

that provide forfeiture authority and on determining the extent the authority has been successfully used by law enforcement agencies, particularly in drug trafficking prosecutions.

Unfortunately, we must report that the Federal Government's record in obtaining asset forfeitures is not good. Forfeitures to date have consisted primarily of the vehicles used to smuggle drugs and the cash used in drug transactions. Compared to the profits realized, these forfeitures have amounted to little more than operating expenses. The illicit profits themselves and the assets acquired with them have remained virtually untouched. Yet these kinds of forfeitures were the target of legislation passed nearly 10 years ago as law enforcement's answer to organized crime.

The reasons for the meager success are many. Investigators and prosecutors have had little incentive to go beyond incarcerating criminals and obtain forfeiture of their illicitly acquired assets; investigators of major drug traffickers lacked expertise in tracing financial transactions; schemes to launder dirty money are complex and aided by bank secrecy laws of some countries; and our own laws and administrative procedures have hindered the disclosure of financial data to Federal law enforcement agencies.

The Government's efforts in this area show signs of improvement. Recently, the Department of Justice acknowledged

inadequate use of forfeiture statutes and the need to increase financial expertise in tracing the flow of illicit money; additionally, the Administrator of the Drug Enforcement Administration (DEA) has expressed his commitment to certain types of financial investigations. However, there is a long way to go before anyone can claim that the use of forfeiture statutes has had an impact on criminal enterprises.

At this point, Mr. Chairman, I would like to discuss the statutes providing forfeiture authority, the extent to which the statutes have been used, and some of the reasons they are not used more.

FORFEITURE STATUTES

Forfeiture means a judicially required divestiture of property without compensation. Excluded from this definition are such things as fines, bail and bond forfeiture, and the imposition of civil damages. Forfeitures may be accomplished either criminally or civilly, depending upon the nature of the property involved, the circumstances of each case, and the forfeiture statute under which the Government proceeds.

Four classes of property are subject to forfeiture under at least one of the several provisions of American forfeiture law. The first class, contraband, describes property which is inherently dangerous and the possession or distribution of which is itself usually a crime. Certain types of guns, controlled substances, liquor, and gambling devices qualify as

contraband. The second class, derivative contraband, describes property such as boats, airplanes, and cars which serve the function of warehousing, conveying, transporting, or facilitating the exchange of contraband. The third class, direct proceeds, describes property such as cash that is received in exchange or as payment for an illegal transaction. The fourth and final class, secondary or derivative proceeds, describes property such as corporate stock, legitimate businesses, and the like that are purchased, maintained, or acquired, indirectly or directly, with the direct proceeds of an illegal transaction.

The Federal Government has obtained forfeiture of properties falling within the first two classes described above--contraband and derivative contraband--for nearly two centuries. However, prior to 1970, the Government had no authority to forfeit direct and derivative proceeds.

In common law England, forfeiture of property to the Crown, without regard to the property's relationship to the crime of conviction, automatically followed most felony convictions. Widespread abuses of this authority account for the aversion to criminal forfeitures in the United States. For all intents and purposes, criminal forfeitures were non-existent in this country until 1970.

Criminal forfeiture

In that year the Congress enacted two statutes that provided the Government criminal forfeiture authority. Title IX of the Organized Crime Control Act, entitled the Racketeer Influenced and Corrupt Organization Act (RICO), provided that upon conviction for racketeering involvement in an enterprise, the offender shall forfeit all interests in the enterprise. The Comprehensive Drug Prevention and Control Act provided for criminal forfeiture of profits derived through a continuing criminal enterprise (CCE) that trafficks in controlled substances.

RICO and CCE were intended to create new remedies to combat the infiltration of organized crime into commercial enterprises and to destroy the economic base of organized criminal activity.

Civil forfeiture

In civil forfeiture, the property subject to forfeiture is deemed "tainted." The legal proceeding in such cases is theoretically against the property itself, meaning that the forfeiture stems from the guilt of the property. Conviction of the property holder for a crime is rarely a prerequisite for the imposition of civil forfeiture.

DEA's civil forfeiture authority is in Section 881 of Title 21, United States Code. Historically, the most

frequent applications of this statute have been against contraband and derivative contraband, not against proceeds of controlled substance transactions.

DEA's civil forfeiture statute was amended in November 1978 and, if read literally, seems to have approximately the same reach in terms of classes of property subject to forfeiture as the RICO and CCE criminal forfeiture authorizations. Since 1978, Section 881 has been used successfully to reach the immediate cash proceeds of drug transactions; it has never been applied to derivative proceeds.

FEW ASSETS HAVE BEEN FORFEITED

Simply put, neither the dollar value nor the type of assets forfeited to the Government from criminal organizations have been impressive. Although a recently initiated Department of Justice/DEA study is being conducted on the use of RICO and CCE, no single source of data currently exists on the number of forfeiture cases attempted and the ultimate disposition of the cases. However, on the basis of data we pieced together from several sources, we conclude that:

--Through March 1980, RICO and CCE indictments

have been returned in 99 narcotics cases.

Assets forfeited and potential forfeitures in those cases amounted to only \$3.5 million.

Attachment I to our prepared statement provides the details of these 99 cases.

--For other than narcotics cases concluded under RICO, our work is not complete, but indications are that, as in narcotics cases, forfeitures have been minimal.

--Since enactment in November 1978 of the Psychotropic Substance Act amendments providing for civil forfeiture of real estate, corporate stock holdings, and other property, DEA has seized \$7.1 million in currency involved in drug transactions. No seizures or forfeitures of other types of assets have been made.

--Civil forfeitures by the Customs Service, the Bureau of Alcohol, Tobacco and Firearms, and DEA, of vehicles, aircraft, vessels, and monetary instruments used to facilitate illegal criminal actions totalled about \$57 million in 1979, including \$32 million directly related to drug trafficking. However, more than 60 percent of this amount will probably be returned to the alleged violator or to the legal owner.

In addition to forfeitures, it could be argued that assets are also taken through fines and additional tax assessments and penalties. However, not much is being done in this area. For example, in 1978 only 11 percent of defendants convicted of a narcotics violation were fined, and only 20 of these were fined \$100,000 or more. In addition, in 1979, narcotics

violators were assessed only \$13.9 million in additional tax and penalties as a result of the Internal Revenue Service's (IRS) narcotics program.

A measure of the magnitude of what is available for forfeiture is the \$54 billion estimated to be generated annually through drug trafficking alone. Additional billions of dollars are generated by organized crime through gambling, prostitution, and other illegal activities. Compared to these amounts, that taken by the Government has indeed been small. A comparison of narcotics related seizures and narcotics income is included as Attachment II.

Of equal disquiet is the kinds of assets forfeited. As previously mentioned, the RICO and CCE statutes were intended to combat organized crime's infiltration into commercial enterprise. The Department of Justice estimates that 700 legitimate businesses in this country, varying from bars to banks, have been infiltrated by organized crime. Yet we find no forfeiture of significant business interests acquired with illicit funds.

WHY MORE FORFEITURES HAVE
NOT BEEN REALIZED

For many reasons, relatively little has been accomplished in the forfeiture area. The Government lacks the most rudimentary information needed to manage the forfeiture effort. No one knows how many RICO and CCE cases have been attempted, the disposition of the cases, how many cases involved

forfeiture attempts, and why those attempts either failed or succeeded. Problems extend across the investigative, prosecutive, and legal areas.

Incentives and expertise lacking

Both investigators and prosecutors need to improve their performance in conducting financial investigations of sufficient scope to obtain not only long-term incarcerations, but also forfeiture of derivative proceeds. Of the 25 major RICO and CCE drug investigation cases we examined, only 6 had a goal of asset forfeiture. DEA's system of rewards and incentives has favored arrests of major violators over forfeiture of their assets; many investigators were not trained in financial investigations; and many Federal prosecutors simply did not use the forfeiture statutes.

Although DEA has begun a concerted effort to use asset forfeiture data as an additional performance measurement indicator, its primary performance measurement indicator remains the number and importance of arrested violators. Because cases involving asset forfeiture take more time, agents have had little incentive to go beyond incarcerating the trafficker. Many DEA agents told us they believe their time is better spent working additional cases than developing the additional evidence required to obtain forfeiture of the illicit assets of drug dealers.

Although some DEA agents have a formal background in accounting or financial analysis, DEA does not have any positions classified as a financial investigator or agent/accountant. DEA officials claim their limited resources do not permit such specialization.

DEA has instituted financial analysis training courses and hopes to have one-half of its 2,000 agents trained by the end of 1980. The 3- to 5-day courses represent only an introduction to a complex topic. In addition, the courses concentrate on forfeitures of vehicles and cash with little mention of investigative methods needed to realize forfeiture of derivative proceeds.

Other law enforcement agencies with personnel who have financial investigative experience have not worked particularly well with DEA in the past. Although IRS has joined DEA in a few "task force" investigations, IRS primarily emphasizes investigations involving tax violations, not criminal forfeiture of trafficker's assets. The FBI also has agents with financial expertise, but, except for participation in a few task forces, they have not been regularly used on narcotics investigations. These joint task forces have not had overly impressive results.

Given DEA's lack of financial expertise and the problems of combining different law enforcement agencies into a task force, a question remains as to how the Government can attack derivative proceeds.

Federal prosecutors also have not put much effort into attacking the criminal's profits. Of the 25 RICO and CCE cases we studied, Federal prosecutors for 18 of these cases did not attempt to use the forfeiture provisions. Many Federal prosecutors pointed out that adding forfeiture to an already complicated case was simply not worth the effort. Others said they were inexperienced with or unsure of the specific procedures for forfeiture under RICO or CCE.

The reluctance of investigators and prosecutors to pursue asset forfeiture is not wholly unjustified, as illustrated by the following example.

In this case, a Florida-based organization imported over one million pounds of Colombian marijuana and grossed about \$300 million over a 16-month period. Forfeiture was attempted on the following:

--Two residences worth \$750,000.

--An auto auction business used as a front for the trafficking organization.

--Five yachts.

Of the \$750,000 for the residences, \$175,000 was returned to the wife of one of the defendants, and \$559,000 was used to pay the defendant's attorneys. The auto auction business, being a front, was worthless, and the five yachts were never found. The Government wound up with \$16,000.

Foreign and U.S. laws restrict
availability of financial information

Various foreign and U.S. laws hamper greater use of forfeiture authorizations by restricting investigators' access to valuable financial information. The bank secrecy laws of some foreign countries make gathering foreign financial information extremely difficult and, for privacy and other reasons, our own laws place certain restrictions on the disclosure of tax data. In addition, the usefulness of currency transaction reports has been limited.

Foreign laws restrict dissemination
of bank information

Criminals are employing sophisticated techniques to "launder" illicitly derived profits through overseas banks. Compounding the investigator's problem is the fact that the bank secrecy laws of some foreign countries prohibit the disclosure of needed bank information.

Banks in foreign countries with stringent secrecy laws are used to "legitimize" illegal profits. In one scenario, a courier smuggles currency from the United States to a bank in the Carribean and deposits it in a bank account of a Carribean corporation used as a front. The money is then wire-transferred to the U.S. bank account of a domestic front corporation using a false loan document that not only justifies the money transfer, but also makes it appear exempt from U.S. income taxes. This money can then be used to invest

in legitimate corporations or real estate. The secrecy laws of this Caribbean country prevent U.S. investigators from obtaining information on bank accounts, front corporations, or money transfers, making it difficult to trace the illegally generated profits to the legitimate assets.

Experts have reported how schemes such as this are used to purchase large amounts of real estate. In December 1979 congressional testimony, a real estate economist estimated that real estate investments in Florida resulting from narcotics dealings alone totaled \$1 billion in 1977 and 1978.

The Government has tried to breach the cover that foreign banking laws provide through agreements with foreign countries. Such Mutual Judicial Assistance Treaties provide for assistance in acquiring banking and other records, locating and taking testimony from witnesses, and serving judicial and administrative documents. One such agreement with Switzerland already exists, and three others are being negotiated (Turkey, the Netherlands, and Colombia). Even if treaties with these countries are successfully implemented, numerous other countries with strict bank secrecy laws are more reluctant to cooperate because of their desire to protect the lucrative offshore financial business that often is a primary basis of their local economy.

Tax Reform Act of 1976 has limited
IRS' role in drug enforcement

Regarding our own laws, the Tax Reform Act of 1976 has restricted IRS' role in drug enforcement. In previous testimony we supported revisions to the Tax Reform Act of 1976 aimed at striking a proper balance between privacy concerns and law enforcement needs. We are particularly concerned that present law provides no means for IRS to disclose on its own initiative information it obtains from taxpayers regarding the commission of nontax crimes. We recommended that the Congress authorize IRS to disclose such nontax criminal information by obtaining an ex parte court order.

As a result of the hearings, identical bills (S. 2402 and H.R. 6826) significantly revising the disclosure statute were introduced. Although we agree with the basic thrust of the proposed amendments, we believe the legislation can be further refined to authorize a more effective disclosure mechanism and to improve the balance between privacy and law enforcement concerns. Our recommended refinements include more clearly defining tax information categories and providing a court order mechanism through which IRS may unilaterally disclose information concerning nontax crimes.

Currency information not being effectively
used against drug traffickers

The Bank Secrecy Act passed by the Congress in 1970 furnished Federal agencies with additional tools to fight

organized crime, including drug trafficking, and white-collar crime. It was felt the act's financial reporting requirements would help in investigating illicit money transactions as well as those persons using foreign bank accounts to conceal profits from illegal activities.

Basically, the Bank Secrecy Act regulations require three reports to be filed with Federal agencies:

- Domestic banks and other financial institutions must report to IRS each large (more than \$10,000) and unusual transaction in any currency.
- Each person who transports or causes to transport more than \$5,000 in currency and other monetary instruments into or outside the United States must report the transaction to the U.S. Customs Service.
- Each person subject to the U.S. jurisdiction must disclose interests in foreign financial accounts to the Treasury Department.

Treasury has overall responsibility to coordinate the efforts of Federal agencies and to assure compliance with the act.

Numerous problems have been identified restricting the act's effectiveness, including

- delays in implementing the act's requirements,
- slow dissemination of information,
- inconsistent compliance by banks, and
- limited analysis of reported information.

Treasury recently strengthened its regulations governing the reporting of currency transactions. Additionally, legislation has been introduced in both the House and Senate to

- make it a crime to attempt to transport the currency without filing the proper report,
- authorize the Customs Service to search without a warrant or probable cause suspected violators of the act, and
- authorize rewards for information leading to the conviction of currency report violators.

Some believe these changes will help improve compliance and the quality of currency report information. However, to be useful in investigating financial transactions, these reports will have to be employed more often by criminal investigators. Of the 25 RICO and CCE cases we examined, agents used financial information available through the Bank Secrecy Act in only 4.

Potential RICO and CCE impediments

The Judiciary's views on the RICO and CCE forfeiture authorizations are only now emerging through case law. Questions raised by several lower courts go to the heart of forfeiture law, suggesting a need for close examination of the adequacy of forfeiture statutes in the organized crime context. Four recurring and significant areas of concern have been identified.

First, the precise scope of the RICO and CCE forfeiture authorizations is not known. The CCE authorization speaks in terms of forfeiture of, among other matters, "profits"-- language which in ordinary usage means the gross proceeds of a transaction less expenses. Although CCE does not explicitly define profit, the ruling in one case suggests that the cost of narcotics to the dealer might be deductible from profit, and hence not subject to forfeiture. RICO, on the other hand, speaks in terms of forfeiting "interests" in an enterprise. Several courts have questioned whether profits qualify as an interest in an enterprise, thus subjecting the profits to forfeiture.

Second, confusion exists over the degree to which assets must be traced to their illicit origin to be subject to forfeiture. RICO and CCE both require a nexus, other than mere ownership, between a defendant's criminal misconduct and the property to be forfeited. If the property represents the direct proceeds of an illicit transaction and is held in the form in which originally received, there is little difficulty in showing the origin of the forfeitable property. Serious identification problems arise, however, if the property has changed hands in multiple transfers, or changed form, or both.

There is uncertainty, for example, whether the Government can successfully obtain forfeiture of property such as

cash through a net worth analysis showing only that a defendant's net worth was increased as a result of criminal activity. Many courts believe the Government must show that the specific property to be forfeited was itself purchased, acquired, or maintained with illicitly derived funds. RICO and CCE provide little guidance on the tracing and specific identification necessary to sustain a criminal forfeiture.

A third area of concern is the status of assets that would otherwise be subject to forfeiture, but which, for any of a variety of reasons, are transferred before forfeiture can be accomplished. These transfers may occur in three basic ways. One is for the property to be transferred to a third party, with or without consideration. The difficulty with transfers of this type is that a criminal trial under RICO and CCE determines the guilt or innocence of the defendant and, by implication, the defendant's rights in the property. Once the property is transferred, there are serious conceptual and legal difficulties in requiring the defendant to forfeit property he no longer has or, alternatively, in requiring third parties to forfeit property without a trial. A second type of transfer occurs when a defendant places ill-gotten gains in foreign depositories beyond the jurisdiction of the United States, yet retains "clean" money in domestic depositories and domestic

investments. Neither RICO nor CCE make explicit provision for forfeiture of clean assets in substitution for assets beyond the reach of the United States. A third way is for a lien to be filed against the property by, for example, the defendant's attorneys. After defense counsel's fees are deducted, only the remainder of the property may be forfeited to the Government.

A fourth problem revolves around the procedures which must be followed to accomplish a criminal forfeiture. The Federal Rules of Criminal Procedure were amended in 1970 to provide for inclusion of a forfeiture count in the indictment and for the return of a special jury verdict on such count. Once an indictment is obtained, both RICO and CCE authorize the court to issue a restraining order prohibiting the transfer of assets subject to forfeiture. If the indictment does not contain a forfeiture count, criminal forfeiture automatically ceases to be an available remedy.

Beyond these basic procedures, however, both RICO and CCE direct the use of customs forfeiture procedures for matters relating to the disposition of the property, proceeds from the sale thereof, remissions, and the compromise of claims. Customs procedures are somewhat difficult to apply in the organized crime context, because they cover civil forfeiture where, unlike criminal forfeiture, the guilt of the property is at issue--not the guilt of the property

holder. Use of these procedures has resulted in several anomalous situations where a defendant convicted under RICO was permitted to redeem or repurchase assets ordered forfeited.

The fundamental questions identified in these four areas of concern deserve definitive answers. Without them, the need for any legislative refinements to the RICO and CCE forfeiture authorizations will remain unknown.

In summary, Mr. Chairman, we believe that despite the many problems we have discussed, attacking criminal profits, coupled with the more traditional sanction of incarceration, offers the best opportunity to combat major criminals. To do so, the Government's effort must be better managed. Someone must assure that investigators and prosecutors have the capability and incentive to pursue all types of asset forfeitures, that domestic financial information is available to assist those pursuits, that means be discovered to trace illegal monies through offshore laundering operations, and that judicial experience is carefully evaluated to determine the adequacy of the RICO and CCE statutes. This will require a cooperative effort between the legislative and executive branches and among the law enforcement agencies themselves.

This concludes my prepared statement, Mr. Chairman. We would be pleased to respond to any questions.

LISTING OF ALL NARCOTICS CASES IN WHICH
CCE AND RICO INDICTMENTS WERE
RETURNED SINCE ENACTMENT OF STATUTES
(THROUGH MARCH 30, 1980)

| <u>Main defendant(s)</u> | <u>Year investigation initiated</u> (note a) | <u>Judicial district</u> (note b) | <u>Charge</u> (CCE or RICO) | <u>Disposition</u> (note c) | <u>Criminal forfeitures</u> (note d) |
|--------------------------|---|--------------------------------------|--------------------------------|---|--|
| Abraham | 1972 | SD New York | CCE | CCE conviction | None |
| Adams | 1976 | SD Ohio | RICO | RICO conviction | None |
| Alessi | 1971 | ED/SD New York | CCE | Acquitted | None |
| Amaya | 1977 | ED Michigan | CCE | CCE conviction | None |
| Avila-Araujo | 1978 | CD California | RICO/CCE | CCE conviction and 1 fugitive | Forfeited \$260,000 (estimated value) in vehicles, real estate, and a residence under CCE |
| Barger | 1978 | ND California | RICO | Pending | None |
| Barnes | 1976 | SD New York | CCE | CCE conviction | None |
| Bergdoll | 1975 | Dist. of Delaware | CCE | Convicted of lesser charges | None |
| Blasco | 1976 | ND Illinois | RICO | Acquitted | None |
| Boyd | 1979 | SD Florida | CCE | Pending | None |
| Burt | 1979 | CD California | CCE | CCE conviction | Pending CCE forfeiture of a ranch (estimated value \$55,000) and \$47,000 cash |
| Cady | 1975 | ED Michigan | CCE | CCE conviction | None |
| Carr | 1979 | SD Indiana | CCE | Pending | Pending CCE forfeiture of properties with an estimated value of \$965,000 |
| Casey | 1978 | ED Michigan | CCE | Pending | None |
| Cason | 1977 | ED Michigan | CCE | CCE conviction | None |
| Castro | 1977 | SD Indiana | RICO | RICO conviction | Forfeiture under RICO of a taxi company having no value |
| Chagra | 1977 | WD Texas | CCE | CCE conviction | None |
| Christian/Palmeri | 1975 | SD California | RICO | RICO convictions (3) | Forfeited \$100,000 cash pursuant to RICO plea in lieu of real property |
| Collier | 1970 | ED Michigan | CCE | CCE conviction | None |
| Cortez | 1978 | WD Michigan | CCE | Convicted of lesser charges | None |
| Cravero | 1974 | SD Florida | CCE | CCE conviction | None |
| Crisp/Peronne | 1974 | SD Florida | CCE | Acquitted | None |
| Douglas/Stone | 1976 | ED Michigan | CCE | CCE conviction (Douglas); convicted of lesser charges (Stone) | None |
| Enriquez | 1977 | Dist. of Arizona | CCE | CCE conviction | None |
| Farese | 1978 | SD Florida | CCE | Pending | None |
| Fry | 1975 | ED Michigan | CCE | CCE conviction | None |
| Gallardo | 1976 | SD New York | CCE | Fugitive | None |
| Gamba | 1976 | ND California | RICO | Convicted of lesser charges | None |
| Gant/Hawkins | 1975 | WD Missouri | CCE | Convicted of lesser charges | None |
| Gibson | 1976 | Dist. of New Jersey | CCE | Convicted of lesser charges | None |
| Godoy | 1979 | CD California | RICO | RICO conviction | A pending RICO forfeiture (currently under appeal) of \$800,000 (estimated value) in properties. |
| Gottlieb | 1979 | SD Florida | CCE | Convicted of lesser charges | None |
| Gordon | 1979 | SD Florida | CCE | Pending | None |
| Gramatikos | 1977 | ED New York | CCE | CCE conviction | U.S. Government realized nothing although a boat and disco in Greece were forfeited under CCE |
| Grant | 1972 | SD New York | CCE | CCE conviction | None |
| Griffin | 1975 | SD New York | CCE | Convicted of lesser charges | None |
| Harris/Young | 1973 | ED Pennsylvania | CCE | Convicted of lesser charges | None |
| Hawkins | 1977 | SD Florida | RICO/CCE | Pending | Pending forfeiture under both CCE and RICO of properties having an estimated value of \$352,000 |
| Helton | 1979 | SD New York | CCE | CCE conviction | None |
| Hicks | 1975 | ND Texas | CCE | CCE conviction | None |
| Holman | 1978 | ED Pennsylvania | CCE | Convicted of lesser charges | None |
| Howard | 1977 | Dist. of Maryland | CCE | CCE conviction | None |
| Huffine | 1977 | ND Texas | RICO | Convicted of lesser charges | None |
| Jackson | 1974 | Dist. of Utah | CCE | Convicted of lesser charges | None |
| Jeffers | 1973 | ND Indiana | CCE | CCE conviction | None |
| Johnson | 1972 | SD West Virginia | CCE | Convicted of lesser charges | None |
| Johnson | 1976 | ND Florida | CCE | CCE conviction | None |
| King | 1977 | Dist. of Colorado | RICO | Convicted of lesser charges | None |
| Kirk | 1974 | ED Missouri | CCE | CCE conviction | None |
| Kulik/Davis | 1977 | CD California | CCE | CCE conviction (Davis); Convicted of lesser charges (Kulik) | None |
| Lombardozi | 1977 | SD Florida | RICO | RICO conviction | None |
| Lucy | 1978 | ED Virginia | RICO/CCE | RICO conviction | A trailer, land and dwellings (estimated value of \$167,000) were forfeited under RICO |
| Lurtz | 1978 | Dist. of Maryland | CCE | CCE conviction | None |
| Lyles | 1975 | Dist. of Maryland | CCE | CCE conviction | None |
| Lynch | 1977 | Dist. of Columbia | RICO/CCE | CCE and RICO convictions | None |

LISTING OF ALL NARCOTICS CASES IN WHICH
CCE AND RICO INDICTMENTS WERE
RETURNED SINCE ENACTMENT OF STATUTES
(THROUGH MARCH 30, 1980)

| <u>Main defendant(s)</u> | <u>Year investigation initiated</u> (note a) | <u>Judicial district</u> (note b) | <u>Charge</u> (CCE or RICO) | <u>Disposition</u> (note c) | <u>Criminal forfeiture</u> (note d) |
|--------------------------|---|--------------------------------------|--------------------------------|--------------------------------|--|
| Maddin/Broussard | 1975 | WD Texas | CCE | Convicted of lesser charges | None |
| Manfredi | 1972 | SD New York | CCE | CCE conviction | None |
| Mannio | 1979 | SD New York | CCE | Pending | None |
| McLaughlin | 1975 | MD Tennessee | CCE | Convicted of lesser charges | None |
| McNeely | 1979 | WD Tennessee | CCE | Pending | None |
| McPartland | 1975 | Dist. of Oregon | RICO | Convicted of lesser charges | None |
| Meinster/Platshorn | 1978 | SD Florida | RICO | RICO convictions (4) | \$16,000 ultimately realized from forfeiture of residences (estimated value \$750,000) and an auto auction (no value) under RICO A yacht forfeited (estimated value \$400,000) under CCE |
| Meneley | 1976 | SD California | RICO/CCE | CCE conviction | None |
| Mitchell | 1979 | SD Illinois | RICO/CCE | Pending | None |
| Motten | 1975 | SD New York | CCE | CCE conviction | None |
| Muller | 1975 | SD Texas | CCE | Convicted of lesser charges | None |
| Mullins | 1979 | SD New York | CCE | Pending | None |
| Nichols | 1979 | Dist. of Delaware | CCE | Convicted of lesser charges | None |
| Parce | 1976 | ND Texas | RICO | Convicted of lesser charges | None |
| Pellon | 1978 | SD New York | CCE | CCE conviction | None |
| Pereira | 1977 | SD New York | CCE | Convicted of lesser charges | None |
| Perez | 1976 | SD California | CCE | Fugitive | None |
| Phillips/Wagner | 1976 | Dist. of Maryland | CCE | Convicted of lesser charges | None |
| Pokorney | 1977 | ED Michigan | CCE | CCE conviction | Forfeiture under CCE of a residence (estimated value \$300,000) is pending |
| Rittenberg | 1977 | SD California | RICO | Pending | None |
| Robinson | 1977 | SD New York | CCE | CCE conviction | None |
| Rose | 1976 | SD Indiana | CCE | CCE conviction | None |
| Rosenthal | 1979 | CD Georgia | CCE | CCE conviction | None |
| Samargo | 1975 | Dist. of Hawaii | CCE | Acquitted | None |
| Sanders | 1979 | SD Indiana | CCE | Convicted of lesser charges | None |
| Santos | 1979 | Dist. of Guam | CCE | Convicted of lesser charges | None |
| Savage | 1979 | SD Florida | CCE | Pending | None |
| Schneider | 1977 | ED Michigan | CCE | Convicted of lesser charges | None |
| Schwartz | 1979 | SD Florida | CCE | Convicted of lesser charges | None |
| Sisca | 1972 | SD New York | CCE | CCE conviction | None |
| Sneed | 1979 | ED Texas | RICO/CCE | CCE and RICO convictions | None |
| Sotelo-Casterena | 1975 | ND California | RICO/CCE | Convicted of lesser charges | None |
| Sperling | 1973 | SD New York | CCE | CCE conviction | None |
| Stepeney | 1978 | SD New York | CCE | CCE conviction | None |
| Stricklin | 1974 | WD Texas | CCE | Acquittal | None |
| Stuckey | 1979 | Dist. of Columbia | CCE | CCE conviction | Forfeited two vehicles (estimated value \$10,000) and apartment in which defendant had \$10,000 equity interest under CCE. Forfeited under RICO a bar/restaurant having no value to the Government after satisfaction of encumbrances against it. |
| Swiderski | 1976 | Dist. of Columbia | RICO | RICO conviction | None |
| Tramunti/Inglese | 1973 | SD New York | CCE | CCE conviction (Inglese) | None |
| Valencia | 1976 | ED New York | CCE | CCE conviction | None |
| Valenzuela | 1976 | CD California | CCE | CCE conviction | None |
| Vasquez | 1976 | ED New York | CCE | Could not determine | None |
| Webster | 1977 | Dist. of Maryland | RICO/CCE | CCE conviction | None |
| Wheeler | 1975 | Dist. of New Hampshire | RICO | Convicted of lesser charges | None |
| Wind | 1974 | ED Michigan | CCE | CCE conviction | None |

Notes:

a/Represents original involvement of DEA in investigation.

b/Abbreviations used in this column: ED - Eastern District,
 WD - Western District, ND - Northern District,
 SD - Southern District, and CD - Central District.

c/Acquitted includes cases in which the CCE or RICO counts were dropped. Convicted of lesser charges includes pleas to lesser charges.

d/Includes forfeitures under CCE and RICO only.

NARCOTICS RELATED SEIZURES COMPARED TO
ESTIMATED ILLICIT NARCOTIC INCOME
 -----(in millions)-----

| | <u>1979</u> |
|--|-----------------|
| NARCOTICS INCOME RETAINED BY U.S. DISTRIBUTORS (note a) | <u>\$54,275</u> |
| CIVIL SEIZURES | |
| DEA (note b) | |
| Vehicles | \$ 3.5 |
| Aircraft | .8 |
| Boats | .6 |
| Currency | <u>5.5</u> |
| Total DEA Civil | <u>\$10.4</u> |
| Customs (note c) | |
| Vehicles | \$ 5.3 |
| Aircraft | 4.3 |
| Boats | 12.8 |
| Currency | <u>.1</u> |
| Total Customs Civil | <u>\$22.5</u> |
| Total Civil Seizures | <u>\$32.9</u> |
| CRIMINAL FORFEITURES (note d) | |
| DEA | |
| Real Estate | .3 |
| Total Criminal Forfeitures | \$ <u>.3</u> |
| TOTAL CIVIL SEIZURES AND CRIMINAL FORFEITURES | <u>\$33.2</u> |
| SEIZURES AS A PERCENT OF INCOME | 0.06% |
| See notes on p. 24. | |

a/Estimates based on the National Narcotics Intelligence Consumers Committee study, "Narcotics Intelligence Estimate," 1979.

b/Seizures under 21 U.S.C. 881.

c/These amounts represent seizures under four specific statutes normally used for narcotics related violations (21 U.S.C. 881, 49 U.S.C. 781-4, 19 U.S.C. 1595(a), and 19 U.S.C. 1703). Additionally, in 1979, Customs seized \$23.2 million in assets related to criminal activity. Most of this amount was seized under authority granted in 31 U.S.C. 1102-3 (currency violations). Although some of these seizures may be related to narcotics trafficking, the narcotics related portion cannot be segregated from the data provided by Customs.

d/Limited to forfeitures under 21 U.S.C. 848 and 18 U.S.C. 1961-4.