Civil Division

FY 2013 Budget and Performance Plans



**PROFIT CENTER FOR THE US TREASURY**

**GUARDIAN OF LAWS, PROGRAMS, AND POLICIES OF NATIONAL IMPORTANCE**

**February 2012**

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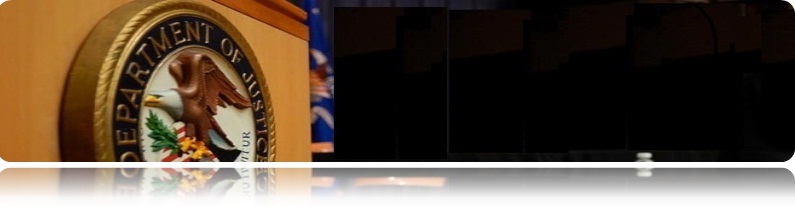
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**Introduction and Background**

**Representing Some 200 Agencies and Protecting American Taxpayers While Maintaining Uniformity in Government Policy**

**Overview**

The Civil Division’s caseload consists of some 50,000 cases that fall into several categories, including the following:

The vast majority of its cases involve monetary claims, either against the Government or on behalf of the Government. At any given time, billions of dollars are at stake. By thwarting exaggerated or unwarranted claims against the U.S., the Division helps lower federal debt and the associated consequences. By recovering huge sums owed to the Government as the result of fraud, bankruptcy, and prosecuting violations of consumer protection laws, the Division returns billions to the treasury’s coffers. Investigating and punishing financial fraud is a top law enforcement objective.

Division attorneys handle hundreds of cases each year – upholding federal programs ranging from transportation security to the marketing and labeling of prescription drugs. We defend challenges to provisions of the Social Security Act and other entitlement programs that would cost taxpayers enormous sums if left undefended. National security is a key aim of hundreds of cases involving Guantanamo Bay detainees as well as challenges to foreign terrorist organization designations.

While most of the Division’s cases are resolved through formal court proceedings or settlement, justice sometimes dictates a more streamlined approach. The Vaccine Injury Compensation program, designed to encourage the manufacture of vaccines by limiting the litigative risk to vaccine manufacturers, resolves injury claims with the aid of Special Masters appointed by the Court of Federal Claims. The Radiation Exposure Compensation Program uses an administrative process to adjudicate claims in a timely and fair manner. Most recently, Congress reactivated the September 11th Victim Compensation Fund through the enactment of the Zadroga Act, making it possible to resolve injury and death claims under the auspices of a Special Master appointed by the Attorney General. Enacted in January 2011, a Special Master has been appointed, regulations have been finalized, and personnel and contract resources have been put in place. To date, most activity has involved helping claimants register with the program and determining eligibility requirements.

Electronic copies of the Department of Justice’s Congressional Budget Justifications and Capital Asset Plan and Business Case can be viewed or downloaded from the Internet using the Internet address: <http://www.justice.gov/02organizations/bpp.htm>.

Financial industry fraud has shaken the world’s confidence in the U.S. financial system.  Losses in financial fraud cases have ranged from millions of dollars to billions of dollars. Mortgage fraud and foreclosure rescue scams routinely involve millions of dollars in losses and multiple defendants, including mortgage brokers, real estate agents, appraisers, closing agents, and false buyers and sellers who receive kickbacks.  It is imperative that the Department enforce the laws that protect the integrity of our economic system.

The FY 2013 President’s Budget includes a program enhancement of 1,476 positions (including 1,063 attorneys) and $298,040,000.  These resources will enable the Department to hold perpetrators of financial and mortgage fraud accountable, deter future perpetrators of fraud, and recover monies stolen from the U.S. taxpayer.

**Challenges**

The vast majority of the Civil Division’s caseload is defensive, including monetary claims seeking billions of dollars from the U.S. Treasury, thousands of challenges to immigration enforcement removal decisions, hundreds of habeas corpus petitions on behalf of inmates in Guantanamo Bay. In FY 2011, $39 billion was at issue in defensive cases. In addition to having no control over the size of our caseload, we have little-to-no control over court schedules and deadlines, the volume of evidentiary material, nor the number of attorneys representing the opposition. More frequently than not, Civil Division attorneys are significantly outnumbered by adversaries. If sufficient attorney and support resources are not available to defend the United States, the treasury would be drained of billions of dollars in unwarranted claims, immigration enforcement actions would be undone, and the nation’s security would be undermined. The challenge is that we must defend these cases – with smaller staffs and fewer support resources.

Exacerbating this challenge is the fact that the caseload has hovered around 50,000 in recent years, as real resources shrink. Moreover, the nature of the caseload is in constant flux, presenting increasingly complex and novel legal issues. For example, the September 11, 2001 tragedy gave rise to hundreds of counterterrorism cases that presented unique constitutional issues. Also, the economic crisis generated litigation arising from the financial rescue – including multibillion dollar defensive suits brought by the shareholders of AIG, and high-stakes affirmative matters such as the investigation into Standard and Poor’s as well as the other financial rating corporations.



Finally, the technological advancements are changing the nature of the discovery process, and efforts to ensure the Division’s technology is up-to-date are expensive. It was not that long ago that document production involved the collection, exchange, and automation of paper documents. Today, discovery includes both maintaining digital document collections, and analysis of words and images stored on non-standardized electronic media. Converting such electronic media and establishing an efficient means for storing and accessing the information presents technological challenges and creates the need for support resources that are becoming increasingly scarce. For the second successive year, we have cut funding for litigation support resources sharply. Lack of access to vital support resources heightens the challenge of meeting court mandates and performing on par with our opponents.

**Full Program Costs**

The Civil Division is one decision unit. However, its activities are funded by various sources, including reimbursements from client agencies. Since FY 2004, these reimbursements dropped by almost 20 percent. As budgetary resources become increasingly tight, it may become increasingly difficult to obtain reimbursements for unusually costly cases.

**Performance Challenges**

The highest stakes cases handled by the Civil Division are usually the most costly. The cases involve large pharmaceuticals and other industry giants, such as Merck, AIG shareholders, and British Petroleum, who are able to bring together top notch legal teams and spare no expense in asserting their position in court. The costs of real time or daily transcripts, electronic discovery, and trial presentation have increased while the Division’s budget has remained flat. This trend increases the United States exposure to large treasury losses, should the Division be unable to use the tools available to private industry in order to accomplish discovery, have access to information needed to cross-examine witnesses, and make compelling presentations of the facts. With so many billions of dollars at stake, even a small degradation of performance could result in very sizable costs to the U.S. taxpayer.

**External Challenges**

Hurricanes, oil spills, terrorist attacks, and economic conditions are all external events that greatly determine the size, complexity, and ultimately, the cost of the Government’s litigation. The Division cannot control the number of suits brought against the United States, court schedules, or the underlying causes of the disputes. Our mission to vigorously defend the United States must remain steadfast in the face of world events that are outside of our control.

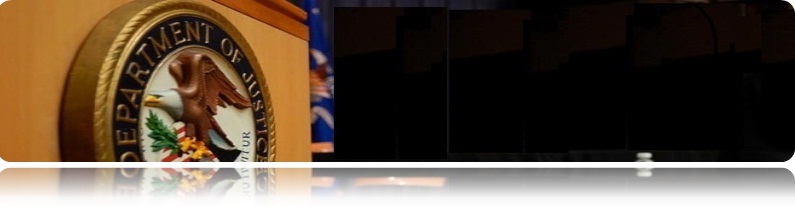
**Internal Challenges**

The Civil Division *does* have discretion over the decision regarding whether or not to bring a case on behalf of the United States. As the Nation struggles to reduce public debt, it must double its efforts to recoup monies defrauded from entitlement, loan, and grant programs. Moreover, it is of paramount importance to develop the legal tools and resource capabilities to hold financial institutions accountable for the fraud they perpetrated against the Government and the citizens of this country. The challenge is to expand our mission to pursue financial fraud vigorously, at a time when resources are becoming increasingly scarce. The Division has cut expenditures in a number of areas, including litigation consultants, contract paralegals, publications, supplies, utilities, and BlackBerry devices and telephones.

**Environmental Accountability**

The Division is actively working toward meeting all Administration and Department guidelines for improving environmental and energy performance. The Division is moving toward full compliance with efforts to achieve reductions in greenhouse gas emissions, acquire green products and services, and establish cost-effective waste prevention and recycling programs. Some examples of the Division’s environmentally sound practices include:

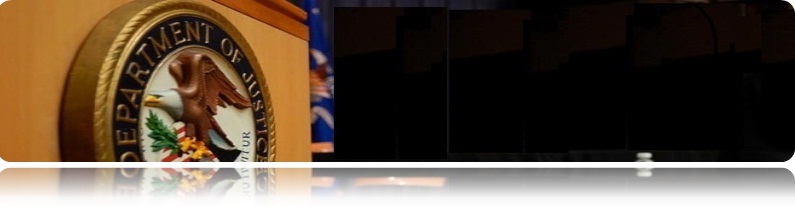
* Using conference call and teleconferencing options to reduce travel;
* Expanding the recycling program in its buildings;
* Installing motion detector light controls in restrooms and parking garages;
* Re-lamping office spaces with 25 watt “green” lighting; and
* Reducing overtime use of heating and air conditioning.

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**Summary of**

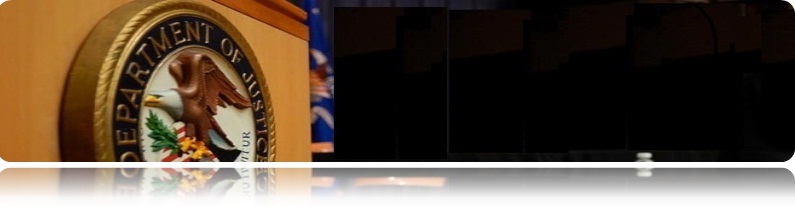
**Program Changes**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Item Name** | **Description** | | | | **Page** |
|  |  | **Pos.** | **FTE** | **Dollars ($000)** |  |
| Financial Fraud Expansion | Increasing the number of mortgage and corporate fraud investigations and lawsuits | 51 | 26 | $7,000 | 27 |
| IT Savings | Implementing a cost saving initiative by transforming IT projects | 0 | 0 | ($262) | 32 |
| **Total GLA Program Change** |  | **51** | **26** | **$6,738** |  |

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**Appropriations Language**

The Civil Division is not proposing new appropriations language for the FY 2013 President’s Budget.

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**Decision Unit Justification:**

**Legal Representation**

|  |  |  |  |
| --- | --- | --- | --- |
| **Legal Representation – TOTAL** | **Perm. Pos.** | **FTE** | **Amount ($000)** |
| 2011 Enacted | 1,418 | 1,393 | $283,105 |
| 2012 Enacted | 1,420 | 1,388 | $283,103 |
| Adjustments to Base and Technical Adjustments | 5 | 5 | $8,199 |
| 2013 Current Services | 1,425 | 1,393 | $291,302 |
| 2013 Program Increases | 51 | 26 | $7,000 |
| 2013 Program Offsets | 0 | 0 | ($262) |
| 2013 Request | 1,476 | 1,419 | $298,040 |
| **Total Change 2012 - 2013** | **56** | **31** | **$14,937** |

The Division handles over 50,000 cases each year that involve matters as diverse as the Federal Government itself. It is responsible for ensuring the Federal Government speaks with one voice in litigation involving U.S. laws, policies, agency regulations, foreign operations, entitlement programs, military actions, and counterterrorism efforts. In FY 2011, the Division’s work returned over $3 billion to the U.S. treasury, and prevented over $39 billion from going to parties suing the U.S. Government. In addition, the Division won over 90 percent of its non-monetary cases challenging U.S. laws and policies.

The Division represents the United States in national courts, including the Court of Federal Claims and the Court of International trade, as well as in federal district and appellate courts and in foreign courts. It is composed of six litigating branches and the administrative Office of Management Programs. Descriptions of how these offices represent the United States are provided in the following pages.

**Appellate Staff**

Appellate Staff attorneys represent the United States’ security and financial interests in Federal Courts of Appeals, and on occasion, in state appellate courts. Many of the Staff’s cases involve complex and sensitive legal questions that set precedents. The Staff’s monetary cases usually involve tens of millions, sometimes billions, of taxpayer dollars at issue. In addition, the outcomes of these Appellate cases often determine how the law or policy in question will affect millions of U.S. citizens.

**Examples of the Appellate Staff’s Work Include:**

* Cases involving terrorist activities;

* Cases that recover billions of taxpayer dollars from companies and individuals who submit false claims for federal contracts, grants, and services;
* Defenses of food and drug safety requirements;
* Protection of classified information that would cause substantial harm if publically disclosed; and
* Recommendations to the Solicitor General regarding whether to seek further review of decisions adverse to the Government.



**Commercial Litigation Branch**

The Federal Government engages in tens of millions of transactions annually, including purchases and leases of goods and services, contracts, and payroll. The Commercial Litigation Branch represents the United States and defends claims involving billions of dollars that arise from commercial disputes similar to those that would arise with any large organization. It also seeks to recover huge sums owed to the United States. The work falls into five major practice areas, organized by Section: (1) the Corporate and Financial Litigation Section; (2) the Office of Foreign Litigation; (3) the Fraud Section; (4) the Intellectual Property Section; and (5) the National Courts Section.

**Corporate/Financial Section**

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The Corporate Financial Section handles claims for money and property – representing the Government’s financial, contractual, and regulatory interests in chapter 11 bankruptcies, including those involving health care providers, communications companies, energy suppliers, and commercial airlines. A notable example of the Section’s work includes successfully representing the Federal Communications Commission in a chapter 11 bankruptcy case involving a telecommunications provider that sought to avoid paying the amount it bid in an FCC auction of wireless spectrum.



**Office of Foreign Litigation**

In a typical year, the Office of Foreign Litigation (OFL) handles nearly 1,000 civil and criminal lawsuits involving the United States in over 100 countries. OFL attorneys do not practice law in foreign courts. Instead, OFL retains lawyers to represent the United States in foreign litigation, ensuring legal protection for wide-ranging U.S. policies, programs, and activities. Also, the office provides guidance to U.S. departments that operate overseas to minimize legal barriers. Recent examples of OFL’s work include negotiating the release of a U.S. diplomat from Pakistan, and helping the U.S. embassy in Norway prove that new surveillance technology did not violate Norwegian law.

**Fraud Section**

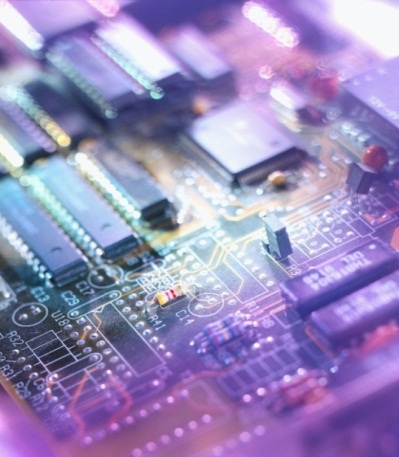
The Fraud Section, working with U.S. Attorneys’ offices around the country, investigates and litigates matters involving fraud against the Federal Government. Since 2009, the Section has obtained settlements and judgments of more than $6.2 billion. Staff in the Fraud Section handle civil matters concerning individuals and companies that defraud federal healthcare programs, federal mortgage lenders, defense contracts, Government research grants, institutions providing federally-insured student loans, firms constructing federal buildings and prisons, purveyors of information technology, and recipients of foreign aid monies.

In FY 2011, the Civil Division, working with offices of the U.S. Attorneys and other enforcement entities, secured civil, criminal, and administrative **recoveries of over $3.3 billion.**

**Fraud Sections’ Efforts Include Actions Against:**

* **Manufacturers that report false and inflated prices;**
* **Parties that fraudulently promote harmful drugs and devices;**
* **Companies that fail to follow FDA regulations;**
* **Violators of the Anti-Kickback Statute and the Stark Statute;**
* **Online drug companies that sell counterfeit medicines;**
* **Individuals who commit home health care fraud; and**
* **Elder abuse in nursing homes.**

**Intellectual Property Section**

****The Intellectual Property Section (IP) represents the U.S. in civil intellectual property matters where a patent, copyright, or trademark is at issue. These cases involve highly sophisticated electronic devices, such as smart cards. To meet the challenges presented by these cases, all attorneys in the IP Section have a bachelor’s or advanced degree in one of the physical or life sciences, engineering, or mathematics. Over half of the IP Section’s attorneys are U.S. Patent and Trademark bar members.

The main focus of the IP Section is defending the Government against charges of patent infringement, generally before the Court of Federal Claims. For example, one pending suit, ***Honeywell International Inc.****,* involves a claim that night vision compatible displays used on numerous aircraft by the Department of Defense infringes claims of the plaintiff’s patent. Another case, ***Zoltek Corp. v. U.S.****,* involves an allegation that the B-2 and F-22 aircrafts use the plaintiff’s patented carbon fiber technology to achieve the aircraft’s “stealthy” profile.

**National Courts Section**

The National Courts Section is one of the largest and most active litigating sections in the Department. It handles a wide array of matters including Government contracts, constitutional claims, pay claims, personnel appeals, veterans’ benefits appeals, and international trade matters. The Sections’ diverse litigation is generally argued before three courts: the U.S. Court of Appeals for the Federal Circuit, the U.S. Court of Federal Claims, and the U.S. Court of International Trade, in addition to other international, federal, and administrative tribunals. Its practice areas include Government contracts, constitutional claims, pay claims, personnel appeals, veteran’s benefits appeals, and international trade matters.

**International Trade:**

****At the request of the United States Trade Representative, National Courts initiated arbitration against the Government of Canada for breaches of two of the Government’s 2006 Softwood Lumber Agreements. The first two arbitrations resulted in awards of over $100 million, combined. National Courts staff has also recovered millions of dollars through affirmative customs negligence and fraud cases.

**Spent Nuclear Fuel:**

National Courts attorneys have argued numerous appeals and tried one case in the long-running litigation stemming from the Department of Energy’s partial breach of its contract with the nuclear power industry to collect and store spent nuclear fuel and high-level radioactive waste. They have also begun a concerted effort to settle these matters, and to date, approximately 70 percent of the claims have been resolved through settlement. In recognition of their success, the spent fuel settlement team received the Attorney General’s Award for Alternative Dispute Resolution.

**Consumer Protection Branch**

**Consumer Protection Works Closely With:**

For forty years, the Consumer Protection Branch (CPB) has worked to protect the health, safety, and economic security of American consumers through criminal prosecutions and civil enforcement actions. CPB employees lead the Federal Government’s efforts to enforce consumer protection statutes, including those administered by the Food and Drug Administration, Federal Trade Commission, Consumer Product Safety Commission, the National Highway Traffic Safety Administration, and the Consumer Financial Protection Bureau. Consumer Protection holds a unique place in the Civil Division, having both criminal and civil jurisdiction. Criminal cases involve health care violations by large drug and device makers, counterfeit pharmaceuticals, fake online pharmacies and other drug diversion schemes, odometer tampering, and various types of financial fraud. CPB has developed significant relationships with investigative entities and Department of Justice litigating components.

Civil cases involve both affirmative and defensive litigation, litigating cases that protect American consumers from threats to their health and pocketbook. It defends challenges to the programs and initiatives of major consumer protection agencies. It also pursues fraudulent investment schemes, mortgage fraud, and immigration services fraud. The Branch places a priority on protecting vulnerable people victimized by illegal activities.

**Consumer Product Safety**

The Branch serves an enforcement role for the Consumer Product Safety Commission (CPSC), which has broad authority to protect the public against unreasonable risks of injury from consumer products. Among its many roles, CPSC works to eliminate products that could be harmful to children, such as toys that contain toxic materials, as well as products that create a risk of fire or are otherwise hazardous.

**Mortgage Fraud**

The Branch is focusing on prosecuting mortgage fraud schemes that directly target consumers. In July 2011, the Branch, together with the U.S. Attorney’s Office for the Southern District of Florida, prosecuted four defendants in connection with a nation-wide reverse mortgage scam that defrauded elderly borrowers, financial institutions, and HUD. The defendants identified elderly borrowers, and encouraged them to refinance their existing mortgages with reverse mortgage loans. To induce the financing company and HUD to fund and insure the reverse mortgage loans, the defendants entered false information on real estate appraisal reports.

**Federal Programs Branch**

The Federal Programs Branch, comprised of 160 employees, defends the laws, policies, and decisions issued by Congress, the President, and approximately 100 federal agencies. The scope of the Branch’s work is diverse. The Branch defends federal programs ranging from health and education mandates, to the constitutionality of laws designed to combat terrorism and ensure homeland security.

Many of the cases the Branch handles involve complex questions of constitutional law, including the scope of the powers of Congress, the President, and the Federal Courts, as well as the limitations imposed by the First, Second, Fourth, Fifth, Tenth, Eleventh, and Fourteenth Amendments. national security issues represent the largest share of the Branch’s workload. Examples of the national security work include defending policies designed to detain suspected terrorists, limiting terrorism funding, protecting classified information, and ensuring safe air travel.

The Branch devotes substantial resources to the defense of federal programs and statutes.

* Counter terrorism lawsuits;
* New statutes presenting novel and complex issues;
* Regulatory disputes under the Medicare program;
* Responding to lawsuits that challenge educational or agricultural programs affecting the lives of hundreds of millions of Americans;
* Employment litigation for the Federal Government - nation’s largest employer;
* Protecting the Federal Government’s constitutional authority to determine the laws and regulations that affect the entire country, such as immigration law.
* Challenges the provisions of benefit programs, namely social security.

One specific example is the case of ***American Council of the Blind v. Geithner***. Plaintiffs’ argued that because there is no way for visually impaired people to determine the value paper currency, the U.S. Treasury is violating a federal law designed to prevent discrimination. The Branch’s arguments led to a successful ruling that will help visually impaired citizens while also ensuring that the Federal Government does not have to pay billions of dollars to redesign and reissue paper currency.

The Branch also handles actions related to claims for veterans’ benefits. One set of cases involves how one-time benefits are paid to World War II veterans who fought in certain units of the Philippine military. The Department of Veterans Affairs (VA) awards the benefit to loyal people who belonged to the relevant military units. Many people sued VA alleging the Government only gave the benefit to people whose names were on an inaccurate Government list. The Branch has obtained dismissal of one case, and the other case remains pending in district court.

**Office of Immigration Litigation**

The Office of Immigration Litigation (OIL) is organized into two sections – the Appellate Section and the District Court Section.

**Appellate Section**



The Section is responsible for defending the interests of the United States in cases involving undocumented aliens seeking to avoid or defer removal or expulsion from the United States. These cases involve petitions for review filed by non-citizens in the federal appellate courts, a right to judicial review conferred by Congress in the Immigration and Nationality Act of 1952, as amended. The Office’s caseload is entirely defensive in nature, and is tied to the enforcement efforts of the Department of Homeland Security (DHS) through its Immigration and Customs Enforcement component, which initiates administrative removal actions against individuals illegally within the United States, or who are seeking to enter the United States without legal authority to do so.

**Some notable cases include:**

***Kawashima v. Holder*** – This caseinvolves the power of the Government to remove aliens convicted of serious tax crimes in the United States.

***Nunez-Reyes v. Holder*** – The Ninth Circuit held that non-citizens convicted of drug crimes are not entitled to claim Federal First Offender Act treatment under the immigration laws to insulate themselves from removal for state court drug possession convictions.

***Abufayad v. Holder*** –The Ninth Circuit sustained the Government’s efforts to remove a Hamas contributor who was prevented from entering the United States at San Francisco International Airport because his laptop contained terrorist training material.

**District Court Section**

OIL’s District Court Section (DCS) represents all Government agencies challenged in federal district courts on matters involving the Immigration and Nationality Act. These include DHS agencies handling immigration matters; the Department of State on cases involving passports and visas; the Department of Labor on employment-related visas; and the Federal Bureau of Investigation on background and other security checks conducted for immigration purposes. DCS also works with the Executive Office of Immigration Review on litigation challenging its administrative procedures, and assists the Civil Division’s Torts Section with immigration-centric *Bivens* claims for damages against Government employees.

**Some areas of focus include the following:**

* **National Security:** In FY 2011, DCS successfully defended numerous cases brought by known or suspected terrorists, and convicted criminals attempting to acquire immigration benefits, thwart removal, or avoid mandatory detention pending removal, including those involving naturalization claims of members of Hamas, Al-Qaeda, and Al-Shabab.
* **Preserving the Department of Homeland Security’s Detention Authority:** DCS has supported DHS’s legal priorities by leading the defense of Immigration and Customs Enforcement’s authority to detain criminal aliens pending removal.
* **Defending the Enforcement of Immigration Laws:** From resolving administrative delays to implementing new policies, DCS worked with its agency clients to resolve litigation through smart and effective enforcement and adjudication efforts.
* **Protecting the Nation’s Borders:** DCS worked with the Department of State on litigation involving citizenship claims of individuals, residing primarily along the Mexican border.

**Torts Branch**

The Torts Branch is comprised of four sections and 220 employees. It is also home to tort reform programs including the National Childhood Vaccine Injury Program and the Radiation Exposure Compensation Program.

**Aviation and Admiralty**

The Aviation and Admiralty Litigation Section defends and prosecutes lawsuits involving aviation and admiralty torts. Many of the cases arise from accidents in the air and at sea, and almost all of them involve highly technical engineering facts and arguments.

Aviation litigation is largely defensive. For example, after an aircraft crashes in the U.S., the United States may be sued for negligence in air traffic control, navigational charting, navigational equipment operation, marking of obstacles, aircraft inspection, or operation of its own aircraft. In its admiralty practice, the Section represents the United States in the Government’s role as ship-owner, regulator, and protector of the nation’s waterways and maritime resources.

**Deepwater Horizon Litigation**

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The Section has been extensively involved in the litigation arising out of the sinking of the drilling rig Deepwater Horizon in the Gulf of Mexico, and the resulting oil spill. Since the day of the sinking, the office has been advising the numerous federal agencies involved, and the Section is leading the United States’ affirmative litigation against responsible parties – BP, Transocean, Anadarko, and Moex. The multi-district litigation in New Orleans is the largest oil pollution case ever filed. The court set a blistering schedule for discovery and trial; close to *two hundred depositions* were completed in New Orleans and London in the first six months of 2011. The Government is discussing settlement possibilities with all parties. It is, of course, too early to predict whether and when those discussions might bear fruit. Some parties have negotiated settlements with BP based on their contract indemnity agreements. A settlement between the U.S. and BP would be on different terms.

**Constitutional and Specialized Torts**

Constitutional and Specialized Torts consists of three components:  the Constitutional Torts Staff, the Vaccine Litigation Group, and the Radiation Exposure Compensation Act Group.

The core mission of the **Constitutional Torts Staff** is to provide legal representation to federal employees in cases filed against them in their personal capacity for actions they perform as part of their official duties. The Staff focuses on cases involving critical and sensitive Executive Branch functions, cutting-edge questions of law affecting the federal workforce and difficult personal liability cases.

**The Vaccine Litigation Group** was established pursuant to the National Childhood Vaccine Injury Act of 1986, which created a unique mechanism for adjudicating claims of injury resulting from immunizations. As a "no-fault" system, claimants need only establish causation and not prove that a vaccine was defective, or that there was any degree of negligence in its administration.

**The Radiation Exposure Compensation Act Group** administers a compensation program created by the Radiation Exposure Compensation Act, which provides limited financial compensation for individuals who have developed certain serious illnesses after radiation exposure arising from the mining, milling and transporting of uranium, or atmospheric testing of nuclear weapons during the Cold War era.

**Environmental Torts Litigation**

The Environmental Torts Section defends the United States in high-stakes environmental tort litigation. These cases typically require investigation of federal activities. Past successes include cases involving: Contamination resulting from the Government’s chemical warfare research during World War I; the use of asbestos in Government vessels during World War II and beyond; the use of Agent Orange during the Vietnam War; and alleged injuries from contamination from important Government facilities such as the Jet Propulsion Laboratory, the Oak Ridge National Laboratory and a variety of military facilities.

**Federal Torts Claims Act Section**

The Federal Torts Claims Act Section (FTCA) Section plays a key role in providing long-term continuity and expertise necessary to ensure that federal tort law claims against the Federal Government are consistently applied and administered nationwide. The Section also ensures that and that the law is enforced in a manner that protects the interests of the United States, and is consistent with the purpose and intent of the Act.

**Litigation of national significance handled by the FTCA section includes:**

* The Hurricane Katrina litigation in which billions of dollars in damages are sought for personal injury, death, and property damage. There are now approximately 60,000 plaintiffs.
* Cases brought by investors in the Ponzi scheme operated by Bernard Madoff. Dozens of suits and more than 2000 claims have been filed seeking billions of dollars and alleging that the Securities and Exchange Commission’s flawed investigation was the cause of their losses.
* Controversial cases arising out the Federal Bureau of Investigation’s handling of two notorious criminals as informants, James Bulger and Stephen Flemmi, between the late 1960s and the 1990s.

**Office of Management Programs**

The Office of Management Programs (OMP) supports Civil Division employees from the first day they join the Division to the final days of their career. Whether helping an employee select a life insurance plan, preparing a presentation for trial, maintaining and updating software, or writing the Division’s annual budget, OMP staff, including analysts, accountants, and information technology specialists provide the technological, analytical, and litigation tools so Division staff can compete against the best law firms in the world.

OMP employees explain how the latest congressional or executive action affects DOJ budget and management decisions, keep track of the Division’s casework and paperwork, design databases, purchase phones, copiers, general office supplies, and manage the personnel information of all Division employees.

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| **PERFORMANCE AND RESOURCES TABLE** | | | | | | | | | | | | | | | | |
| **Decision Unit: Civil Division – Legal Representation** | | | | | | | | | | | | | | | | |
| **DOJ Strategic Goal II: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law.**  **Objective 2.4: Combat corruption, economic crimes, and international organized crime.**  **Objective 2.6:** **Protect the Federal fisc and defend the interests of the United States.** | | | | | | | | | | | | | | | | |
| **WORKLOAD / RESOURCES** | | | **Final Target** | | | **Actual** | | | **Projected** | | | **Changes** | | **Requested (Total)** | | |
|  | | | **FY 2011** | | | **FY 2011** | | | **FY 2012** | | | **Current Services**  **Adjustments and FY 2013 Program Changes** | | **FY 2013 Request** | | |
| **Workload** | | 1. Number of cases pending  beginning of year | 35,320 | | | 34,611 | | | 35,950 | | | N/A | | 32,569 | | |
|  | | 2. Number of cases received during the year | 15,981 | | | 16,239 | | | 15,476 | | | N/A | | 15,684 | | |
|  | | 3. Total Workload | 51,301 | | | 50,850 | | | 51,426 | | | N/A | | 48,253 | | |
|  | | |  | | |  | | |  | | |  | |  | | |
| **Total Costs and FTE**  (Reimbursable FTE are included, but reimbursable costs are bracketed and not included in the total) | | | **FTE** | | **$000** | **FTE** | | **$000** | **FTE** | **$000** | | **FTE** | **$000** | **FTE** | | **$000** |
|  | | | 1,434 | | 283,105  (119,389) | 1,434 | | 283,105  (103,782) | 1,512 | 283,103  (96,433) | | 31 | 14,937  (0) | 1,543 | | 298,040  (114,296) |
| **TYPE/ Strategic Objective** | **PERFORMANCE** | | **FY 2011** | | | **FY 2011** | | | **FY 2012**  **Current Rate** | | | **Current Services**  **Adjustments and FY 2013 Program Changes** | | **FY 2013 Request** | | |
| **Output** | 1. Number of cases terminated  during the year | | 20,985 | | | 14,900 | | | 16,055 | | | N/A | | 16,076 | | |
|  | **Civil Division Performance Measures (Excludes VICP and RECA)** | | | | | | | | | | | | | | | |
| **Outcome** | 2. Percent of civil cases favorably  resolved | | | 80% | | | 96% | | 80% | | N/A | | | | 80% | |
|  | 3. Percent of defensive cases in which at least 85 percent of the  claim is defeated | | | 80% | | | 86% | | 80% | | N/A | | | | 80% | |
|  | 4. Percent of affirmative cases in which at least 85 percent of the  claim is recovered | | | 60% | | | 66% | | 60% | | N/A | | | | 60% | |
|  | 5. Percent of favorable resolutions  in non-monetary trial cases | | | 80% | | | 92% | | 80% | | N/A | | | | 80% | |
|  | 6. Percent of favorable resolutions in non-monetary appellate cases | | | 85% | | | 92% | | 85% | | N/A | | | | 85% | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | | **Final Target** | | **Actual** | **Projected** | **Changes** | **Requested (Total)** |
| **TYPE/ Strategic Objective** | **Civil Division Performance Measures (Continued)** | **FY 2011** | | **FY 2011** | **FY 2012** | **Current Services**  **Adjustments and FY 2013 Program Changes** | **FY 2013 Request** |
| **Efficiency** | 7. Ratio of dollars defeated and  recovered to dollars obligated for litigation | $45 | | $98 | $46 | N/A | $47 |
|  | **Vaccine Injury Compensation Program** | | | | | | |
| **Output** | 8. Percentage of cases where the  deadline for filing the  Government’s response to  Petitioner’s complaint (the Rule (4b) report) is met once the case  has been deemed complete | | 86% | 97% | 86% | N/A | 86% |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Output** | 9. Median time to process an award for damages (in days)\*[[1]](#footnote-1) | N/A | N/A | N/A | N/A | N/A |
| **Outcome** | 10. Percentage of cases in which  Judgment awarding compensation is rejected and an election to pursue a civil action is filed | 0% | 0% | 0% | N/A | 0% |
| **Outcome** | 11. Average claim processing time (in days)\* | N/A | N/A | N/A | N/A | N/A |
| **Efficiency** | 12. Percentage of cases in which  settlements are completed within the court-ordered 15 weeks | 92% | 100% | 92% | N/A | 92% |
|  | **Radiation Exposure Compensation Program** | | | | | |
| **Output** | 13. Reduce backlog of pending claims by 60 percent by 2011\* | N/A | N/A | N/A | N/A | N/A |
| **Output** | 1. Reduce average claim   processing time to 200 days by FY  2016 | 200 | 100 | 200 | N/A | 200 |
|  |  | **Final Target** | **Actual** | **Projected** | **Changes** | **Requested (Total)** |
|  | **Radiation Exposure Compensation Program (Continued)** | **FY 2011** | **FY 2011** | **FY 2012** | **Current Services Adjustments and FY 2013 Program Changes** | **FY 2013 Request** |
|  | 15. Percentage of claims paid within six weeks of Program receipt of acceptance form | 90 | 91 | 90 |  | 90 |
|  | 16. Percentage of claims appeals  adjudicated within 90 days of  filing administrative appeal | 95% | 100% | 95% | N/A | 95% |
| **Efficiency** | 17. Percentage of claims  adjudicated within 12 months  or less (RECA) | 80% | 94% | 80% | N/A | 80% |

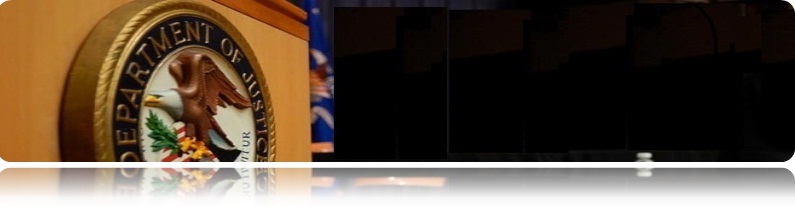
**DATA DEFINITION, VALIDATION, VERIFICATION, AND LIMITATIONS**

* **All Workload and Performance Indicators:** The data source for all indicators is CASES, the Civil Division’s automated case management system. Quality assurance efforts include regular interviews with attorneys to review data listings; program input screens designed to preclude incorrect data; exception reports listing questionable or inconsistent data; attorney manager review of monthly reports for data completeness and accuracy; and verification of representative data samples by an independent contractor.
* **Limitations:** Incomplete data may cause the system to under-report case terminations and attorney time. Some performance successes can be attributed to litigation where the U.S. Attorneys’ Offices were involved.
* **Performance Indicators 2, 5, and 6:** Favorable resolutions include court judgments in favor of the Government, as well as settlements.
* **All Workload and Performance Indicators:** All workload actuals and workload estimates exclude nearly 500,000 Hurricane Katrina administrative claims, which could all become individually active cases in FY 2012, and approximately 100,000 FEMA: Hurricane Katrina/Rita Trailer-related administrative claims. These claims have been removed to avoid skewing the data.

**ISSUES AFFECTING SELECTION OF FY 2012 and FY 2013 ESTIMATES**

* **Performance Indicators 2 and 3:** Vaccine Injury Compensation Program cases are excluded from these measures.

| **PERFORMANCE MEASURE TABLE** | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Decision Unit: Civil Division – Legal Representation** | | | | | | | | | | | | |
| **Performance Report and Performance Plan Targets** | | **FY 2004** | **FY 2005** | **FY 2006** | **FY 2007** | **FY 2008** | **FY 2009** | **FY 2010** | **FY 2011** | | **FY 2012** | **FY 2013** |
| **Actual** | **Actual** | **Actual** | **Actual** | **Actual** | **Actual** | **Actual** | **Target** | **Actual** | **Target** | **Target** |
| **Output** | Number of cases terminated during the year | 15,101 | 15,727 | 15,435 | 17,147 | 22,939 | 16,554 | 15,711 | 20,985 | 14,900 | 18,846 | 14,209 |
| **Civil Division Performance Measures** (Excludes VICP and RECA) | | | | | | | | | | | | |
| **Outcome** | Percent of cases favorably resolved | 93% | 90% | 93% | 89% | 91% | 93% | 93% | 80% | 96% | 80% | 80% |
| Percent of defensive cases in which at least 85 percent of the claim is defeated | 90% | 90% | 91% | 91% | 90% | 88% | 85% | 80% | 86% | 80% | 80% |
| Percent of affirmative cases in which at least 85 percent of the claim is recovered | 65% | 72% | 72% | 68% | 64% | 63% | 74% | 60% | 66% | 60% | 60% |
| Percent of favorable resolutions in non-monetary trial cases | 84% | 89% | 92% | 86% | 90% | 90% | 93% | 80% | 92% | 80% | 80% |
| Percent of favorable resolutions in non-monetary appellate cases | 93% | 91% | 87% | 87% | 90% | 92% | 92% | 85% | 92% | 85% | 85% |
| **Efficiency** | Ratio of dollars defeated and recovered to dollars obligated for litigation | $67 | $60 | $60 | $49 | $37 | $70 | $48 | $45 | $98 | $46 | $47 |
| **Vaccine Injury Compensation Program** | | | | | | | | | | | | |
| **Output** | Percentage of cases where the deadline for filing the Government’s response to petitioner’s complaint (the Rule (4b) report) is met once the case has been deemed complete | 75% | 84% | 82% | 83% | 95% | 94% | 96% | 86% | 97% | 86% | 86% |
| Median time to process an award for damages (in days) | 564.5 | 529.5 | 484 | 335 | 483 | 445 | 637 | N/A | N/A | N/A | N/A |
|  |  | **FY 2004** | **FY 2005** | **FY 2006** | **FY 2007** | **FY 2008** | **FY 2009** | **FY 2010** | **FY 2011** | | **FY 2012** | **FY 2013** |
|  |  | **Actual** | **Actual** | **Actual** | **Actual** | **Actual** | **Actual** | **Actual** | **Target** | **Actual** | **Target** | **Target** |
| **Vaccine Injury Compensation Program (Continued)** | | | | | | | | | | | | |
|  | Percentage of cases in which judgment awarding compensation is rejected and an election to pursue a civil action is filed | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| **Outcome** | Average claim processing time (in days) | 1,021 | 738 | 894 | 834 | 1,337 | 1,280 | 1,269 | N/A | N/A | N/A | N/A |
| **Efficiency** | Percentage of cases in which settlements are completed within the court-ordered 15 weeks | 80% | 95% | 98% | 96% | 100% | 100% | 100% | 92% | 100% | 92% | 92% |
| **Radiation Exposure Compensation Program** | | | | | | | | | | | | |
| **Output** | Reduce backlog of pending claims by 60% by FY 2011 | N/A | N/A | 2,021 | 2,032 | 807 | 618 | 558 | N/A | N/A | N/A | N/A |
|  | Reduce average claim processing time to 200 days by FY 2016 | N/A | 316 | 339 | 298 | 156 | 127 | 100 | 200 | 100 | 200 | 200 |
| Percentage of claims  paid within six weeks of Program receipt of acceptance form | 51% | 63% | 71% | 91% | 89% | 94% | 90% | 90% | 91% | 90% | 90% |
| Percentage of claims appeals adjudicated within 90 days of filing administrative appeal | 77% | 84% | 100% | 97% | 100% | 100% | 100% | 95% | 100% | 95% | 95% |
| **Efficiency** | Percentage of claims  adjudicated within 12 months or less | 55% | 71% | 66% | 71% | 93% | 96% | 96% | 80% | 94% | 80% | 80% |

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**Few Profit Centers Can Boast of a Return on Investment Comparable to the Civil Division’s: In FY 2011, $98 Were Either Defeated or Recovered for EVERY Dollar Spent.**

**Performance, Resources, and Strategies**

**Performance Plan and Report for Outcomes**

The Strategic Objectives (2.4 and 2.6) of the Department of Justice are respectively: to “combat corruption, economic crimes, and international organized crime,” and to “protect the Federal fisc and defend the interests of the United States.” These objectives comport with the goals in all branches of Government as well as those of the U.S. citizenry. The Division’s performance data demonstrate unambiguously its success in supporting these universal aims.\*[[2]](#footnote-2)

**In FY 2011, the Division saved an unprecedented $33 billion by defeating high-dollar lawsuits against the Federal Government.** Given that defensive cases represent more than 90 percent of the Division’s workload, its vigorous defense of such cases, as well as the settlement of others, has saved the treasury from billions of dollars in unwarranted monetary payouts. Particularly noteworthy are the following:

* After more than a decade of litigation in *Cobell v. Salazar*, President Obama signed legislation in December 2010 authorizing Government funding of the $3.4 billion settlement – a fraction of the initial amount sought.
* In April 2011, the Division reached a $760 million settlement with the Department of Agriculture (USDA) in *Keepseagle v. Vilsack*, providing $760 million for Native American farmers and ranchers who were discriminated against when seeking farm loans from the USDA.

Paying only the meritorious portion of the amounts claim, the Division saved the taxpayer billions of dollars and ushered in a new era of partnership between these Native American communities and the Federal Government. With these settlements announced, the plaintiffs involved in these litigations can move forward and have their claims heard – with the Federal Government standing as a partner.

**Over the last six years, over $18.4 billion in affirmative recoveries were made, largely from whistleblower health care fraud and procurement matters. In FY 2011 alone, the Civil Division recovered over $3.2 billion.** With growing concern over the state of the public fisc, the Civil Division seeks to ramp up efforts to return billions of dollars to the treasury, while also punishing and sending a loud message to those who would defraud the U.S. taxpayer.

**The entire Federal Government is united in its determination to stop fraud, waste, and abuse of taxpayer dollars.**

**Strategies to Accomplish Outcomes**

The Civil Division plays an indispensable role in preserving national security, upholding federal programs and policies, protecting consumers from fraud and unsafe practices, and restoring trust in the marketplace. The following are its strategies: The Division is emphasizing the following strategies to address high priorities and objectives set by the Administration and the Attorney General:

**Recover** money lost to fraud, waste, and abuse.

**Promote** America’s national and homeland security interests.

**Uphold** immigration enforcement actions.

**Recover money lost to fraud, waste, and abuse:** Safeguarding citizens’ financial interests remains critical in the current economic environment as taxpayers expect the wisest use of increasingly limited resources. The Fraud Section and the Consumer Protection Branch, in conjunction with the U.S. Attorneys’ Offices (USAO), combat financial fraud and waste, protect health care entitlement programs, and prosecute health care providers and pharmaceutical companies by pursuing major perpetrators of fraud and abuse on matters that cross multiple jurisdictions and involve high-dollar damages.

Modern technology has enabled the Departments of Justice and Health and Human Services (HHS) to root out Medicare fraud. Most notable is the use of an HHS data-mining contractor. Currently, it assists over 40 qui tam investigations, including many of the largest pharmaceutical fraud cases. By sharing and disseminating information obtained from Acumen with the USAOs, attorneys are able to:

* Access and analyze vast amounts of Medicare and Medicaid claims data more quickly;
* Utilize advanced outlier analysis to initiate new investigations
* Investigate potential leads more efficiently; and
* Develop damages estimates.

The Division is intensifying its fight against mortgage, procurement, corporate, and other types of financial fraud. The Fraud Enforcement and Recovery Act of 2009, which expands the scope of cases filed under the False Claims Act, greatly strengthened the Government’s statutory and legal toolkit. By working closely with various Inspectors General Offices and the USAOs, Fraud attorneys are able to identify instances of fraud on agency programs and funds with data-mining and technological tools.

**Promote America’s national and homeland security interests:** The Division places enormous emphasis on cases involving some of the nation’s most sensitive national security matters, including counterterrorism efforts, Guantanamo Bay detainee habeas cases, challenges to foreign terrorist organizations, and the screening procedures of the Transportation Security Administration. Attorneys will continue its successes in federal courts that review habeas corpus petitions made by prisoners seeking release from Guantanamo Bay and other facilities. Additionally, attorneys will also continue defending the constitutionality of the Foreign Intelligence Surveillance Act against legal challenges.

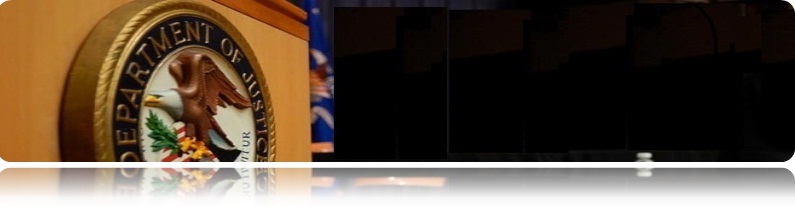
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**Uphold immigration enforcement actions:**  The Office of Immigration Litigation (OIL), the second largest branch within the Division, continues to defend the United States’ interests in thousands of cases brought by illegal aliens who challenge removal orders. Every day, challenges are made to citizenship and other immigration decisions, many of which involve suspected terrorists and convicted criminals who attempt to acquire immigration benefits and thwart removal. By working with its partners at the Departments of State and Homeland Security, OIL attorneys facilitate the removal of aliens and others who pose threats to public safety.

**Priority Goals**

Effectively combatting financial and health care fraud is a top goal of the Attorney General. The recent financial crisis, which has affected every American, has resulted in deception and abuse in the finance and housing markets.  Criminals who commit mortgage fraud, securities and commodities fraud, and other types of fraud relating to the response to the economic crisis, including the funds disbursed through the American Recovery and Reinvestment Act and the Troubled Asset Relief Program, victimize the American public as a whole.  Similarly, fraudsters take critical resources out of the health care system when they defraud Medicare, Medicaid, and other Government health care programs, thus contributing to the rising cost of health care for all Americans and endangering the short-term and long-term solvency of these essential health care programs.

The Department will continue to address these critical problems by vigorously investigating and prosecuting both financial and health care fraud. Of the Department’s four FY 2012 – FY 2013 Priority Goals, the Civil Division is dedicated to protecting American businesses, consumers, and taxpayers from financial and health care fraud. Along with the U.S. Attorneys and the Criminal Division, the Civil Division intends, at a minimum, to increase the number of financial and health care fraud investigations completed per Department of Justice attorney by five percent over FY 2011 levels. The Division’s progress will be reported quarterly. To reach this goal, the Division seeks approval of its request for 51 new positions and $7,000,000 (see page 27.)



**Program Increase – Financial Fraud**

**Recover Money Usurped from Taxpayers**

**Item Name: Financial Fraud Expansion**

Budget Decision Unit: Legal Representation

Strategic Goal & Objective: Strategic Goal II: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law.

Objective 2.4: Combat corruption, economic crimes, and international organized crime.

Objective 2.6: Protect the Federal fisc and defend the interests United States.

Ranking: 1 of 1

Program Increase: Positions 51; Attorneys 38; FTE 26; Position Dollars $5,171,000

Automated Litigation Support Dollars $1,829,000

Total Dollars $7,000,000

|  |  |
| --- | --- |
| Civil Division Financial Fraud Increase Summary | |
| What: | **$7 Million to combat financial fraud** |
| Why: | **To hold guilty parties responsible and recover monies lost through fraud** |
| How: | **Investigate alleged fraud and beat the blue chip law firms that defend the Government’s opponents** |
| Beneficiaries: | **U.S. Taxpayers, Defrauded Federal Agencies, Victims of Financial Fraud** |

**Background**

Most Americans know that financial fraud has damaged the economy and millions of people’s lives. The Civil Division shares responsibility for holding parties guilty of financial fraud accountable, and recovering stolen funds. As the Attorney General notes, over the last quarter century, the Department of Justice has recovered more than $30 billion under the False Claims Act. Notably, during the last three years alone, financial fraud settlements and lawsuits returned about $2 billion to the U.S. treasury. However, too many people are still getting away with financial fraud, and the U.S. treasury is still losing too much money.

This request for 51 positions and $7 million dollars, if approved, will give the Civil Division the staff and tools to open more financial fraud investigations and recover many millions of taxpayer dollars. The request will more than pay for itself in recoveries to the U.S. treasury.

**Actions**

The Civil Division, in collaboration with Offices of the U.S. Attorneys and Inspectors General, is aggressively pursuing mortgage, procurement, and other financial fraud schemes, but favorable outcomes and investigations cost upfront funding. The Division is asking for additional funding to expand the number of financial fraud cases it currently handles, and to pursue new types of financial fraud cases. The DOJ leadership assigned the Consumer Protection Branch a pro-active consumer protection role in the area of mortgage, and other types of financial fraud. However, to be successful, the Division must ensure it has sufficient funds to pay for the litigation tools, court fees, and trial preparation costs associated with taking on more financial fraud matters.

**Fraud Section**

The Fraud Section pursues cases filed by whistleblowers under the False Claims Act, which authorizes people to sue for fraud on behalf of the United States, and to share in any recovery. Last year, whistleblowers filed a record high 637 suits, including an *unprecedented number that alleged mortgage fraud* in connection with the Federal Government’s support of the nation’s housing markets. The upward trend of whistleblower suits is likely to continue, thus the Division will need additional attorneys and litigation support to follow up on these referrals.

Attorneys in the Fraud Section work with federal Inspectors General Offices to identify instances of fraud in agency programs and funds. For example, the Section recently worked with the HUD-IG to identify potential fraud involving the Federal Housing Administration. The Department of Housing and Urban Development (HUD) Inspector General (IG) developed a list of lenders associated with suspiciously high early default rates, and is currently investigating more than 40 active matters.

Additional financial fraud resources would support other financial fraud initiatives, including:

* Expanded use of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 to pursue fraud involving federally insured financial institutions;
* Increased protection for federal programs important to the nation’s economic recovery, such as small business and student loan programs;
* Combat fraud against the government’s minerals royalty program - one of the largest nontax sources of federal revenue.

**Consumer Protection Branch**

Consumer Protection Branch (CPB) attorneys are working with the new Consumer Financial Protection Bureau to develop a clear channel for financial fraud case referrals. Ensuring that financial fraud cases referral are appropriately handled is essential. The Branch will be working with the Securities and Exchange Commission to determine whether fraud was committed in the sale of these investments to consumers and institutional investors. This initiative will demand considerable investigatory resources, but is necessary to ensure that the firms and individuals that caused the crisis are held accountable. CPB will also coordinate cases investigated by Offices of the U.S. Attorneys across the country relating to the fraudulent sale of RMBS securities.

**Office of Litigation Support**

Litigation support for financial fraud cases will include many services, including electronic discovery, forensics, document processing, database creation and maintenance, and pretrial and trial support. The program already supports a major case involving investigation of potential wrongdoing by the credit rating agencies.  This support includes the provision of clerical, paralegal, and skilled law clerks who perform highly technical data analysis, document review of over 15 million pages, maintenance of web-based databases, and use of a content analysis tool for more efficient document review. Potential recoveries are very substantial.

**Conclusion – Additional Resources Leads to More Investigations, More Recoveries to Treasury**

The Civil Division’s increasing financial fraud caseload will place a significant strain upon existing personnel resources. The Fraud Section and the Consumer Protection Branch request $7,000,000 to hire the 51 people (26 FTE) and to provide essential support services and recover millions of dollars and hold fraudsters accountable. The positions are projected to cost $5,171,000 and include the following:

* **38 Attorneys**: Needed to initiate new financial fraud investigations, and to staff cases that are already under investigation;
* **2 Paralegals** – Necessary for filing, document management, and legal research;
* **9 Investigators/Auditors** – Required to interview witnesses and analyze the tremendous volume of documents involved in financial fraud matters;
* **1 Financial Analyst** – Provide expert advice in reviewing corporate and financial structures of entities under investigation and determining the assets of individuals facing False Claims Act liability;
* **1 Clerical Support Professional** – Help organize a high volume of sensitive documents and facilitate office communication.

The Civil Division is also seeking $1,829,000 for litigation support services needed to retrieve evidentiary material which will serve as the backbone of the cases we bring.

In FY 2011, with limited resources, the Fraud Section’s financial fraud efforts returned more than *$350 million*to the U.S. treasury. During that same period, the Consumer Protection Branch’s financial fraud criminal prosecutions led to felony charges against 18 individuals and 19 felony convictions. The courts ordered defendants to serve a total of 979 months in federal prison, and to pay over *$22 million* in restitution.

**Bottom Line: If the Division receives more resources, it will open more financial fraud investigations, try more cases, and continue to enforce the law. The record shows that when the Division receives additional fraud resources, the U.S. treasury receives hundreds of millions, recently billions, of dollars in return.**

**Funding**

Summary

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| FY 2011 Enacted | | | | FY 2012 Enacted | | | | FY 2013 Current Services | | | |
| Pos | Agt/  Atty | FTE | $(000) | Pos | Agt/  Atty | FTE | $(000) | Pos | Agt/  Atty | FTE | $(000) |
| 65 | 52 | 67 | $17,689 | 65 | 52 | 67 | $17,689 | 65 | 52 | 67 | $17,777 |

Personnel Increase Cost Summary

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Type of Position | Modular Cost per Position | Number of Positions Requested | FY 2013  Request  ($000) | FY 2014 Net  Annualization  (Change from 2013)  ($000) | FY 2015 Net  Annualization  (Change from 2014)  ($000) |
| Attorney | $111,359 | 38 | $4,232 | $3,665 | $92 |
| Professional Support | 77,012 | 10 | 770 | 549 | $15 |
| Paralegal | 57,450 | 2 | 115 | 53 | 2 |
| Clerical Support | 54,341 | 1 | 54 | 11 | 1 |
| Total Personnel |  | 51 | $5,171 | $4,278 | $110 |

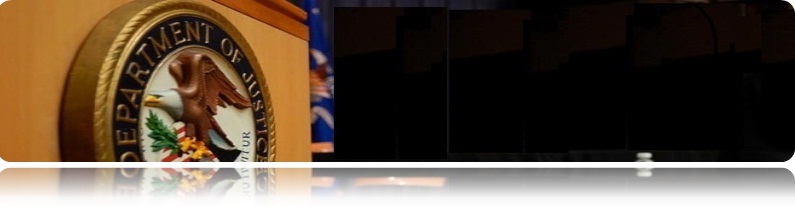
Non-Personnel Increase Cost Summary

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Non-Personnel Item | Unit Cost | Quantity | FY 2013  Request  ($000) | FY 2014 Net  Annualization  (Change from 2013)  ($000) | FY 2015 Net  Annualization  (Change from 2014)  ($000) |
| Automated Litigation Support |  |  | $1,829 | $21 | $22 |
| Total Non-Personnel |  |  | $1,829 | $21 | $22 |

Total Request for this Item

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Pos | Agt/  Atty | FTE | Personnel  ($000) | Non-Personnel  ($000) | Total  ($000) | FY 2014 Net  Annualization  (Change from 2013)  ($000) | FY 2015 Net  Annualization  (Change from 2014)  ($000) |
| Current Services | 65 | 52 | 67 | $17,777 | 0 | $17,777 | $0 | $0 |
| Increases | 51 | 38 | 26 | 5,171 | 1,829 | 7,000 | 4,229 | 132 |
| Grand Total | 116 | 90 | 93 | $22,948 | $1,829 | $24,777 | $4,229 | $132 |

**Program Offset**

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**Item Name: IT Savings**

Budget Decision Unit: Legal Representation

Ranking: 1 of 1

Program Reduction: $262,000

**Description of Item**

This offset represents savings that will be generated through greater inter-component collaboration in IT contracting.  Funds will be redirected to support the Department’s Cyber-security and IT transformation efforts as well as other high priority requests.

**Justification**

As part of its effort to increase IT management efficiency and comply with OMB’s direction to reform IT management activities, the Department is implementing a cost saving initiative as well as IT transformation projects.  To support cost savings, the Department is developing an infrastructure to enable DOJ components to better collaborate on IT contracting; which should result in lower IT expenditures.  In FY 2013 the Department anticipates realizing savings on all direct non-personnel IT spending through IT contracting collaboration.  These savings will not only support greater management efficiency within components but will also support OMB’s IT Reform plan by providing resources to support major initiatives in Cybersecurity, data center consolidation, and enterprise e-mail systems.  The savings will also support other Department priorities in the FY 2013 request.

1. \*Discontinued Measure [↑](#footnote-ref-1)
2. \* In FY 2011, the Division met or exceeded all of its performance targets. It missed its overall workload target by less than one percent, largely due to the minor estimation differences Division-wide. Given the largely defensive and unpredictable nature of litigation, the number of cases the Division handles is always in flux but remains consistent with past trends. [↑](#footnote-ref-2)