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**FOR IMMEDIATE RELEASE
JANUARY 30, 2008**

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**U.S. ATTORNEY'S ASSET FORFEITURE UNIT
SETS \$1.1 BILLION RECORD**

The Asset Forfeiture Unit of the United States Attorney's Office for the Southern District of New York has forfeited or reached agreements to forfeit more than \$1.1 billion in calendar year 2007. The forfeitures stem from a variety of cases prosecuted by the Office, from corporate fraud cases to cases concerning public corruption, fraud in the United Nations Oil-for-Food program, international narcotics trafficking, art and antiquities thefts, and internet gambling.

The Department of Justice uses the fiscal year to track forfeitures, and the Office's forfeitures also exceeded \$1.1 billion for the 2007 fiscal year ("FY07"), which runs from October 1, 2006, to October 1, 2007. The Office collected approximately \$717.8 million and reached agreements to forfeit an additional \$450 million, bringing the Office's forfeiture total in FY 2007 to over \$1.1 billion.

For the third consecutive fiscal year, the United States Attorney's Office for the Southern District of New York has led the nation in deposits to the Government's various Asset Forfeiture Funds. In FY07, the nationwide total of deposits into the Asset Forfeiture Funds was approximately \$1.3 billion, with the forfeited assets collected by the United States Attorney's Office for the Southern District of New York -- \$717.8 million -- comprising 55% of the national total. The top districts and totals are as follows:

Top Districts for Asset Forfeiture in FY07

District	Amount Deposited into the AFFs
Southern District of New York	\$717.8M
Western District of Virginia	\$183.6M
Eastern District of New York	\$49.2M
Southern District of Florida	\$37.5M
Southern District of Texas	\$29.2M
District of Connecticut	\$19.7M
District of New Jersey	\$17.5M
District of Maryland	\$15.8M
Southern District of California	\$15.6M
Central District of California	\$15.3M

Recent highlights of the Office's asset forfeiture program appear below.

Corporate Fraud Cases

Together, the Office's Securities and Commodities Fraud Unit and the Asset Forfeiture Unit have advanced the innovative use of forfeiture laws to locate, seize, and forfeit crime proceeds in order to restore them to victims.

This was done in several high-profile corporate fraud cases, including the Adelpia, Refco, and Bayou prosecutions. In those cases, this Office obtained three of the largest forfeitures in Department of Justice history, totaling in excess of \$1.3 billion to date, with the goal of using the forfeited funds to provide restitution to victims. Each case required the resolution of complex issues arising from third-party claims to the properties and from competing parallel proceedings, including bankruptcies, class actions and creditor lawsuits. As a result of the Office's work on these cases, Assistant United States Attorneys ("AUSAs") from this Office received the Attorney General's John Marshall Award for Outstanding Legal Achievement for Asset Forfeiture at the Attorney General's Award ceremony on October 2, 2007. AUSAs in the Southern District of New York have received the award a record six out of the last seven years.

AremisSoft

In this securities fraud case, this Office seized, forfeited and ultimately repatriated to the United States for restoration to victims approximately \$200 million that had been secreted in accounts in the Isle of Man. In 2006, three AUSAs from this Office were awarded the Attorney General's John Marshall Award for Outstanding Legal Achievement for Asset Forfeiture for their participation in these forfeiture proceedings. This Office has taken the novel approach of initiating, in 2007, civil money laundering actions against two international banks, Lloyds and Bank of Cyprus, which are alleged to have aided a fugitive defendant in the laundering of the proceeds of the AremisSoft securities fraud.

Adelphia

Following the securities fraud convictions of two former executives of Adelphia Communications, JOHN and TIMOTHY RIGAS, this Office negotiated a record-breaking settlement that resolved the Government's forfeiture claims against the RIGASES, potential claims to the property by other members of the RIGAS family, and potential criminal and civil claims against Adelphia. This settlement resulted in the creation of a \$715 million fund in 2007 to be used to compensate defrauded investors. Because the defrauded Adelphia shareholders could number in the tens of thousands, this Office retained a Special Master to identify and notify potential victims and oversee a fair and equitable return of the forfeited funds pursuant to the federal regulations governing the remission of forfeited property to crime victims.

Refco

This Office successfully seized and restrained over \$100 million in 2007 in connection with the fraud at Refco, a large, Manhattan-based financial services company that offered securities, derivatives and commodities brokerage services to investors. In a civil action arising out of a non-prosecution agreement with the Austrian bank, BAWAG, related to the Refco case, BAWAG forfeited more than \$437 million to compensate the victims of the Refco fraud.

Bayou Funds

The Asset Forfeiture Unit resolved novel forfeiture issues arising from the implosion, in August 2005, of the Connecticut and Westchester County, New York-based hedge funds known as the Bayou Funds. In 2007, \$112 million was forfeited from three criminal defendants, who have pleaded guilty, and will be applied to the restitution orders entered in the criminal case pursuant to the Department of Justice's restoration policy. This Office has worked extensively with attorneys who have filed a host of

related civil actions, including bankruptcy proceedings and a shareholder class action suit, in order to reasonably assure that their efforts to recover assets on behalf of the investors are coordinated with the Government's efforts in that regard.

Internet Gambling

In 2007, NETeller PLC -- an internet payment business based in the Isle of Man and traded on the Alternative Investment Market of the London Stock Exchange -- admitted to criminal wrongdoing, and agreed to forfeit \$136 million in proceeds as part of an agreement to defer prosecution of the company for gambling violations. In addition, the founder and former President of NETeller both pleaded guilty in 2007, to charges that they conspired to promote illegal internet gambling by providing payment services in the United States to offshore internet gambling businesses, and agreed to jointly forfeit an additional \$100 million in proceeds.

Public Corruption

The Asset Forfeiture Unit works closely with the Public Corruption Unit to ensure that state, municipal and public officials who commit crimes are forced to disgorge their ill-gotten gains and compensate victims for their losses by forfeiting their money and property.

Norman Hsu

The Asset Forfeiture Unit has been working to recover money for the victims of NORMAN HSU, who was charged in 2007 with allegedly defrauding the investors in his fraudulent Ponzi scheme of more than \$60 million, and illegally pressuring certain investors into donating money to candidates for public office. The Office has already located and recovered approximately \$4 million and continues actively to seek further fraud proceeds.

Judith Leekin

LEEKIN was arrested in 2007 by state law enforcement in Florida and charged with the abuse of several children she had adopted in the state of New York. After the investigation revealed that LEEKIN received millions of dollars in subsidies from New York State to care for the adopted children, and that LEEKIN used the money to support a lavish lifestyle while the children were neglected and kept in abysmal conditions, this Office filed a civil forfeiture action in 2007, to recover the homes in Florida purchased by LEEKIN with the proceeds of her fraud. The Office

is also working to locate and seize other assets LEEKIN purchased with the fraud proceeds.

Oil-for-Food Program

The Office has brought several cases relating to corruption in the United Nations' Oil-for-food program. The program was designed to permit oil revenues to be used for humanitarian purposes to benefit the Iraqi people, notwithstanding international sanctions against Saddam Hussein's regime, but the regime, through a secretly implemented system of "surcharges" that had to be paid to the regime in exchange for oil allocations, instead enriched itself. In 2007, this Office forfeited or reached agreements to forfeit approximately \$47 million related to Oil-for-food cases, and is seeking to have the forfeited funds be provided to the Development fund for Iraq, as representative of the Iraqi people.

International Narcotics Trafficking

AUSAs in the Asset Forfeiture Unit have worked closely with the Office's International Narcotics Trafficking Unit to seize and forfeit millions of dollars in drug proceeds as part of the Office's effort to dismantle international narcotics and money-laundering organizations.

Avianca

In a novel approach to the persistent problem of narcotics importation, this Office employed the forfeiture laws in a 2004 suit against a major Colombian airline, Avianca, based on the repeated smuggling of narcotics into the United States on Avianca airplanes. The Office brokered a settlement which required Avianca to take actions, including the retention of a private monitor through 2007, to improve the airline's performance in preventing the transport of narcotics, explosives, and other dangerous contraband. Avianca has instituted new screening and security procedures to prevent the transportation of contraband.

Operation White Dollar and other BMPE Cases

Operation White Dollar was a two-year, joint U.S., U.K., Colombian, and Canadian investigation that resulted in the coordinated dismantling of a 30-member Colombian money-laundering organization and the forfeiture of more than \$20 million in money-laundering proceeds. The investigation targeted the users of the Black Market Peso Exchange System ("BMPE"), through which Columbian-based narcotics traffickers launder their U.S. acquired

narcotics proceeds. The BMPE operates as follows: In Columbia, narcotics traffickers who have U.S. currency from narcotics sales contact a Columbian peso broker. The peso broker exchanges Columbian pesos he controls in Columbia for cash narcotics proceeds the trafficker controls in the United States. A two-stage exchange is arranged: in the U.S., the peso broker's representatives pick up the narcotics proceeds from the trafficker's representatives; in Columbia, the peso broker pays the trafficker the corresponding amount in pesos (less the broker's commission). The BMPE system is used by Columbians to obtain a better exchange rate than the banks provide, to avoid the Columbian currency transaction reporting requirements, and/or to avoid paying certain Columbian import and exchange tariffs. In Operation White Dollar, narcotics proceeds were forfeited by seizing the accounts of Columbian businessmen who had received currency deposits from the peso brokers. One of the accounts seized belonged to a prominent Colombian industrialist named JOSE DOUER-AMBAR. In connection with a deferred prosecution agreement and the settlement of a civil asset forfeiture action, DOUER agreed to forfeit \$20 million. In related cases and investigations in 2007, the Office forfeited additional narcotics proceeds laundered through the Columbian BMPE.

Consuelo Marquez

As part of the prosecution of CONSUELO MARQUEZ, the Office forfeited, in 2004 and 2007, more than \$18 million in narcotics proceeds in five brokerage accounts. MARQUEZ worked as an investment representative for Lehman Brothers and managed accounts owned by MARIO ERNESTO VILLANUEVA MADRID, then-governor of Quintana Roo, Mexico. While governor, VILLANUEVA MADRID allegedly received millions of dollars in narcotics proceeds from a Mexican cocaine cartel, in exchange for which he provided Quintana Roo police and other resources to the cartel to protect and transport the cocaine. With the assistance of MARQUEZ, VILLANUEVA MADRID established numerous brokerage accounts at Lehman in the name of British Virgin Island shell corporations and deposited millions of dollars in narcotics proceeds into those accounts.

Art and Antiquities Cases

In addition to the Office's use of the forfeiture laws to recover money, the Office has made pioneering use of federal forfeiture laws to recover and return stolen art and cultural heritage property. (The value of such recoveries is not included in the \$1.1 billion totals described above.) The Office has handled a number of noteworthy art and antiquities forfeitures, including the 2007 forfeiture of an Egyptian Alabaster Offering

Vessel which dated to the Old Kingdom, Dynasty IV-VIII, 2575-2134 B.C. which had been stolen from Egypt and smuggled into the United States; arrangements are being made to return the vessel to Egypt. Other notable examples from past years include: a painting by Lavinia Fontana and another by Anton Graff, returned to Switzerland; a stolen Etruscan bronze statue, dated circa 490 B.C., returned to Switzerland; an antique gold platter (phiale) dated circa 450 B.C., returned to Italy; a rare manuscript, returned to Mexico; and a medieval carved wood panel, originally inside the historic Great Mosque in Dvrigi, returned to Turkey.

In an ongoing case that has garnered international attention, this Office has used forfeiture laws to uphold the rights of Jewish victims to reclaim art stolen during the Holocaust era. The pending civil forfeiture action, *United States v. Portrait of Wally*, involves a renowned painting by Austrian impressionist Egon Schiele currently valued at \$20 million. The lawsuit alleges that the painting was stolen by the Nazis from a Viennese Jewish woman, Leah Bondi Jaray, and was acquired by an Austrian collector, who knew it was stolen, in 1950. In 1997, the painting was imported into the United States for exhibition at the Museum of Modern Art, and this Office thereafter initiated a civil forfeiture action with a view towards returning the painting to the heirs of Mrs. Jaray. The case has been in litigation since 1999. Following the institution of the case, the Austrian government enacted legislation which opened government archives so Holocaust victims could gather information on their property, as well as legislation which allowed numerous Holocaust victims to recover their stolen property.