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JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Friday, April 26, 2013

Justice Department Returned \$1.5 Billion to Victims of Crime since January 2012

As the United States concludes its recognition of National Crime Victims' Rights Week, Acting Assistant Attorney General Mythili Raman announced that the Department of Justice's Asset Forfeiture Program has returned more than \$1.5 billion in forfeited assets to more than 400,000 crime victims since January 2012. The funds were distributed through the forfeited assets distribution program managed by the Criminal Division's Asset Forfeiture and Money Laundering Section (AFMLS).

"Returning forfeited funds to crime victims is an essential ingredient in achieving justice," said Acting Assistant Attorney General Raman. "Fulfilling this important mission, the department has distributed over \$1.5 billion over the past 16 months to victims of fraud and others. I commend the prosecutors in the Criminal Division and U.S. Attorneys' Offices around the country, as well as the many federal, state and local law enforcement agents, who have worked so hard to reach this milestone."

AFMLS, in close coordination with the U.S. Attorneys' offices and federal law enforcement agencies, reviews and rules on petitions for remission submitted by crime victims. During the past decade, AFMLS has partnered with federal regulatory agencies, court-appointed receivers, private claim administrators, and private class action cases to successfully return more than \$3 billion in forfeited assets to crime victims.

Noteworthy cases include:

\$729 Million to Victims of Adelphia Communications

Adelphia Communications Corporation was the fifth-largest cable television company in the United States before going bankrupt in 2002 as a result of fraud committed by its principal owners, the Rigas family. In April 2005, the U.S. Attorney's Office for the Southern District of New York entered into settlement agreements with Adelphia and the Rigas family, including forfeitures of cash, stock of Time Warner Cable Inc. (purchaser of Adelphia assets), real estate, and the proceeds from a litigation trust. The total value of the forfeited assets, including accrued interest, was approximately \$729 million. AFMLS approved the appointment of a special master to identify and notify victims of the remission, process victim petitions, make decision recommendations, and distribute the forfeited funds. In April 2012, the special master commenced distribution of funds to 8,727 victims.

\$65 Million to Victims of Enron Securities Fraud

In June 2012, the Criminal Division released approximately \$65 million in forfeited funds to the Securities and Exchange Commission (SEC) for distribution to approximately 128,200 victims of the Enron Corporation securities fraud. The funds were forfeited in several criminal and civil actions handled by the Department of Justice's Enron Task Force, the Fraud Section of the Criminal Division and AFMLS. In the late 1990s, Enron was the nation's largest natural gas and electricity marketer. Beginning in 1997, principals of Enron defrauded Enron's shareholders by using off-balance-sheet transactions with certain Special Purpose Entities (SPE) the principals controlled. As a result of these illegal actions, Enron's stock price dropped from more than \$80 per share to less than \$1. Enron eventually filed for bankruptcy in 2001.

\$45 Million to Victims of Qwest Communications Fraud

Between April 2012 and April 2013, the Criminal Division distributed approximately \$45 million to approximately 112,200 victims of fraud committed by Qwest Communications International Inc. The funds were forfeited to the United States as a result of the 2007 federal conviction of Qwest's Chief Executive Officer, Joseph P. Nacchio, for securities fraud. Between 1999 and 2002, Nacchio and Qwest issued false and misleading statements to the public about the company's financial condition in order to meet revenue projections. After the irregularities were discovered, Qwest stock, which had traded as high as \$55 per share, plummeted to about \$1 per share. The prosecution of Nacchio was handled by the U.S. Attorney's Office for the District of Colorado.

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\$20 Million to Victims of Warshak/Berkeley Products Fraud

On June 14, 2012, the Criminal Division released \$23 million in forfeited funds to 138,426 victims of a nutritional supplement fraud. Customers who requested a free sample of the Berkeley "sexual enhancement" product were fraudulently billed for additional products they did not order. The prosecution of Berkeley and its principal, Steven Warshak, and related forfeitures were handled by the U.S. Attorney's Office for the Southern District of Ohio.

\$1.3 Million to Victims of ICT Telemarketing Fraud

In December 2012, the Criminal Division distributed approximately \$1.3 million to victims of Integrated Check Technologies (ICT), a payment processor. ICT withdrew funds from victims' bank accounts without their authorization in furtherance of a telemarketing fraud scheme. Approximately \$2.9 million was civilly forfeited by the U.S. Attorney's Office for the Western District of New York. The Criminal Division approved more than 3,600 petitions with verified losses of \$1.3 million. Because the amount recovered through forfeiture exceeded the victims' total losses, each victim received a 100 percent reimbursement.

\$2.4 Million to Victims of "UniDyn" Securities Fraud

In February 2013, the Criminal Division distributed \$2.4 million to victims of a "pump and dump" securities fraud orchestrated by Randy Jenkins and Ira Gentry. Jenkins and Gentry secretly acquired millions of shares of UniDyn on the Over the Counter market and posted messages online falsely touting the company's earning potential. After having fraudulently "pumped" the value of UniDyn stock, Jenkins and Gentry proceeded to "dump" their holdings on unsuspecting buyers. Jenkins and Gentry were convicted of multiple counts of securities fraud, wire fraud, and money laundering, and one count of tax evasion. In related civil actions, the United States Attorney's Office for the District of Arizona obtained forfeitures of cash and real and personal property valued at approximately \$3.35 million. About 660 persons submitted petitions for remission, of which 466 were approved by AFMLS, with confirmed losses of \$5.8 million.

Additional information about the Justice Department's asset forfeiture recovery efforts can be found at www.justice.gov/criminal/afmls.

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Criminal Division



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