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A collage of various numbers and symbols, including dollar signs, percentages, and large integers, set against a background of a city skyline at night. The numbers and symbols are scattered across the image, with some appearing in large, bold fonts and others in smaller, more subtle fonts. The background shows a city skyline with illuminated buildings and a bridge, suggesting a financial or urban context.

Taking the Profits Out of Crime

1950

[illegible][illegible]



The magazine name, "Pentacle," means a five-pointed, star-shaped figure. It was formerly used as a mystic symbol and was credited with magical powers. In the 1600's, it was written that a pentacle worn around a soldier's neck would make him invincible to bullets. Today, the distinctive five-pointed star is the badge of the United States Marshals Service.

The Pentacle

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3 Proving That Crime
Doesn't Pay
*The U.S. Marshals Service
Tackles It's Latest Mission*

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ACQUISITIONS

Features

- 8 Gearing Up for Business
- 10 "The Plant" Is Growing Greenbacks
- 12 Rewards of Good Police Work
- 15 Sold to the Highest Bidder
- 20 Fugitive Roundup in the Southwest
- 34 In the Matter of David Neagle, Deputy U.S. Marshal
- 48 New Marshals

Departments

- 2 Message from the Director
- 23 Arrest Highlights
- 29 Hidden Weapons
- 40 Focus on Fitness
- 43 Awards & Recognition
- 46 Bulletin Board

Proving That Crime Doesn't Pay

The U.S. Marshals Service Tackles Its Latest Mission

He lives in a large, white mansion with a green manicured lawn on a 500-acre estate near Miami, Florida. The man drives a Mercedes-Benz and drinks only the finest wines and liquor. Gifts to family and friends usually include fine jewelry, furs, and an occasional sports car. Racing boats and flying airplanes fill his free time.

This man owns a few businesses—a restaurant, a pharmacy, condominiums and a bar. But that's not how he makes his money. He supports his luxurious lifestyle by smuggling and selling drugs.

He bought the businesses with suitcases filled with money made in drug trafficking and now launders the drug money through his legitimate enterprises.

But drug trade can be a very unstable business. His luxurious lifestyle comes to an abrupt end one day when law enforcement officers arrive at his door to arrest him. And much to his surprise, the U.S. Marshals Service also arrives to seize his mansion, businesses and personal property.

The description of this man is a composite of many men and women now losing their ill-gotten property through a provision of the Comprehensive Crime Control Act of 1984.

This Federal law enables the government to seize and forfeit assets either acquired with the proceeds of criminal activity or used in drug trade or other illegal activities.

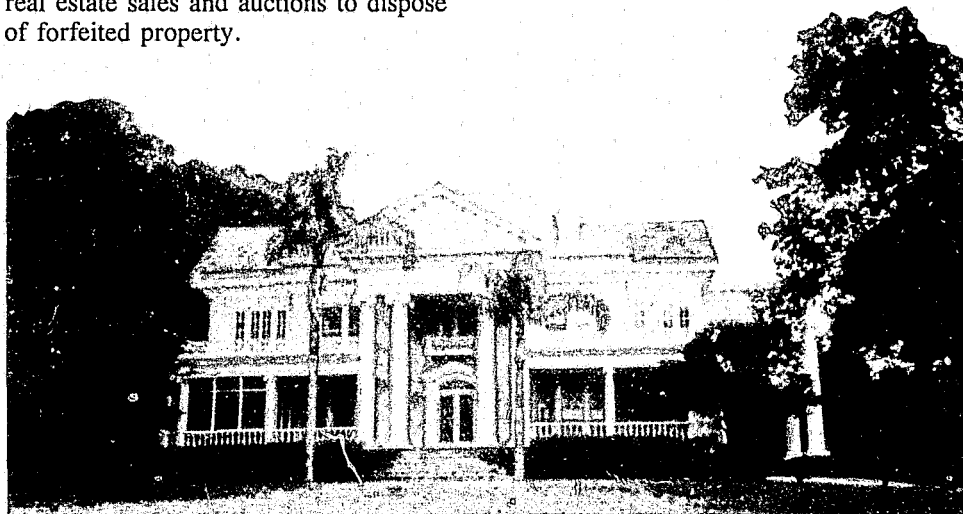
A New Mission

The government must store, manage, and maintain seized property from the time it's seized until disposition following forfeiture. So in 1984, the Department of Justice centralized the program and assigned the responsibility for managing seized assets to the Marshals Service. Seized property must be secured, inventoried, appraised, stored, and otherwise generally maintained by the Marshals Service.

To deal with asset management problems and needs associated with the enormous rise in the volume and complexity of seizures, the Service established the National Asset Seizure and Forfeiture (NASAF) program. A headquarters unit and personnel in 14 field offices work with Marshals throughout the nation to give technical support and advice in handling the seized property. The headquarters staff offers management expertise, technical expertise, and serves as the liaison between the Department of Justice and other Federal law enforcement agencies. The field offices are located in Organized Crime Drug Enforcement (OCDE) Task Force core cities to support the task force seizure cases. Along with offering technical advice and support, NASAF arranges for real estate sales and auctions to dispose of forfeited property.

"The goal of this critical and powerful tool is to dismantle the economic power of drug enterprises," explained Howard Safir, Associate Director for Operations of the Marshals Service. "It deprives the criminals of many of the resources—houses, aircraft, businesses—that are essential to the continued operation of illegal activities. When criminals get out of jail, they can't return to a high lifestyle if their assets have been seized."

More than \$325 million in cash and property seized from criminals is currently in the custody of the Marshals Service, according to Safir. Of that amount, about \$56 million was received by the Service during the first half of the current fiscal year, which began on October 1. Assets including banks, horse ranches, resorts, retail businesses, a golf course, restaurants, and condominiums, in addition to jewelry, precious metals, and cash have been turned over to the Marshals Service for management and disposal.



Mansion seized in a drug case in Miami, FL. The property was appraised for \$2.5 million.

Real property, such as land, retail businesses, and ranches, represents the largest single asset category under the Marshals Service control in terms of value, totaling \$127.3 million.

Seized cash constitutes the second largest category of assets, amounting to \$108.7 million. Other categories of seized assets managed by the Service are vehicles and

aircraft—\$25.8 million; and precious metals, jewelry, and works of art valued at \$9.5 million.

Disposing of the Property

Generally, seizures for forfeiture occur when the subject under investigation is arrested, and the arresting agency—such as the Federal Bureau of Investigation or Drug Enforcement Administration, takes

possession of cash and personal property found at the scene. This property is turned over to the Marshals Service to maintain. Actual forfeiture occurs after judicial or, if uncontested, administrative proceedings, which grant the government formal title to the property. Under the 1984 law, the burden is on the defendant to prove to the courts the assets were gained legally and not through criminal activities. If the defendant cannot prove



MARGARET THOMAS, THE WASHINGTON POST

Auctioneer, David Fox, hired by the Marshals Service, calls for bids for a trailer once owned by the lumber company.

The equipment from the Goshorn Lumber Company sold for \$211,000.

his claim, then the property is forfeited, and the Marshals Service moves into action to dispose of the assets.

Because of the volume and variety of properties, NASAF relies on private sector help—both for assessing how to manage a certain piece of property and for disposing of property once it is forfeited by the courts, according to Car-

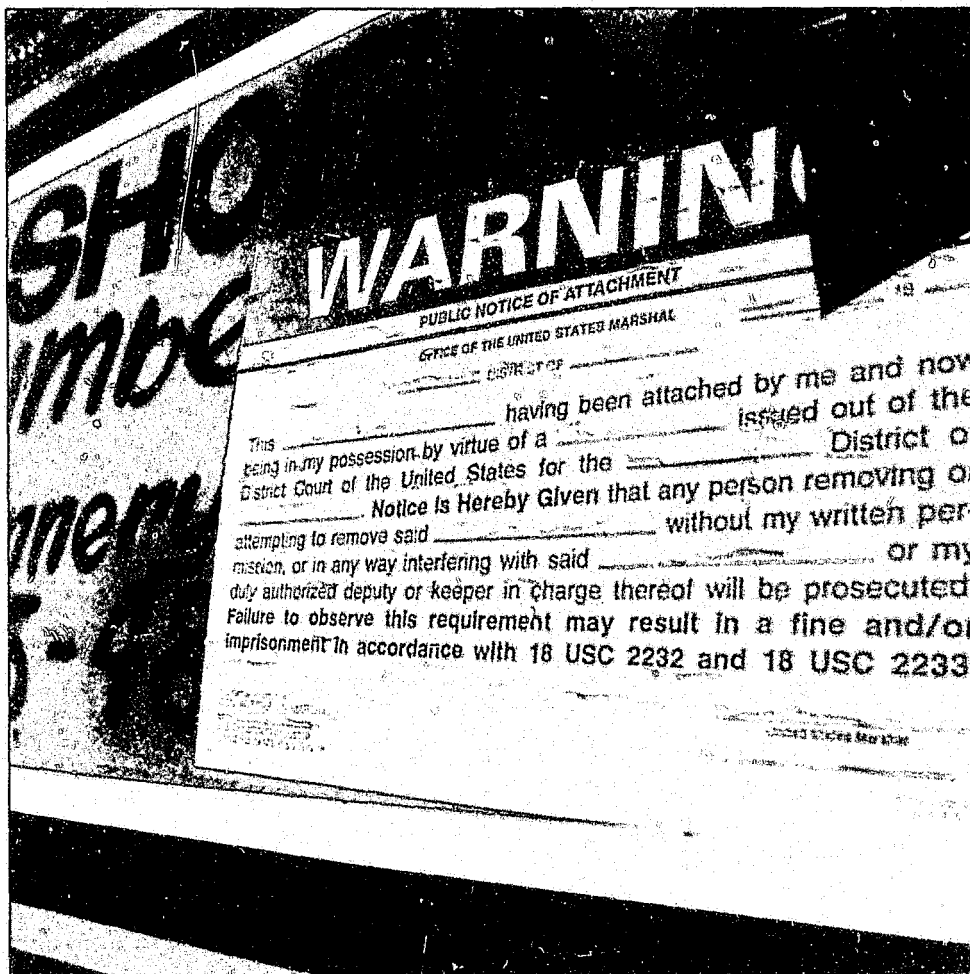
roll Spiller, the NASAF headquarters representative who oversees the Midwestern section of the country.

“Forfeited property is disposed of in a variety of ways, including sales to the public or transfer to Federal, state, or local law enforcement agencies for of-

ficial use,” according to Spiller. “In other cases, the property can end up being salvaged, scrapped or destroyed.”

Successful Sales

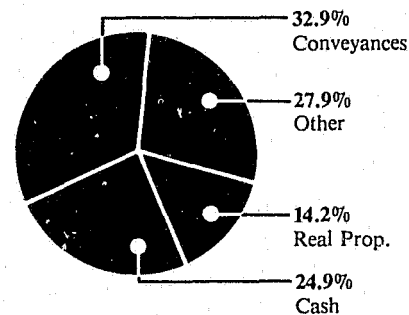
Sales of seized and forfeited property are drawing a lot of attention and bringing large amounts of money into the public treasury.



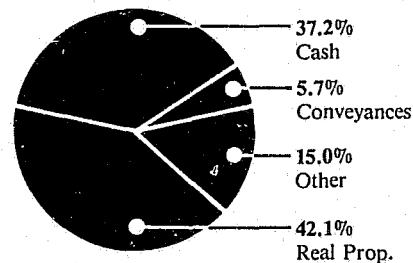
U.S. Marshals Service's notice of seized property is attached to equipment formerly owned by Goshorn Lumber Co. of Pennsylvania.

MARGARET THOMAS, THE WASHINGTON POST

Number of DOJ-Seized Properties On Hand
(As of 03-31-86)



Value of DOJ-Seized Properties On Hand
(As of 03-31-86)



One of the first FBI administrative forfeiture cases handled by the Marshals Service took place in Des Moines, Iowa. When it came time to dispose of the property seized in the drug case, Deputy Marshal Jesse Lathrum (S/Iowa) was faced with a strange array of items—exotic birds, attack dogs and quarter horses. The animals were advertised in newspapers and specialty magazines.

"I had people calling from all over the country asking me all kinds of bird questions—does the parrot have all his toenails, and what's the condition of his head feathers?" said Lathrum. "I soon learned that these questions were indications of the overall health of the birds. I became a bird expert in a matter of days."

The Des Moines zoo helped the Deputy answer the questions and provided housing for the birds until they were sold. The hard work paid off because the birds alone were sold for about \$38,000.

And this case was a good indication of what unique areas were ahead for the Asset Seizure and Forfeiture program.

The sale of real estate and businesses have also been very successful for the program. The inventory and equipment of the Goshorn Lumber Company near McConnellsburg, PA were auctioned off recently and sold for \$211,000, according to Stan Kutt, NASAF representative in the Baltimore office. "In spite of the fact the auction was held in sub-freezing weather, there were 300 registered bidders; it was a fluid, effective disposal."

The Brass Key Apartments in Atlanta, GA, seized from a convicted drug smuggler, sold for \$2.4 million. And at one of the first auctions in early 1984, rare pieces of art earned \$1.7 million for the public coffers.

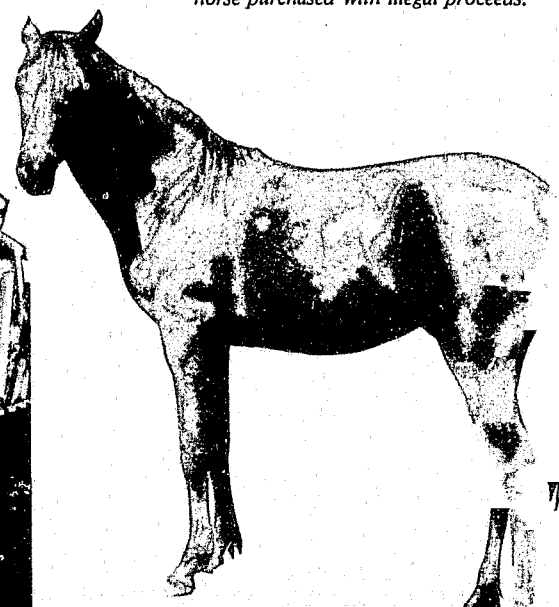
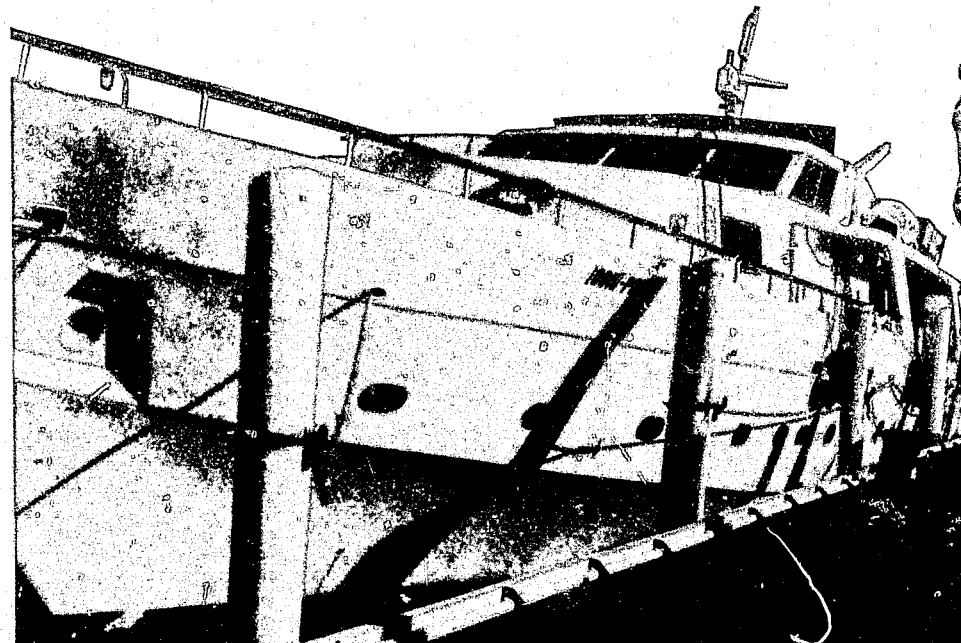
"Profit alone is not our goal," said Safir. "Obviously it has great potential for turning revenues back to the Federal treasury, but it is also an enforcement program to punish criminals."

Pre-Seizure Planning

Extensive coordination and pre-seizure planning with the U.S. Attorney's Office in each case is vital to the successful operation of the program, according to Joseph B. Enders, Chief of the Operations Support Division.

"Procedures are now being put into place which ensure that the Marshals Service will be involved in pre-seizure planning and will require the case attorney to consider a variety of factors prior to making a seizure decision," he said. "These factors include the defendant's clear ownership or interest in the asset, the outstanding liens and encumbrances against the asset, and the cost of the long-term management of the property."

During the early stages of the NASAF program, there were some unfortunate problems. In a few situations, certain



Assets seized in drug cases in Florida include a 105-foot yacht used in drug trade and a race horse purchased with illegal proceeds.

pieces of property should not have been forfeited or should have been forfeited at a different time. In other cases, pre-seizure planning would have alerted NASAF representatives to maintenance and disposition problems.

For example, the forfeiture order of the Kantishna Mining Company in Alaska was vacated because the mine was heavily liened, involved in other Federal and state litigation, and was worth considerably less than its reported value of \$20 million. The pre-seizure/financial investigation conducted by NASAF Criminal Investigator Joey Lucero revealed that "the mine was not even worth its initial acquisition price of \$400,000 and if seized the government would have had a liability seizure on its hands."

The seizure of the DKG Ranch in Aubrey, Texas, is an example of how lack of pre-seizure planning can cause a host of problems for the U.S. Marshal and others involved in the forfeiture case. When the ranch was seized, pre-seizure planning was merely an idea and not common practice. The U.S. Marshal had only 24-hours to prepare for a major seizure of an operating ranch of 149 show horses, including one stud horse worth more than three-quarters of a million dollars.

After the actual seizure, U.S. Marshals, FBI agents and the case attorneys spent an inordinate amount of time putting together the forfeiture case and arranging for asset management services, according to Jeffrey Fratter, Chief of the Seized Asset Management Branch.

"For example, the legal description of the real property contained in the complaint for forfeiture was inaccurate; a verbal contract with the ranch managers caused problems throughout the case," said Fratter, "and crucial security, appraisal, and inventory, and other ranch management service were put into place during the weeks that followed the seizure. All this could have been avoided if the Marshal had been given adequate notice to conduct pre-seizure planning."

After two years of managing the ranch at a cost of \$1.6 million, numerous out-of-district horse shows, and an interlocutory sale of 40 horses which reduced the monthly management costs, the Court ordered the ranch to be returned to its original owner. The case is on appeal with the possibility of the defendant repaying the government \$1.1 million for the Marshals Service custodial cost (minus security costs); so far, this case literally has cost the Marshals Service.

Defining New Roles

There are many participants in a seized asset case: the law enforcement agency which investigates the case, such as the Federal Bureau of Investigation or Drug Enforcement Agency, the attorneys who prosecute the criminals, the Marshals who have custody and ultimate responsibility for the assets, and the NASAF representatives both at Marshals Service headquarters and in the field. Each is learning a completely new process and responsibility.

The Director of the Marshals Service, Stanley E. Morris, offers this advice: "The U.S. Attorney's point of view, recommendations, legal advice, or perspective must be joined with the Marshal's point of view regarding the management and disposition of assets subject to forfeiture. Put simply, U.S. Attorneys, U.S. Marshals and NASAF representatives must work together, within their assigned functions, as a team." ★

Resort property in Colorado valued at \$400,000 and an 18-hole golf course in Kalamazoo, MI, are two of the assets seized by the Marshals Service.



Gearing Up for Business

"WE OFFER SERVICE, QUALITY, AND ECONOMY TO ALL OUR CUSTOMERS,"—this doesn't sound like a typical slogan for a law enforcement agency, but it is the motto for a business run by Marshal Robert Keating of the Eastern District of Wisconsin. Keating is operating the Accurate Brass and Aluminum Foundry in Pewaukee, Wisconsin. The foundry produces gears for heavy duty industry.

"You name it, and we make it," said Herb Caddell, Chief Deputy for the district. "Gear blanks for irrigation systems, solar systems, wind generator systems. We produce a gear that can be used in hundreds of ways."

The business was previously owned and operated by Dennis P. Marx, whose trial on drug and tax charges has not concluded. Marx is charged with using the foundry for, and supporting it with, illegal acts, including the sale of marijuana and cocaine. Marshal Keating seized the property in November 1985 and has kept it running ever since.

"The foundry, like any other business, has to be kept running if it is going to be sold profitably," said Keating. "Our number one concern is returning all ill-gotten gains to the public."

Accurate Brass is estimated to be worth anywhere from \$1.8 million to \$2 million, but only if it can be sold as a viable business. "We're turning out a better product now than before, and we're bringing in more money than the defendant did when he ran the business," explained Caddell.

Sales are up 28 percent under the new management. But making the business profitable hasn't been easy. The Marshal and the Chief Deputy have devoted many hours to researching the foundry business and finding the right people to run the operation.

"My advice to others who manage businesses under the Asset Seizure program is to look carefully for the right person to manage the operation for you—don't take the first one you interview," Keating said. "George Antonic, the manager we hired, had more than 40 years in the foundry business and had a good reputation with our clients. He was the best choice we could have made."

Winning over the clients was another hurdle. Customers felt uneasy about the seizure, according to Caddell. "They weren't sure what quality of product we were going to produce, or if we're going to padlock the door and go out of business tomorrow," he said. "So you have to earn the respect of the customers."

