



December 20, 2011

UNITED STATES ATTORNEY TIMOTHY J. HEAPHY

I. Welcome

Good morning and thank you all for being here today. My name is Tim Heaphy, and I'm the United States Attorney for the Western District of Virginia.

When people think of the United States Attorney's Office, the first thing that comes to mind is our enforcement work - the prosecution of federal crimes. Investigating and prosecuting federal crimes in the Western part of the Commonwealth is, and always will be, our core mission.

As part of that core function, we also seize assets and collect money for victims. These are different functions which augment and

enhance our investigations. They bring tremendous resources to victims, law enforcement, and the treasury. Our efforts to collect debts and seize ill-gotten gains has a significant deterrent impact, as these recoveries show that crime in the Western District of Virginia truly does not pay.

As the calendar year comes to an end, I wanted to provide some information about our office's success in collecting debts, ensuring restitution, and seizing the assets of criminal defendants.

II. Asset Forfeiture

Federal law provides powerful legal tools to ensure that we can recover the proceeds of illegal activity. Specifically, for certain crimes, federal prosecutors are empowered to seize "facilitation" property - the instrumentalities of crime. What that means is that any property that is used to commit certain crimes is forfeitable to the United States. If a drug dealer sells cocaine from a house or inside of a vehicle, that property facilitates the crime and can be seized by investigators.

The law also provides that we can seize the “proceeds” of illegal activity for virtually all crimes. Anything that an individual obtains as a result of criminal activity can be seized by law enforcement. If a ponzi schemer purchases a luxury home or puts the proceeds of his fraud into bank accounts, we can seize that home and those accounts. This is an important tool in our arsenal against all manner of criminal activity -- because it removes the financial benefits of crime.

Assets that are forfeited directly benefit law enforcement, and, by extension - you - the citizens of this community. Forfeited assets are sold and the proceeds are deposited into the Attorney General’s Assets Forfeiture Fund. Once there, the money is used first to reimburse victims in appropriate cases. Anything left over is shared with state and local law enforcement partners and is used to fund federal law enforcement efforts. We use a process called “equitable sharing” to distribute forfeited funds. If a particular police department or sheriffs office contributed to an investigation through a task force or otherwise, that

department is entitled to a portion of the seized assets, shared equitably with others who similarly contributed.

Asset forfeiture funds are tremendously important to law enforcement at all levels. Equitable sharing serves to supplement, but not replace, a local law enforcement's overall budget, an important function given the decreased funding many are receiving from Richmond. This ability to share assets with our law enforcement partners is critical in ensuring the people of the Western District of Virginia are being served at the highest possible level.

For the fiscal year ending September 30, this United States Attorney's Office deposited \$2.7 million into the Assets Forfeiture Fund. The prior fiscal year was even more impressive, with deposits of \$9 million in FY2010. As a result of deposits in FY2010, the United States Attorney's Office was able to share \$4.2 million with our state and local law enforcement partners in FY2011.

We are also on pace to seize a record number of physical assets. This year we have seized over 1,500 assets that are pending forfeiture

and sale. The estimated net worth for these assets is an astounding \$38 million. When these criminal and civil cases are completed, these funds will also be available for victims in those cases and for our state and local law enforcement partners.

III. Financial Litigation Unit

In addition to asset forfeiture, we also collect debts and judgments. The United States Attorney's Office, along with the Department of Justice's litigating divisions, are responsible for enforcing and collecting civil and criminal debts owed to the United States and criminal debts owed to federal crime victims.

Here in the Western District in 2011, the United States Attorney's Office collected more than \$15.5 Million in criminal and civil actions. These include payments for victim restitution, criminal fines and special criminal assessments.

By law, defendants are required to pay restitution to victims of certain federal crimes who have suffered physical injury or financial

loss. While restitution is paid directly to the victims, criminal fines and felony assessments are paid to the department's Crime Victim's Fund, which distributes the funds to state victim compensation and victim assistance programs.

We have a staff that is fully committed to investigating the assets of defendants who owe the government money. There are a variety of ways we do this. One example would be a defendant who owes restitutions for a previous conviction who is set to receive a federal tax refund. Our office has the ability to garnish that tax refund and ensure the defendant pays the government what they owe.

This is one of our most important functions. This United States Attorney's Office is committed to returning money owed to victims in an attempt to make them whole. You can be assured that if a defendant is ordered to pay a criminal fine or restitution to a victim, our office will work tirelessly to ensure they pay what they owe.

IV. Comparison to Overall Budget/Prior Years

I want to put these collections numbers in context. They seem significant, but it's only when you compare them to our overall budget and plug them into a continuum of prior efforts do they start to stand out.

Our United States Attorney's Office operates on an annual budget of just over \$6 million dollars. That's a small percentage of what our Asset Forfeiture and Financial Litigation Units bring in. If you combine the \$15.5 million this office has collected in criminal and civil actions and the roughly \$3 million collected through the forfeiture of criminal assets, you get a figure of \$18.5 million dollars. That is more than 3 times our annual budget. Put another way, this office is bringing in more than \$3 for every dollar of allocated taxpayer money.

As a comparison, in 2010 the United States Attorney's Office collected just over \$16 million in criminal and civil actions, as well as asset forfeiture deposits. While we still brought in more money than our total operating budget in 2010, it was much closer to a \$2.5 allocated-\$1 collected ratio.

Our goal for 2011 was to return more money to the district through criminal and civil actions and asset forfeiture in order to better assist victims of crime and our law enforcement partners. After nearly doubling the total collections from 2010 to 2011, I think it is safe to say that we accomplished that goal.

But I am not satisfied. Our goal for 2012 is to once again raise our levels of financial collections and bring even more money back into the Western District.

IV. National Numbers

We aren't alone or unique in our success. The work we do in asset forfeiture and restitution and debt collection goes on in U.S. Attorneys' offices around the country. Nationwide, the United States Attorney's Offices collected \$6.5 Billion in criminal and civil actions during 2011, a number that represents more than three times the appropriated budget of the combined 94 US Attorney's Offices. Quite simply, the Department of Justice, both nationally and locally, is bringing in much more money that it spends.

VI. Conclusion

During these times of budget austerity, our collections are more important than ever. My office is dedicated to protecting the public and recovering funds for the federal treasury and for victims of federal crime.

We will continue to hold accountable those who seek to profit from their illegal activities and seize any and all assets attained through criminal behavior.

Before taking your questions, I would like to recognize and thank those men and women in our Asset Forfeiture and Financial Litigation Units who work so hard to make these collections possible. Thank you for your hard work and dedication in making our district successful.

I thank you all for coming today and I will now answer any questions you may have.