

Good afternoon. Thank you for being here.

We are here to discuss what we believe are clear violations of federal and state law by the O'Malley-Brown administration and by the Brown-Ulman campaign for governor.

We have sent formal requests to the US Attorney, the Maryland Attorney General, and the Maryland State Prosecutor to immediately conduct investigations to determine whether state and federal laws have been broken.

As you know, the US Department of Health and Human Services Inspector General is currently conducting a federal investigation into potential fraud by parties involved with the Maryland Health Exchange.

The ongoing federal probe into fraud in Maryland, is currently investigating the millions of federal taxpayer dollars that were wasted on the failed Maryland Health Exchange website.

The OIG has issued subpoenas in the case and, by most accounts, a criminal investigation is currently underway.

We believe that this federal investigation needs to be widened, to determine if federal and/or state laws were broken, and to investigate the potential fraud regarding the state tax dollars that were misspent on the exchange; how and why the O'Malley-Brown administration awarded these contracts to the failed contractors, how and why the administration failed to properly supervise the contractors, and who ultimately was responsible for the collapse of the entire system.

We have formally requested broader federal and state investigations into the health care debacle, as well as other inappropriate, clearly unethical, and potentially illegal contracts awarded to large donors to O'Malley, Brown, and groups with whom they are directly involved, including the Democratic Governors Association.

We believe that this investigation should determine whether state and/or federal laws were broken in the awarding of "emergency," "no-bid contracts" for the failed health care exchange, which Lt. Governor Brown was directly responsible for overseeing.

Specifically, the O'Malley Brown administration awarded massive contracts to firms that donated hundreds of thousands, even millions of dollars to the DGA while Governor O'Malley served as both chairman and finance chairman of the organization. In numerous cases, Maryland state contractors made large donations to the DGA just before or immediately after the Anthony Brown-led Maryland Health Benefit Exchange awarded large contracts to these firms or

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their subsidiaries, including "no-bid" contracts to "repair" the failed health exchange.

Another concern is whether these suspicious donations to the DGA have been funneled to and are now funding ads being run to promote Lt. Governor Brown's gubernatorial campaign.

The evidence of unethical and potentially illegal activity on the part of the O'Malley Brown administration in the hiring of state contractors, all of them major donors to the DGA, is clear, convincing, and overwhelming.

The following is a chronological documentation of some of the material facts:

- Governor O'Malley led the DGA as chairman from 2010-2012, and immediately thereafter assumed the role of finance chairman, leading the organization's fundraising efforts.
- United Health Group, the parent company of OPTUM/QSSI, donated \$375,000 to the DGA in 2011, and \$275,000 in 2012. The Blue Cross Blue Shield Association donated \$525,000 to the DGA from 2011-2014.
- In early 2012, Noridian, a division of Blue Cross Blue Shield, is hired to build the MD health benefit exchange.
- The Maryland Health Benefit Exchange collapsed on October 1, 2013.
- On November 11, 2013, United Health Group donated another \$150,000 to the DGA. A little over a month later, on December 15, 2013, O'Malley-Brown gave United Health Group's Optum/QSSI a \$14 million "no-bid" contract to fix the failed website.
- Two months later, the MD Health Benefit Exchange Board voted to fire Noridian and hire Optum/QSSI as the primary contractor on the site.
- Problems continued to plague the exchange. DeLoitte donated \$50,000 to the DGA on February 11, 2014. DeLoitte Federal PAC Treasurer Cindy Stevens donated \$5,000 to the DGA on February 25, 2014. DeLoitte donated another \$10,000 on March 26, 2014.
- On April 1, 2014, the board of the Maryland Health Benefit Exchange voted to abandon the state's failed exchange and to adopt technology used in Connecticut's exchange.
- The board then hired DeLoitte, the contractor that built the Connecticut system, to take over.
- In addition to these contractors involved in the failed health exchange, dozens of other Maryland state contractors in multiple industries, including health care, energy, gambling, and transportation donated \$9.4 million to the DGA from 2011-2013, under Martin O'Malley.
- In turn, these contractors received \$2.6 billion in state contracts – from the O'Malley-Brown administration – during the same period. United Health Group alone received \$1.7 billion of that amount.

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- In many cases, the administration awarded contracts to DGA donors within days of the donations and sometimes without soliciting any competing bids.

Based on these material acts, in addition to the expanded health care investigation, I further requested that the investigation begin immediately to specifically include:

- (1) Whether the administration awarded other contracts based on donations to the DGA, or gave preferential treatment to firms based upon their donations to the DGA;
- (2) Whether the administration evaded the state prohibition against corrupting the electoral process with large donations from state contractors; and
- (3) Whether this tainted money is now being funneled into the Anthony Brown gubernatorial campaign and is paying for the false attack ads being run against me.

These millions of dollars in unethical, inappropriate and potentially illegal donations flowing into a gubernatorial campaign here in Maryland have the very real potential of corrupting the integrity of the entire electoral process in this election.

Recognizing the inappropriate and unethical nature of these relationships, state law prohibits state contractors from making these contributions to an elected official's campaign account.

The evidence detailed in the documents we filed with prosecutors indicates a deliberate, coordinated effort by this administration to circumvent the intent of the law by soliciting unlimited contributions to a federal, rather than a state account.

Allowing a "pay-to-play" culture of corruption to take a stronghold in our state government threatens every business and individual in Maryland. Even the perception of this practice prevents an honest and open bidding process for all job creators who may wish to do business with the state.

It allows complicit politicians to hijack millions, even billions in taxpayer dollars that could serve a greater purpose, both in the government and in the wallets of struggling Marylanders.

Unfortunately, this culture of corruption is enabled when you have a political monopoly with no checks and balances.

For eight years, this administration has run unchecked without any accountability and it's hardworking Marylanders who have paid the price.

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We believe strongly that these allegations warrant a serious, thorough, and immediate investigation.

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