572500/113000				DISCOUNT		NET
DATE	INVOICE/CREDIT MEMO	TYPE	DESCRIPTION	GROSS	DISCOUNT	NET
7/11/00	C04604401		GRANT FROM TABACCO SETTLEMENT FOR IMHC	50000000	00	50000000
TOTALS ▶				50000000	000	50000000



VOUCHER ABSTRACT — FORM A-3
 State Form 22933 (R2/5-89)
 Approved by State Board of Accounts 198

DOCUMENT NUMBERS	
Starting Number	C04604401
Ending Number	C04604401
Date (Month, Day, Yr)	07/11/2000

AGENCY NOTICE: Use this form as a covering transmittal for vouchers chargeable.
 Send two copies to the Auditor of the State of Indiana.

SIGNATURES FOR APPROVAL	
Department of Administration Signature	
Date Received (Mo., Day, Yr.)	Date Approved (Mo., Day, Yr.)
Budget Agency Signature	
Date Received (Mo., Day, Yr.)	Date Approved (Mo., Day, Yr.)

AGENCY FILL IN	
Fund/Object/Cente	6000 572500 113000
Agency Name	Attorney General Office
Agency Number	046

AGENCY LEAVE BLANK
control Group Number

PAYEE (Double space, use reverse side if necessary)	AMOUNT
INDIANA MINORITY HEALTH COALITION INC	500,000.00

Attorney General's Office Grant to Indiana Minority Health Coalition

This Grant is made and entered into by and between the Indiana Attorney General's Office ("AGO") and the Indiana Minority Health Coalition ("IMHC" or "Grantee").

Purpose of Agreement

The purpose of this Grant is to enable the AGO to make a grant of \$500,000 from its tobacco settlement reimbursement fund to IMHC. IMHC shall use the \$500,000 to fund the Minority Smoking Prevention Initiative in the following counties: Floyd, Clark, Harrison, Lake and Marion; the latter county through the Indiana Black Expo and the Indianapolis Chapter of the Indiana Black Expo. The Initiative has been created to identify effective treatment methodologies through basic science research in the area of genetics and cancer in minority populations. Furthermore, this initiative will provide culturally appropriate youth smoking prevention and intervention programs in counties throughout the State.

Grant Amount

Five hundred thousand dollars and no cents (\$500,000.00).

Term

This Grant shall be for a period of one (1) year. This Grant will begin on June 1, 2000 and end on May 31, 2001. This Grant is not renewable by either party.

Design and Implementation of Project

The Indiana Minority Health Coalition shall act as the agent for IMHC for funding accounting purposes. IMHC shall divide funds between the following counties: Floyd, Clark, Harrison, Lake and Marion; the latter county through the Indiana Black Expo and the Indianapolis Chapter of the Indiana Black Expo which implement and utilize the Youth Initiatives program for cessation and prevention of tobacco among minority teenagers during the term of this Grant. IMHC shall distribute the remainder of this grant for research and development on the discovery of effective treatment methodologies in the area of genetics and cancer in minority populations.

Payment of Grant Funds by the AGO

The AGO will pay Grant funds to IMHC when the following conditions are met:

- A. This Agreement must be fully executed.

- B. Before May 31, 2001, IMHC shall provide to the AGO an accounting of how each county minority health unit that receives funding through IMHC used the funds associated with this Grant. None of the funds described in this Grant may be used for any capital expenditure by any IMHC unit receiving these funds.

Use of Grant Funds by Grantee

Grant funds received by IMHC pursuant to this Grant shall be used only to fund the Youth Initiatives Program and the Minority Research and Development project.

Access to Records

IMHC shall maintain all books, documents, papers, accounting records, and other evidence pertaining to how each IMHC unit receiving funds uses the funds associated with this Grant. The IMHC units shall make such materials available at their respective offices at all reasonable times during the contract period and for three (3) years from the date of final payment under this grant for inspection by the AGO or by any other authorized representative of the AGO. Copies thereof shall be furnished at no cost to the AGO if requested.

Assignment

IMHC shall not assign the whole or any part of this Grant without the AGO's prior written consent.

Authority to Bind Grantee

Notwithstanding anything in the Grant to the contrary, the signatory for IMHC represents that he/she has been duly authorized to execute grants on behalf of the IMHC and has obtained all necessary or applicable approval from the home office of the IMHC to make this grant fully binding upon the IMHC when his/her signature is affixed.

Compliance with Laws

IMHC agrees to comply with all applicable federal, state and local laws, rules, regulations or ordinances, and all provisions required thereby to be included herein are hereby incorporated by reference. The enactment of any state or federal statute or the promulgation of regulations thereunder after execution of this grant shall be reviewed by the AGO and IMHC to determine whether the provisions of this grant require formal modification.

Conflict of Interest

A. As used in this section:

"Immediate family" means the spouse and the unemancipated children of an individual.

"Interested party," means:

1. The individual executing this Contract;
2. An individual who has an interest of three percent (3%) or more of Grantee, if Grantee is not an individual; or
3. Any member of the immediate family of an individual specified under subdivision 1 or 2.

"Department" means the Indiana Department of Administration.

"Commission" means the State Ethics Commission.

B. The Department may cancel this Contract without recourse by Grantee if any interested party is an employee of the State of Indiana.

C. The Department will not exercise its right of cancellation under section B above if the Grantee gives the Department an opinion by the Commission indicating that the existence of this Grant and the employment by the State of Indiana of the interested party does not violate any statute or code relating to ethical conduct of state employees. The Department may take action, including cancellation of this Grant consistent with an opinion of the Commission obtained under this section.

D. Grantee has an affirmative obligation under this Grant to disclose to the Department when an interested party is or becomes an employee of the State of Indiana. The obligation under this section extends only to those facts that Grantee knows or reasonably could know.

The Grantee hereby covenants and agrees to make a good faith effort to provide and maintain a drug-free workplace. Grantee will give written notice to the State within ten (10) days after receiving actual notice that an employee has been convicted of a criminal drug violation occurring in sub-Grantee's workplace.

False certification or violation of the certification may result in sanctions including, but not limited to, suspension of Grant payments, termination of the Grant or agreement and/or debarment of grant opportunities with the Grantee for up to three (3) years.

In addition to the provisions of the above paragraphs, if the total Grant amount set forth in this Agreement is in excess of \$25,000.00, Grantee hereby further agrees that this Grant is expressly subject to the terms, conditions and representations of the following Certification:

This certification is required by Executive Order No. 90-5, April 12, 1990, issued by the Governor of Indiana. Pursuant to its delegated authority, the Indiana Department of Administration is requiring the inclusion of this certification in all Grants with and grants from the State of Indiana in excess of \$25,000.00. No award of a grant shall be made, and no grant, purchase order or agreement, the total amount of which exceeds \$25,000.00, shall be valid, unless and until this certification has been fully executed by the Grantee and made a part of the Grant or agreement as part of the Grant documents.

The Grantee certifies and agrees that it will provide a drug-free workplace by:

- A. Publishing and providing to all of its employees a statement notifying their employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the Grantee's workplace and specifying the actions that will be taken against employees for violations of such prohibition; and
- B. Establishing a drug-free awareness program to inform their employees of (1) the dangers of drug abuse in the workplace; (2) the Grantee's policy of maintaining a drug-free workplace; (3) any available drug counseling, rehabilitation, and employee assistance programs; and (4) the penalties that may be imposed upon an employee for drug abuse violations occurring in the workplace.
- C. Notifying all employees in the statement required by subparagraph (a) above that as a condition of continued employment the employee will (1) abide by the terms of the statement; and (2) notify the Grantee of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction;
- D. Notifying in writing the State within ten (10) days after receiving notice from an employee under subdivision (c)(2) above, or otherwise receiving actual notice of such conviction;
- E. Within thirty (30) days after receiving notice under subdivision (c)(2) above of a conviction, imposing the following sanctions or remedial measures on any employee who is convicted of drug abuse violations occurring in the workplace: (1) take appropriate personnel action against the employee, up to and including termination; or (2) require such employee to satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State or local health, law enforcement, or other appropriate agency; and
- F. Making a good faith effort to maintain a drug-free workplace through the implementation of subparagraphs (a) through (e) above.

Disputes

Should any disputes arise with respect to this Grant, IMHC and the AGO agree to act immediately to resolve any such disputes. Time is of the essence in the resolution of disputes.

IMHC agrees that, the existence of a dispute notwithstanding, it will continue without delay to carry out all its responsibilities under this Grant that are not affected by the dispute. Should IMHC fail to continue to perform its responsibilities as regards all non-disputed work without delay, any additional costs incurred by the AGO or IMHC as a result of such failure to proceed shall be borne by IMHC, and IMHC shall make no claim against the AGO for such costs. If the AGO and IMHC cannot resolve a dispute within ten (10) working days following notification in writing by either party of the existence of said dispute then the following procedure shall apply:

The parties agree to resolve such matters through submission of their dispute to the Commissioner of the Indiana Department of Administration. The Commissioner shall reduce a decision to writing and mail or otherwise furnish a copy thereof to IMHC and the AGO within ten (10) working days after presentation of such dispute for action. The Commissioner's decision shall be final and conclusive unless either party mails or otherwise furnishes to the Commissioner, within ten (10) working days after receipt of the Commissioner's decision, a written appeal. Within ten (10) working days of receipt by the Commissioner of a written request for appeal, the decision may be reconsidered. If no reconsideration is provided within ten (10) working days, the parties may mutually agree to submit the dispute to arbitration for a determination, or otherwise the dispute shall be submitted to an Indiana court of competent jurisdiction.

The AGO may withhold payments on disputed items pending resolution of the dispute.

Force Majeure

In the event that either party is unable to perform any of its obligations under this Grant -- or to enjoy any of its benefits -- because of natural disaster or decrees of governmental bodies not the fault of the affected party (hereinafter referred to as a Force Majeure Event), the party who has been so affected shall immediately give notice to the other party and shall do everything possible to resume performance. Upon receipt of such notice, all obligations under this Grant shall be immediately suspended. If the period of nonperformance exceeds thirty (30) days from the receipt of notice of the Force Majeure Event, the party whose ability to perform has not been so affected may, by giving written notice, terminate this Grant.

Governing Laws

This Grant shall be construed in accordance with and governed by the laws of the State of Indiana and suit, if any, must be brought in the State of Indiana.

Indemnification

IMHC agrees to indemnify, defend, and hold harmless the AGO and its agents, officers, and employees from all claims and suits including court costs, attorney's fees, and other expenses caused by any act or omission of IMHC. The AGO shall not provide such indemnification to IMHC.

Independent Contractor

Both parties hereto, in the performance of this Grant, will be acting in an individual capacity and not as agents, employees, partners, joint venturers or associates of one another. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purposes whatsoever. Neither party will assume any liability for any injury (including death) to any persons, or any damage to any property arising out of the acts or omissions of the agents, employees or subcontractors of the other party.

IMHC shall be responsible for providing all necessary unemployment and worker compensation insurance for IMHC's employees.

Multi-Term Funding Cancellation

When the Director of the State Budget Agency makes a written determination that funds are not appropriated or otherwise available to support continuation of performance of a multi-term contract, the multi-term contract shall be canceled. A determination by the Budget Director that funds are not appropriated or otherwise available to support continuation of performance shall be final and conclusive.

Nondiscrimination

Pursuant to IC 22-9-1-10 and the Civil Rights Act of 1964, Grantee and its sub-Grantees shall not discriminate against any employee or applicant for employment in the performance of this Grant. The Grantee shall not discriminate with respect to the hire, tenure, terms, conditions or privileges of employment or any matter directly or indirectly related to employment, because of race, color, religion, sex, disability, national origin or ancestry. Breach of this covenant may be regarded as a material breach of contract. Acceptance of this Grant also signifies compliance with applicable Federal laws, regulations, and executive

orders prohibiting discrimination in the provision of services based on race, color, national origin, age, sex, disability or status as a veteran.

Notice to Parties

Whenever any notice, statement or other communication shall be sent to the AGO or IMHC, it shall be sent to the following address, unless otherwise specifically advised.

A. Notices to the Attorney General's Office shall be sent to:

Attorney General Karen M. Freeman-Wilson
Indiana Attorney General's Office
IGCS, 5th Floor
402 West Washington Street
Indianapolis, IN 46204

B. Notices to IMHC shall be sent to:

Stephanie E. DeKemper
Executive Director
Indiana Minority Health Coalition
3737 North Meridian Street, Suite 303
Indianapolis, IN 46208
Phone #: 317/926-4011

C. Payment to IMHC shall be sent to:

Stephanie E. DeKemper
Executive Director
Indiana Minority Health Coalition
3737 North Meridian Street, Suite 303
Indianapolis, IN 46208
Phone #: 317/926-4011

Penalties / Interest / Attorney's Fees

The AGO will in good faith perform its required obligations hereunder and does not agree to pay any penalties, liquidated damages, interest, or attorney's fees, except as required by Indiana law, in part, IC 5-17-5-1 et seq., IC 34-54-8-5 et seq., and IC 34-13-1-6 et seq.

Severability

The invalidity of any section, subsection, clause or provision of this Grant shall not affect the validity of the remaining sections, subsections, clauses or provisions of this Grant.

Substantial Performance

This Grant shall be deemed to be substantially performed only when fully performed according to its terms and conditions and any modification thereof.

Successors and Assignees

IMHC binds its successors, executors, administrators, and assignees to all covenants of this Grant. Except as above set forth, IMHC shall not assign, sublet or transfer interest in this Grant without the prior written consent of the AGO.

Taxes

The AGO is exempt from state, federal, and local taxes. The AGO will not be responsible for any taxes levied on IMHC as a result of this Grant.

Waiver of Rights

No right conferred on either party under this Grant shall be deemed waived and no breach of this Grant excused, unless such waiver or excuse shall be in writing and signed by the party claimed to have waived such right.

Work Standards

IMHC agrees to execute its respective responsibilities by following and applying at all times the highest professional and technical guidelines and standards. If the AGO becomes dissatisfied with the work product or the working relationship with those individuals assigned to work on this Grant, the AGO may request in writing the replacement of any or all such individuals and IMHC shall grant such request.

Non-Collusion and Acceptance

The undersigned attests, subject to the penalties for perjury, that he/she is the contracting party, or that he/she is the representative, agent, member or officer of the contracting party, that he/she has not, nor has any other member, employee, representative, agent or officer of the firm, company, corporation or partnership represented by him/her, directly or indirectly, to the best of his/her knowledge, entered into or offered to enter into any combination, collusion or agreement to

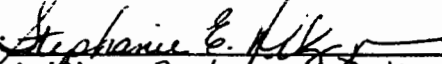
receive or pay, and that he/she has not received or paid, any sum of money or other consideration for the execution of this agreement other than that which appears upon the face of the agreement.

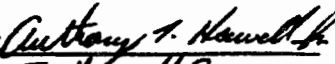
The rest of this page is intentionally left blank.

In Witness Whereof, Indiana Minority Health Coalition and the Attorney General's Office have, through duly authorized representatives, entered into this agreement. The parties having read and understand the foregoing terms of the contract do by their respective signatures dated below hereby agree to the terms thereof.


Indiana Minority Health Coalition:

(Where Applicable)

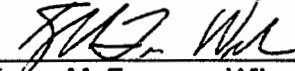
By: 
Printed Name: Stephanie E. DeKemper
Title: Executive Director / CED
Date: 7-10-00

Attested By: 
Anthony T. Howell Sr.
Deputy Director
7-10-00

Indiana Attorney General's Office:

By: 
Printed Name: Dawn M. Chavitz, JD
Title: Assistant Attorney General
Date: 07/13/00

Office of the Attorney General


Karen M. Freeman-Wilson
Attorney General
Date: 7/10/00

ENCLOSURE 6

Attorney General's Office Grant to Ball State University

This Grant is made and entered into by and between the Indiana Attorney General's Office ("AGO") and Ball State University ("BSU" or "Grantee").

Purpose of Agreement

The purpose of this Grant is to enable the AGO to make a grant of \$213,200 from its tobacco settlement reimbursement fund to BSU. BSU shall use the \$213,200 to fund the Indiana Fever Partnership/Pacers Sports & Entertainment. The Indiana Fever Partnership/Pacers Sports & Entertainment will secure the maximum exposure for the Indiana Tobacco Free Partnership in various distinctive marketing areas.

Grant Amount

Two hundred thirteen thousand two hundred dollars and no cents (\$213,200.00).

Term

This Grant shall be for a period of two (2) years. This Grant will begin on June 1, 2000 and end on May 31, 2002. This Grant is not renewable by either party.

Design and Implementation of Project

Ball State University shall act as the agent for BSU for funding accounting purposes. BSU shall dispense the funds to the Indiana Fever Partnership/Pacers Sports & Entertainment which will implement and utilize the funds to provide maximum exposure in distinctive marketing areas that may include on-premise advertising, electronic media, promotional opportunities, community programs, and merchandising/ticketing elements.

Payment of Grant Funds by the AGO

The AGO will pay Grant funds to BSU when the following conditions are met:

- A. This Agreement must be fully executed.
- B. Before May 31, 2001 and May 31, 2002, BSU shall provide to the AGO an accounting of how BSU used the funds associated with this Grant. None of the funds described in this Grant may be used for any capital expenditure by any BSU unit receiving these funds.

Use of Grant Funds by Grantee

Grant funds received by BSU pursuant to this Grant shall be used only to fund the Indiana Fever Partnership/Pacers Sports & Entertainment program.

Access to Records

BSU shall maintain all books, documents, papers, accounting records, and other evidence pertaining to how BSU uses the funds associated with this Grant. BSU shall make such materials available at their respective offices at all reasonable times during the contract period and for three (3) years from the date of final payment under this grant for inspection by the AGO or by any other authorized representative of the AGO. Copies thereof shall be furnished at no cost to the AGO if requested.

Assignment

BSU shall not assign the whole or any part of this Grant without the AGO's prior written consent.

Authority to Bind Grantee

Notwithstanding anything in the Grant to the contrary, the signatory for BSU represents that he/she has been duly authorized to execute grants on behalf of the BSU and has obtained all necessary or applicable approval from the home office of the BSU to make this grant fully binding upon the BSU when his/her signature is affixed.

Compliance with Laws

BSU agrees to comply with all applicable federal, state and local laws, rules, regulations or ordinances, and all provisions required thereby to be included herein are hereby incorporated by reference. The enactment of any state or federal statute or the promulgation of regulations thereunder after execution of this grant shall be reviewed by the AGO and BSU to determine whether the provisions of this grant require formal modification.

Conflict of Interest

A. As used in this section:

"Immediate family" means the spouse and the unemancipated children of an individual.

"Interested party," means:

1. The individual executing this Contract;
2. An individual who has an interest of three percent (3%) or more of Grantee, if Grantee is not an individual; or

3. Any member of the immediate family of an individual specified under subdivision 1 or 2.

"Department" means the Indiana Department of Administration.

"Commission" means the State Ethics Commission.

- B. The Department may cancel this Contract without recourse by Grantee if any interested party is an employee of the State of Indiana.
- C. The Department will not exercise its right of cancellation under section B above if the Grantee gives the Department an opinion by the Commission indicating that the existence of this Grant and the employment by the State of Indiana of the interested party does not violate any statute or code relating to ethical conduct of state employees. The Department may take action, including cancellation of this Grant consistent with an opinion of the Commission obtained under this section.
- D. Grantee has an affirmative obligation under this Grant to disclose to the Department when an interested party is or becomes an employee of the State of Indiana. The obligation under this section extends only to those facts that Grantee knows or reasonably could know.

Drug-Free Workplace Certification

The Grantee hereby covenants and agrees to make a good faith effort to provide and maintain a drug-free workplace. Grantee will give written notice to the State within ten (10) days after receiving actual notice that an employee has been convicted of a criminal drug violation occurring in sub-Grantee's workplace.

False certification or violation of the certification may result in sanctions including, but not limited to, suspension of Grant payments, termination of the Grant or agreement and/or debarment of grant opportunities with the Grantee for up to three (3) years.

In addition to the provisions of the above paragraphs, if the total Grant amount set forth in this Agreement is in excess of \$25,000.00, Grantee hereby further agrees that this Grant is expressly subject to the terms, conditions and representations of the following Certification:

This certification is required by Executive Order No. 90-5, April 12, 1990, issued by the Governor of Indiana. Pursuant to its delegated authority, the Indiana Department of Administration is requiring the inclusion of this certification in all Grants with and grants from the State of Indiana in excess of \$25,000.00. No award of a grant shall be made, and no grant, purchase order or agreement, the total amount of which exceeds \$25,000.00, shall be valid, unless and until this certification has been fully executed by the Grantee and made a part of the Grant or agreement as part of the Grant documents.

The Grantee certifies and agrees that it will provide a drug-free workplace by:

- A. Publishing and providing to all of its employees a statement notifying their employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the Grantee's workplace and specifying the actions that will be taken against employees for violations of such prohibition; and
- B. Establishing a drug-free awareness program to inform their employees of (1) the dangers of drug abuse in the workplace; (2) the Grantee's policy of maintaining a drug-free workplace; (3) any available drug counseling, rehabilitation, and employee assistance programs; and (4) the penalties that may be imposed upon an employee for drug abuse violations occurring in the workplace.
- C. Notifying all employees in the statement required by subparagraph (a) above that as a condition of continued employment the employee will (1) abide by the terms of the statement; and (2) notify the Grantee of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction;
- D. Notifying in writing the State within ten (10) days after receiving notice from an employee under subdivision (c)(2) above, or otherwise receiving actual notice of such conviction;
- E. Within thirty (30) days after receiving notice under subdivision (c)(2) above of a conviction, imposing the following sanctions or remedial measures on any employee who is convicted of drug abuse violations occurring in the workplace: (1) take appropriate personnel action against the employee, up to and including termination; or (2) require such employee to satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State or local health, law enforcement, or other appropriate agency; and
- F. Making a good faith effort to maintain a drug-free workplace through the implementation of subparagraphs (a) through (e) above.

Disputes

Should any disputes arise with respect to this Grant, BSU and the AGO agree to act immediately to resolve any such disputes. Time is of the essence in the resolution of disputes.

BSU agrees that, the existence of a dispute notwithstanding, it will continue without delay to carry out all its responsibilities under this Grant that are not affected by the dispute. Should BSU fail to continue to perform its

responsibilities as regards all non-disputed work without delay, any additional costs incurred by the AGO or BSU as a result of such failure to proceed shall be borne by BSU, and BSU shall make no claim against the AGO for such costs. If the AGO and BSU cannot resolve a dispute within ten (10) working days following notification in writing by either party of the existence of said dispute then the following procedure shall apply:

The parties agree to resolve such matters through submission of their dispute to the Commissioner of the Indiana Department of Administration. The Commissioner shall reduce a decision to writing and mail or otherwise furnish a copy thereof to BSU and the AGO within ten (10) working days after presentation of such dispute for action. The Commissioner's decision shall be final and conclusive unless either party mails or otherwise furnishes to the Commissioner, within ten (10) working days after receipt of the Commissioner's decision, a written appeal. Within ten (10) working days of receipt by the Commissioner of a written request for appeal, the decision may be reconsidered. If no reconsideration is provided within ten (10) working days, the parties may mutually agree to submit the dispute to arbitration for a determination, or otherwise the dispute shall be submitted to an Indiana court of competent jurisdiction.

The AGO may withhold payments on disputed items pending resolution of the dispute.

Force Majeure

In the event that either party is unable to perform any of its obligations under this Grant -- or to enjoy any of its benefits -- because of natural disaster or decrees of governmental bodies not the fault of the affected party (hereinafter referred to as a Force Majeure Event), the party who has been so affected shall immediately give notice to the other party and shall do everything possible to resume performance. Upon receipt of such notice, all obligations under this Grant shall be immediately suspended. If the period of nonperformance exceeds thirty (30) days from the receipt of notice of the Force Majeure Event, the party whose ability to perform has not been so affected may, by giving written notice, terminate this Grant.

Governing Laws

This Grant shall be construed in accordance with and governed by the laws of the State of Indiana and suit, if any, must be brought in the State of Indiana.

Independent Contractor

Both parties hereto, in the performance of this Grant, will be acting in an individual capacity and not as agents, employees, partners, joint venturers or

associates of one another. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purposes whatsoever. Neither party will assume any liability for any injury (including death) to any persons, or any damage to any property arising out of the acts or omissions of the agents, employees or subcontractors of the other party.

BSU shall be responsible for providing all necessary unemployment and worker' compensation insurance for BSU's employees.

Multi-Term Funding Cancellation

When the Director of the State Budget Agency makes a written determination that funds are not appropriated or otherwise available to support continuation of performance of a multi-term contract, the multi-term contract shall be canceled. A determination by the Budget Director that funds are not appropriated or otherwise available to support continuation of performance shall be final and conclusive.

Nondiscrimination

Pursuant to IC 22-9-1-10 and the Civil Rights Act of 1964, Grantee and its sub-Grantees shall not discriminate against any employee or applicant for employment in the performance of this Grant. The Grantee shall not discriminate with respect to the hire, tenure, terms, conditions or privileges of employment or any matter directly or indirectly related to employment, because of race, color, religion, sex, disability, national origin or ancestry. Breach of this covenant may be regarded as a material breach of contract. Acceptance of this Grant also signifies compliance with applicable Federal laws, regulations, and executive orders prohibiting discrimination in the provision of services based on race, color, national origin, age, sex, disability or status as a veteran.

Notice to Parties

Whenever any notice, statement or other communication shall be sent to the AGO or BSU, it shall be sent to the following address, unless otherwise specifically advised.

A. Notices to the Attorney General's Office shall be sent to:

Attorney General Karen M. Freeman-Wilson
Indiana Attorney General's Office
IGCS, 5th Floor
402 West Washington Street
Indianapolis, IN 46204

B. Notices to BSU shall be sent to:

Sharon Armbrust
Director
Contracts and Grants Office
AC 119
Ball State University
Muncie, Indiana 47306
Tel: 765-285-5289

C. Payment to BSU shall be sent to:

Sharon Armbrust
Director
Contracts and Grants Office
AC 119
Ball State University
Muncie, Indiana 47306
Tel: 765-285-5289

Penalties / Interest / Attorney's Fees

The AGO will in good faith perform its required obligations hereunder and does not agree to pay any penalties, liquidated damages, interest, or attorney's fees, except as required by Indiana law, in part, IC 5-17-5-1 et seq., IC 34-54-8-5 et seq., and IC 34-13-1-6 et seq.

Severability

The invalidity of any section, subsection, clause or provision of this Grant shall not affect the validity of the remaining sections, subsections, clauses or provisions of this Grant.

Substantial Performance

This Grant shall be deemed to be substantially performed only when fully performed according to its terms and conditions and any modification thereof.

Successors and Assignees

BSU binds its successors, executors, administrators, and assignees to all covenants of this Grant. Except as above set forth, BSU shall not assign, sublet or transfer interest in this Grant without the prior written consent of the AGO.

Taxes

The AGO is exempt from state, federal, and local taxes. The AGO will not be responsible for any taxes levied on BSU as a result of this Grant.

Waiver of Rights

No right conferred on either party under this Grant shall be deemed waived and no breach of this Grant excused, unless such waiver or excuse shall be in writing and signed by the party claimed to have waived such right.

Work Standards

BSU agrees to execute its respective responsibilities by following and applying at all times the highest professional and technical guidelines and standards.

Non-Collusion and Acceptance

The undersigned attests, subject to the penalties for perjury, that he/she is the contracting party, or that he/she is the representative, agent, member or officer of the contracting party, that he/she has not, nor has any other member, employee, representative, agent or officer of the firm, company, corporation or partnership represented by him/her, directly or indirectly, to the best of his/her knowledge, entered into or offered to enter into any combination, collusion or agreement to receive or pay, and that he/she has not received or paid, any sum of money or other consideration for the execution of this agreement other than that which appears upon the face of the agreement.

The rest of this page is left blank intentionally.

In Witness Whereof, Ball State University and the Attorney General's Office have, through duly authorized representatives, entered into this agreement. The parties having read and understand the foregoing terms of the contract do by their respective signatures dated below hereby agree to the terms thereof.

Ball State University:

(Where Applicable)

By: *Thomas P. Spangler*
Printed Name: THOMAS P. SPANGLER
Title: ASSOC VICE PRESIDENT, FINANCE &
Date: 11/30/00 ASST. TREAS.

Attested By: *Donna Brown*
DONNA BROWN, SECY TO ASSOC VICE PRESIDENT
FINANCE & ASST. TREAS.

Indiana Attorney General's Office:

By: *Karen Freeman-Wilson*
Printed Name: Karen Freeman-Wilson
Title: Indiana Attorney General
Date: December 1, 2000

Department of Administration

Bertice R. Tate for
Glenn Lawrence
Commissioner
Date: 12-5-00

State Budget Agency

Linda H. Hayes for
Betty Cockrum
Commissioner
Date: 1-5-01

Office of the Attorney General

Karen M. Freeman-Wilson
Karen M. Freeman-Wilson
Attorney General
Date: 1-5-01

ENCLOSURE 7



STATE OF INDIANA
OFFICE OF THE ATTORNEY GENERAL

INDIANA GOVERNMENT CENTER SOUTH, FIFTH FLOOR
402 WEST WASHINGTON STREET • INDIANAPOLIS, IN 46204-2770

STEVE CARTER
ATTORNEY GENERAL

TELEPHONE (317) 232-6201

June 25, 2001

Charles Johnson
State Examiner
State Board of Accounts
302 W. Washington St., Room E418
Indianapolis, IN 46204-2765

This letter requests that forms used for Unclaimed Property claims be approved.

Enclosure 1, Unclaimed Property Claim Form, is our present hardcopy form used by Indiana residents for filing claims for property turned into the state after periods of inactivity. This form is used solely to document and review the person's claim and does not serve as a payment document. Payments are made via abstract forms used by the Auditor of State. Request this form be approved by your office. This action resolves an audit finding.

W. A. Rogers
Director of Administration

Enclosure
1 - Unclaimed Property Claim Form

UNCLAIMED PROPERTY CLAIM FORM

Please complete claimant information, review owner information, attach documentation required and sign affidavit.

Claim ID
User ID
Est. Refund

Please allow 90 days processing time.

Claimant Information (if different)

1. Mailing Information

Name	_____
Address	_____
City, ST, Zip	_____
Claimant SSN / FEIN	_____
Date of Birth	_____
Daytime Phone	_____
Owner SSN / FEIN	_____
Co-Owner SSN / FEIN	_____

2. Owner/Property Information

All information subject to verification

Reporting Company _____
 Property Type _____

Property Cash _____
 Number of Shares 0.0000
 Stock Cash \$0.00
 Tangible Cash \$0.00

Owner Name _____ Street _____ Street 2 _____ City _____

3. Documentation Required

Please submit a copy of a document showing your Social Security number. In addition, if there is an attachment to this form, please submit copies of the documents requested.

4. Affidavit

Under penalties of perjury, I certify that the information provided on this claim form is true, and all supporting documentation presented are either original or true, unaltered copies of the original documents. Upon payment of this claim, said claimant will indemnify and hold harmless the State of Indiana, Officers and Employees from any damages or losses of any kind resulting in payment of the above described property.

SIGNATURES OF CLAIMANTS

Please return claim form and all required documents to:

Indiana Unclaimed Property Division
 402 West Washington, 5th Floor
 Indianapolis, IN 46204

Office use only
 Approval 1. _____ 2. _____ 3. _____

Freeman-Wilson, Lewis & Monroe, L.L.C.

Attorneys-at-Law

Karen M. Freeman-Wilson
Inga D. Lewis*
Deidre L. Monroe
Joann M. Price
*Licensed in Illinois and Indiana

700 Jackson Street
Gary, Indiana 46402
Office: (219) 881-9484
Fax: (219) 881-9534
E-Mail: law@comnetcom.net

Mr. Charles Johnson
Indiana State Board of Accounts
302 West Washington Street
4th Floor, Room E418
Indianapolis, IN 46204

Dear Mr. Johnson:

This correspondence constitutes my response to the audit report dated June 14, 2001 prepared by Dan Heilman of your agency. This is also a follow up to an exit interview conducted by Mr. Heilman with me and Lisa Hayes, former Chief of Staff at the Office of Attorney General and a telephone conversation with me and Mr. Heilman on June 21, 2001 regarding a supplement to this report.

In the paragraph entitled, "Questionable Use of Public Funds," you question an expenditure for consumer shopping bags totaling \$10,178.71. You also note that prior contact between the Office of the Attorney General and the State Board of Accounts did not lead to a written justification for the expenditure.

For some time prior to my tenure as attorney general, the Attorney General's License Fund Account (fund/center 2260/103000) was used as a discretionary consumer fund. This fund and the utilization of the funds was similar to funds controlled by the Secretary of State and Auditor. In the Attorney General's Office, this fund was consistently used to further consumer education. All expenditures from this fund during my tenure were consistent with our consumer protection mission.

The expenditure for the shopping bags was consistent with my statutory responsibilities to educate Indiana citizens about our office and their rights as consumers. Specifically, the bags were always distributed with office brochures which outlined information about school safety, sweepstakes fraud, unclaimed property, consumer complaints, home improvement fraud, the lemon law and others issues that our office sought to bring to the public's attention. The bags were used to carry these brochures because interested consumers often sought these items in volume.

You raise a concern that the bags did not contain a phone number or website information. While the absence of the phone number and website were an omission in the printing process, we did not believe it to be fatal to the point of duplicate production because of the cost involved and the fact that the bags were always distributed with brochures which

contained the office information. The bags were always distributed at events where a staff member was in attendance as an official representative of the Attorney General's office. In your audit, you note the slogan, "Working for You, Working with You." That was an office slogan used throughout my tenure as Attorney General and adopted in the tradition of Attorneys General Pamela Carter and Jeffrey Modisett. I am unclear why the slogan was material to your comments. For the above reasons, it is my position that the expenditure for consumer shopping bags was consistent with state law and the policy and practice of the office.

In the paragraph entitled, "Cellular Phone," on page 4, you cite the state policy regarding the personal use of cellular phones. Throughout my public service career, I have always maintained a personal cell phone. In fact, my records reveal extensive use of my personal cell phone in conducting official duties without any request for reimbursement. At the same time, I routinely reviewed my state bill for personal calls. The personal calls reflected in your audit were either the result of checks written and not forwarded to the office controller by staff or bills that were not forwarded to me for review. I have enclosed a check for \$344 with the hard copy of this response.

Thank you for your attention to this matter.

Sincerely,



Karen Freeman-Wilson

OFFICE OF THE ATTORNEY GENERAL
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Karen Freeman-Wilson's Unreimbursed Personal Cellular Phone Charges (See Page 4)	\$ 344	\$	\$
Payment Received, Report of Collections No. 299861, Dated July 16, 2001		<u>344</u>	<u>—</u>
Total	<u>\$ 344</u>	<u>\$ 344</u>	<u>\$ —</u>