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74DF-99-0014

January 15, 1976

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and

Honorable Louis P. Bergna, President
National District Attorneys Association
Santa Clara County District Attorney's Office
234 East Gish Road
San Jose, California 95112

Gentlemen:

I have the honor to transmit herewith the Second Year-End Report of the National District Attorneys Association Economic Crime Project.

This Report was prepared by the staff of the Association's Economic Crime Project in concert with the Participating and Associated Units in 41 District Attorneys' Offices across the country.

My colleagues and I especially acknowledge the outstanding leadership of Prosecuting Attorney Robert F. Leonard of Flint, Michigan, who served with distinction as the Project's Chairman during its first two years. We also acknowledge with gratitude the services of Nathaniel E. Kossack who, as Project Director, provided leadership and guidance during the Project's first two years. We believe that the Report provides an excellent summary of the Project's second-year achievements and further, we think the Association can take pride in those achievements.

Respectfully submitted,

George C. Smith
George C. Smith, Chairman
Economic Crime Committee

Enclosure

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SECOND YEAR-END REPORT
ECONOMIC CRIME PROJECT
of the
NATIONAL DISTRICT ATTORNEYS ASSOCIATION

NCJRS

JUL 29 1976

ACQUISITIONS

Submitted January 12, 1976

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This project was supported by Grant Number 74 DF-99-0014 awarded by the Law Enforcement Assistance Administration, United States Department of Justice. Points of view or opinions stated in this publication are those of the National District Attorneys Association Economic Crime Project and do not necessarily represent the official position of the United States Department of Justice.

IN MEMORIAM

JOSEPH P. BUSCH, JR.

This report is dedicated by his colleagues, friends and professional associates to the memory of Joseph P. Busch, Jr., who served with distinction as the District Attorney of Los Angeles County, California, from January 4, 1971, to June 27, 1975.

Mr. Busch served as a Vice President of this Association and as a member of the Association's Economic Crime Committee and operated one of the nation's most vigorous economic crime prosecution units until his untimely and tragic death in June 1975.

FOREWORD

Economic Crime remains a debilitating force in the American economy. Economic criminals, preying upon an economy already weakened by inflation, continue to fleece individual citizens, businesses, investors, financial institutions and government itself of some \$40 billion annually.

To combat economic crime this federally funded National District Attorneys Association criminal justice improvement program amassed some formidable resources during its second year of operations. As of June 30, 1975, the Project's 41 participating and associated offices were employing the combined talents and efforts of 536 attorneys, investigators, paralegals and administrative support personnel. Project offices were contacted by over 157,000 citizens who were seeking information or who wished to present complaints. In over 43,000 cases, complaints were made to the Project's participating offices and almost 4,000 special investigations were conducted.

Victims of economic crime received \$8,623,884 in restitution obtained through the efforts of Project participants -- another \$1,452,475 was paid to local governmental authorities in court ordered fines and penalties.

During its second year, the Economic Crime Project's combined participating and associated offices served over 45 million citizens in the Project's 41 jurisdictions.

The Project's offices filed almost 1,500 criminal cases and in 950 cases defendants pleaded or were found guilty. Project offices also obtained judgment for the government in another 116 civil cases.

The Project has come a long way: it now regularly distributes the Economic Crime Digest to some 1,500 federal, state and local criminal justice and law enforcement agencies; it coordinates the efforts of a growing and unified national force of economic crime prosecution experts; and, it begins its third year resolved to produce for the nation's district attorneys a definitive practical manual for the investigation and prosecution of economic crime.

Washington, D. C.
January 13, 1976

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INTRODUCTION

For two years the National District Attorneys Association's Economic Crime Project, with the support of funds from the Law Enforcement Assistance Administration, has conducted a major, national program to reduce, prevent and control economic crime offenses.

The Economic Crime Project can report that after only two years of existence, economic crime units now being operated by the local district attorneys in the Project have attained high levels of investigative effectiveness, have charted unexplored areas of criminal law and have demonstrated an ability to effectively prosecute economic crime. The impact of the Project has been significant.

Prosecutors daring to prosecute economic crime face investigative and legal challenges foreign to traditional prosecutions. While these challenges are novel, the 41 district attorneys participating in the Economic Crime Project have provided innovative solutions in these four areas.

(1) Obtaining Expertise. Successful investigation and prosecution of economic crime schemes require more than a passing familiarity with numerous fraudulent schemes and with applicable criminal statutes. Perpetrators usually hide the criminal nature of their schemes in elaborate fact patterns, glossy literature, and irrelevant smoke screens. On the other hand, as in consumer "bait-and-switch" schemes, the practice is so simple that its criminality may go undetected.

While experienced trial attorneys skilled in accounting, economics, statistics and marketing represent desirable professional assets in any economic crime prosecution unit, some of the Project's participating district attorneys have successfully used police investigators and paralegals as their economic crime specialists. Our experience to date indicated that the single most important step to be taken by the prosecutor interested in a planned and continuing assault on economic crime offenses in his community is the designation of a special, qualified unit for the investigation and prosecution of all economic crime offenses. Economic crime specialists in our Project offices, whether they be attorneys, investigators, or paralegals, have become "experts" in relatively short periods of time as a result of their own efforts, the education efforts emanating from the Project Center staff and from their active associations with prosecutors, investigators and staffs in the Project's other participating and associated field offices.

(2) Committing Man-Power and Resources. A prosecutor who undertakes economic crime prosecutions without advance planning will find that such prosecutions might result in a large drain on manpower without immediate results.

Prosecutors participating in the Project have demonstrated that potential manpower resource problems can be eliminated by thoughtful planning and implementation. The prosecutor should set priorities for impact cases, cooperate with other law enforcement agencies at the federal, state, and local levels, and most importantly, use innovative management techniques. Such techniques include an increased reliance on abilities of investigators, paralegals, and students, as well as the use of computer technology and modern office management techniques.

(3) Attacking Multi-jurisdictional Frauds. A substantial number of economic crimes, particularly major frauds, have multi-jurisdictional impact. Such frauds are either packaged in an itinerant road show that moves from city to city or are promoted by a nationally operated business. Whatever the case, district attorneys often find efforts to prosecute frustrated by limited investigative resources and by limited geographical jurisdiction. The local prosecutor is not alone in lacking sufficient resources to combat the itinerant fraud merchant or the national corporation. State law enforcement agencies have faced an identical problem, and, at times the federal government's efforts have also been frustrated, particularly when the schemes became international.

The Project has used close cooperation and liaison among local prosecutors as well as with state and federal agencies to overcome such limitations. The Project has been extremely successful in developing this type of cooperation among all 41 participating jurisdictions. As a matter of course, the Project participants telephone each other to exchange information and techniques. Project offices affected by multi-jurisdictional frauds call other offices for assistance in obtaining records, locating witnesses, and coordinating investigative and prosecutive efforts. As an effective preventive measure, the offices provide warnings to other jurisdictions about schemes which have appeared in their communities. This type of cooperation also exists between the Project and state and federal agencies. To develop this coordination and cooperation the Project Center has held quarterly conferences at which unit chiefs of the participating Project field offices meet on a face-to-face basis. Attendees not only exchange intelligence and technical information at these three-day conferences, but unit chiefs from all over the country also become personally acquainted with each other. The lesson of the Project's first two years must certainly be that the local prosecutors' offices can work together closely and harmoniously, provided they are given an opportunity to forge personal contacts. As a result of the conferences, unit chiefs from around the country have felt free to call upon their counterparts in other cities without hesitation.

The Project has also experimented with a second innovation, the "coordinated investigation." There have been seven separate such investigations in which various Project jurisdictions have coordinated their efforts with a goal of simultaneous prosecutions on a multi-jurisdictional basis. These investigations have ranged from gas-saving devices (nationally operated businesses) to business opportunities schemes (the classic example of the traveling road show).

(4) Achieving Public Awareness. Public education is essential to an effective economic crime prosecution program. Unless and until the citizenry learns to recognize economic crime schemes, as those schemes unfold, it will be difficult to cut financial losses attributable to fraud. The prosecutor cannot develop a case unless people recognize when they have been bilked and unless those people report the facts to law enforcement agencies.

We learned early in the Project that public education is an attainable goal for the local prosecutor. Although state and federal agencies tend to be geographically removed from the public, one does not normally have to write a letter or make a long distance call to contact the local prosecutor's office. Since the prosecutor is an elected local official, he tends to be extremely close to his community. To effect public contact and awareness, our Project jurisdictions have used pamphlets, television shows, school programs, and even mobile units.

In the area of economic crimes there is now great potential for federal, state, and local cooperation. Each agency has its own strengths and weaknesses. Federal authorities have vast technical and personnel resources to prosecute multi-jurisdictional crimes. Local prosecutors, on the other hand, possess the capability to stop losses before they occur. The local prosecutor not only has criminal remedies at his disposal but can also act with great speed and flexibility. The first two years of the Project have seen a gradual but steady development of effective teamwork among federal, state, and local agencies in enforcing the laws against economic crimes.

Nathaniel E. Kossack
Principal Consultant

Mr. Kossack served as the Director of the Association's Economic Crime Project during its first two years.

I. PROJECT ORGANIZATION

A. ECONOMIC CRIME COMMITTEE

The Economic Crime Project is guided by the Economic Crime Committee of the National District Attorneys Association. The members of this Committee are the elected district attorneys from the original fifteen offices that received Law Enforcement Assistance Administration (LEAA) funds for commitment of full-time professionals in the economic crime area. During the second year of the Project the Chairman of the Committee was Prosecuting Attorney Robert F. Leonard of Flint, Michigan. Prosecuting Attorney George C. Smith of Columbus, Ohio, served as Co-Chairman. The full Committee during the second year of operation was as follows:

Christopher Bayley, Prosecuting Attorney, Seattle, Washington;
Edward C. Cosgrove, District Attorney, Buffalo, New York;
Denis Dillon, District Attorney, Mincola, New York;
Richard E. Gerstein, State's Attorney, Miami, Florida;
Eugene Gold, District Attorney, Brooklyn, New York;
Donald L. Knowles, County Attorney, Omaha, Nebraska;
Robert F. Leonard, Prosecuting Attorney, Flint, Michigan;
Edwin L. Miller, District Attorney, San Diego, California;
Francis X. Murray, State's Attorney, Burlington, Vermont;
John M. Price, District Attorney, Sacramento, California;
Keith Sanborn, District Attorney, Wichita, Kansas;
George C. Smith, Prosecuting Attorney, Columbus, Ohio;
William A. Swisher, State's Attorney, Baltimore, Maryland;
Carol S. Vance, District Attorney, Houston, Texas; and
John K. Van de Kamp, District Attorney, Los Angeles, California.*

During the second year, the Committee met twice. On February 11, 1975, it convened its first meeting at the National District Attorneys Association's mid-winter convention. The Committee held its second meeting at the Offices of the Economic Crime Project Center in Washington, D. C., on May 13, 1975. At these two sessions, the Committee reviewed the programs of the Project in their entirety and formulated recommendations for a projected budget, for priorities, and for goals during the third year.

These individual prosecutors have played crucial roles in implementing the program of the Project. Their own personal commitments to the Project have been instrumental in bringing other offices into the Project and in securing assistance from other district attorneys, assistant district attorneys, and governmental agencies. Their leadership by example has not only enhanced the effectiveness of the Project

* Mr. Van de Kamp replaced the late Joseph P. Busch as a member of the Economic Crime Committee.

but also has encouraged the commitments of the other local district attorneys to enter into the prosecution of economic crime.

B. ECONOMIC CRIME PROJECT CENTER

The Economic Crime Project Center is located in Washington, D. C. It acts as the national coordinator for the Economic Crime Project. During the second year, the staff of the Project was expanded to meet the needs of the field offices. The legal staff was enlarged from two to four, and a full-time writer-researcher was employed.

The Project Center administered Project-wide activities, provided technical assistance to the field offices, resolved procedural problems for individual offices, arranged quarterly conferences for field unit chiefs, coordinated investigations, published written materials, arranged liaison with federal, state and private agencies, wrote press releases, assisted in designing public awareness programs, represented the Project at meetings of interested organizations, and assisted local and state prosecutorial agencies to establish and maintain economic crime units. (See Appendix B for a listing of the staff of the Project Center during the second year of operation.)

C. FIELD OFFICES

INTRODUCTION

During the second year, the Economic Crime Project grew from fifteen to 41 participating field offices. (See Appendix A for a listing of affiliated offices.)

To prepare this final report, the Project Center gathered from each field office statistics concerning their activities and contacts with other Project offices.^{1/} Subsection (2), infra, contains a compilation and explanation of these statistics on a Project-wide basis. Subsection (3), infra, contains for each unit a description of organization and activities as well as a summary of statistics compiled by that unit.

PROJECT-WIDE STATISTICS FOR FIELD OFFICES

Project-wide statistics with the number of reporting offices ^{2/} are as follows:

^{1/} The Project evaluator has filed its final report with LEAA setting forth statistics it gathered from the original fifteen offices under its economic crime reporting system.

^{2/} Not all offices kept statistics, and not all statistical categories were applicable to all offices. Some offices only had statistics for six months or less, which were included in the totals. See footnote 1, infra.

<u>Category</u>	<u>Project Total</u>	<u>Number of offices reporting ^{3/} (Full year) (1/2 year or less)</u>	
1. Inquiries	157,246	18	7
2. Complaints	43,610	23	6
3. Special Investigations	3,929	24	6
4. Restitution	\$8,623,881	24	5
5. Fines and Civil Penalties	\$1,452,475	24	5

FELONIES

6. Filed	925	26	7
7. Guilty by Trial	226	26	7
8. Guilty by Plea	385	25	7
9. Acquittals	29	26	7
10. Dismissed	2	26	7
11. Pending	596	25	7
12. Other	3	26	7

MISDEMEANORS

13. Filed	565	23	6
14. Guilty by Trial	71	23	6
15. Guilty by Plea	268	23	6
16. Acquittals	22	23	6
17. Dismissed	2	23	6
18. Pending	259	23	6
19. Other	1	23	6

CIVIL ACTIONS

20. Filed	201	18	4
21. Judgment for Government	116	18	4
22. Judgment for Defendant	0	18	4
23. Settled	16	18	4
24. Pending	91	18	4

TOTAL STAFF FOR 41 PROJECT OFFICES

	<u>As of 6/30/73</u>	<u>As of 6/30/74</u>	<u>As of 6/30/75</u>
25. Attorney	77 1/2	107	149
26. Investigators	56	100 1/2	147 1/2
27. Paralegals	18 1/2	36	89 1/2
28. Clericals	43	63 1/2	78
29. Volunteers	11 1/2	19	69
30. Other	3	4	3

^{3/} As indicated in subsection (3), the statistics for Jacksonville, Wheaton, St. Louis, and Las Vegas cover only six months; Connecticut covers five months; Manhattan, four months; and Minneapolis, three months.

1. Inquiries	157,246	18	7
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"Inquiries" represents the number of citizens who contacted an office by telephone, mail, or in person with a request for information or with a complaint about potential or alleged fraud. Those "inquiries" were either referred to non-criminal agencies and to other law enforcement agencies or were processed by the unit as a complaint for further action. Project participants use this term on a uniform basis. Eighteen field units accumulated statistics for the entire year and seven provided figures for six months or less.

2. Complaints	43,610	23	6
3. Special Investigations	3,929	24	6

The terms "complaints" and "special investigations" were employed by the evaluator to differentiate between mediation of citizen complaints and initiation of criminal investigations. As defined by the evaluation, "complaints" are:

specific allegations or reports that an economic crime has occurred or is suspected. Usually require investigation, either individually or collectively. May include referrals from other governmental agencies or business groups.

"Special investigations" are:

characterized as the gathering of facts with the intent to prosecute, or "proactive" investigations designed to uncover violations or patterns of violations.

Unfortunately, a precise and uniform application of these two terms on a Project-wide basis proved to be impracticable. Some offices did not handle citizen grievances or were structured in such a manner that there was little distinction between a "complaint" and a "special investigation." With this caveat the totals listed above are those provided by the individual units. Twenty-three units reported full-year statistics for "complaints" and twenty-four for "special investigations." Two offices supplied statistics for only one of their several crime-related units. Six units reported for periods covering six months or less.

4. Restitution	\$8,623,881	24	5
5. Fines and Civil Penalties	\$1,452,475	24	5

"Restitution" represents amounts returned to defrauded citizens as a result of complaint mediation without formal legal action and amounts ordered by courts pursuant to judgments. Included in the figure of \$8,623,881 is \$3,500,000 recovered by Los Angeles' unit in a single case. "Fines and civil penalties" represents amounts of money paid to local government authorities by defendants pursuant to criminal sentences or under civil penalty statutes.

Felonies

6. Filed	925	26	7
7. Guilty by Trial	226	26	7
8. Guilty by Plea	385	25	7
9. Acquittals	29	26	7
10. Dismissals	2	26	7
11. Pending	596	25	7
12. Other	3	26	7

The figures above represent felonies handled by economic crime units in Project offices. In most offices many kinds of routine economic crimes (such as bad checks, forgeries, simple embezzlements) were handled by the general trial divisions, rather than the economic crime units, and were not included. Since most offices kept statistics on dispositions of cases filed, these statistics are reliable. These statistics are consistent with the Project goal of emphasizing the development and prosecution of economic crime cases as felonies. The fact that felony prosecutions far exceeded misdemeanors for the Project units was particularly significant. For all criminal cases, including "street crimes", virtually every jurisdiction in the country processes a larger misdemeanor caseload than the felony caseload.

Misdemeanors

13. Filed	565	23	6
14. Guilty by Trial	71	23	6
15. Guilty by Plea	268	23	6
16. Acquittals	22	23	6
17. Dismissals	2	23	6
18. Pending	259	23	6
19. Other	1	23	6

In the statistics above fewer units reported misdemeanor prosecutions than felony cases since two offices have no jurisdiction to prosecute misdemeanors.

Civil Actions

20. Filed	201	18	4
21. Judgment for Government	116	18	4
22. Judgment for Defendant	0	18	4
23. Settled	16	18	4
24. Pending	91	18	4

A substantial number of district attorneys' offices in the Project do not have a statutory authority to proceed civilly, which explains why only 22 offices supplied statistics. According to the Project's figures, defendants never won a civil case. However, unlike criminal cases where a "not guilty" means a clear loss for the prosecution, civil judgments are often compromising in their final determination of facts and law, making wins and losses more difficult to clearly assess.

Staffing for 41 Project offices

	as of 6/30/73	as of 6/30/74	as of 6/30/75
25. Attorneys	77 1/2	107	149
26. Investigators	56	100 1/2	147 1/2
27. Paralegals	18 1/2	36	89 1/2
28. Clericals	43	63 1/2	78
29. Volunteers	11 1/2	19	69
30. Other	3	4	3

The above figures represent the total number of staff personnel for offices participating in the second year of the Project as of June 30, 1973 (before the Project began), as of June 30, 1974 (after the first year of the Project), and as of June 30, 1975 (after the second year of the Project).

The category "volunteers" includes students and part-time help.

The figures are significant in that they show quantitative measurements of qualitative changes produced by the Project. The Project emphasized the availability of investigators, paralegals, and volunteers as valuable resources in the prosecution of economic crime. These figures demonstrate that the Project's message was received and acted upon by the field offices. While the number of attorneys in cities in the Project grew from 77 1/2 on June 30, 1973, before the Project began, to 149 after two years of the Project, that increase in attorneys pales beside the dramatic increases in investigators, paralegal, and volunteer personnel. The figures indicating such staff increases are as follows:

<u>Staff</u>	<u>Pre-Project (6-30-73)</u>	<u>After 2 years (6-30-75)</u>	<u>% increase</u>
Attorneys	77 1/2	149	92.3%
Investigators	56	147 1/2	163.4%
Paralegals	18 1/2	89 1/2	383.8%
Clericals	43	78	81.1%
Volunteers	11 1/2	69	500.0%
Other	3	3	0.0%

Inter-Office Contacts

Since there had been no records of the extent to which Project field offices had cooperated among themselves in joint investigations, exchange of techniques, and other joint endeavors, the Project Center asked each field office to describe all contacts it had with other Project offices outside of conferences. This information appears in the description of the individual offices and is summarized in the chart on the next page. The contacts listed do not include contacts with the Project Center or contacts at quarterly conferences. Multiple contacts between two offices which normally occur are not reflected. The chart follows:

(3) Individual Field Offices

The categories of statistics used in the following narratives are explained in subsection (2).

AKRON, OHIO (SUMMIT COUNTY)
(Population 533,371)

Prosecutor

Stephen M. Gabalac, Prosecuting Attorney, City-County Safety Building, Akron, Ohio 44308

Project Liaison

Anthony Cardarelli, Office of the Prosecuting Attorney, City-County Safety Building, Akron, Ohio 44308

The Fraud Division of the Summit County Prosecuting Attorney's Office was formed before the beginning of the Project. Akron has been a leader in assisting other offices to establish economic crime units. Akron associated with the Project in September, 1974. The office received no Project funds, but did receive LEAA funds from its state planning agency. The office has no civil jurisdiction.

The Fraud Division concentrated on major economic crime offenders with particular emphasis on consumer frauds. Cases during the second year of the Project involved corruption, home improvements, and franchised merchandising schemes. The Division was staffed by one attorney, six investigators, one paralegal, and one secretary, an increase of two persons since joining the Project.

The office provided no statistics on its activity to the Project Center.

Akron participated in five coordinated investigations. It cooperated jointly with its sister Project office, Columbus, Ohio, and with three other Project offices. As a result of Project participation it developed new priorities and specialization among staff personnel.

BALTIMORE, MARYLAND (BALTIMORE CITY)

(Population 905,498)

Prosecutor

William A. Swisher, State's Attorney, 204 Court House, Baltimore, Maryland 21202.

Project Liaison

Bernard Kole, Assistant State's Attorney, 316 Equitable Building, Baltimore, Maryland 21202

The Major Fraud Unit for the Baltimore City State's Attorney was created in November, 1973, with Project funds. During the second grant year, the unit received \$40,000 from the Project. Baltimore also received state LEAA funds. The unit grew to three attorneys, six investigators, two law clerks, and two secretaries. Baltimore has no civil jurisdiction.

The Major Fraud Unit was particularly active in prosecuting multi-jurisdictioned business opportunities and franchise schemes. The office created and operated an extensive public awareness program.

Statistics accumulated for the second year are as follows: inquiries, 2481; complaints, 336; special investigations, 156; and cases filed in court, 94. Court actions included 21 felonies (two convictions by trial, eleven by plea, no acquittals, and eight pending) and 73 misdemeanors (eight convictions by trial, 40 by plea, no acquittals, and 23 pending). Restitution recovered by the unit amounted to \$151,014, and fines totaled \$4,550.

The unit participated in four coordinated investigations, made or received contact with seventeen other offices in joint endeavors and on several occasions sent Project-wide bulletins on pending investigations.

Baltimore served as the "adopting" office for the Philadelphia fraud unit. The Project Center initiated the adoption program to indoctrinate newly associated offices of the Economic Crime Project. Several other examples follow.

Project funds enabled the formation of the Baltimore unit.

BATON ROUGE, LOUISIANA (EAST BATON ROUGE PARISH)
(Population 285,167)

Prosecutor

Ossie Brown, District Attorney, 233 St. Ferdinand Street,
Baton Rouge, Louisiana 70801

Project Liaison

Buddy Bombet, Office of the District Attorney, 233 St. Ferdinand Street, Baton Rouge, Louisiana 70801

Baton Rouge associated with the Project in July, 1975, and, therefore, began organization of its economic crime unit late in the second fiscal year of the Project. The unit operated in the

office's Special Investigation Division.

The Project office in Wichita, Kansas, was assigned to work with the Baton Rouge office. Baton Rouge received no Project funds. It has both criminal and civil enforcement powers.

BOSTON, MASSACHUSETTS (SUFFOLK COUNTY)
(Population 735,190)

Prosecutor

Garrett H. Byrne, District Attorney, Suffolk County Courthouse,
Boston, Massachusetts 02108

Project Liaison

Thomas E. Dwyer, Jr., Assistant District Attorney, Suffolk County
Courthouse, Boston, Massachusetts 02108

Suffolk County is one of the three counties within the city of Boston. In 1974 the Suffolk County District Attorney received an LEAA grant to create a special crimes unit to prosecute organized crime and corruption cases. In 1975 the unit's jurisdiction expanded to include prosecution of economic crime. As a result one attorney and one investigator were assigned to prosecute fraud cases. The office associated with the Project in August, 1975. It received no Project funds. Buffalo, New York was assigned to work with Suffolk County as an associated office.

The Special Crimes Unit's economic crime prosecutions focused on major frauds. The District Attorney's jurisdiction is limited to felony cases. One major prosecution during the year involved a veteran's disability fraud.

Since its association with the Project occurred only two months before the end of the second fiscal year, Suffolk County provided no statistics on economic crime prosecutions. The office did not participate in coordinated investigations of the Project and made contacts with two other Project offices.

BROOKLYN, NEW YORK (KINGS COUNTY)
(Population 2,602,012)

Prosecutor

Eugene Gold, District Attorney, 400 Municipal Building, Brooklyn,
New York 11201

Project Liaison

Stephen R. Taub, Chief, Consumer Frauds & Economic Crime Bureau,
210 Joralemon Street, Brooklyn, New York 11201

The Consumer Frauds and Economic Crime Bureau was established in September, 1973, as a result of Project funding. During the second grant year, the Bureau received \$50,000 in Project funds. The Bureau employed nine attorneys, four investigators, three paralegals, three secretaries, and four law students. Brooklyn has no civil enforcement powers.

During the second year of the Project, the Bureau concentrated on consumer fraud cases of high impact on the public. Citizen inquiries and complaints were received in another branch of the office. Citizen complaints possibly involving economic crimes were referred to the Bureau. The Bureau undertook prosecutions of food adulteration, home improvements, travel frauds, rental locators, and medicaid frauds. The Bureau also devoted substantial time to senior citizens projects and to its public awareness programs.

Statistics for Brooklyn's second grant year are as follows: complaints, 251; special investigations, 169; felony cases filed, 25 (three convictions by plea or trial, one case consolidation and fifteen pending); misdemeanor cases filed, 22 (twelve convictions by plea and four acquittals); restitution, \$34,010; and fines collected, \$1,575.

The Bureau led the rental locators' coordinated investigations and participated in one other. It was extremely active in working jointly with other Project offices, having cooperated with 18 other Project offices. The Bureau chief was a speaker at national economic crime conferences and training seminars. Project participation provided funds to start the Bureau and gave it a proactive approach to prosecuting economic crimes. Brooklyn was co-host for the summer quarterly conference during the first year.

BUFFALO, NEW YORK (ERIE COUNTY)
(Population 1,113,491)

Prosecutor

Edward C. Cosgrove, District Attorney, 25 Delaware Avenue,
Buffalo, New York 14202

Project Liaison

Richard Mancuso, Chief Consumer Frauds Bureau, 25 Delaware Avenue,
Buffalo, New York 14202

The Consumer Frauds Bureau of the Erie County, New York, District Attorney's Office was established in April, 1973. It was one of the original fifteen offices and received \$18,000 in Project funds during the second grant year. The Bureau staffed two lawyers, two investigators and one secretary. The Bureau's enforcement powers are solely criminal.

The Bureau established its main priority as the prosecution of major frauds, particularly those with high impact on the public. Prosecutions involved real estate frauds, home improvements, insurance frauds, and business opportunities. The unit actively litigated cases. The Bureau Chief was transferred to the section from the post of Chief of the Trial Bureau. It also developed a large public awareness program and devoted substantial time to legislation.

Buffalo's statistics for the second year are as follows: complaints, 566; special investigations, 44; felony cases filed, 31 (eight convictions by trial, 22 by plea, and 30 pending); and restitution, \$147,504.

The Bureau participated in the adopted program and agreed to work with Boston during the third year. The unit also joined in three coordinated investigations and worked jointly with six Project offices.

BURLINGTON, VERMONT (CHITTENDEN COUNTY)
(Population 99,131)

Prosecutor

Francis X. Murray, State's Attorney, 39 Pearl Street, Burlington, Vermont 05401

Project Liaison

Philip Linton, Deputy State's Attorney, 39 Pearl Street, Burlington, Vermont 05401

The Economic Crime Division of the Chittenden County (Burlington) State's Attorney's Office was created in September, 1973, as a result of Project funding. Burlington was one of the 15 original Project offices. Last year the office received \$30,000 in Project funds. The office has both criminal and civil jurisdiction.

In the beginning the Economic Crime Division emphasized consumer complaint handling. Involvement in several major economic crime prosecutions caused a shifting of priorities toward cases with impact on the greatest number of consumers. Priorities were directed toward home improvement frauds, nursing homes, business opportunities, charity frauds, and false advertising. The Division operated a large public awareness program. The staff consisted of two attorneys and two investigators during the second year of the Project.

Burlington's statistics during the second year are as follows: inquiries, 810; complaints, 555; investigations, 25; restitution, \$22,725; fines, \$15,650; felony cases filed, six (four pending, one conviction by trial, one nolle), fourteen misdemeanors (four pending and ten guilty pleas); and civil, ten (six pending and four settlements).

Burlington hosted the fall quarterly conference, participated in three coordinated investigations, and worked cooperately with twelve other Project offices. The Economic Crime Division was organized with Project funds.

CHICAGO, ILLINOIS (COOK COUNTY)
(Population 5,488,328)

Prosecutor

Bernard Carey, State's Attorney, 500 Chicago Civic Center,
Chicago, Illinois 60602

Project Liaison

George Monaco, Chief, Financial Crimes Division, 2600 S. California
Avenue, Chicago, Illinois 60608

The Cook County State's Attorney's Office (Chicago), the second largest district attorney's office in the country, has within its Special Prosecutions Bureau four divisions that prosecute economic crimes: (1) Financial Crimes, specializing in felony cases involving major frauds; (2) Consumer Protection, for citizen complaints, misdemeanors and bad check cases; (3) Criminal Housing; and (4) Official Corruption. The office's Civil Bureau has been innovative in the use of civil remedies against economic crimes. The office, which associated with the Project in September, 1974, received no LEAA funds for economic crime prosecution.

Financial Crimes, which has been in existence for many years, has prosecuted many large financial crimes and frauds. During the Project's second year, it was staffed by six attorneys, nine investigators, one paralegal, one secretary, and six accountants. The unit conducted 258 investigations and filed 57 felony cases (nineteen convictions by plea, three by trial, one acquittal, and 34 pending). Statistics for the other units are not available at this time.

Chicago participated in three coordinated investigations and adopted Wheaton, Illinois. It also undertook joint prosecutions with Wheaton. With the headquarters of many multi-state operations engaged in economic crime offenses located in Cook County, the Financial Crimes Division actively assisted other offices in joint investigations. It worked with thirteen other Project offices during the second year. Chicago hosted the 1975 fall conference and provided speakers at economic crime conferences and training seminars. Project participation resulted in an awareness of the need to take a more proactive stance in initiating investigations, particularly concerning schemes victimizing consumers.

CLAYTON, MISSOURI (ST. LOUIS COUNTY)
(Population 622,236)

Prosecutor

Courtney Goodman, Prosecuting Attorney, St. Louis County
Government Center, Clayton, Missouri 63105

Project Liaison

Barbara Kurtz, Consumer Protection Division, St. Louis County
Government Center, Clayton, Missouri 63105

The Consumer Protection Division of the St. Louis County, Missouri, Prosecuting Attorney's office was created on March 3, 1975, as a result of contacts with the Project. The office associated with the Project in April, 1975. It received no Project funds. The office has no civil jurisdiction.

During the second year of the Project, the Division consisted of one attorney, a part-time investigator, a part-time secretary and eight volunteers. The Division handled consumer complaints, prosecuted consumer frauds, and operated a public awareness program. Priority areas were landlord-tenant security deposit practices, insurance, home repairs, and auto

repair frauds. As a result of joining the Project, the Division moved into more complex cases, such as securities frauds.

Statistics for the Division for the six-month period of March 3 through September 1, 1975, are as follows: inquiries, 618; complaints, 368; special investigations, three; restitution, \$120,000; fines, nine; felony cases filed, two (two pending); and misdemeanors filed, five (three pending and two guilty pleas).

St. Louis County has worked with Olathe, Kansas. The office also worked with four Project offices in joint endeavors.

COLORADO SPRINGS, COLORADO (EL PASO COUNTY)
(Population 235,972)

Prosecutor

Robert L. Russel, District Attorney, El Paso County Judicial Bldg., Colorado Springs, Colorado 80902

Project Liaison

Bernard R. Baker, Chief, Consumer Protection Division,
303 S. Cascade, Suite B, Colorado Springs, Colorado 80903

The Consumer Protection Division of the Colorado Springs Office was an experienced and effective economic crime unit when that office joined that Project in November, 1974. Since associating with the Project, the staff of the Division increased by one investigator and one paralegal to its present complement of two attorneys, three investigators, two paralegals, one and one-half secretaries, and three volunteers. The Division received no funds from the Project. The unit has both criminal and civil jurisdictions.

Since during 1975 it was the only consumer agency within the county, the Division handled a large volume of consumer complaints. Nevertheless, it also was a vigorous litigator, both criminally and civilly. During the past year, the unit successfully prosecuted several large multi-state fraud schemes. The Division also was active in public awareness and legislative reform.

Second year statistics are as follows: inquiries, 17,748; written complaints, 1508; restitution, \$172,037; fines, \$3600; felony cases filed, eight (six pending and two guilty pleas); misdemeanors, six (two pending, three convictions at trial and one nolle); and civil actions, two (two judgments for county).

Colorado Springs participated in the Project's coordinated investigations and worked cooperatively with nine Project offices, especially with the Denver, Houston, Los Angeles, and San Diego fraud units. On several occasions the office drafted memoranda on fraud schemes for Project-wide circulation. Association with the Project enabled the office to receive national intelligence and to undertake prosecutions of multi-jurisdictional schemes.

COLUMBUS, OHIO (FRANKLIN COUNTY)
(Population 833,249)

Prosecutor

George C. Smith, Prosecuting Attorney, Franklin County Hall of Justice, Columbus, Ohio 43210

Project Liaison

Judi S. Solon, Director, Economic Fraud Division, Franklin County Hall of Justice, Columbus, Ohio 43210

The Economic Fraud Division of the Columbus office was created in December, 1973, as a result of Project funding. It was one of the original fifteen Project offices and received \$40,000 in Project funds during the second year. The unit also received a state block LEAA grant. The Economic Fraud Division has no civil jurisdiction.

The Division concentrated on major fraud cases. The Columbus unit developed expertise in the securities field, as evidenced by the prosecution of several major securities frauds. The Prosecuting Attorney worked closely with the section to build a reputation for tough public corruption prosecution. The Division developed and maintained an extensive public awareness program. In 1975 the office employed a staff of two lawyers, three investigators, one secretary, and two law student interns.

Statistics for the second Project year are as follows: inquiries, 1906; complaints, 668; special investigations, 116; fines, \$28,000; restitution, \$76,936; felony cases filed, 46 (22 pending, two convictions by trial, 21 by plea, and one acquittal); and misdemeanors filed, six (all pleas of guilty).

Columbus worked closely with its sister office, Akron. During the second year of the Project, the unit worked with eleven other Project offices and participated in two coordinated

investigations. The office also developed close liaison contacts with federal and state law enforcement agencies, which was a source of major cases.

STATE OF CONNECTICUT
(Population 3,031,709)

Prosecutor

Joseph T. Gonnley, Jr., Chief State's Attorney, 8 Lunar Drive,
Woodbridge, Connecticut 06525

Project Liaison

Warren A. Gower, Chief, Economic Crime Unit, 20 Scott Street,
Hamden, Connecticut 06514

The Chief State's Attorney for the State of Connecticut, with statewide jurisdiction, decided in autumn, 1974, to create an economic crime unit. In November, 1974, his office associated with the Project and obtained guidance from the Project, particularly from its "parent" office, Nassau County, in planning their unit and in drafting an application for state LEAA funds. In May, 1975, the office received its grant and began implementing its plan. In 1975 the staff consisted of two attorneys and three investigators. The office has no civil jurisdiction.

The office accumulated statistics for the five months between May 1 and October 1, 1975, showing inquiries, 204; complaints, 21; investigations, three; restitution, \$41,000; fines, \$350; felonies, none; and misdemeanors filed, three (three guilty pleas). During most of that period, the office worked with a skeleton staff. The Economic Crime Unit prosecuted a major home improvements fraud and obtained reformation of the state's false pretenses statute. Prosecutive priorities emphasized major impact cases with emphasis on securities and home improvements.

Connecticut worked cooperatively within the Project with Nassau County, Westchester County, Brooklyn, and Philadelphia.

DALLAS, TEXAS (DALLAS COUNTY)
(Population 1,327,321)

Prosecutor

Henry Wade, District Attorney, Dallas County Government Center,
Dallas, Texas 75202

Project Liaison

Jon Sparling, Special Crimes Division, 500 Stemmons Tower East,
Dallas, Texas 75202

Dallas, Texas, associated with the Project in June, 1975:
Dallas received no Project Funds. The office has both criminal
and civil enforcement powers.

Economic crime cases have been handled by the office's
Special Crimes Division; however, no attorney had worked full-
time on such cases and no identifiable economic crime unit had existed.
Dallas created such a unit in late 1975.

Since joining the Project, Dallas worked with its "sister"
city, Houston, in setting up and funding an economic crime unit.
The office also worked jointly with seven other Project cities
on investigations.

DENVER, COLORADO (METROPOLITAN DENVER CONSUMER OFFICE)
(Population 1,227,531)

Coordinator

Felicia Muffic, Executive Director, Metropolitan Denver District
Attorney's Consumer Office, 655 South Broadway, Denver,
Colorado 80209

Project Liaison

Raymond Jones, Metropolitan Denver District Attorney's Consumer
Office, 655 South Broadway, Denver, Colorado 80209

The Metropolitan Denver District Attorney's Consumer Office
was established in January, 1973, by the five district attorneys
comprising the greater metropolitan area of Denver, Colorado.
The office associated with the Project in August, 1974. It
received no Project funds.

Denver District Attorney Dale Tooley provided representation
to NDAA for the area's cooperating district attorneys.

During 1975 the Metropolitan Denver Office maintained an office largely staffed with paralegals and students, who worked under the supervision of attorneys and who received citizens' oral consumer complaints. The goal was to provide one-day service on mediation of non-criminal matters. The office also maintained an investigative and legal staff that prosecuted consumer frauds either by criminal or civil action. However, the unit emphasized felony prosecutions of major offenders. The office also devoted a large amount of time to public awareness and to legislative reforms. The staff consisted of two lawyers, four investigators, five and one-half paralegals, four secretaries, and fifteen student interns -- an increase of fifteen and one-half since joining the Project.

Denver's statistics for the second year are as follows: inquiries, 9805; complaints, 7405; investigations, 505; restitution, \$333,546; felonies filed, 72 (35 pending, two convictions by trial, 24 pleas of guilty, and eleven acquittals); misdemeanors, 29 (fourteen pending, eleven pleas of guilty and four acquittals); and civil actions, three (three judgments for the counties).

Denver hosted the winter conference and participated in five coordinated investigations. The office actively shared intelligence and techniques with other Project offices. The office cooperated jointly with nineteen other Project offices.

FLINT, MICHIGAN (GENESEE COUNTY)
(Population 444,341)

Prosecutor

Robert F. Leonard, Prosecuting Attorney, Genesee County Courthouse,
Flint, Michigan 48502

Project Liaison

George Steeh, Assistant Prosecuting Attorney, Genesee County
Courthouse, Flint, Michigan 48502

Organized in 1971, the Consumer Protection Division and Environment Control Division of the Genesee County (Flint), Michigan, Prosecuting Attorney's Office was one of the earliest local consumer-oriented economic crime units in the country. Flint participated as one of the Project's fifteen original offices. The unit received \$40,000 in Project funds during the second year. Flint has no statutory civil enforcement power.

In 1975 the Division ran a large consumer complaint mediation service staffed by six attorneys, eleven investigators, 47 paralegals, and three secretaries. In its consumer protection program, the Division has been extremely innovative in the use of paralegals and volunteers. In addition, Division attorneys undertook lengthy and complex proactive investigations into oil and energy schemes, price-fixing, and nursing home frauds. Flint also made public awareness a top priority and developed an extensive program in this area that included radio programs; public appearances, and written materials.

Statistics for the second year are: inquiries, 7218; complaints, 4627; special investigations, 63; felony cases filed, 24 (four convicted by trial; 34 pending); restitution, \$1,010,207; and fines, \$200. The office also filed six civil injunctive actions.

Flint was the "parent" office for Waukegan, Illinois, and worked jointly with eighteen other Project offices. The office was the team leader for charity solicitation frauds and actively participated in four other coordinated investigations. Since joining the Project, Flint increased its staff and increased proactive investigation of impact cases.

HOUSTON, TEXAS (HARRIS COUNTY)
(Population 1,741,912)

Prosecutor

Carol S. Vance, District Attorney, Harris County Courthouse,
Houston, Texas 77002

Project Liaison

Robert C. Bennett, Chief, Special Crimes Bureau, Harris County
Courthouse, Houston, Texas 77002

Economic crime prosecutions in the Houston office have been handled by the Special Crimes Bureau. Within the Bureau the Consumer Frauds Division was created in September, 1973, with Project funds. Houston was one of the fifteen original Project offices and during the second year received \$45,000 in Project funds. Houston has both criminal and civil enforcement powers.

In 1975 the Consumer Frauds Division handled a large number of citizen complaints, prosecuted impact consumer fraud cases, and conducted an extensive public awareness program, which included pamphlets, speeches, and a weekly radio program. The Division actively prosecuted false advertising, home improvements, and business opportunities schemes. Division staff consisted of two attorneys, three investigators, three paralegals, and two secretaries. Major fraud cases were tried in the court room by attorneys in the Special Crimes Bureau.

Second year statistics for the Consumer Fraud Division are as follows: inquiries, 7434; complaints, 4079; special investigations, 113; restitution, \$401,108; fines, \$18,701; felonies filed, 93 (76 pending, five convictions by trial, 12 guilty pleas); misdemeanors, 89 (53 pending, ten convictions by trial, 26 pleas); and civil actions, one (one judgment for the county).

Houston "adopted" the San Antonio and Dallas offices and was the team leader and clearinghouse for the business opportunities coordinated investigation. The office participated in three other coordinated investigations and worked with twenty Project offices on joint endeavors. Houston hosted a Project conference and provided speakers for national economic crime seminars.

JACKSONVILLE, FLORIDA (DUVAL COUNTY)
(Population 528,856)

Prosecutor

Ed Austin, State's Attorney, Duval County Courthouse, Jacksonville, Florida 32202

Project Liaison

Robert B. Persons, Jr., Assistant State Attorney, Duval County Courthouse, Jacksonville, Florida 32202

The Jacksonville office's Consumer Fraud Division associated with the Project in March, 1975, and received no Project funds. The office has both criminal and civil enforcement powers.

In the second year of the Project, the Consumer Fraud Division prosecuted cases referred to it by the Jacksonville City Consumer Affairs Office. The Division concentrated on consumer fraud cases with recent prosecutions involving deceptive advertising and auto repairs. The staff consisted of one attorney, six investigators, one paralegal, and three secretaries.

Statistics for the unit between March 1 and August 31, 1975, are as follows: inquiries, 26,035; complaints, 1,587; special investigations, eleven; restitution, \$86,501; other recoveries, \$9,271; felonies filed, one (one fugitive); misdemeanors, none, and civil actions filed, seventeen (five pending and twelve judgments for the county).

Jacksonville worked with its "parent" office, Miami, and with one other Project city in a joint investigation. It did not participate in any coordinated investigations. Project participation resulted in increased awareness of multi-jurisdictional schemes.

HELENA AND MISSOULA, MONTANA
(CLARK, LEWIS AND MISSOULA COUNTIES)
(Population 91,544)

Prosecutors

Thomas Dowling, County Attorney, 519 North Rodney, Helena, Montana 59601

Robert Deschamps III, County Attorney, Missoula County Courthouse, Missoula, Montana 58901

Two prosecutors in adjacent counties in Montana, Missoula County and Lewis and Clark Counties (Helena), decided in the fall of 1974 to combine their efforts in the economic crime field in order to develop a capability for undertaking prosecutions of consumer and major frauds. They associated with the Project in October, 1974, and received no Project funds. They have criminal and civil jurisdiction.

In Missoula during 1975, there was one investigator who worked exclusively on economic crimes involving major frauds and consumer schemes. The two prosecutors and other attorneys on their staffs assisted the investigator in developing cases for prosecution. In addition, there was a Consumer Protection Department staffed by an attorney, a secretary and a law student, all of whom worked in the Department half-time. The priorities were major frauds, consumer protection and consumer frauds, particularly automobile warranties, home repairs and appliance repairs. Public awareness also received high priority.

Statistics for the two offices for the second year are as follows: inquiries, 520; complaints, 160; special investigations, sixteen; felonies files, four (two convictions by plea and two pending), misdemeanors, fourteen (eleven convictions by plea, three pending), civil actions, two (one judgment for the county and one pending); restitution, \$9,341; and fines, \$500.

Missoula and Helena worked closely with their "parent" office Seattle, Washington, in organization of the unit and in developing priorities and techniques. The two offices combined with six Project offices in investigations and participated in one coordinated investigation. Without the Project the state would not have had viable fraud prosecution.

LOS ANGELES, CALIFORNIA (LOS ANGELES COUNTY)
(Population 7,046,363)

Prosecutor

John K. Van de Kamp, District Attorney, 210 W. Temple,
Los Angeles, California 90012

Project Liaison

Gilbert Garcetti, Consumer and Environment Protection Division,
320 West Temple, Los Angeles, California 90012

During the second year of the Project, the office of the District Attorney of Los Angeles County, the nation's largest district attorney's office, had two economic crime units. The Major Frauds Division, created twenty years ago, prosecuted complex criminal frauds; and the Consumer and Environment Protection Division, created in November, 1971, enforced California's civil penalty statutes applicable to economic crimes and environmental matters. Other divisions within the office handled routine economic crime cases. Los Angeles was one of the original fifteen Project offices and received \$50,000 in Project funds during the second year.

The two divisions operated a combined staff of 21 attorneys, 24 investigators, one paralegal, twelve secretaries, and two volunteers - an increase of seven persons since joining the Project. Its personnel were highly experienced. In addition to prosecuting major frauds and operating an innovative consumer protection program, the office placed great emphasis on public awareness and consumer education.

Statistics for the two divisions for the second year are as follows: inquiries, 4579; complaints, 2006; investigations, 123; restitution, \$3,500,000 (from a single court-ordered restitution judgment against a debt collection firm); fines and civil penalties, \$550,741; felony cases, 188 (86 pending, 94 convictions at trial, 8 guilty pleas); misdemeanors, three (one conviction by trial and two guilty pleas); and civil actions, sixteen (fifteen pending and sixteen judgments for the county).

Within the Project, Los Angeles "adopted" two offices, Las Vegas and Ventura. It was the team leader in one coordinated investigation and participated in four others. In addition, a large number of multi-jurisdictional frauds originated in the Los Angeles area; and the office invaluablely assisted other Project offices in joint investigations. Its personnel spoke at national conferences and made site visits to other Project offices to assist in organization and prosecutive techniques. Project participation increased its staff and expanded the scope of prosecutions.

LAS VEGAS, NEVADA (CLARK COUNTY)
(Population 273,288)

Prosecutor

George Holt, District Attorney, Clark County Courthouse,
Las Vegas, Nevada 89101

Project Liaison

Elliott A. Sattler, District Attorney's Office, Clark County
Courthouse, Las Vegas, Nevada 89101

The District Attorney for Clark County (Las Vegas), Nevada, associated with the Project and detailed personnel to work full-time on economic crime in January, 1975. This office received no Project funds.

The Office had one attorney, one investigator, and a part-time secretary assigned to economic crime cases. The office has both criminal and civil enforcement powers. Resources were concentrated in major fraud cases. Recent prosecutions involved gas-savings devices, condominium sales, auto repair fraud, and medical insurance fraud.

Statistics for Las Vegas for February 1 to August 1, 1975, are as follows: inquiries, 518; complaints, 190; special investigations, not available; felonies filed, six (all pending); misdemeanors, four (1 conviction, 3 pending), civil actions, four (four judgments for the county); restitution, \$4,900; and fines, \$10,000.

Las Vegas worked closely with its "parent" office, Los Angeles, and worked jointly with nine Project offices in cooperative efforts. The office participated in four Project-

coordinated investigations. Participation in the Project resulted in creation of the unit and assisted Las Vegas in enhancing the quantity and quality of its economic crime prosecutions.

MANHATTAN, NEW YORK (NEW YORK COUNTY)
(Population 1,539,233)

Prosecutor

Robert M. Morgenthau, District Attorney, County of New York,
155 Leonard Street, New York, New York 10013

Project Liaison

Peter Andreoli, Chief, Frauds Bureau, Office of the District Attorney, 155 Leonard Street, New York, New York 10013

The Frauds Bureau of the Manhattan District Attorney's Office has a long and honored history as one of the oldest economic crime units in the country. In September, 1974, the office created a Consumer Frauds Unit within its Complaint Bureau. The office associated with the Project in April, 1975. It received no Project funds. The Bureau has no civil jurisdiction.

During 1975 all cases began in the Complaints Bureau which was located in a central office and in two neighborhood branches. Consumer complaints were referred to services. Major frauds were referred to the Frauds Bureau, which concentrated on sophisticated economic crimes. Ordinary economic crime cases were handled by the general trial divisions. Many major fraud complaints were received directly by the Frauds Bureau. Total personnel assigned to the Frauds Bureau and Consumer Frauds included fifteen lawyers, two paralegals, three secretaries and four volunteers. Investigators and accountants were obtained as needed from an office-wide staff.

Statistics for the month of September, 1975, for the Consumer Fraud Unit showed: inquiries, 209; complaints mediated, 83; and possible criminal investigations, 35. For the period May 1 to August 31, 1975, the Frauds Bureau received 150 complaints, conducted 119 special investigations, filed 175 felony cases (five felony convictions by trial, 91 by plea, one acquittal, and 78 pending), filed 29 misdemeanor cases (2 convictions by trial, 26 pleas, one acquittal, 30 pending), obtained \$93,738 in restitution and \$26,500 in fines.

Manhattan participated in two coordinated investigations and worked jointly with seven other Project offices. Project participation resulted in the Fraud Bureau's exchanging intelligence and techniques with other offices and expanding its interest into consumer-related fraud areas.

MIAMI, FLORIDA (DADE COUNTY)
(Population 1,267,792)

Prosecutor

Richard E. Gerstein, State's Attorney, 1351 N.W. 12th Street,
Miami, Florida 33125

Project Liaison

Leonard Lewis, Assistant State's Attorney, 1351 N.W. 12th Street,
Miami, Florida 33125

The Miami State's Attorney's Office has three sections involved in prosecuting economic crimes: Major Frauds, Consumer Frauds, and Complaint Intake. The office was one of the original 15 Project offices and its Consumer Fraud Unit was established with Project funds. This year Miami received \$40,000 from the Project. During the second year of the Project, the total staff of the three sections included six attorneys, two investigators, five paralegals and three secretaries.

Statistics for the second year are available only for the Consumer Frauds Section, which handled 4069 complaints. The section filed twenty felonies (ten pending, ten guilty pleas), 46 misdemeanors (eighteen pending, four convictions by trial, sixteen convictions by plea, and eight acquittals), fifteen civil actions (nine pending and six judgments for the county), and obtained restitution of \$155,799 and fines of \$23,911.

The office participated in three coordinated investigations and had contact with thirteen other offices. The office was of invaluable assistance in prosecution of multi-jurisdictional fraud schemes that originated in Florida or that were directed at Florida victims. Miami served as the "parent" office for Jacksonville, Florida, and assisted other state's attorneys' offices in Florida that did not participate in the Project.

Apart from providing the means to form the Consumer Fraud Division, the Project was of assistance in reevaluation of management and record-keeping procedures.

MINEOLA, NEW YORK (NASSAU COUNTY)
(Population 1,428,075)

Prosecutor

Denis Dillon, District Attorney, Nassau County Courthouse,
Mineola, New York 11501

Project Liaison

Robert Clarey, Chief, Commercial Frauds Bureau, Nassau County
Courthouse, Mineola, New York 11501

Nassau County is a suburban area located in Long Island, New York. Its Commercial Frauds Bureau was created in January, 1969. The office was one of the original fifteen Project participants and received \$45,000 in LEAA Project funds during the second grant year. The office has no civil enforcement powers.

Originally, the purpose of the Commercial Frauds Bureau was to investigate and prosecute business oriented frauds, but under the direction of its new Bureau Chief and through interaction with the Project, the emphasis shifted to major frauds having impact on the consumer. The Bureau investigated and prosecuted sophisticated merchandising fraud schemes, a multi-jurisdictional warranty fraud scheme, a multi-jurisdictional home improvement fraud scheme, a real estate investment swindle, medical frauds, and business frauds. Public awareness and legislative reforms became priority areas. The staff of the Commercial Frauds Bureau consisted of five attorneys, eight investigators, three secretaries, one paralegal, an increase of thirteen persons over the four-person staff employed when the Project started.

Statistics for the second year of the Nassau County office are as follows: special investigations, 219; felony cases filed, 38 (six convictions by trial, thirteen by plea, four acquittals, 41 pending); misdemeanors, nine (six pleas of guilty and six pending); restitution, \$152,000; and fines, \$4,500.

Nassau County was the "parent" office for Connecticut. It worked cooperatively with twelve other offices in joint investigations or in exchanging techniques. It participated in three coordinated investigations. The office co-hosted the summer conference during the first year. In addition, at the request of the Project Center, the Bureau assisted a State Attorney General in a complex fraud and also worked closely with adjacent neighboring Suffolk County. Project participation brought about an increase in personnel and a reorientation of the unit's priorities and goals.

MINNEAPOLIS, MINNESOTA (HENNEPIN COUNTY)
(Population 960,080)

Prosecutor

Gary Flakne, County Attorney, Hennepin County Courthouse,
Minneapolis, Minnesota 55437

Project Liaison

Ann L. Alton, Citizen's Protection Division, Hennepin County
Courthouse, Minneapolis, Minnesota 55437

During the second year of the Project, the office of the County Attorney for Hennepin County (Minneapolis), Minnesota, ran two economic crime units, a Citizen's Protection Division created in December, 1973, and a Business Fraud Division that became an effective economic crime unit in 1974. The office associated with the Project in November, 1974, and received no Project funds. Minneapolis has both criminal and civil enforcement powers.

The Citizen's Protection Division handled consumer complaints and deceptive advertising, while the Business Fraud Division prosecuted major frauds and welfare violations. The two divisions shared investigators and acted jointly in many matters. Sample cases included corporate frauds, a charity fraud, insurance frauds, and false advertising. The combined staff of the two divisions was six attorneys, three investigators, two secretaries and 21 volunteer interns.

Statistics for the second year for June 1 to August 31, 1975, are as follows: inquiries, approximately 800; complaints, 69; special investigations, six; felony cases filed, eleven (all pending); and civil actions, five (one judgment for the county and four pending). The office has no misdemeanor jurisdiction.

Minneapolis came into the Project as an "adopted" office of Omaha, Nebraska. The office worked jointly with ten other Project offices and participated in one coordinated investigation. Participation in the Project assisted the office to implement its policies and goals.

NEW ORLEANS, LOUISIANA (ORLEANS PARISH)
(Population 593,471)

Prosecutor

Harry Connick, District Attorney, 2700 Tulane Avenue, New Orleans,
Louisiana 70119

Project Liaison

William Gurvich, Chief, Fraud Bureau, 2700 Tulane Avenue,
New Orleans, Louisiana 70119

The Fraud Bureau of the New Orleans Parish District Attorney's Office was created in April, 1974, and became associated with the Project in June, 1975. The Bureau received no Project funds.

Although the Bureau has both criminal and civil enforcement powers, it emphasized criminal sanctions during the Project's year. It handled a large volume of citizen complaints, but emphasized prosecution of criminal violations over mediation of the grievances. Prosecution priorities were home improvement and auto title frauds. The Bureau was staffed by its chief, one attorney, and one paralegal.

During the second year of the Project, the Bureau received 4,100 written complaints, conducted 480 investigations, filed 40 felony cases (fifteen convictions by trial, fifteen by plea, one acquittal, and nine pending), and 30 misdemeanors (five convictions by trial, 20 by plea, and five pending), and recovered \$205,000 in restitution.

As an office whose association with the Project was late in the Project's fiscal year, New Orleans' principal contacts within the Project were with its "parent" office, Westchester County, New York. It also worked with the Denver office. Since joining the Project, the Bureau developed priorities, expanded new areas of prosecution, and planned changes in its organizational structure and techniques.

OLATHE, KANSAS (JOHNSON COUNTY)
(Population 217,622)

Prosecutor

Margaret Jordan, District Attorney, Johnson County Courthouse,
Olathe, Kansas 66061

Project Liaison

William B. Coates, Jr., Assistant District Attorney, Consumer
Protection Division, Johnson County Courthouse, Olathe, Kansas 66061

Johnson County is a suburban area adjacent to Kansas City. The Consumer Protection Division was created several years ago to enforce the Kansas Consumer Protection statute. The Division associated with the Project in November, 1974. It received no Project funds.

The Division has both criminal and civil enforcement powers. It focused on handling consumer complaints and enforcing the civil penalty provisions of the Kansas Consumer Protection Act. The Division also stressed public awareness. The Division placed higher priority on prosecuting criminal frauds since joining the Project, as evidenced by prosecution of a complex nursing home fraud. The Division staff consisted of one attorney, two paralegals, and one secretary in 1975. Investigators were drawn from the district attorneys' office investigative staff as needed.

Statistics for the second year are as follows: inquiries, 5274; complaints, 372; special investigations, 72; felonies filed, two pending; misdemeanors, one pending; civil actions, two (two judgments for the county); restitution \$22,719, and civil penalties \$4,500.

Within the Project Olathe was originally "adopted" by neighboring Wichita; however, the office's economic crime experience was equal to that of Wichita, and the two offices had worked closely for several years. Olathe was appointed "parent" office for St. Louis County, Missouri. In addition, Olathe worked with three other Project offices and participated in three coordinated investigations. Since joining the Project, Olathe became more oriented to criminal prosecution and placed higher priority on proactive investigations and prosecution of "impact" cases.

OMAHA, NEBRASKA (DOUGLAS COUNTY)
(Population 389,455)

Prosecutor

Donald L. Knowles, County Attorney, 406 Courthouse, Omaha,
Nebraska 68102

Project Liaison

Arthur S. Raznick, Deputy County Attorney, 305 Service Life
Building, Omaha, Nebraska 68102

The Consumer Fraud Division of the Douglas County (Omaha),
Nebraska, County Attorney's Office was created in March, 1973,

and a few months later became one of the original fifteen Project offices. In the second year of the Project, the Division received \$40,000 in Project funds. The County Attorney has both criminal and civil enforcement jurisdiction.

In 1975 the Consumer Fraud Division handled a large volume of consumer complaints. The Division's criminal prosecution priorities focused on fraud schemes that impacted on consumers. The Division had a comprehensive enforcement policy against auto repair frauds and actively prosecuted other consumer frauds. The Division began with one attorney, but now, after joining the Project, employed a staff of three attorneys, five investigators, two paralegals and two secretaries. The Division also had an extensive public awareness program and recently published a citizen's handbook that received national attention.

Statistics for the second Project year for Omaha are as follows: inquiries, 1915; complaints, 1527; special investigations, 399; felonies filed, 22 (ten convictions by trial, five by plea, one acquittal, and six pending); misdemeanors, 22 (nine convictions by trial, four pleas, two acquittals and seven pending); restitution, \$98,094; and fines, \$2,600.

Omaha was the "parent" office for Minneapolis. It participated in three coordinated investigations and worked jointly with eighteen Project offices. Project participation enabled Omaha to enlarge its staff and to sharpen its priorities and techniques.

PHILADELPHIA, PENNSYLVANIA (CITY OF PHILADELPHIA)
(Population 1,948,609)

Prosecutor

Ermatt Fitzpatrick, District Attorney, 666 City Hall, Philadelphia, Pa. 19107

Project Liaison

Michael M. Mustokoff, Assistant District Attorney, 666 City Hall, Philadelphia, Pa. 19107

Philadelphia associated with the Project in September, 1974. At that time it had a consumer fraud unit that had processed citizen complaints since 1973; however, two months later, in November, 1974, as part of an office reorganization, the old unit was disbanded and a new Economic Crime Unit was created. Philadelphia received no Project funds. The office has no civil enforcement jurisdiction.

During the second year of the Project in Philadelphia, all citizen complaints were directed to the office's complaint intake unit. A certain amount of consumer protection and mediation work was done within that unit. Fraud cases with significant numbers of victims or amounts of money, requiring further investigation or involving factual or legal complexities, were referred by the intake unit to the Economic Crime Unit for investigation and prosecution. These cases were usually either major frauds or frauds involving large numbers of complainants, such as home improvement schemes. During 1975 the Economic Crime Unit had a staff of three attorneys, seven investigators, two secretaries, and one legal intern.

Statistics maintained from November 1, 1974, through August 31, 1975, for the Economic Crime Unit include 101 investigations and 39 criminal cases filed.

Philadelphia worked with its adopting office, Baltimore, Maryland, and exchanged contact with seven other Project offices. The office participated in two of the Project's coordinated investigations and in several other multi-jurisdictional investigations involving other offices. Association with the Project made the office aware of how administrative and legal problems similar to those experienced in Philadelphia were handled in other jurisdictions.

RENO, NEVADA (WASHOE COUNTY)
(Population 121,112)

Prosecutor

Larry R. Hicks, District Attorney, P.O. Box 11130, Reno, Nevada 89510

Project Liaison

Shirley Katt, Consumer Protection Division, P.O. Box 11130, Reno, Nevada 89510

The Consumer Protection Division of the Washoe County (Reno), Nevada, District Attorney's Office associated with the Project in November, 1974. The Division received no Project funds.

The Consumer Protection Division has both criminal and civil jurisdiction. It focused its efforts on resolving citizens' consumer problems, public awareness, and legislative reform. The Division was particularly active in consumer education and legislative drafting. When it joined the Project, the Division

was staffed with one investigator, one paralegal, and one secretary. In 1975 it added a lawyer and a second paralegal.

Second year statistics for the unit show 596 inquiries, 932 complaints, 37 special investigations, no felonies filed, six misdemeanors (three convictions and three pending), two civil actions (one judgment for the county and one pending), restitution of \$30,201, and fines of \$11,735.

Reno worked with its "parent" Project office, Sacramento, California, in both substantive and procedural matters.. The two offices co-hosted the third quarterly conference. Reno also worked jointly with seven other offices and participated in one coordinated investigation. As a direct result of joining the Project, Reno hired a second paralegal to undertake proactive investigations.

SACRAMENTO, CALIFORNIA (SACRAMENTO COUNTY)
(Population 931,498)

Prosecutor

John M. Price, District Attorney, Court House, Sacramento, California 95814

Project Liaison

Gordon F. Bowley, Supervising District Attorney, Fraud Division, 816 H Street, Suite 202, Sacramento, California 95814

Sacramento County is one of the original fifteen Project offices and received \$40,000 in LEAA funds during the second grant year. The Fraud Division was established in May, 1969. During the second grant period, the Division was staffed by three attorneys, four investigators, two paralegals, and four secretaries, an increase of four persons since joining the Project. The Division has both criminal and civil enforcement powers.

The paralegals ran a consumer complaint operation under the supervision of the Division's Chief Investigator. The remaining personnel developed complex economic crime cases for prosecution or civil action. Division priorities included investment frauds, false advertising, merchandising frauds, auto repairs and sales, short weights, public education, and legislation.

Sacramento's statistics for the fiscal year July 1, 1974, to June 30, 1975, are as follows: inquiries, 4064; written complaints, 828; investigations, 69; restitution, \$395,093; fines and civil

penalties, \$170,727; felony cases filed, 13 (seven pending and six guilty pleas); misdemeanors, five (four pending and one guilty plea); and civil actions, 31 (thirteen pending and eighteen judgments for the county).

Sacramento's Fraud Division "adopted" the Reno office and worked cooperatively with eighteen Project offices. The Division led the successful gas-saving devices coordinated investigation and participated in four others. It provided speakers at seminars and training sessions, both inside and outside the Project, on prosecutive techniques as well as on organization and management of a fraud unit. Sacramento co-hosted the spring quarterly conference. Project participation enabled the Division to hire sufficient personnel to investigate economic crimes proactively.

SAN ANTONIO, TEXAS (BEXAR COUNTY)
(Population 830,460)

Prosecutor

Ted Butler, Criminal District Attorney, Bexar County Courthouse,
San Antonio, Texas 78204

Project Liaison

John L. Quinlan, Assistant District Attorney, Bexar County
Courthouse, San Antonio, Texas 78204

During the Project's second year the Bexar County (San Antonio), Texas Criminal District Attorney prosecuted economic crime cases through the Special Crime's Division. The office associated with the Project in December, 1974. It received no Project funds. The Criminal District Attorney has civil as well as criminal jurisdiction.

In 1975 the Special Crimes Division prosecuted economic crime, organized crime, and other special matters. No member of the Division worked full-time on economic crime.

No statistics from San Antonio were available on economic crime cases.

San Antonio worked with its "parent" office Houston, Texas, as well as four other Project offices. The office participated in three coordinated investigations. Association with the Project led to qualitative and quantitative improvement in the economic crime cases as well as development of a proactive approach to these prosecutions.

SAN DIEGO, CALIFORNIA (SAN DIEGO COUNTY)
(Population 1,357,782)

Prosecutor

Edwin L. Miller, District Attorney, 220 West Broadway, San Diego, California 92101

Project Liaison

M. James Lorenz, Chief, Fraud Division, 220 West Broadway, San Diego, California 92101

The Fraud Division of the San Diego District Attorney's Office began in 1969 with one attorney and one investigator. In 1975 the Division had seven attorneys, thirteen investigators, four paralegals, six secretaries, and three others prosecuting major criminal frauds and handling citizens' complaints with a computerized filing and record-keeping system. During the year misdemeanors were tried by the City Attorney and civil actions by the general trial section.

San Diego was one of the original fifteen Project participants and received \$45,000 in Project funds during the second year. The office has both criminal and civil enforcement powers.

The paralegals screened and investigated consumer complaints. The attorneys and investigators prosecuted complex frauds with impact on the public, such as land frauds, price-fixing, international swindles, and frauds involving organized crime. The Division conducted a large public awareness program presented in two languages.

Second year statistics accumulated by the office are as follows: inquiries, 17,577; complaints, 1525; major investigations, 144; restitution, \$208,489; fines and civil penalties, \$128,150; felonies filed, 58 (thirteen pending, eleven convictions at trial, 36 guilty pleas, and two acquittals); and civil actions, twelve (seven pending and four judgments for county).

San Diego hosted a Project conference during the first year, "adopted" the Tucson office, and participated in four Project coordinated investigations. The office worked jointly with 20 other Project offices. Division personnel lectured at national conferences on both the east and west coasts as well as at federal and state law enforcement training sessions. Project participation increased the staff and expanded the scope and depth of prosecutions.

LEAA designated the San Diego Fraud Division, along with the Seattle Division, as an Exemplary Project during 1975.

SEATTLE, WASHINGTON (KING COUNTY)
(Population 1,156,633)

Prosecutor

Christopher T. Bayley, Prosecuting Attorney, King County Courthouse,
Seattle, Washington 98104

Project Liaison

Gene S. Anderson, Chief Deputy, Fraud Division, W554 King County
Courthouse, Seattle, Washington 98104

The Seattle office's Fraud Division, was created in July, 1972, and was an on-going and experienced economic crime unit when the Project began. Seattle was one of the fifteen original Project offices and received \$42,500 last year in Project funds. The Fraud Division has both criminal and civil enforcement powers.

In 1975 Seattle's Fraud Division focused its resources on major frauds that have impact on the community. The Division did not mediate consumer complaints or provide consumer protection services except through the impact of criminal prosecutions. The Division prosecuted several major frauds involving securities, real estate, odometer rollbacks, and gas-saving devices. The unit maintained a large public awareness program and devoted considerable resources toward training programs for state agency investigators. The staff consisted of five lawyers, two investigators, one paralegal, one secretary, and four interns, an increase of three persons since joining the Project.

Second year statistics maintained by the unit are as follows: inquiries, 740; complaints, 401; special investigations, 104; restitution, \$604,552; fines, \$23,100; felony cases filed, 54 (pending, thirteen; convictions by trial, seven; guilty pleas, 32; acquittals, two); misdemeanors, 26 (pending, three; convictions by trial, five; guilty pleas, sixteen; acquittal, one; and transferred, one); and civil actions, two (two judgments for the county).

Seattle was the host for a economic crime conference in 1973. It served as the "parent" office for Missoula and Helena, Montana. Its unit chief was the team leader for nursing home frauds, and it participated in three other coordinated investigations. The office worked with 21 other Project offices in exchanging information and in joint investigations. The office had cultivated close liaison with other local, state, and federal law enforcement agencies, sponsored statewide economic crime training conferences, and provided speakers at national seminars and conferences.

The Seattle Fraud Division, along with the San Diego Division, was designated by LEAA as an Exemplary Project for 1975.

TUCSON, ARIZONA (PIMA COUNTY)
(Population 351,667)

Prosecutor

Dennis DeConcini, Pima County Attorney, 600 Administration Building, Tucson, Arizona 85701

Project Liaison

Michael Callahan, Chief, Major Frauds Units, 600 Administration Building, Tucson, Arizona 85701

During the second year of the Project, the Pima County (Tucson), Arizona, Attorney's Office had two economic crime-oriented units: (1) the Major Frauds Unit, which prosecuted complex frauds, particularly those involving land frauds and organized criminality; and (2) the Consumer Protection Division, which handled citizen complaints, initiated consumer fraud investigations, and undertook a large public awareness program. The office associated with the Project in November, 1975. It received no Project funds. It has both criminal and civil jurisdiction.

In 1975 the two units had a combined staff of four attorneys, four investigators, three clericals, and one volunteer.

Both units logged the following combined statistics for the second year of the Project: inquiries, 2670; complaints, 1815; special investigations, 194; restitution, \$142,450; fines, \$15,695; felony cases filed, three (two guilty pleas and one acquittal); misdemeanors, none; and civil actions, 46 (eighteen pending, seventeen judgments for county and eleven settled).

Tucson worked with its "parent" office, San Diego, cooperated with nine other Project offices in joint endeavors, and participated in one coordinated investigation. All of the unit's economic crime activities were enhanced by Project participation.

VENTURA, CALIFORNIA (VENTURA COUNTY)
(Population 376,430)

Prosecutor

C. Stanley Trom, District Attorney, Ventura County Courthouse,
Ventura, California 93001

Project Liaison

Sandra L. Rogers, Deputy District Attorney, Fraud Division,
Ventura County Courthouse, Ventura, California 93001

The Fraud Division of the Ventura County District Attorney's Office associated with the Project in December, 1974. It received no Project funds.

The Division has both criminal and civil enforcement powers. It handled consumer complaints and acted as the main consumer protection agency in the county. Accordingly, the unit's priorities were consumer protection, enforcement of California's civil penalty statutes against economic crimes, and public awareness. Since joining the Project, Ventura County's fraud section reoriented its efforts to emphasize criminal prosecution and filed a number of major criminal cases, as well as complex civil penalty cases. Two attorneys, one investigator, and one secretary staffed the Division.

During the second year of the Project, the Division received 753 inquiries, handled 625 complaints, conducted 80 special investigations, filed seven felony cases (four convictions by plea and three pending), filed sixteen misdemeanors (fourteen convictions by plea, one acquittal, and one pending); 25 civil actions (seventeen judgments for the county and eight pending); recovered \$33,031 in restitution, and obtained \$402,760 in fines and civil penalties.

The Division worked with its "parent" office, Los Angeles, and cooperated in investigations with seven Project offices. It participated in four Project-coordinated investigations. A major criminal prosecution involved a complex oil investment scheme. The Division also maintained close liaison with other state and local agencies.

WASHINGTON, D.C. (DISTRICT OF COLUMBIA)
(Population 756,510)

Prosecutor

Earl J. Silbert, U.S. Attorney, U.S. Courthouse, Washington, D.C.
20001

Project Liaison

Robert Ogren, Chief, Fraud Division, U.S. Courthouse, Washington, D.C.
20001

The U.S. Attorney of the District of Columbia uniquely enforces both federal criminal statutes and local District of Columbia criminal statutes. His civil enforcement powers are limited to federal actions. The office's Fraud Division was created in 1968. The unit associated with the Project in November, 1974. The office received no Project funds. In 1975 nine attorneys and three secretaries staffed the Division. The office has no investigative staff and relies on federal and local law enforcement agencies to provide necessary intelligence.

During the Project year, complaints were received in a different branch of the office and referred to the Fraud Division for special investigation and prosecution only in cases involving complex fact patterns, substantial sums of money, or targeted prosecutive areas. Other economic crime cases were prosecuted through the general trial sections of the office. Using federal or local statutes, the unit prosecuted major cases during the second year involving governmental corruption, multi-jurisdictional home improvement frauds, and international swindles by professional fraud offenders.

The Division did not keep records of inquiries, complaints, investigations, restitution, or fines. As to criminal cases filed in the second grant year, the Fraud Division terminated 41 felonies (36 pleas of guilty, three convictions at trial, one acquittal, and one hung jury) and nineteen misdemeanors (eighteen pleas of guilty and one conviction by trial).

The Division participated in two coordinated investigations and informally assisted several offices in prosecuting a multi-state home improvement fraud. The Division cooperated with nine other Project offices in investigations during the year and made its experienced personnel available to speak at economic crime conferences and federal training academies and to prepare technical materials for Project manuals.

WAUKEGAN, ILLINOIS (LAKE COUNTY)
(Population 382,638)

Prosecutor

Jack Hoogasian, State's Attorney, Lake County Courthouse,
Waukegan, Illinois 60085

Project Liaison

William Marlett, Assistant State's Attorney, Lake County
Courthouse, Waukegan, Illinois 60085

The Lake County State's Attorney's Office (Waukegan, Illinois), developed a prosecutive capacity in economic crime cases after joining the Project in November, 1974. The office received no funds from the Project.

Upon joining the Project, the office assigned one investigator to work full-time and one attorney to work half-time on economic crime cases. The investigator and attorney receive all fraud cases requiring investigation as referrals from the criminal division. In addition, they initiated investigations on their own in accordance with office and Project priorities. Although the office has both criminal and civil jurisdiction, the unit oriented efforts to criminal prosecution of major fraud and corruption cases. Recent cases involved nursing homes, a bank trust department, official corruption, meat freezer schemes, and home improvements.

No statistics were available for activities during the second year of the Project.

The office worked closely in the Project with its "parent" office, Flint, Michigan, as well as with its neighbor, Chicago, Illinois. It also had contact with the Wheaton, Omaha, and Seattle offices. Waukegan participated in four Project coordinated investigations. Association with the Project gave the office a capability to prosecute economic crime.

WHEATON, ILLINOIS (DUPAGE COUNTY)
(Population 491,822)

Prosecutor

John J. Bowman, State's Attorney, 207 S. Reber Street, Wheaton,
Illinois 60187

Project Liaison

Thomas L. Johnson, Assistant State's Attorney, 207 S. Reber Street,
Wheaton, Illinois 60187

The Office of the State's Attorney for DuPage County (Wheaton), Illinois, is located in a suburban area near Chicago. In April, 1975, the State's Attorney designated one assistant to work full-time on economic crime cases. In May, 1975, the office associated with the Project. It received no funds for the Project.

During 1975, the economic crime unit consisted of one attorney and one secretary. The unit drew investigative support from an office-wide staff of investigators. DuPage County's fraud section concentrated on major consumer frauds, official corruption, and business-related abuses. Public awareness also ranked as a priority. The office has civil enforcement powers.

Between April and August 31, 1975, the office conducted 25 special investigations and filed six criminal cases (five felonies and one misdemeanor), all of which are still pending.

Wheaton worked closely with its "parent" office, Chicago, in organizational techniques and in prosecuting schemes crossing county boundaries. The office also worked with five other Project cities and participated in two coordinated investigations. The Project was instrumental in helping Wheaton at an early stage in formulating prosecutive priorities and in developing investigative techniques.

WHITE PLAINS, NEW YORK (WESTCHESTER COUNTY)
(Population 894,104)

Prosecutor

Carl A. Vergari, District Attorney, Westchester County Courthouse,
White Plains, New York 10601

Project Liaison

Arthur Del Negro, Chief, Frauds Bureau, Westchester County Courthouse,
White Plains, New York 10601

Westchester County is a suburban area adjacent to New York City. Established in 1968, the Frauds Bureau of the District Attorney's Office was one of the country's earliest economic crime units. The Bureau associated with the Project in August, 1974.

It received no Project funds. The unit has no civil jurisdiction.

During 1975, the Frauds Bureau emphasized the prosecution of swindles that impact the consumer. Though the Bureau has no civil enforcement powers, it operated a large consumer complaint service. The unit also stressed its extensive public awareness and legislative programs. The staff consisted of ten attorneys, three secretaries, and one volunteer. Investigative personnel were drawn as needed from the office-wide staff of 25 investigators.

Westchester County's statistics for the second year were as follows: inquiries, 2049; complaints, 1456; special investigations, 232; restitution, \$158,587; felonies filed, 86 (52 pending, 34 convictions); and misdemeanors filed, eighteen (eleven pending, five convictions, one acquittal, and one nolle).

Westchester served as the "parent" office for New Orleans and participated in four coordinated investigations. The office was extremely active in multi-jurisdiction investigations, having worked with 21 other offices during the second year. Association with the Project permitted the office to engage in multi-jurisdictional prosecution and in refinement of priorities. The Bureau developed close contacts with state and federal law enforcement agencies.

WICHITA, KANSAS (SEDGWICK COUNTY)
(Population 350,694)

Prosecutor

Keith Sanborn, District Attorney, Sedgwick County Courthouse,
Wichita, Kansas 67203

Project Liaison

Jack N. Williams, Director, Consumer Protection Division, Sedgwick County Courthouse, Wichita, Kansas 67203

Sedgwick County (Wichita), Kansas, established its Consumer Protection Division in 1970 and was one of the early economic crime units. It was one of the original fifteen Project offices. During the second year, the unit received \$40,000 in Project funds. The Division has criminal enforcement power as well as civil power under the Kansas Consumer Protection Act.

During the Project year the Division handled a large number of consumer complaints which it coupled with a vigorous criminal prosecution program and with a model public awareness operation that includes pamphlets, newsletters, a regularly scheduled television show, neighborhood offices, and public appearances. Wichita worked actively with other Project offices to bring

criminal and civil actions against multi-state fraud schemes, including a large silver fraud, oil investment frauds, and several business opportunities frauds. The Division's staff included three attorneys, four investigators, twelve paralegals, and two secretaries - an increase in personnel from four to eleven since joining the Project.

Second year statistics totaled as follows: inquiries, 40,000; complaints, 1414; special investigations, 43; felonies filed, nine (two convictions by trial, four by plea, two acquittals, and one dismissal); misdemeanors, two (both guilty by plea), civil actions filed, ten (seven judgments for the county, one settlement, and two pending); restitution, \$210,500; and civil penalties and fines, \$2,625.

Wichita worked closely with Olathe, Kansas, for several years, bringing that office into the Project. Wichita was assigned as the "parent" office for Baton Rouge, Louisiana. The office hosted the second year summer conference and worked with 22 other Project offices last year. Wichita led the successful gold and silver coordinated investigation and participated in four others. Participation in the Project not only resulted in an increased staff, but also a capability to combat multi-jurisdictional fraud schemes.

II. PROJECT ACTIVITIES

A. ASSOCIATED OFFICE PROGRAM

During its first year, the Project operated with fifteen field units in local prosecutors' offices. During this initial year, the Project Center became aware that several local prosecutors' offices not affiliated with the Project operated experienced and sophisticated economic crime units. In addition, some prosecutors had formed new fraud units. Further, large number of prosecutors' interest in economic crime had been kindled by the Project, and they wished to start economic crime units of their own. These offices outside the Project wanted to attend conferences, exchange intelligence, receive technical assistance, and to participate generally in the benefits of association with the Project cities.

Since the original fifteen offices agreeably believed that they would benefit greatly by adding new offices, the Project devised the "associated office" concept. There were two levels of indoctrination for associated offices. First, selected experienced economic crime units were included immediately as associated offices with all the duties and benefits of the original fifteen offices with one major exception. Associated offices did not receive LEAA funding for hiring personnel. Second, less experienced economic crime units were "adopted" by one of the original fifteen offices. Each "adopted" office was given technical assistance by its "parent" office in establishing and operating its unit.

The program to include associated offices officially began in October, 1974, at the first quarterly conference of the second year. Assignments to work with other offices were made largely on the basis of geography. Offices selected for association were those that had communicated both real interest in the Project and a commitment to prosecute economic crime. Site visits were scheduled by each original Project city to each adopted office. The ultimate goal was to bring a "sister" jurisdiction up to a proficient level of performance. Highly experienced economic crime units became associated with the Project under the direction of the Project Center.

The associated office program proved to be an overwhelming success. A few offices joined the Project early in the year but never fulfilled their commitments to create economic crime units. These offices withdrew early and suitable replacements were found swiftly. Within nine months of initiating the program, the Project had added 26 associated offices, each

of which had a functioning economic crime unit by the end of the Project's second year.

With the addition of 26 associated offices, the Project consisted of 41 jurisdictions representing slightly more than 25 percent of the population of the United States. As a natural result there was expansion of the network for exchange of intelligence and techniques. The Project's capability for multi-jurisdictional prosecution of economic crime was greatly enhanced. In addition, the 26 new offices expanded the horizons of the Project by introducing innovative techniques that proved beneficial to all participants of the Project.

Before the end of the second year, newly associated offices reached such degrees of sophistication and familiarity with Project goals that they also "adopted" new offices. For example, Chicago adopted its largest suburb, Wheaton, Illinois; Westchester County, New York, adopted New Orleans, Louisiana; and Olathe, Kansas, adopted St. Louis County, Missouri. Originally, the primary consideration for pairing offices was geography. Though this was still an important consideration, as the associated office program grew, it proved more beneficial to pair offices on the basis of their policy approaches to economic crime, demographic background of their populations, and similarity in the sizes of their economic crime units.

To stabilize the associated office program, standards were formulated in April, 1975, that defined the requirements for association. These standards appear as Appendix C of this report.

The associated office program was so successful that it created practical problems. More offices than the Center could administratively include sought to join the Project. By the end of the second year, the Project Center determined that it could not manage a demonstration program on a meaningful basis with more than 45 or 50 offices.

B. PROJECT CONFERENCES

During the first two years of the Project, the Economic Crime Project Quarterly Conferences were the major forum for unit chiefs to meet on a face-to-face basis and to share information and knowledge. The Project Center staff, unit chiefs, and the evaluator agree that the quarterly conferences acted as the single most important impetus for developing cooperation and liaison among Project cities. (See Appendix D for the agenda of the Project's quarterly conferences held during fiscal 1974-1975.)

The conferences continued as the vehicle which created bonds among the field offices. The Project experience showed that cooperation among local prosecutors' offices could not be fostered solely by letter, by memoranda, or by telephone calls. Effective intra-office communications and coordination was built on confidence established by in-person contacts made at quarterly conferences. As evidence of the effect of conference attendance, when new offices joined the Project, they seldom made personal contacts with other offices or used Project facilities until after attending their first conference. After getting to know the faces behind the names and voices on the other ends of the telephone, the new unit chiefs began to feel comfortable in using the telephone to request cooperation and advice.

The quarterly conferences held during the second year were as follows: October 1-3, 1974, hosted by the Burlington Office at Warren, Vermont; January 21-23, 1975, hosted by the Metropolitan Consumer Protection Offices, Denver, Colorado; April 28-30, 1975, co-hosted by the Sacramento and Reno offices at Stateline, Nevada; and June 24-26, 1975, co-hosted by the Wichita and Olathe offices at Wichita, Kansas.

During the second year, the conferences began and ended with half-day "round table discussions." Prior to each conference, all offices submitted information to the Project Center about schemes on which they were working or on techniques that they were using. This information was then made available in written form to all in attendance. A number of these subjects were selected for presentation at the round table discussions. During these presentations, the various unit chiefs asked questions and made observations. During these sessions of the conference, short "how to do it" presentations were also made on such topics as false advertising, odometer roll backs and the use of blitz subpoenas.

The remaining sessions during these three-day conferences were devoted to specific topics selected by an agenda committee composed of unit chiefs. These sessions usually involved lectures, seminars, or workshops on topics of interest to economic crime prosecutors. Workpapers relating to the topics were prepared in advance and distributed to the conference participants.

C. COMMUNICATIONS AND CONTACTS AMONG PROJECT OFFICES

During the first two years of operation, a primary goal of the Project was to develop lines of communication among the participating offices. Through holding conferences, encouraging use of the telephone, using telecopiers, and urging individual

offices to look to each other for technical assistance, the Project Center sought to accomplish this goal.

The telephone provided the lifeblood of the Project. The Project Center used the telephone to give assistance in substantive and administrative matters and to act as a clearing-house to place individual offices in contact with other offices that had needed expertise.

Logs maintained by the Center showed that the four lawyers at the Project Center averaged a total of 50 telephone calls per day. Logs further indicated that most of these telephone calls dealt with providing information, giving ad hoc advice on substantive and procedural problems, and arranging liaison with federal, state, and local agencies. Frequently, when an office requested assistance on substantive or procedural matters, the Project personnel have referred that office to another office within the Project that had developed the appropriate expertise.

After two years' experience, most of the Project offices began to call their "sister" offices directly without the Project Center as an intermediary. No formal records were kept of these contacts. Though accurate statistical data was unavailable as to inter-office contacts by field units, the chart appearing supra on page 11 provides evidence that the frequency of such contacts was great.

During the second year, the Project installed telecopiers in the original fifteen offices. The telecopier network gave each office and the Project Center the capability of quick transmission of documents back and forth by telephonic network. In many instances the telecopier rendered valuable assistance. Nevertheless, the device was not used as frequently as had been anticipated. The exchange of written materials taking place among the offices usually did not require such urgency as to make the telecopier so superior over mail to justify the cost. The telecopier system was discontinued.

As indicated in the introduction, telephonic communications between offices are a critical means of combatting multi-jurisdictional economic crime. Moreover, these telephonic contacts were not created in a vacuum. The communications resulted from personal contacts developed among the unit chiefs.

D. COORDINATED INVESTIGATIONS

In addition to using informal telephonic contacts as a method for combatting multi-jurisdictional economic crimes, the Project also formalized certain investigations into Project-wide "coordinated investigations." The concept of the coordinated investigation originated during the first year of the Project. Under this concept one of the unit chiefs was designated a team leader and coordinated the efforts of all unit chiefs into an integrated, multi-jurisdictional investigation. The unit chief was designated on the basis of having a special interest in the particular area of the investigation. At a quarterly conference, the team leader conducted a workshop on the investigation to familiarize all unit chiefs of the problems and techniques that were to be used in the coordinated effort. As information and reports were gathered, they were forwarded to the team leader.

The Project Center learned that coordinated investigations had to be selected carefully and that it was unrealistic to think that every office would join every investigation. A busy prosecutor's office will find it difficult to justify releasing manpower and resources to work on any investigation that does not have some impact on its local community.

As a result the Project's field offices enthusiastically participated only in those investigations which reached into schemes that could be found in their own jurisdictions. Despite less than full participation in every coordinated investigation, the concept was well received by all units.

The Project ran seven coordinated investigations during its second year:

(1) Gas Saving Devices

Marketing of phony devices and gadgets by national corporations to improve gasoline mileage hit the market like a blizzard in the winter of 1973 and 1974. Proving illegality in the advertising of these gas-saving devices was made difficult by the national nature of the marketing schemes as well as by the problems of testing the devices and proving falsity in the advertised claims. Prior to organizing the coordinated investigation, the Sacramento field office had tested several devices and was preparing to proceed against companies marketing them. Similar devices were found.

in Seattle, Denver, and Burlington, Vermont. These four units formed the coordinated investigation team. They shared information, results of testing, and experts. They planned joint strategies to be used in their respective jurisdictions. Their techniques were also used in other jurisdictions of the Project to prevent distributors from starting new sales programs.

(2) Charity Solicitation Frauds

Charity solicitation frauds have plagued local jurisdictions for years. The perpetrators of the frauds are often itinerants who travel from state to state using locally situated charitable and public organizations as devices for bilking the public. The Project planned to conduct investigations into the prevalence of charity solicitation frauds in all participating jurisdictions. The team leader compiled a 400 page inventory of ordinances, statutes, and cases from all of the Project participants' jurisdictions. Though the investigation did not reach a simultaneous culmination of a nationally coordinated prosecution, the coordinated efforts caused substantial impact on a case by case basis.

(3) Gold and Silver

During the first year of operation, the field offices discovered silver-related frauds which had an \$18 million impact on the people. With gold about to be available for purchase by the general public on January 1, 1975, the Project anticipated that perpetrators of the silver frauds would move into the gold market. Since gold purchases were unregulated by state or federal agencies, the market was filled with swindlers. The team leader acted as a clearinghouse for intelligence and information on companies selling gold or silver. He came to Washington and met officials in the Department of Justice in order to set up liaison with federal agencies. He collected information on companies in the field and on pending federal prosecutions. This information was made available to all law enforcement agencies. Finally, shortly before the purchase of gold by the public was legalized, the Project Center drafted a model press release that was issued within each participating city to their local newspapers and other media. This release was incorporated in CBS television's national news program and UPI and AP wire services. The public was warned of the possibility of frauds in this area. The Project Center rated the gold and silver investigation as completely successful. Whatever might have been the effect of Project activities, numerous newspaper and magazine articles appeared warning of such frauds after the Project's press releases.

As a result of the widespread publicity, the public did not buy gold on the massive scale anticipated and, in fact, approached the market with commendable caution.

(4) Rental Locators

During the second year of the Project, one of the Project cities uncovered the existence of a national network of rental locator services engaged in bilking the public. These services took fees in advance for providing lists of homes that were to be available for rent. It was a practice to turn over meaningless lists and to refuse to return the fees. The Project's investigation ascertained that numerous agencies operating around the country using different names were connected as part of a single national scheme. The office that uncovered the scheme prosecuted its local offenders, who fled the jurisdiction and remained fugitives until they were located in a second Project city. Through the influence and coordination of the Project, this second city brought its own prosecution against the fugitives operating within their jurisdiction. Several other cities found the services operating within their boundaries and brought civil actions against these activities.

(5) Auto Rebates

One of the Project's units uncovered an alleged false advertising scheme that was thought to be nationwide. In some cases the particular community's auto dealers allegedly advertised rebates on cars for which the price had been raised the same amount as the rebate. A substantial number of other field units investigated the matter within their own jurisdictions but did not find the same practices. As a result the Project's coordinated investigation determined that the problem was not national in scope.

(6) Business Opportunities

As the American public lost confidence in the stock market and as the interest rates being paid by savings institutions became lower, many people have sought other investment opportunities. Today large numbers of companies travel from locality to locality offering opportunities to invest in businesses and franchises with promises of exorbitant profits. Fraudulent business opportunity schemes often use get-the-money-and-run tactics. The schemes usually provide for a delay of ninety days to deliver the vending machine, display rack, stereo tape duplicating equipment, or slenderizing equipment after an investment of \$1,500, or whatever the traffic will bear. The buyer pays his initial investment immediately. Before the "mark" learns that he

will never become a manager with a guaranteed product in an exclusive territory, the promoters have left town. Some of these investment opportunities are legitimate; unfortunately, many are not. To deal with this type of crime, a team leader was designated for coordinating intelligence on business opportunity schemes. He developed a package to be used by investigators and began to collect data on all business opportunities, companies and individuals reported to him by offices throughout the country. The Project's team leader established liaison with federal agencies, which not only contributed to the intelligence bank, but also drew information. Additionally, the Project cooperated with the Federal Trade Commission in a study on the need for administrative regulation in the area. This coordinated investigation has been continued beyond the second year of the project.

(7) Nursing Homes

The Project focused on nursing home abuses as the final coordinated investigation of the year. The subject was discussed at the Project's conference in Nevada. After the conference several field offices immediately began investigations into nursing homes within their own jurisdictions. At the end of the Project's second year, the coordinated efforts were continued into the next fiscal period with investigative activity advancing in several units.

E. PROJECT MATERIALS

The Project Center distributed a substantial number of written materials:

(1) Economic Crime Project Newsletter

Economic Crime Project Newsletter (renamed Economic Crime Digest for the third year) began as a limited circulation publication of unreported cases and economic crime activities of general interest. During the first year, five issues were distributed bi-monthly. However, the criminal justice community expressed great interest in receiving the Newsletter. The circulation increased rapidly, and as it increased, the scope and depth of the articles also expanded.

At the end of the second year of the Project, the circulation of the Economic Crime Project Newsletter reached slightly over 1200 to the following groups: unaffiliated prosecutors' offices, 520; Project unit chiefs and district attorneys, 80; LEAA and state

planning agencies, 143; law libraries and law schools, 250; Armed Forces, 30; State Attorneys General and staff, 66; press contacts, 21; Federal Bureau of Investigation, 5; U.S. Attorneys, 19; U.S. Department of Justice, 6; U.S. Department of Commerce, 4; Federal Trade Commission, 5; U.S. Securities and Exchange Commission, 5; Postal Inspection Service, 8; Congress, 5; foreign law enforcement liaison, 8; and related private associations, 20.

The scope of the Newsletter changed significantly in two respects during the second year. First, there was a decrease in reports from other agencies and newspaper items and a corresponding increase in reports of field office experience. Second, material was included in the Newsletter in accordance with Project priorities and targeted abuses. Many articles dealt with innovative prosecutorial techniques or landmark judicial opinions; other articles described unique or unusual economic crime schemes or methods of operations. Particular attention was paid to legislation needed to combat prevalent economic crime schemes. The Newsletter also performed an important service in keeping the general public, the press and non-participating agencies informed of the economic crime problem in this country.

(2) Confidential Bulletins, Memoranda, and Articles

One of the original and basic aims in the initiation of this Project was to develop methods to overcome the insular nature of local prosecutors. A fraud scheme that surfaces in Flint, Michigan, or Miami, Florida, often reappears in other jurisdictions. Economic criminals do not honor state and local political boundaries.

In order to combat these multi-jurisdictional crimes, the Project relied on its telephonic network, coordinated investigations, and a technique of communication developed during the second year -- confidential bulletins. As the Project Center received intelligence about ongoing schemes and investigations, it disseminated that information in confidential bulletins to other offices. Disclosure was limited to the Project cities' unit chiefs and immediate staff for appeal purposes only. During the second year, approximately 30 such bulletins were issued on subjects ranging from municipal bond frauds to help in locating fugitives. In disseminating these bulletins, the Project was scrupulously aware of the responsibilities imposed by the privacy acts and the individual rights of persons and firms.

As another means of maintaining a cohesive and informed Project group, the Project Center disseminated memoranda on legal and

factual questions which were either prepared by staff members or by other criminal justice agencies. The Department of Justice, the Postal Inspection Service, and the Federal Trade Commission were particularly helpful in providing materials to the Project Center for distribution to Project offices. The Project Center also distributed newspaper and magazine articles that were of importance to those engaged in prosecutions of economic crime.

(3) NDAAs Citizens Handbook on Economic Crime

Many of the Project offices developed manuals or handbooks for the general public on economic crime. Citizen awareness, particularly recognition of fraud schemes, is critical. The ability to identify crime schemes at their early stages is the surest way to prevent economic crime offenses as they relate to the public. Since consumer protection has always been one of its overall goals, the Project has recognized the need for a handbook on public awareness of economic crime schemes. To that end the Project Center has not only assisted its field offices in preparing citizen handbooks for their particular jurisdictions, but it also prepared a draft of a model citizens handbook on economic crime that can be distributed to all district attorneys offices throughout the country. When completed, this handbook would serve as a model that any office would adapt to its own particular statutes and laws, remedies, and economic crime problems. A draft of the handbook was distributed to Project members in February, 1975, for comments. A revised second draft was distributed in June, 1975.

(4) Prosecutors Hornbook on Economic Crime

During the first year, the Project published a book entitled, Economic Crime: A Prosecutor's Hornbook. This hornbook discusses relevant criminal statutes and how they apply to economic crime schemes. It was written by Charles Miller, formerly of the Postal Inspection Service. This hornbook has been extremely popular. During the second year of the Project, the Project Center ordered three additional printings and needed more. To the knowledge of the Center, the Hornbook is the only publication of its kind on the subject of economic crime.

(5) NDAAs Manual on Economic Crime

The Prosecutor's Hornbook was written as the first step in the direction of preparing an overall manual on economic crime for prosecutors. Additional material was prepared on this manual during the second year by Project Center staff, field office unit chiefs, and consultants. The Economic Crime Committee decided that completion of the economic crime manual would be a priority during the third year of the Project.

F. ORGANIZATION AND MANAGEMENT OF AN ECONOMIC CRIME UNIT

During the second year of the Project, non-participating district attorneys made many requests to the Project Center for technical assistance in setting up economic crime units within their own offices. Accordingly, organization and management of economic crime units received priority attention. One member of the Project Center staff and a member of the evaluator's staff visited several offices, prepared written management review reports, and distributed reports to all offices within the Project. This information was used as a basis for transferring technology to newly organized economic crime units.

Proper organization and management is critical to the success of an economic crime unit. The individual field offices have made great strides in this area and have demonstrated that neither large numbers of persons nor highly skilled personnel are required for successful economic crime investigations and prosecutions. Although this final report does not provide adequate space for full treatment of the subject, a few general observations on organization of fraud units are appropriate as follows:

(1) Economic crime prosecutions cannot operate on an ad hoc basis. The prosecutor must first assess his capabilities and adopt an approach to economic crime that can be successful in his particular office. He should initially prioritize the service that his office will allocate to complaining consumers and the effort that his staff will expend on investigating major frauds. Some offices have concentrated on consumer complaints; others have emphasized investigation of major frauds; and others have combined their emphasis in varying proportions. The prosecutor must assess the role of his fraud unit in light of the needs of the community and resolve to make a policy determination as to the kind of efforts that his office will put forth.

(2) Whatever course is adopted by the office in weighing priorities between consumer complaints or major economic frauds, the prosecutor must have one or more economic crime specialists. In medium size and larger prosecutor unit offices, the prosecutor would no doubt need to establish an economic unit that devotes full-time to economic crime cases. In smaller offices (the prosecutor should probably designate) at least one person to handle economic crime cases in addition to other duties.

(3) Investigators and paralegals can be more efficiently used than lawyers in performing many standardized jobs required in economic crime prosecutions.

(4) Every community contains a large reservoir of often ignored resources that can be tapped in developing economic crime cases. In every jurisdiction state and local regulatory agencies

with trained investigators have the capability to investigate areas that directly or indirectly bear on economic crime. Unfortunately, many prosecutors unconnected with the Project have not been greatly interested in cases developed by investigators from these agencies. Economic crime units within the Project who have extended an open hand to these agencies and have worked with them in assembling prosecutable cases have found a wealth of investigative talent at their disposal. In addition to governmental agencies, a number of private organizations and associations are willing to assist prosecutors. A number of offices in the Project enlisted volunteer students and citizens to process consumer complaints.

(5) Keeping records and statistics is crucial. Basic records of investigations essentially differentiate the careless businessman from the criminal offender. In larger and medium size offices, case records and statistics are vital to setting prosecutor priorities. Records of results have been instrumental in obtaining funds for economic crime units. Upon review of the prosecutor's budget, many units within the Project have been able to demonstrate that restitution recovered for citizens and the amount of fines recovered for the local government exceeds the total operational budget of the fraud section. Such data has been of unquestionable value in obtaining necessary funding.

(6) Prosecutors must establish priorities as to types of cases upon which their unit will concentrate. Attempts to prosecute cases without overall direction have usually resulted in a lack of significant impact on their communities. The most successful offices have been those that have fixed priorities and have concentrated their efforts in those areas.

G. LIAISON WITH FEDERAL, STATE, PRIVATE AND OTHER LOCAL AGENCIES

The liaison operations conducted by the Project Center as well as by the field offices cultivated a pool of resources beyond the imagination of most local prosecutors. By the end of the Project's second year, close working relationships developed among the field offices and the Center with a number of federal agencies, including the Postal Inspection Service, Federal Bureau of Investigation, Federal Trade Commission, Securities and Exchange Commission, the Fraud Section of the U.S. Department of Justice, Federal Strike Forces, the Office of Consumer Affairs of the Department of Health, Education and Welfare, the enforcement sections of the Departments of Commerce, Agriculture and Housing and Urban Development, and many of the U.S. Attorneys around the country.

The Project field offices have received similar enthusiastic cooperation from various state and county criminal justice and administrative agencies. Project offices short on investigative manpower at the outset joined with weights and measures agencies

on adulterated or short-weight food cases, with county engineers on land frauds, with auto registry agencies on odometer roll backs, with state welfare offices on welfare vendor frauds, with attorneys general offices on state securities and anti-trust cases, with bank examiners on bank frauds, and with insurance commissioners on withheld insurance premium cases.

For each field office a particular story could be related. The significant aspect of each story is not so much that a prosecutor and an outside agency worked together, but that the prosecutor's attitude of interest in the problem of the agency created an ongoing relationship that encouraged the agency investigators to return to the prosecutor with additional significant cases. The prosecutor in turn aided the agency investigators in distinguishing the fine line of what it took to make a prosecutable offense.

Contacts established during the year established that there was also great interest in the private business sector to see that economic crimes were vigorously prosecuted. The Chamber of Commerce has estimated that not less than \$40 billion is lost annually through white collar crime offenses in short-term and direct dollar losses. ^{4/} This figure has excluded price-fixing illegalities and industrial espionage.

Though often subject to pressure, subtle and otherwise, to recover business losses attributed to crime, no reasonable prosecutor wants to appear to be serving as a collection agent for local merchants; however, prosecutors have played this role all too often. As a result many prosecutors now refuse to deal with many economic crimes due to this perceived stigma.

To help overcome this stigma and to develop a meaningful relationship with the private business' professional associations on the national level, the Project Director and staff met with a variety of groups, which included the Chamber of Commerce of the United States, the Better Business Bureau Council, Association of Credit Card Investigators, the Insurance Crime Prevention Institute, and American Society for Industrial Security. The Project Center sought to assure the private sector that Project field offices were interested in certain traditional types of economic crime offenses but could not serve as a collection agency. The associations generally expressed agreement with that position, and agreed to use their own investigative talent to assess prosecutions by Project offices.

With this understanding private businesses have developed many cases and have taken them to the field offices for discussion of the merits of the case before filing charges. This joining together of previously independent talents is but one of the positive aspects of the multi-faceted Economic Crime Project.

^{4/} Handbook on White Collar Crime, U.S. Chamber of Commerce, 1974.

Realizing that during the second year the Project operation directly touched only 41 jurisdictions and about 25% of the population of the United States, many prosecutors were still outside the Project's established communication network. The Project Newsletter alleviated this void to some extent. In addition to the Newsletter, the Project encouraged educational programs for prosecutors on economic crime recognition. The Project Center staff coordinated instructional sessions at the semi-annual National District Attorneys Association meetings. The Project Center staff coordinated instructional sessions at the semi-annual National District Attorneys Association meetings. Project Center and field office personnel have also traveled to other jurisdictions with the same missionary objective. During the second year of the Project, the Project assisted on three seminars for the National College of District Attorneys and for state prosecutor association meetings in Florida, Missouri, New Jersey, Oklahoma, West Virginia, Mississippi, Louisiana, and Alabama. Additionally, field office unit chiefs were requested by their own state associations to present programs at similar meetings in Montana, California, Ohio, Texas, Vermont, and Washington.

Project presentations were not limited to audiences of prosecutors. Project Center and field office personnel presented a series of lectures on economic crime at the FBI's training facility in Quantico, Virginia, 5/ a presentation to the Police Legal Advisors Conference sponsored by the International Association of Chiefs of Police, a presentation to the Virginia Office of Consumer Affairs field investigators, a presentation to the Federal Bar Association's Conference on public official corruption, and a presentation to the Association of Credit Card Investigators.

The main thrust of such speeches is always the same with appropriate adjustments made to suit the audience. The message communicated is that offenses can be spotted and stopped early on the local level if one knows what to look for and, in fact, actively looks for the signals.

H. PUBLIC AWARENESS

The Project's objective in developing a meaningful public awareness program was twofold. First, an informed public with a higher level of awareness of economic crime schemes should be less likely to fall victim to those schemes as they come along. Second,

5/ As a result of this series of presentations, the FBI and U.S. Attorneys planned regional training sessions on economic crime with Project unit chiefs participating as a part of the faculty.

an informed public concerning the gravity of economic crime offenses should assist in reshaping judicial attitudes toward sentencing white collar criminals.

Judicial attitudes in sentencing are molded by several factors. One such attitude is public opinion and public pressures. When the public is aroused about a certain issue, a sympathetic judicial reaction naturally results. As judges in communities with a highly developed public awareness program begin to feel the feedback from the public, perhaps more appropriate sentences will be levied on economic crime offenders. At the end of the Project's second year, based only on inexact and random observations, sentences of perpetrators of fraud do not appear to fit the impact of the crimes.

Recognition of the mission of the Project, recognition of the role of the prosecutor in his community, recognition of the importance to society of the deterrence of economic crime -- all high in the goals of the Project -- are vitally assisted by the services of the media. Once the media is convinced not only of the news value of economic crime cases but also of the value that media exposure lends to this worthwhile cause, the prosecutor's public awareness campaign becomes an easier task.

Without artificially dividing the functions of the Project Center and the field offices, some examples of publicizing the mission of the Project could be provided. Nationally, the Project received the attention of the New York Times, Washington Post, Wall Street Journal, Newsweek, NEC, CBS and the Scripps-Howard chains. An indication of this effort during the second year of the Project was the frequency with which people in the national media came to the Center and to the field offices for information, ideas and materials for articles and columns.

Each field office has also developed its own meaningful relation with the local media. A "consumer alert" on business opportunity frauds issued throughout the Project field offices simultaneously received front page coverage in about half of the jurisdictions in which it was issued.

Many field offices enjoyed weekly radio spots and "call-in" shows. Wichita had a three-minute spot on the local ABC affiliate during the Sunday night news. All of the field offices engaged in speechmaking at civic and recreational events as part of their responsibility. While audiences had grown somewhat weary of the old-style crime talks, the new subject matter of economic crime and the approach taken by the local offices was greeted with warmth and enthusiasm.

A number of other innovative approaches to achieving public awareness were attempted by the field offices. Three offices developed a slide show to supplement speeches; three offices adapted a 27 minute film produced by the Los Angeles District Attorney for their own use; three offices established branch offices to receive consumer complaints; several offices developed informational scheme recognition booklets; and the Project Center developed posters advising the public that their local prosecutor can help them combat consumer fraud.

CONCLUSION

The judgment of the National District Attorneys Association is that its Economic Crime Project is beginning to have a perceptible impact upon both economic crime offenders and the actual incidence of economic crime offenses.

Certainly the Project should be continued on a long-range basis if our criminal justice systems expect to have any lasting deterrent effect upon economic crime.

The Project's overall statistical record during its second year has been impressive:

- \$10,076,356 in restitution, fines and penalties;
- 950 criminal convictions (of which 611 were felony convictions);
- 116 civil judgments for the government;
- 3,929 special investigations;
- 43,610 complaints;
- 157,246 inquiries to Project offices;
- Coordination of a nationwide team of 536 attorneys, investigators, paralegals, volunteers and administrative support staff.

During the forthcoming year, the Association's efforts to curtail economic crime offenses shall focus on:

- Public education;
- Coordinated, multi-jurisdiction investigations and prosecutions;
- Collection and analysis of meaningful economic crime offense data; and,
- The publication of an Economic Crime Manual for all District Attorneys.

We appreciate the support and encouragement which we have received from the Law Enforcement Assistance Administration of the U. S. Department of Justice.

APPENDICES TO SECOND YEAR-END REPORT, ECONOMIC CRIME
PROJECT OF THE NATIONAL DISTRICT ATTORNEYS ASSOCIATION

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APPENDIX A

NATIONAL DISTRICT ATTORNEYS ASSOCIATION

Field Offices of Economic Crime Project

<u>Jurisdiction</u>	<u>District Attorney</u>	<u>Unit Chief</u>
Akron, Ohio	Stephen M. Gabalac	Anthony Cardarelli
Baltimore, Maryland	William A. Swisher	Bernard Kole
Baton Rouge, Louisiana	Ossie Brown	Buddy Bombet
Boston, Massachusetts	Garrett H. Byrne	Thomas E. Dwyer, Jr.
Brooklyn, New York	Eugene Gold	Stephen R. Taub
Buffalo, New York	Edward C. Cosgrove	Richard Mancuso
Burlington, Vermont	Francis X. Murray	Phillip Linton
Chicago, Illinois	Bernard Carey	George Monaco
Clayton, Missouri	Courtney Goodman	Barbara Kurtz
Colorado Springs, Col.	Robert L. Russel	Bernard R. Baker
Columbus, Ohio	George C. Smith	Judi S. Solon
State of Connecticut *	Joseph T. Gormley, Jr.	Warren A. Gower
Dallas, Texas	Henry Wade	Jon Sparling
Denver, Colorado	Felicia Muftic **	Raymond Jones
Flint, Michigan	Robert F. Leonard	George Steeh
Houston, Texas	Carol S. Vance	Robert C. Bennett
Helena, Montana	Thomas Dowling	Thomas Dowling
Jacksonville, Florida	Ed Austin	Robert B. Persons, Jr.
Los Angeles, California	John K. Van de Kamp	Gilbert Garcetti
Las Vegas, Nevada	George Holt	Elliott A. Sattler
Manhattan, New York	Robert M. Morgenthau	Peter Andreoli

* Chief State's Attorney

** Executive Director of the Denver Metropolitan District Attorney's Consumer Office: this office serves District Attorneys Nolan L. Brown, Robert Gallagher, Jr., Alex Hunter, Floyd Marks and Dale Tooley.

<u>Jurisdiction</u>	<u>District Attorney</u>	<u>Unit Chief</u>
Miami, Florida	Richard E. Gerstein	Leonard Lewis
Mincola, New York	Denis Dillon	Robert Clarey
Minneapolis, Minnesota	Gary Flakne	Ann L. Alton
Missoula, Montana	Robert Deschamps III	Robert Deschamps III
New Orleans, Louisiana	Harry Connick	William Gurvich
Olathe, Kansas	Margaret Jordon	William P. Coates, Jr.
Omaha, Nebraska	Donald Knowles	Arthur S. Raznick
Philadelphia, Pa.	Emmett Fitzpatrick	Michael M. Mustokoff
Reno, Nevada	Larry R. Hicks	Shirley Katt
Sacramento, California	John M. Price	Gordon F. Bowley
San Antonio, Texas	Ted Butler	John L. Quinlan III
San Diego, California	Edwin L. Miller	M. James Lorenz
Seattle, Washington	Christopher Bayley	Gene S. Anderson
Tucson, Arizona	Dennis DeConcini	Michael Callahan
Ventura, California	C. Stanley Trom	Sandra L. Rogers
Washington, D.C.	Earl Silbert *	Robert Ogren
Waukegan, Illinois	Jack Hoogasian	William Marlett
Wheaton, Illinois	John J. Bowman	Thomas L. Johnson
White Plains, New York	Carl A. Vergari	Arthur DelNegro
Wichita, Kansas	Keith Sanborn	Jack N. Williams

* United States Attorney, Earl Silbert, is an Associated Office.

APPENDIX B

ECONOMIC CRIME PROJECT STAFF

NATIONAL DISTRICT ATTORNEYS ASSOCIATION
WASHINGTON, D. C. OFFICES DIRECTOR

RICHARD P. LYNCH

ECONOMIC CRIME PROJECT DIRECTOR

FRANK A. RAY

Counsel --- Donald Foster
Law Clerk - Susan E. Bass

Counsel --- Thomas A. Ferrigno
Secretary - Eleanor Compton

PRINCIPAL CONSULTANT --- *NATHANIEL E. KOSSACK*

During the period covered by this report, the Economic Crime Project Staff was Directed by Nathaniel E. Kossack. Donald Foster was Associate Director and Theodore Wieseman served as Counsel. Thomas Ferrigno served as Assistant Counsel and other members of the staff included Pamela M. Larratt, Snehlatha M. Bathini, Cynthia A. Dickerson, Marsha L. Hughes, Thelma F. Williams, Susan E. Bass, Stephen P. Lamb and Kathleen Sullivan.

APPENDIX C

NATIONAL DISTRICT ATTORNEYS ASSOCIATION

Standards for Associated Offices
of Economic Crime Project

- A. The District Attorney must be committed and willing to commit his office to the mission of the Project. The District Attorney must assert in writing such a commitment to warrant our expending of money and resources to give his office Project services.
- B. The office must have in being, or in preparation, an organization unit which can be identified with the prosecution of economic crime. One or more personnel must be committed to the mission.
- C. The office must be willing to furnish the reports necessary to the evaluator and to the Project Center on a timely basis.
- D. There must be a continuing effort to communicate with the Project Center and the other offices as well as a willingness to coordinate investigations and exchange factual information.
- E. The office must be willing to finance independently the attendance of at least one participant to one Economic Crime Project Quarterly Conference.
- F. The office must be willing to petition for funds from its LEAA state planning agency and other funding agencies to support an economic crime program (or to get it included in their regular budget).
- G. The office must continue to perform according to these standards.

APPENDIX D

Unit Chief Quarterly Conference at Warren, Vermont

October 1-3, 1974

MONDAY, SEPTEMBER 30

Arrival of Conference Participants
and Guests

TUESDAY, OCTOBER 1

8:00 - 8:30

WELCOMING REMARKS

Conference Host, Patrick J. Leahy and
Committee Chairman, Robert F. Leonard.

8:30 - 9:15

REMARKS BY THE FEDERAL BUREAU OF INVESTI-
GATION ON FEDERAL/STATE COOPERATION

Charles Nuzman.

9:30 - 12:30

TRIAL PREPARATION AND TACTICS

Gene Anderson, James Lorenz, and
Gordon Bowley, unit chiefs;
Paul Perito, Consultant; and Ted
Wieseman, staff.

12:30 - 1:30

LUNCH

1:30 - 2:30

CURRENT FRAUD SCHEMES AND NATIONAL OVER-
VIEW

Ralph Nader

2:30 - 3:30

CHARITY SOLICITATION FRAUDS
COORDINATED INVESTIGATION

Paul Miller, Team Leader.

3:30 - 4:00

REMARKS

Nathaniel E. Kossack and Richard P. Lynch,
staff.

7:30

DINNER AT THE SUGAREUSH INN

Speaker, Honorable Preston Trimble,
President, NDAA.

WEDNESDAY, OCTOBER 2

8:30 - 10:30

PUBLIC AWARENESS AND EDUCATION

Jack Williams, Gordon Bowley,
Gilbert Garcetti, unit chiefs;
Don Foster, staff.

10:45 - 11:30

GAS SAVING DEVICE FRAUDS COORDINATED
INVESTIGATION

Jeff Marchner, Team Leader;
Gene Anderson, Paul Miller, unit chiefs;
Nathaniel E. Kossack, staff.

11:30 - 12:30

CONSUMER LEGISLATION

Pat Lines, Battelle; Don Foster, staff.

12:30 - 1:30

LUNCH

1:30 - 3:00

ADOPTED OFFICE PROGRAM GUIDELINES

Don Foster, staff.

3:00 - 4:00

GOALS AND OBJECTIVES OF INDIVIDUAL
OFFICES

Nathaniel E. Kossack, Don Foster, and
Ted Wieseman, staff.

THURSDAY, OCTOBER 3

8:30 - 12:00

ROUND TABLE DISCUSSION

12:00

ADJOURNMENT

Unit Chief Quarterly Conference at Denver, Colorado
January 21-23, 1975

TUESDAY, JANUARY 21

8:30 - 12:00

ROUND TABLE DISCUSSION

12:00 - 2:00

WELCOMING ADDRESS AND LUNCHEON

2:00 - 4:15

GOLD AND SILVER FRAUDS

Jack Williams and Sue Lynch,
unit chiefs; Mark Richards,
U.S. Department of Justice.

4:15 - 5:00

FEDERAL - STATE COOPERATION

Gale Gotschall, FTC; Mark Richards,
U.S. Department of Justice; and
Betty Bay, Office of Consumer
Affairs, H.E.W.

WEDNESDAY, JANUARY 22

8:30 - 11:00

OFFICE MANAGEMENT AND PROCEDURES

Jim Lorenz and Gene Anderson,
unit chiefs.

11:00 - 11:30

EXPECTATIONS OF THE EVALUATOR FOR
SECOND YEAR OF PROJECT

Battelle personnel.

11:30 - 12:00

CRITIQUE OF EVALUATOR'S CONTRIBUTION

Open discussion to attendees.

12:00 - 1:30

LUNCH

1:30 - 3:00

MEDICAL INSURANCE FRAUD

Barry Sax, Assistant District Attorney,
Los Angeles, California.

3:15 - 4:45

SMALL BUSINESS INVESTMENT FRAUDS

Dennis Green, Jeff Marschner, assistant
district attorneys; Don Foster, staff.

THURSDAY, JANUARY 23

8:30 - 12:00

ROUND TABLE DISCUSSION

12:00

ADJOURNMENT

Unit Chief Quarterly Conference at Stateline, Nevada

April 28-30, 1975

MONDAY, APRIL 28

8:30 - 12:00

ROUND TABLE DISCUSSION--CLOSED TO PUBLIC

12:00 - 2:00

LUNCHEON AND WELCOMING REMARKS

2:00 - 2:30

NURSING HOMES, A PROPOSED
COORDINATED INVESTIGATION
Robert F. Leonard, Chairman,
Economic Crime Committee.

2:30 - 5:00

CIVIL REMEDIES AS AN ALTERNATIVE
APPROACH
Gordon Bowley, Assistant District
Attorney, Sacramento, California, and
Sheldon Gardner, Assistant District
Attorney, Chicago, Illinois.

TUESDAY, APRIL 29

9:00 - 12:00

and

1:30 - 4:30

ORGANIZED CRIME AND FRAUD PANEL
PRESENTATION

Moderator, Nathaniel E. Kossack, staff;

"History and Development of Organized
Crime Families", Ed Rappaport,
Assistant District Attorney,
Brooklyn;

"Organized Crime--Current Activities and
Indicators", Stephen Taub, Unit Chief,
Brooklyn;

"Organized Crime, Corruption and
Fraud in the Midwest", Nick Iavorone,
Assistant District Attorney,
Chicago;

"Non-Traditional Approaches to
Organized Crime", Ted Wieseman, staff;

"A Subculture of Professional Criminals
and a Bank Fraud in San Diego",
Robert O'Neill, Assistant District
Attorney, San Diego; and

"The Role of Criminal Subcultures in
Fraud and Corruption", Robert Ogren,
Unit Chief, Washington, D.C.

WEDNESDAY, APRIL 30

8:30 - 12:00

ROUND TABLE DISCUSSION

12:00

ADJOURNMENT

Unit Chief Quarterly Conference at Wichita, Kansas
June 24-26, 1975

MONDAY, JUNE 23

Arrival and Registration of
Conference Participants and Guests.

TUESDAY, JUNE 24

8:30 - 12:00

ROUND TABLE DISCUSSION

12:00 - 2:00

LUNCHEON AND WELCOMING REMARKS

2:00 - 5:00

PROSECUTION UNDER STATE SECURITIES LAW
Frank A. Ray, Unit Chief, and
George Ellis, Assistant Prosecuting
Attorney, Columbus; Michael Cohen,
Assistant Prosecuting Attorney,
Seattle; and Robert Ryan, S.E.C.,
Washington, D.C.

WEDNESDAY, JUNE 25

9:00 - 12:00

ANTI-TRUST CASE DEVELOPMENT
Michael L. Zaleski, Assistant
Attorney General, Madison, Wisconsin;
Thomas Howard, U.S. Department
of Justice, Anti-trust Division,
Chicago, Illinois

12:15 - 1:30

LUNCHEON

1:30 - 2:45

THE COMPUTER AND THE PROSECUTOR
Paul Perito, Perito, Rose and Duark,
Washington, D.C.; and Mahlon
Frankhauser, Kirkland, Ellis and
Rowe, Washington, D.C.; and
Nathaniel E. Kossack, staff.

3:10 - 4:30

PUBLIC AWARENESS AND OUTREACH

Michael Schneider, Unit Chief,
Houston; Arthur DelNegro, Unit Chief,
Westchester County; George Monaco,
Unit Chief, Chicago; Jack Williams,
Unit Chief, Wichita; William Coates,
Unit Chief, Olathe; and Pamela
Larratt, staff.

THURSDAY, JUNE 26

8:30 - 12:00

ROUNDTABLE DISCUSSION

12:00

ADJOURNMENT

END