

Department of Justice

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Western District of New York

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MARKING ONE OF THE BEST YEARS EVER, UNITED STATES ATTORNEY'S OFFICE RECOVERS MORE THAN \$53,600,000 IN FISCAL YEAR 2012

BUFFALO, N.Y. - U.S. Attorney William J. Hochul, Jr. announced today that the U.S. Attorney's Office in the Western District of New York recovered for victims of crime, taxpayers, and law enforcement agencies one of the highest amounts in its history. Specifically, for Fiscal Year 2012, the Office recovered \$53,696,780 as a result of its extensive, wide-ranging efforts in criminal, civil and forfeiture cases. As set forth below, depending upon statutory regulations, this money is provided to victims of crime, the U.S. Treasury (which also utilizes taxpayer funds in operating the U.S. Government and its many programs), and local, county and state law enforcement agencies which assist the Office in its prosecutions of federal criminal defendants.

Specifically, the Office collected \$37,926,578 in criminal and civil actions for Fiscal Year 2012. Of this amount, \$22,284,080.30 was collected in criminal actions which includes fines and victim restitution. The Office also collected \$15,642,497.68 in civil actions, which includes proceedings involving health care fraud, government fraud, foreclosures and more.

The Office additionally collected \$15,770,202 in criminal and civil forfeitures. Forfeitures generally involve proceeds of crime, as well as property used to commit crime. Almost \$11,000,000 of the forfeited funds was returned to victims of crime, and over \$1,300,000 was shared with state and local law enforcement partners who work with the U.S. Attorney's Office and the Department of Justice.

In announcing the amounts recovered by the Office, U.S. Attorney Hochul praised the hard work and dedication of his staff of attorneys and support staff who seek not only to put convicted defendants in jail, but to literally take the profit out of crime. "From the beginning of this Administration, we have strived mightily to protect the public from those who would

cause the community harm. As important as it is to identify and prosecute such offenders, our work does not necessarily end when the wrong-doer is sentenced to prison. We are also well aware that because of the nature of crime, victims may be left without their life savings, or experience costs associated with recovering from violent acts. For this reason, we have up to now, and will continue into the future, to pursue financial remedies to the fullest extent permitted by law. Besides providing a measure of relief to victims, these actions also have the effect of taking the profit out of crime.”

In Fiscal Year 2010, the Western District of New York collected \$31,800,000 and in 2011, \$29,300,000 bringing the total of the last three years to \$114,700,000.

Beyond recovering money, U.S. Attorney Hochul also reported that 250 dangerous firearms, along with ammunition, and 51 computers were forfeited in FY 2012. Other items forfeited include nine homes, 27 vehicles, and several ATVs and snowmobiles, as well as jewelry, contraband cigarettes, artwork, one of a kind Kittinger furniture pieces, statues, televisions, fur coats, and several internet websites and their domain names that sold counterfeit goods. Also seized were counterfeit purses, wallets, Ugg boots, perfume, Rolex watches, pro sports jerseys, and sunglasses. At the border, exotic fish, snakes, illegal aphrodisiac vitamin supplements from Madagascar, and fake Viagra pills were also seized.

U. S. Attorney Hochul also stated that the \$53 million recovered by the Office does not include approximately \$9,000,000, which the Office successfully forfeited as a result of a fraud scheme prosecuted by the Office involving the late Ashvin Zaveri of Hoyeoye Falls, N.Y. These forfeited funds will be returned to the victims of the crime in the upcoming months.

"During this time of economic recovery in our country, these collections are more important than ever," said U.S. Attorney Hochul. "The \$53,00,000 collected in criminal and civil recoveries is one of our highest recoveries ever, and sends a very strong message that crime does not pay. Our Office is dedicated to protecting the public and recovering funds for the federal treasury and for victims of crime and we will continue to hold accountable those who seek to profit from their illegal activities."

The following cases are an example of a successful forfeiture and affirmative civil enforcement concluded this past year:

Affirmative Health Care Fraud

The Office settled False Claims Act cases against 51 hospitals across the country totaling approximately \$51 million dollars since July, 2009. During the past year, the Office recovered approximately \$9.5 million dollars from 10 hospitals. The government settled a related case with Medtronic Spine LLC, corporate successor to Kyphon Inc., on May 21, 2008 for \$75 million dollars. In essence, the hospitals overbilled Medicare for a procedure

which was minimally invasive, but which charged the Government as if the patient stayed at a hospital overnight or multiple days. This case ongoing against other hospitals across the country.

United States vs. Nicolo, et al.

In a case that spanned more than six years, and became one of the largest public corruption cases ever prosecuted in the Western District of New York, defendants John Nicolo, Mark Camarata, Charles Schwab, David Finmin and others were convicted and ordered to forfeit more than \$14,000 million dollars. Over the past several years, federal agents and prosecutors worked to uncover and seize assets of the defendants and were successful in forfeiting those assets and returning the illegal proceeds back to the victims of the Nicolo group. The defendants committed a variety of crimes including mail and wire fraud, conspiracy, and money laundering. Their scheme defrauded Kodak, the Town of Greece, IBM, ITT, and others out of millions of dollars by artificially inflating tax assessments on properties owned by these companies, and then causing Nicolo to be hired by the companies in an effort to reduce the resulting tax assessments.

The largest victim, the Eastman Kodak Co. received \$7.8 million, while the Town of Greece received almost \$1.9 million. Additionally, other crime victims receiving forfeited proceeds were IBM (\$70,000), RG &E (\$12,965.90), ITT Space Systems, LLC (\$632,961.57) and Global Crossing (\$33,750).

Nationwide, the U.S. Attorneys' offices collected \$13.1 billion in criminal and civil actions during FY 2012, more than doubling the \$6.5 billion collected in FY 2011. A portion of this amount, \$5.3 billion, was collected in shared cases in which one or more U.S. Attorneys' offices or department litigating divisions were also involved. The \$13.1 billion represents more than six times the appropriated budget of the combined 94 offices for FY 2012.

For further information, the United States Attorneys' Annual Statistical Reports can be found on the internet at http://www.justice.gov/usao/reading_room/foiamanuals.html.

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