
VI. Core Function: Protection of the Federal Judiciary and Improvement of the Justice System

The Department of Justice has significant responsibility for ensuring the effective, efficient, and secure operation of the Federal justice system. It fulfills this important role by protecting the Federal judiciary, promoting the participation of victims and witnesses in the Federal criminal justice system, and protecting and preserving the integrity of the bankruptcy system.

Goal 6.1: Protect the Federal Judiciary and Ensure the Safe and Secure Operation of the Federal Court System.

Protecting the Federal judiciary is the primary mission of the USMS, which ensures that all Federal court proceedings take place free from intimidation or fear of violence. In 1998, the USMS continued to provide high levels of security in the Federal judiciary environment, giving priority attention to identifying and investigating threats and preventing and eliminating assaults on judicial personnel, witnesses, and victims. The USMS also made thousands of fugitive arrests this past year.

Protecting Participants in Federal Court Proceedings

During 1998, Deputy U.S. Marshals provided protective services to 178 members of the judiciary, security services to 152 judicial conferences, and personnel and additional security measures for 184 trials. It also evaluated 688 threats against the judiciary. Along with protecting the judiciary, the USMS is charged with arresting wanted fugitives. Deputy U.S. Marshals arrested more than 15,187 state and local fugitives during special task force operations conducted throughout the United States and Puerto Rico, closing 6 of the "15 Most Wanted" fugitive cases.

U.S. Marshals Make Fugitive Arrests

In 1998, the USMS made 16,430 Class I fugitive arrests and 5,832 Class II felony arrests. Deputy U.S. Marshals arrested more than 15,187 state and local fugitives during special task force operations conducted throughout the United States and Puerto Rico. Six of the "15 Most Wanted" fugitive cases were closed by arrest.

The USMS must also protect inmates from potential harm. In several high-profile cases, USMS provided heightened security, as in the case of a former CIA employee who was accused of espionage activities in *U.S. v. Groat, Eastern District of Virginia*. Similarly, the USMS made extensive commitments of both manpower and technical resources in the domestic terrorism trials of *U.S. v. Kaczynski*, *U.S. v. Nichols*, and *U.S. v. Fortier*, and in the international terrorism trials of *U.S. v. Salameh, et al.*, *U.S. v. Yousef*, and *U.S. v. El Hage, et. al.* The USMS Training Academy also trained 330 court security officers to bolster the security of the Federal courts.

Goal 6.2: Promote the Participation of Victims and Witnesses in the Federal Criminal Justice System.

BOP has initiated pilot victim awareness projects at Comprehensive Sanctions Centers in Baltimore, Maryland, and Florida. These programs use a variety of techniques, including panels of crime victims, to help offenders understand the enormous impact that crime has on individual victims and the community at large.

The U.S. Parole Commission has developed a new victim coordinator position for DC victims of crime. Victims may attend parole hearings and provide input, if desired, or may visit with the victim coordinator prior to the hearing and make a statement relative to the offender. USPC is developing a program by which the victim may watch a DC parole hearing by videoconference.

USPC completed the second year of an OVC grant to provide improved services to victims and witnesses involved in crimes committed by alleged parole violators. In these cases, the victims are personally contacted on several occasions in preparation for the hearing, and subpoenas are provided by mail rather than served by U.S. Marshals, to make the procedure more "victim friendly." Victims are notified of the results of the hearing and can be added to the BOP's Victim/Witness Program, if requested.

Goal 6.3: Protect and Preserve the Integrity of the Bankruptcy System, Maximize the Dollar Return to Creditors, and Monitor the Cost of Bankruptcy Administration.

The duties of the Department's U.S. Trustee Program include monitoring professionals employed in bankruptcy cases to ensure that they fully disclose conflicts of interest and that they represent

the bankruptcy estate in a cost-effective manner. This year, the Department prevailed in several high-profile cases in which major law firms were required to return or reduce their fees because they failed to inform the bankruptcy court of actual or potential conflicts in legal representation, as required under the Bankruptcy Code.

- In December 1997, a New York law firm entered a settlement with the Department in which the firm agreed to disgorge \$1.8 million in legal fees it received from representing a Chapter 11 debtor. The firm admitted its failure to inform the bankruptcy judge that it had represented both the debtor and the debtor's primary secured creditor.
- In March 1998, the bankruptcy court for the Southern District of New York, upholding the Department's objections, denied more than \$2.4 million in attorneys' fees and costs requested by a New York law firm because of conflicts of interest in its representation of a Chapter 11 trustee. Further, the court sanctioned the Chapter 11 trustee \$50,000 for failing to disclose certain of the law firm's potential conflicts of interest.

Curbing fraud by bankruptcy debtors is another important priority of the Department's U.S. Trustee Program. Left unchecked, debtor fraud not only diverts monies rightfully owed to creditors, but also undermines public confidence in the integrity of the bankruptcy system. U.S. Trustees regularly work with bankruptcy fraud task forces, comprised of representatives from Federal, state, and local law enforcement agencies, to identify and refer cases of suspected bankruptcy fraud for prosecution by U.S. Attorneys.

In one case, a joint effort by the U.S. Trustees, the FBI, the U.S. Attorney's Office, IRS, and DOD led to the convictions of two Florida brothers for government contract and bankruptcy fraud. The brothers falsified documents to induce DOD to make payments on a government contract awarded to their company; they subsequently placed that company in bankruptcy and converted its estate assets to their own use. They were ordered to pay approximately \$5 million in restitution and were sentenced to 48 months in prison and 29 months in prison, respectively, followed by a 3-year probation.

The Department's U.S. Trustee Program also pursues wrongdoers who unlawfully use the bankruptcy system to prey upon financially distressed families through operations like bankruptcy foreclosure scams. A Los Angeles man was sentenced in August 1998 to 71 months in prison—apparently a record for bankruptcy fraud—and ordered to pay more than \$72,000 in restitution for masterminding a scam in which he contacted homeowners facing foreclosure and solicited a fee to “help” them keep their homes. Over several years, he filed more than 200 involuntary bankruptcy petitions against the homeowners. The filings temporarily halted foreclosure, but many homeowners ultimately lost their homes.

Abuse by creditors is another source of harm to the bankruptcy system. The Department's investigations showed widespread abuses by a number of nationwide retailers, which were improperly collecting payments from bankruptcy debtors who had already discharged their debts. The Department played a key role in obtaining settlements from Federated Department Stores, Inc., General Electric Capital Corporation, May Department Stores Company, and Circuit City Stores Inc., resulting in 1998 fines and penalties of nearly \$50 million, full restitution plus interest for affected consumers, and injunctive relief designed to protect consumers in the future.

Management Challenge: Bankruptcy Enforcement

Enforcement of bankruptcy laws and protection of bankrupt assets does not involve a large amount of Federal funds, but it does involve the protection of private personal and corporate assets. Protecting this program from waste, fraud, and abuse has been a material issue for several years. The Department has consistently improved the work of bankruptcy trustees over the past several years. During 1998, new policies, procedures, and standards and improved oversight were major improvements that will become part of regular operations for Chapter 7, 12, and 13 trustees by the end of March 2000.