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TENNESSEE-BASED NATIONAL HEALTHCARE CORPORATION
SETTLES MEDICARE FRAUD CASE FOR \$27 MILLION

WASHINGTON, DC - National Healthcare Corporation (NHC) will pay the United States \$27 million to resolve allegations under the False Claims Act that the company submitted falsely inflated reports to Medicare, the Justice Department announced today. The government alleged that beginning in 1991 the company submitted nursing home cost reports that falsely claimed that facility staff members spent more time caring for Medicare patients than they actually did in order to collect additional money from the federal health care program.

The complaint against NHC alleges that the company submitted cost reports that included false claims for reimbursement. NHC, headquartered in Murfreesboro, Tennessee, owns, leases or provides services to 105 nursing homes nationwide.

"Today's settlement by the Justice Department demonstrates the government's determination to combat health care fraud by providers," said David W. Ogden, Assistant Attorney General of the Department of Justice's Civil Division.

The complaint alleges that the cost reports overstated the number of hours that the nursing staff spent taking care of Medicare patients. The hours submitted on the cost reports were contradicted by the nursing staff's time records. The lawsuit also alleges that certain personnel at some nursing homes were billed as performing therapy on Medicare patients when they did not do that type of work. By billing these employees as performing therapy, the homes received additional payments from Medicare.

"Our Office will continue to aggressively address false statements made by providers, which adversely affect our nation's federal health care programs," added Donna A. Bucella, the United States Attorney for the Middle District of Florida.

The suit was initially brought in 1996 by Philip Charles Braeuning, a former nursing home administrator at Palm Gardens of Orlando, a facility then-managed by NHC. The United States intervened in the suit on March 18, 1997. Under the False Claims Act, those who file false claims against the federal government may be subject to three times the damages caused and penalties of \$5,000 to \$10,000 per violation. Under certain circumstances, the whistleblower is entitled to a portion of the government's recovery. The United States has agreed to pay Mr. Braeuning 20 percent of the settlement, as it is collected.

As a condition of the settlement of this case, NHC entered into a Corporate Integrity Agreement with the Office of Inspector General of the United States Department of Health and Human Services.

"This settlement reflects our determination to hold accountable dishonest providers and to recover every dollar owed Medicare," said June Gibbs Brown, Inspector General for the Department of Health and Human Services. "The message should be clear that we will not tolerate the misuse of our nation's scarce health resources."

The case has been investigated by the Office of Inspector General of the Department of Health and Human Services. Audit assistance was provided by the Office of Audit Services of the Office of Inspector General of the Department of Health and Human Services.

The lawsuit is filed in the Middle District of Florida as United States ex rel. Braeuning v. National Healthcare, Limited Partnership, et al., No. 97-2715.

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FOR IMMEDIATE RELEASE

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THURSDAY, DECEMBER 14, 2000

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HCA - THE HEALTH CARE COMPANY & SUBSIDIARIES
TO PAY \$840 MILLION IN CRIMINAL FINES
AND CIVIL DAMAGES AND PENALTIES

Largest Government Fraud Settlement
in U.S. History

WASHINGTON, D.C. - HCA-The Healthcare Company (formerly known as Columbia-HCA), the largest for-profit hospital chain in the United States, has agreed to plead guilty to criminal conduct and pay more than \$840 million in criminal fines, civil penalties and damages for alleged unlawful billing practices, Attorney General Janet Reno announced today.

Today's agreement is the largest government fraud settlement ever reached by the Justice Department.

"Health care fraud impacts every American citizen. When a company defrauds our nation's health care programs, it takes money out of the pockets of the American taxpayers. It is wrong," said Attorney General Reno. "This investigation has been the largest multi-agency investigation of a health care provider ever undertaken by the U.S. and reflects our commitment to vigorously pursuing all types of health care fraud schemes."

Under today's agreement, which is subject to review by the court, HCA will pay a total of \$745 million to resolve five allegations regarding the manner in which it bills the U.S. government and the states for health care costs. The agreement does not resolve allegations that HCA unlawfully charged for the costs of running its hospitals on cost reports submitted to the government, and that it paid kickbacks to physicians to get Medicare and Medicaid patients referred to its facilities.

Of the \$745 million, the settlement requires HCA to pay:

- more than \$95 million to resolve civil claims arising from the company's outpatient laboratory billing practices, which included billing to Medicare, Medicaid, the Defense Department's TRICARE health care program, and the Federal Employees' Health Benefits Program, for lab tests that were not medically necessary, not ordered by physicians, as well as other billing violations;
- more than \$403 million to resolve civil claims arising from "upcoding," where false diagnosis codes were assigned to patient records in order to increase reimbursement to the hospitals by Medicare, Medicaid, TRICARE and the Federal Employees' Health

Benefits Program. The guilty plea includes one count relating to this upcoding practice;

- \$50 million to resolve civil claims that the company illegally claimed non-reimbursable marketing and advertising costs it disguised as community education. Medicare reimburses providers for "community education" - costs to educate the community at large about public health issues - but not for advertising and marketing a hospital's services;
- \$90 million to resolve civil claims that HCA illegally charged Medicare for non-reimbursable costs incurred in the purchase of home health agencies owned by the Olsten Corporation, as well as other agencies in Florida, Georgia and Alabama. According to the government, HCA devised an elaborate scheme to hide these costs in reimbursable "management fees" paid to third parties. In 1999, a subsidiary of Olsten Corporation, Kimberly Quality Care, entered into criminal plea agreements in three districts and paid more than \$10 million in criminal fines. Olsten paid nearly \$41 million as part of a civil settlement arising from its collusion with HCA for that conduct. HCA has now agreed to pay \$90 million to settle this issue, and;
- \$106 million to resolve civil claims for billing Medicare, Medicaid and TRICARE for home health visits for patients who did not qualify to receive them or were not performed and for committing other billing violations.

Many of the civil issues resolved as part of today's agreement arose from lawsuits filed by relators, commonly known as "whistleblowers," under the False Claims Act. This law allows whistleblowers who qualify under the statute to receive up to 25 percent of the settlement recovery in cases the government pursues. Under the civil settlement announced today, whistleblower shares remain undetermined pending further negotiations or court proceedings.

In addition to the civil settlement, two subsidiaries of Tennessee-based HCA, Columbia Homecare Group Inc. and Columbia Management Companies Inc. entered into a criminal plea agreement in which they agreed to pay \$95,336,432 in criminal fines and plead guilty to several charges involving a wide range of criminal conduct which occurred at HCA's hospitals nationwide. The plea agreement and the sentences are subject to the approval of federal courts.

According to the terms of the plea agreement, the companies will plead guilty to charges involving cost report fraud, fraudulent billing of Medicare for personnel who worked at home health agencies and at wound care centers, fraudulent billing to Medicare for patients diagnosed with pneumonia, paying kickbacks and other remuneration to doctors to induce referrals, paying kickbacks in connection with the purchase and sale of home health agencies and fraudulent billing of Medicare for fees paid to manage those agencies. The guilty pleas will be filed in five district courts and, with the courts' permission, consolidated for plea and sentencing in the district courts in the Middle District of Florida and the Western District of Texas (El Paso).

The subsidiaries will plead guilty to the following criminal charges, which will be filed in five District Courts and will be consolidated for sentencing in District Courts in Tampa and El Paso:

Southern District of Florida (Miami) Columbia Homecare Group Inc., a subsidiary of Columbia, will plead guilty to one count of conspiracy to defraud the U.S. and to violate the Medicare Anti-kickback Statute involving its fraudulent business in the purchase and operation of home health agencies and fraudulent billing of Medicare for management and

personnel costs. The criminal fine is \$3.36 million;

Northern District of Georgia (Atlanta) Columbia Homecare Inc. will plead guilty to one count of violating the Medicare Anti-kickback Statute related to purchase of home health agencies. The criminal fine is \$3.36 million;

Department of Justice Criminal Fraud Section Another subsidiary, Columbia Management Companies Inc., will plead guilty to one count of conspiracy to defraud the U.S. and to make and use false writings and documents in connection with its fraudulent "upcoding" of bills to Medicare for patients diagnosed with certain types of pneumonia. The criminal fine is \$27.5 million. This investigation was based in Nashville, Tennessee;

Middle District of Florida (Tampa) Columbia Homecare Group will plead guilty to one count of conspiring to defraud the U.S. and one count of conspiracy to violate the Medicare Anti-kickback Statute in connection with the purchase and operation of home health agencies. The criminal fine is \$8.4 million. Also, Columbia Management Companies will plead guilty to eight counts of making false statements to the U.S. in connection with the submission of false cost reports to Medicare. The fine amount is \$22.6 million; and,

Western District of Texas (El Paso). Columbia Homecare Group will plead to a conspiracy to pay kickbacks and other monetary benefits to doctors in violation of the Medicare Anti-kickback Statute. The criminal fine is \$30,116,592.

Today's plea agreement resolves only corporate criminal liability. The government has the option to investigate and prosecute any individuals as the plea agreement specifically requires the companies to cooperate with the government in ongoing investigations. As a further result of the plea agreement, two subsidiaries will be excluded from participating in the Medicare Program.

In addition to today's agreement, Inspector General June Gibbs Brown announced that HCA is entering into two agreements with HHS - a Corporate Integrity Agreement and a divestiture agreement.

The Corporate Integrity Agreement, which requires the company to engage in significant compliance efforts over the next eight years, calls for the health care company and independent review organizations to conduct audits and reviews of HCA and its hospitals' inpatient coding, laboratory billing, hospital outpatient billing, and financial relationships with physicians.

The agreement also requires HCA to:

- maintain a code of conduct and compliance policies and procedures;
- conduct training of its employees on general compliance matters and substantive federal health care program requirements;
- ensure that certain employees and committees are responsible for compliance at all levels of the organization from the Board of Directors to individual facilities;
- promptly report and pay back all overpayments,
- maintain means for employees and other individuals to report on suspected misconduct; and,
- screen prospective and present employees and contractors to ensure that they are not excluded from federal health care programs.

"This settlement includes an extensive corporate integrity agreement that is intended to ensure HCA's strict compliance with the laws of doing business with the federal health care programs," said HHS Inspector General Brown. "The agreement will be in force for a period of eight years and includes audit and other compliance provisions that are unprecedented in their scope and level of detail."

Throughout the term of the integrity agreement, HCA will be required to report to the Office of the Inspector General at HHS annually and with respect to certain events.

The divestiture agreement will bar any HCA subsidiary that is entering a guilty plea to Medicare-related offenses from participating in Medicare and other federal health care programs. The Inspector General has agreed to delay the exclusion for a limited time to allow the subsidiary to divest itself of the hospital it operates in order to minimize the risk of disruption to patient care.

In exchange, HCA is obligated to take certain measures to ensure that quality services are provided at the hospital and that the new operator is approved by appropriate government agencies prior to divestiture. The agreement provides the OIG with multiple remedies other than exclusion, including financial penalties and the right to appoint a trustee to divest the hospital, if HCA fails to meet the deadlines to divest the facility.

Finally, a state negotiating team appointed by the National Association of Medicaid Fraud Control Units consisting of representatives from Tennessee, Nevada, Washington and Ohio, has reached an agreement in principle with HCA to resolve related issues with affected Medicaid programs. The Medicaid program, which is funded by the federal and state governments, represents approximately \$36.3 million of today's \$745 million settlement; of this, the states will receive about \$13.6 million, representing their share of Medicaid funds. The state negotiating team will send proposed settlement agreements to 33 states and recommend that those states become part of the settlement.

"Today's developments stand as a testament to our success in the fight against health care fraud and abuse," said Attorney General Reno. "Federal health care programs operate on the good faith and honesty of health care providers. The government will not tolerate misuse of the reimbursement systems for financial gain and will hold the responsible parties accountable for their conduct."

The Attorney General was joined in today's announcement of the criminal and civil agreements by Assistant Attorney General David W. Ogden of the Civil Division; Richard Deane, U.S. Attorney in Georgia; Donna Bucella, U.S. Attorney in Tampa; June Gibbs Brown, Inspector General of the Department of Health and Human Services (HHS); Thomas Kubic, Deputy Assistant Director, Criminal Investigative Division of the FBI; Carol Levy, Director of the Defense Criminal Investigative Service and Assistant Inspector General for Investigations of the Department of Defense; Patrick McFarland, Inspector General of the Office of Personnel Management; Dr. James Sears, TRICARE; and Barbara Zelner, Counsel to the National Association of Medicaid Fraud Control Units.

The Attorney General recognizes the prosecutors in the following divisions and districts that assisted in bringing this case to a successful resolution: Department of Justice, Civil Division, Commercial Litigation Branch, Fraud Section; Department of Justice, Criminal Division, Fraud Section; Middle District of Alabama; Eastern District of Arkansas; Western District of Arkansas; Central District of California; District of Colorado; District of Columbia; Middle District of Florida; Southern District of Florida; Middle District of Georgia; Northern District of Georgia; Northern District of Illinois; District of Kansas; Eastern District of Kentucky; Eastern District of Louisiana; Middle District of

Louisiana; Western District of Louisiana; District of Massachusetts; District of Nevada; District of New Hampshire; Eastern District of North Carolina; Western District of North Carolina; Northern District of Ohio; Northern District of Oklahoma; Eastern District of Pennsylvania; District of South Carolina; Eastern District of Tennessee; Middle District of Tennessee; Eastern District of Texas; Northern District of Texas; Southern District of Texas Western District of Texas; District of Utah; Eastern District of Virginia; Western District of Virginia; and District of Wyoming. She also wishes to acknowledge the extensive assistance provided by agents, investigators, and auditors for the Federal Bureau of Investigation, the HHS Office of the Inspector General, the Health Care Financing Administration, the Defense Criminal Investigative Service, the Office of Personnel Management Inspector General, and State Medicaid Fraud Control Units.

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THURSDAY, NOVEMBER 2, 2000

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JUSTICE RECOVERS RECORD \$1.5 BILLION IN FRAUD PAYMENTS
HIGHEST EVER FOR ONE YEAR PERIOD

WASHINGTON, D.C. - The United States collected a record \$1.5 billion in civil fraud recoveries during the past fiscal year - an increase of almost 50% above the largest previous annual recovery in 1997, Attorney General Janet Reno announced today.

"This new record demonstrates the Department's continued commitment to ensure the proper use of taxpayer monies," said Attorney General Reno. "The Department will continue to pursue those who seek to defraud the United States, whether by providing defective products, billing for services that were not provided or otherwise misusing public funds for private gain."

Approximately \$1.2 billion of the Department's settlements and judgments occurred in connection with cases filed under the federal whistleblower statute, which allows individuals who disclose fraud to share in the government's recovery. To date, payments to whistleblowers for the past fiscal year (October 1, 1999 - September 30, 2000) have totaled approximately \$173 million.

Health care fraud cases once again topped the list of annual recoveries, totaling more than \$640 million. This amount included the largest civil fraud recovery ever - a \$385 million settlement with Fresenius Medical Care to resolve sweeping allegations of wrongdoing by its kidney dialysis subsidiary. The Department also recovered \$170 million from Beverly Enterprises, Inc., the largest nursing home operator in the United States, for alleged false billings to Medicare involving over 400 nursing homes around the country.

"Health care fraud imposes enormous costs on American taxpayers and decreases the quality of care provided to patients," said Assistant Attorney General David W. Ogden of the Department's Civil Division. "Although the vast majority of health care providers are honest and provide the highest standard of care, stopping those who prey on the health care system remains one of the Department's top law enforcement priorities."

After health care, the largest category of fraud recoveries involved the production of oil and other minerals from public lands. The Department recovered more than \$230 million from companies alleged to have underpaid royalties on such production, including \$95 million from Chevron, \$56 million from Shell, \$32 million from BP Amoco, \$26 million from Conoco and \$11.9 million from Devon Energy.

The Department's recoveries also included over \$140 million in settlements with twenty-five brokerage firms. These companies allegedly sold open market securities with artificially low yields to municipalities refunding tax-exempt bonds, thereby reducing the municipalities' purchase of special low-interest Treasury bonds. Defense procurement fraud accounted for another \$100 million in recoveries, including up to \$54 million from the Boeing Corporation to resolve allegations that it placed defective transmission gears in army Chinook helicopters.

The Department's record level of recoveries for fiscal year 2000 also included the following:

- \$74 million from Anthem Blue Cross and Blue Shield, formerly the Medicare Part A intermediary for Connecticut, to resolve claims that it underreported the total amount of interim payments by hospitals to improve scores on Health Care Financing Administration evaluations;
- \$53 million from Gambro Healthcare Patient Services, Inc. to resolve allegations that it billed Medicare for unnecessary laboratory tests;
- \$35 million from Jacobs Engineering Group in connection with allegations that it improperly charged overhead costs to various government contracts;
- \$33.5 million from Toshiba Corporation to settle claims arising from its sale of defective computer laptops to various federal agencies;
- \$31 million from Community Health Systems for allegedly "upcoding" - the improper assignment of diagnostic codes to hospital inpatient discharges for the purpose of increasing reimbursement amounts to various hospital services; and
- \$16.6 million from two government contractors, CRSS, Inc. and Metcalf & Eddy, for alleged false billings in connection with the construction of an air defense system in Saudi Arabia.

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TUESDAY, OCTOBER 24, 2000

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KERR-MCGEE TO PAY \$13 MILLION TO RESOLVE OIL
ROYALTY CLAIMS MORE THAN \$275 MILLION
PAID TO DATE BY 10 COMPANIES

WASHINGTON, D.C. - Kerr-McGee Corporation has agreed to pay \$13 million to resolve claims under the False Claims Act and administrative claims that the corporation underpaid royalties due for oil produced on federal and Indian leases from 1988 to 1998, the Justice Department announced today.

Federal leases are administered by the Minerals Management Service of the United States Department of the Interior. Each month, Kerr-McGee is required to report the amount and value of oil produced on federal and Indian leases. The oil company pays royalties based upon the value of the oil they report.

"Today's settlement is an example of the Justice Department's determination to insure that the government is compensated for underpayment of oil royalties," said David W. Ogden, Assistant Attorney General for the Civil Division.

The settlement agreements were signed by representatives of several Indian tribes, as well as the federal government and Kerr-McGee. Two relators, J. Benjamin Johnson, Jr., and John Martinek, who had filed a complaint in the United States District Court in Lufkin, Texas against the company on behalf of the United States under the qui tam provisions of the False Claims Act will share in the proceeds of the settlement.

"This settlement brings us one step closer to restoring to the taxpayers and Indian tribes of the United States the money due for production of oil on public lands," said Mike Bradford, U.S. Attorney for the Eastern District of Texas.

Including today's agreement with Kerr-McGee, the Justice Department has reached settlements of more than \$275 million to resolve claims of underpayment of royalties with ten other oil companies. Previously, the Department had reached agreements with Mobil Oil, \$45 million; Oxy USA, Inc., \$7.3 million; Chevron, \$95 million; Conoco, \$26 million; BP Amoco, \$32 million; Texaco, \$43 million; Pennzoil, \$11.9 million; UPRC, \$2.7 million; and Sun Oil Company, \$200,000.

The investigation and settlement were jointly handled by the Office of the United States Attorney for the Eastern District of Texas and the Civil Division of the Department of Justice, with the assistance of the Department of the Interior's Office of Inspector General and the Minerals Management Service.



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THURSDAY, FEBRUARY 24, 2000

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JUSTICE DEPARTMENT RECOVERS OVER \$3 BILLION IN WHISTLEBLOWERS
FALSE CLAIMS ACT AWARDS AND SETTLEMENTS

WASHINGTON, D.C. -- More than \$3 billion has been recovered in civil fraud cases brought under the whistleblower provisions of the False Claims Act, since the law was amended in 1986, the Justice Department announced today. Almost half of the recoveries have come in the last two and a half years. "It took us 12 years -- to the end of fiscal year 1998 -- to recover \$2 billion in civil fraud cases brought under the whistleblower provisions," said Acting Assistant Attorney General David W. Ogden for the Civil Division. "We have reached the \$3 billion mark just 16 months later." Ogden stressed that besides providing monetary recovery, the whistleblower suits have also had a deterrent effect among recipients of federal funds. The False Claims statute allows private persons, known as "relators," to file suit on behalf of the United States alleging that false or fraudulent claims have been submitted to the government. Persons who file *qui tam* suits may recover from 15 to 25 percent of the settlement or judgment if the federal government intervenes in the case, or up to 30 percent if they pursue it on their own. More than 3000 such suits have been filed since 1986. The number of *qui tam* suits filed has risen from 33 per year in the year after 1986 to 483 in the last fiscal year. The whistleblower provisions have yielded recoveries of more than \$3.5 billion to date: \$3.3 billion in cases that the Department of Justice pursued and \$211 million in cases litigated by whistleblowers after the Department of Justice declined to pursue the case. The Department of Justice has paid whistleblowers more than \$550 million as their statutory shares, with additional awards pending. "The False Claims Act's *qui tam* provisions have provided a remarkable return for the taxpayers of this country," said Ogden. "The Department of Justice's recovery of more than \$3.3 billion through whistleblower suits demonstrates that the public-private partnership encouraged by the statute works and is an effective tool in our continuing fight against the fraudulent use of public funds." Among the most recent recoveries are:

- National Medical Care, now also known as Fresenius Medical Care, North America, the largest provider of dialysis services in the United States, agreed to pay \$375 million to resolve *qui tam* allegations that the company submitted false claims for laboratory tests and conspired to pay illegal kickbacks. This is the largest civil recovery in a health care fraud case.
- Beverly Enterprises Inc., the nation's largest operator of nursing homes, agreed to pay \$170 million to settle allegations that it defrauded Medicare by fabricating records to make it appear that

nurses were devoting much more time to Medicare patients than they actually were.

- Olsten Corporation paid \$40.9 million to settle allegations that Olsten and Columbia/HCA had disguised unallowable acquisition costs as allowable management fees when Columbia/HCA acquired home health agencies in several states. Olsten and its subsidiaries had provided management and staffing services for the home health agencies.

While almost half of the *qui tam* filings, and more than half of the *qui tam* recoveries, involve health care fraud, whistleblower suits have alleged fraud against a wide range of federal government agencies. For example:

- Chevron Corporation agreed to pay the U.S. \$86.2 million to resolve whistleblower claims under the False Claims Act that the corporation and affiliated companies underpaid royalties due for oil produced on federal and Indian leases since 1988.
- Mobil Oil Corporation agreed to pay the U.S. \$45 million, and Oxy-USA, Inc. paid \$7.3 million, to resolve similar claims of underpayment of royalties.

Ogden praised the work of Senator Charles Grassley of Iowa and Representative Howard L. Berman of California, who sponsored the 1986 amendments that made it easier for such cases to be filed. He also stressed that the recoveries could not have been achieved without the outstanding and tireless efforts of the attorneys in the Civil Division and the United States Attorneys' offices throughout the country working in cooperation with agency investigators.

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00-079



U.S. Department of Justice
Civil Division

Washington, DC 20530

FOR IMMEDIATE RELEASE

~~DECEMBER 15, 1999~~

DEPARTMENT OF JUSTICE CIVIL FRAUD AND FALSE CLAIMS AWARDS
AND SETTLEMENTS FOR FISCAL YEAR 1999

WASHINGTON, D.C. ❧ The Department of Justice announced today that the Civil Division of the Department of Justice, working together with the United States Attorneys' offices, obtained \$610.9 million in settlements and judgments in civil fraud and false claims cases in fiscal year 1999. These amounts encompass False Claims Act actions brought by the Department of Justice, and qui tam actions that the Department pursued. Whistleblowers obtained judgments and settlements of an additional \$149.6 million in qui tam cases that the Department of Justice declined to pursue, of which \$145.6 million is currently on appeal. The total recovery is an increase of more than \$200 million from last year's civil fraud total.

Health care continued to be a major producer of fraud and false claims recoveries, with about \$427 million in awards and settlements. Cases involving fraud and false claims on the Department of Defense yielded about \$135 million.

David W. Ogden, Acting Assistant Attorney General for the Civil Division, said, "these results show that the Department is succeeding in the battle against fraud, and are proof that we will not tolerate fraud against any government agency." Ogden credited this year's achievements "to the dedicated members of the Civil Division, the U.S. Attorney's Offices, and agency

investigators and audit personnel, as well as to the efforts of private whistleblowers." Mr. Ogden lauded the public-private partnership between the Department of Justice and the private bar in qui tam cases, and said that "the joint efforts by the Department's attorneys and attorneys for whistleblowers have yielded some tremendous successes."

Some of the year's case highlights include:

- Olsten Corporation paid \$49.1 million to settle allegations that Olsten and Columbia/HCA had disguised unallowable acquisition costs as allowable management fees when Columbia/HCA acquired home health agencies in several states. Olsten and its subsidiaries had provided management and staffing services for the home health agencies. The government paid a whistleblower, former Vice-President of Olsten Donald McLendon, \$9.8 million as his statutory share. This case was handled jointly by the Civil Division and the U.S. Attorney's Offices in the Northern District of Georgia and the Eastern District of New York.
- The University of Minnesota paid \$32 million to settle allegations that the University illegally sold an unlicensed drug, antilymphocyte globulin, and failed to report profits from the illegal sales to the National Institutes of Health; that the University had tested the drug on patients without obtaining informed consent; and that it had inflated billings on 29 federal grants. The whistleblower in the case, James Zissler, a professor of microbiology at the University of Minnesota, obtained his statutory share of the

False Claims Act component of the settlement. This case was handled jointly by the Civil Division and the U.S. Attorney's Office in Minnesota.

R.R. Donnelley & Sons paid \$22 million to settle allegations that it had defrauded the U.S. Postal Service by representing that the consumer catalogs and periodicals that it printed qualified for postal discounts. This case was handled primarily by the United States Attorney's Office for the Eastern District of Pennsylvania.

Rocky Mountain Health Care Corp., Blue Cross and Blue Shield of Colorado, and Blue Cross and Blue Shield of New Mexico paid \$14 million to settle allegations that the two Blue Cross and Blue Shield entities had falsified documents and manipulated samples when the government had audited their performance in servicing the Medicare program. The settlement also stipulated that the defendants would forego more than \$3 million in administrative claims against the Health Care Financing Administration.

Easton Hospital, Palm Springs General Hospital, Weiss Memorial Hospital, Sharp Memorial Hospital, and Doctors Hospital of Hyde Park paid a total of \$11.4 million to settle allegations that they had falsified a billing code to obtain increased reimbursement from Medicare for pneumonia patients. The case was jointly handled by the Civil Division and the U.S. Attorney's Office in the Eastern District of Pennsylvania.

- BMY paid \$11 million after the Court of Federal Claims found that it was liable for knowingly failing to inspect howitzer armaments delivered to the Army. BMY had originally sued the United States to recover costs incurred for the inspection of the howitzers, and the United States counterclaimed under the False Claims Act. This case was jointly handled by the Civil Division and the U.S. Attorney's Office in the Middle District of Pennsylvania.
- Aerostructures Corp., a subsidiary of Textron, Inc., paid \$9.8 million to settle allegations that it had failed to report reductions in labor costs for two subcontracts for the production of B-1B bomber wing sets, and had billed the government for inflated labor costs. The government paid the whistleblower who had brought the case, William F. Manier, a retired employee of Aerostructures, \$1.7 million as his statutory share. The Defense Criminal Investigative Service and the Air Force Office of Special Investigations assisted the Department of Justice in this investigation. The case was handled jointly by the Civil Division and the U.S. Attorney's Office in the Middle District of Tennessee.
- Hunt Building Corp. paid \$8 million to settle allegations that it had built defective military housing at Ellsworth Air Force Base. Hunt, the nation's largest builder of military family housing, failed to adhere to applicable building codes and to the contract's quality control program, to the extent that the Air Force ultimately

declared about 500 of the 828 units built to be uninhabitable. Hunt also reimbursed \$804,000 in unpaid rents on uninhabitable units, and made repairs to all units. This case was jointly handled by the Civil Division and the South Dakota U.S. Attorney's Office.



EMBARGOED FOR RELEASE AT 11:30 a.m. EST

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WEDNESDAY, SEPTEMBER 22, 1999

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UNITED STATES SUES CIGARETTE COMPANIES
TO RECOVER FEDERAL HEALTH CARE COSTS

WASHINGTON, D.C. -- The Department of Justice today filed a civil lawsuit against the largest cigarette companies to recover the billions of dollars the federal government spends each year on smoking-related health care costs.

"Each year, American taxpayers spend billions of dollars due to the actions of the cigarette companies. Today's suit seeks to recover those expenses," said Attorney General Janet Reno. "Smoking is the nation's largest preventable cause of death and disease, and American taxpayers should not have to bear the responsibility for the staggering costs."

The complaint, filed today in U.S. District Court in Washington, D.C., alleges that the cigarette companies have conspired since the 1950's to defraud and mislead the American public and to conceal information about the effects of smoking.

The defendants include Philip Morris Inc.; Philip Morris Companies; R.J. Reynolds Tobacco Co.; American Tobacco Co.; Brown & Williamson Tobacco Corp.; British-American Tobacco P.L.C.; British-American Tobacco (Investments) Ltd.; Lorillard Tobacco Co. Inc.; Liggett and Myers Inc.; The Council for Tobacco Research U.S.A. Inc.; and, the Tobacco Institute Inc.

"For more than 45 years, the cigarette companies conducted their business without regard to the truth, the law, or the health of the American people," added Reno. Today's suit relies on three statutes, including the Medical Care Recovery Act, the Medicare Secondary Payer Act, and the civil provisions of the Racketeer Influenced and Corrupt Organizations (RICO) statute. It focuses on the concerted efforts of the defendants to defraud the public, and alleges, among other things, that the defendants:

- made false and misleading statements to create a false controversy about whether smoking causes disease, even though they knew that smoking did cause disease;
- made false promises that they would undertake or sponsor research to determine whether smoking causes disease;
- sponsored research that was designed not to answer the question of whether smoking caused disease, promoted biased research that would assist in defending lawsuits brought by injured smokers, and

suppressed research that suggested that smoking causes disease;

- denied that nicotine was addictive, despite the fact that they knew nicotine was addictive;
- failed to warn consumers about the effects of smoking, including that cigarettes are addictive;
- refrained from developing, testing, and marketing potentially less hazardous products; and,
- denied that they marketed and/or targeted products to children, although they actively sought to capture the youth market.

"Based on internal documents that have been revealed in the last few years, we allege that the cigarette companies knew exactly what they were doing at all times -- that their false and misleading statements would keep people smoking," said David W. Ogden, Acting Assistant Attorney General for the Civil Division. "As we allege in our complaint, even when the truth began coming out, the cigarette companies responded with more fraud and deception."

Today's lawsuit is similar to those filed, and settled, by the states for more than \$200 billion. While the state suits recovered funds paid out under the Medicaid program -- a joint state and federal program -- it did not recover funds paid out under solely federal programs such as Medicare. The federal government spends more than \$20 billion per year to treat smoking-related diseases.

Two of the three statutes cited in the complaint give the U.S. a right to recover costs borne by the federal government from those third parties responsible for the costs in the first place.

Under the Medical Care Recovery Act, the United States has an "independent" right to recover medical costs "[i]n any case in which the United States is authorized or required by law to furnish or pay for hospital, medical, surgical, or dental care and treatment . . . to a person who is injured or suffers a disease, . . . under circumstances creating a tort liability upon some third person."

Under the Medicare Secondary Payer Act, the United States has an independent right to recover Medicare payments from third parties who are required or responsible to pay, including insurers and those who self-insure.

The federal complaint also employs the special authority of the Attorney General to bring civil actions under the RICO statute, to obtain equitable relief, including disgorgement of ill-gotten gains, and to prevent and restrain certain unlawful conduct. The complaint includes more than 100 allegations of mail and wire fraud, including making false and misleading statements to the public and using the mails and wire transmissions to further the defendants' scheme to defraud.

"This lawsuit seeks to remedy the ongoing effects of this conduct and to recover the billions of dollars in health care costs that the federal government has paid because of the unlawful conduct," said Ogden.

The factual and legal basis for the lawsuit filed today was developed by the Justice Department's Tobacco Litigation Team, currently consisting of 16 career Justice Department attorneys. The Litigation Team has been working since early 1999 to develop a plan to recover federal health care costs. The Attorney General determined in December 1998 that the U.S. had viable grounds to pursue recovery from the cigarette companies for health care costs caused by smoking.

There are no pending Criminal Division investigations of the tobacco industry.

Complaint (PDF File) Complaint Appendix (PDF File)

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99-428



FOR IMMEDIATE RELEASE

AG STATEMENT

WEDNESDAY, SEPTEMBER 22, 1999

616-2777

WWW.USDOJ.GOV

TDD (202) 514-1888

STATEMENT BY ATTORNEY GENERAL JANET RENO ON THE FILING AGAINST
THE MAJOR TOBACCO COMPANIES

This morning, the United States filed a lawsuit in federal court in Washington, D.C., against the major cigarette companies. In the complaint, the United States alleges that for the past 45 years, the companies that manufacture and sell tobacco have waged an intentional, coordinated campaign of fraud and deceit. As we allege in the complaint, it has been a campaign designed to preserve their enormous profits whatever the cost -- in human lives, human suffering, and in medical resources. The consequences have been staggering: Each year, 400,000 Americans die from smoking cigarettes. And, as a result, each year the federal government -- alone -- spends more than \$20 billion dollars in taxpayer money just to treat diseases caused by cigarettes.

Last December, after an extensive review by Justice Department lawyers, I concluded there was a sufficient basis to prepare a litigation plan against the major tobacco companies. And for the last months, lawyers on the Justice Department's Tobacco Litigation Team have worked to develop the facts and the law to make a final decision on whether to proceed. Today, we are moving forward.

Today, we filed a lawsuit that seeks to recover from the tobacco companies the billions of dollars that American taxpayers spend each year on smoke-related illnesses.

As millions of cigarette smokers have gone into the hospital for lung cancer or emphysema, the American taxpayer has footed the bill. And over the years, that bill has added up. Today -- on behalf of the taxpayer -- we are asking the tobacco companies to pay their fair share.

The companies named in today's complaint have long dominated the market for cigarettes in the United States. And, over the last five decades, as discussed in the complaint, they have conducted themselves without regard to the truth, without regard to the law, and without regard to the health and life of the American people.

Internal documents that have come to light in recent years demonstrate that the cigarette companies have known more than they let on...

- They knew far better than the rest of us that smoking increases the risk of disease and death;
- They knew that nicotine is extremely addictive,

- They knew that the success of their business depends on inducing new customers -- typically under 18 years of age -- to become hooked on nicotine. That's why they targeted our youth, and that's why every day nearly 3,000 young people take up smoking.

As our complaint also asserts, the cigarette companies realized -- since at least 1953 -- that the truth poses a mortal threat to their businesses. Rather than divulging what they knew to be true, the companies sought to convince the American public of their concern for the public's well-being. As our complaint makes clear, at no time did they honor that commitment. Instead, at every turn, they denied that smoking causes disease and denied that it is addictive. As the complaint alleges, they placed profits above the public health.

Our goals in this lawsuit are simple:

- We want to recover health care expenditures paid out by the federal government to treat tobacco-related illnesses;
- We want to require the tobacco companies to disgorge the funds that they earned through their unlawful conduct;
- We want to require the tobacco companies, once and for all, to disclose all relevant research on smoking and health; and
- We want to engage in counter-advertising and other public education campaigns to better warn our young people about the dangers of smoking.

I pledge today that we will work tirelessly to ensure that justice is done.

I now want to introduce David W. Ogden, Acting Assistant Attorney General for the Civil Division, who will discuss the lawsuit in greater detail.

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99-430



FOR IMMEDIATE RELEASE

CIV

WEDNESDAY, SEPTEMBER 22, 1999

(202) 616-2777

WWW.USDOJ.GOV

TDD (202) 514-1888

STATEMENT BY ASSISTANT ATTORNEY GENERAL DAVID OGDEN ON THE FILING
AGAINST THE MAJOR TOBACCO COMPANIES

"Good morning.

"As the Attorney General has indicated, we allege that four and a half decades of misconduct by the cigarette companies has not only harmed the public health but it has cost the American taxpayer billions of dollars. That is why we are bringing this lawsuit today.

"The misconduct we allege spans more than 45 years.

"Based on internal documents, we allege that the chief executives of the cigarette companies met at the Plaza Hotel in New York City in January 1954 and agreed there to wage a "long-term" public relations campaign based on fraud and deception. We allege that in carrying out that campaign, they pulled no punches. For decades,

"They repeatedly and consistently denied that smoking cigarettes causes disease, despite their knowledge that it does.

"They repeatedly and consistently denied that cigarettes are addictive, even though they have long known and deliberately exploited the addictive properties of nicotine, and

"They repeatedly and consistently stated that they do not market cigarettes to children, despite using marketing strategies that ensure minors continue to serve as their major source of "replacement smokers" -- a phrase actually used by cigarette company officials in their internal memoranda to describe America's youth.

"We allege that the unlawful campaign went further than simple fraud. Under the campaign, we allege that the tobacco companies agreed to assure the public of their concern about issues of smoking and health. And, we allege that as part of that campaign, they promised to conduct independent, objective research to safeguard the public health, and to divulge whatever they learned.

"In fact, however, we allege that they designed a research campaign to ensure that damaging conclusions were not reached and to generate faulty studies to cast doubt on the truth. And when they did not like the conclusions they reached, those conclusions never saw the light of day. Based on their internal documents, we also allege that they agreed not to do research to make cigarettes safer, and not to compete with each other

through safer cigarettes.

"As our complaint alleges, the tobacco companies targeted this campaign at existing smokers -- who they have understood to be addicted to nicotine -- and to young people who are the companies' major source of new smokers. Based on the companies' internal documents, we allege that their goal was to create doubt in the minds of the American public and to maintain an open controversy in public debate. If they could raise false doubt in addicted smokers about the risks of smoking, few would muster the strength to quit. The alleged campaign was very effective, as the death toll and staggering health bills attest.

"Today's suit relies upon three federal statutes. The first statute is the Medical Care Recovery Act or MCRA. MCRA provides that the United States government may sue to recover medical costs when three conditions are met; first, a person is injured or suffers a disease; second, a circumstance exists where a third party is legally responsible for that injury or disease; third, the United States is authorized or required by law to provide or pay for the medical treatment.

"Here, we believe that millions of people have sustained injuries or suffered disease as a result of the unlawful conduct alleged in our suit. And, the United States through many federal programs including Medicare, Defense Department health programs, Veterans' Administration programs, and others, has paid for their medical treatment.

"The secondary payer provisions of the Medicare statute provides a second, independent basis for recovery. Both this statute, and MCRA, give the government a right to seek these funds separate and apart from any claims the individual patients might have. We allege that the tobacco companies violated tort law in several ways, including fraud, failure to warn, product defect, and voluntary undertaking, as well as violating state consumer protection statutes.

"Finally, we also are relying upon the civil provisions of the Racketeer Influenced and Corrupt Organizations statute or RICO. Under RICO, we allege that the tobacco companies committed numerous acts of fraud. As a result, we are seeking remedies including disgorgement of ill-gotten profits, full disclosure of all documents on smoking and health, and funds for public education and smoking cessation campaigns.

"In bringing this action, we owe a major debt to the state attorneys general who brought and pursued similar lawsuits against the tobacco companies -- lawsuits which settled for more than \$200 billion paid out over the next 25 years. Those suits forced the companies to disclose millions of pages of previously secret documents that have revealed the scope of the tobacco companies' misconduct we allege in our complaint. While extremely successful, those lawsuits concerned only Medicaid payments, payments made on behalf of lower income Americans, which are borne both by the states, as well as by the federal government. But those state suits did not seek the billions of dollars the federal government spends on medical programs other than Medicaid. That is what today's suit seeks to do.

"I want to publicly thank, and acknowledge the extraordinary efforts of, our career Justice Department attorneys who have worked since February to put together this case. The lawsuit that we have brought today is the result of their careful review of the facts and their reasoned analysis of the law. I am profoundly grateful for all of their efforts and their assistance, and I believe that, upon the conclusion of this litigation, the American people will owe them a debt of gratitude.

"I would be happy to answer any questions you may have."

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Department of Justice

FOR IMMEDIATE RELEASE
FRIDAY, OCTOBER 23, 1998
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CIV
(202) 616-2765
TDD (202) 514-1888

JUSTICE DEPARTMENT RECOVERS MORE THAN \$2 BILLION IN FALSE CLAIMS ACT AWARDS AND SETTLEMENTS

WASHINGTON, D.C. — The Department of Justice announced today it has recovered more than \$2 billion in civil fraud cases brought under the whistle blower provisions of the False Claims Act, since the Act was amended in 1986. Half of the recoveries have come in the last three years.

"By 1995, we had recovered \$1 billion in civil fraud cases brought under the whistle blower provisions of the False Claims Act," said Frank W. Hunger, Assistant Attorney General for the Civil Division. "Just three years later, those recoveries now exceed \$2 billion."

The False Claims statute allows an individual, known as a "relator," to file suit on behalf of the United States alleging that false or fraudulent claims have been submitted to the government. The United States has a period of time to investigate the allegations to determine whether to take over the suit or to allow the relator to pursue it alone. Persons who file qui tam suits may recover from 15 to 25 percent of the settlement or judgment if the United States litigates the case, or up to 30 percent if they pursue it on their own.

Since the 1986 amendments, the number of qui tam suits filed has risen from 33 in fiscal year 1987, to 534 in fiscal year 1997. More than 2,400 qui tam suits have been filed with more than \$2.249 billion in total recoveries: \$2.189 billion in cases that the government pursued and \$60 million in cases litigated by the relator. Whistle blowers have received about \$300 million, with additional awards pending.

Hunger praised the work of Senator Charles Grassley of Iowa and Representative Howard L. Berman of California, who sponsored the 1986 whistle blower provisions. The provisions, also known as the qui tam amendments to the False Claims Act, significantly strengthened the statute by specifically recognizing and approving the fact that false Medicare, Medicaid and other similar programs claims are held to be within the ambit of the False Claims Act.

"The False Claims Act and its qui tam provisions have provided a remarkable return for the taxpayers of this country," said Hunger. "The recovery of more than \$2 billion demonstrates that the public-private partnership encouraged by the statute works and is an effective tool in our continuing fight against the fraudulent use of public funds."

The qui tam amendments have succeeded in encouraging private citizens to come forward with information about fraud against the federal government," said Hunger.

Among the recoveries contributing to the "second billion" are:

In July, Health Care Service Corporation (HCSC) agreed to pay the United States \$140 million for false claims in connection with its contract with the Department of Health and Human Services to process Medicare claims. HCSC is one of the nation's largest such contractors, known as Medicare carriers.

In 1997, the Department, joined by several state attorney general offices, settled claims against SmithKline Beecham Clinical Laboratories for \$325 million. These claims included three qui tam suits.

In other lab cases, the Justice Department recovered \$113,840,776 against Roche Biomedical Laboratories, and \$80,895,722 against Damon Clinical Laboratories.

Although the majority of qui tam suits involve health care fraud, most notably against Medicare which is administered by HHS, whistle blower suits have involved fraud against a wide range government agencies.

The Justice Department is pursuing a series of qui tam actions on behalf of the Department of Interior against oil companies alleged to have under reported and underpaid royalties for oil produced on Federal and Indian lands. One of the companies, Mobil Oil Corporation, recently agreed to pay the United States \$45 million.

And in a Defense Department qui tam case, Hercules, Inc., has paid the United States \$26,260,000.

"These recoveries could not have been achieved without the outstanding and tireless efforts of the attorneys in the Civil Division and the U.S. Attorneys' offices throughout the country working in cooperation with agency investigators," Hunger stressed.

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98-503



Department of Justice

FOR IMMEDIATE RELEASE
TUESDAY, OCTOBER 11, 1994

CIV
(202) 616-2765
TDD (202) 514-1888

A RECORD ONE BILLION DOLLARS-PLUS IN CIVIL FRAUD AWARDS,
SETTLEMENTS RECOVERED BY THE JUSTICE DEPARTMENT IN FY '94

WASHINGTON, D.C. -- The government obtained a record-breaking \$1.09 billion in civil settlements and judgments in the last fiscal year, the Justice Department announced today.

The amount was almost three times greater than the previous year, which was a record as well.

While recoveries for fraud by military contractors continued to be the biggest item, health care fraud rapidly gained ground as the second largest category. Defense procurement fraud totalled over \$578 million. Health care fraud resulted in the recovery of \$411 million, compared with \$180 million the year before.

"This extraordinary achievement resulted from the dedicated efforts of the Civil Division and the United States Attorneys and their staffs, and investigators, auditors, and federal agency personnel around the country," said Frank W. Hunger, Assistant Attorney General for the Civil Division.

(MORE)

Hunger was joined in the announcement by Christopher Droney, United States Attorney for the District of Connecticut and Chair of the Subcommittee on Civil Issues of the Attorney General's Advisory Committee, whose presence reflected the important work of the United States Attorneys' offices in making the record recovery possible.

"Today's recoveries are the culmination of many months of aggressive investigations and prosecutions of defense contractors, health care providers and others who attempt to cheat the government," said Droney. "The record amount signals that each of the 94 U.S. Attorneys' offices will continue in the pursuit of contractors who do not provide full value on their federal contracts."

Hunger said, "It demonstrates that whether a Fortune 500 defense contractor delivers substandard equipment, or a large health care supplier lies about its costs to obtain inflated federal reimbursement, or a doctor falsifies a diagnosis to get paid by Medicare, or a businessman lies on an application for federal funds, we will seek to recover every dime, and more, on behalf of the taxpayers."

Hunger noted the significant size of many of the recoveries, including a \$324 million settlement with a chain of psychiatric hospitals for overcharging Medicare, Medicaid and other federal health care programs, and recoveries in excess of \$100 million

(MORE)

from two defense contractors, United Technologies and Teledyne Inc.

Hunger said the \$1.09 billion total includes record settlements in qui tam cases filed under the whistleblower provisions of the False Claims Act which allows private citizens to file suit in the name of the government against those who defraud the government and share in any recovery. This year, \$378 million of the total \$1.09 billion recovery was obtained in qui tam cases, more than double the qui tam recoveries in FY '93.

Hunger said the increase in health care fraud recoveries reflected the Administration's emphasis on health care fraud as a top law enforcement priority, as well as the commitment of the Department of Health and Human Services and other federal agencies. Defense procurement fraud spanned a wide range of misbehavior, from the supply of defective military equipment and components and deficiencies in operating defense plants, to systematic mischarging and manipulation of cost accounting practices in order to inflate bills submitted to the government.

It also was noteworthy that civil recoveries have come to exceed the receipt of criminal fines and forfeitures obtained by the United States. The value of forfeitures was approximately \$500 million in the last fiscal year. A total of about \$400 million was collected in criminal fines.

The \$1.09 billion in civil recoveries include:

(MORE)

-- A \$324 million agreement with National Medical Enterprises (NME), a multinational corporation that owns a nationwide chain of psychiatric hospitals, to resolve claims that it systematically over billed Medicare, Medicaid and other federal programs. The alleged fraudulent practices at NME's psychiatric and substance abuse facilities included admitting and treating patients unnecessarily, keeping patients hospitalized longer than was necessary in order to use up the available hospital insurance, billing insurance programs multiple times for the same service, billing insurance programs when no service was actually provided, and billing Medicare for payments made to doctors and others that were intended solely to induce referrals of patients to the facilities. A subsidiary of the company also pleaded guilty to criminal charges involving kickbacks and paid a \$33 million criminal fine, and the company agreed to a groundbreaking corporate integrity program which will provide assurances of future compliance with the law. The civil settlement was the largest civil fraud settlement in Justice Department history.

-- A \$150 million agreement with United Technologies Corporation to settle a qui tam lawsuit filed by a former Vice President of Finance alleging that the company had overstated progress payments submitted by its Sikorsky Aircraft Division, and had misrepresented the facts in reporting the fraud to the government through the Department of Defense's Voluntary

(MORE)

Disclosure Program. The individual who first filed the suit received \$22.5 million, the largest payment to a whistleblower under the qui tam statute to date.

-- A \$112.5 million agreement with Teledyne Inc. to settle two qui tam cases involving Teledyne's former Relays Division and Teledyne Systems Company in which the government had charged the company with fraud in its testing of military components and in its cost accounting practices.

-- An \$82 million settlement with Litton Systems Inc. which resolved a 1988 qui tam lawsuit filed in Los Angeles that accused Litton of defrauding the government by overcharging for computer services.

-- An agreement with the Boeing Company for \$75 million that resolved allegations that the company mischarged millions in independent research and development costs to government contracts, as well as millions in foreign, direct selling costs and hazardous waste disposal costs that should have been borne by Boeing.

-- A \$30.5 million agreement with C.R. Bard, Inc. to settle a case in which the government contended that the company made false statements to the Food and Drug Administration about its heart catheters. Some of the catheters were sold to federally-funded hospitals or billed to Medicare.

-- A settlement with TRW for \$29 million arising from claims that the company fraudulently inflated the price of its

(MORE)

subcontracts for military aircraft engines and tanks in the early 1980s.

-- An agreement for \$25 million with Hughes Danbury Optical Systems and Perkin-Elmer Corporation to settle claims for defects in the primary mirror of the Hubble Space Telescope.

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94-583



Department of Justice

FOR IMMEDIATE RELEASE
WEDNESDAY, DECEMBER 15, 1993

CIV
(202) 514-2007
TDD (202) 514-1888

DEPARTMENT OF JUSTICE OBTAINS CIVIL FRAUD AWARDS,
SETTLEMENTS TOTTALLING \$372 MILLION FOR FISCAL 1993

WASHINGTON, D.C. -- The Department of Justice announced today that the Civil Division, in conjunction with the U.S. Attorneys' offices, obtained more than \$372 million in settlements and judgments in civil fraud cases in the past fiscal year.

Frank W. Hunger, Assistant Attorney General for the Civil Division, said the \$372 million was an increase of approximately \$100 million from the prior fiscal year and brought the Department's civil settlements and judgments for fraud, waste and abuse to more than \$1.6 billion in the past six years.

Hunger said the \$372 million included record settlements in qui tam cases filed under the whistleblower provisions of the False Claims Act, which allow private citizens--known as relators--to file suit in the name of the government and share in any recovery. This year, \$180 million of the total of \$372 million in recoveries was obtained in qui tam cases. Private

(MORE)

parties were paid more than \$38 million for cases resolved this year and in past years.

Some of the highlights of the year included:

Health Care Fraud

Health care fraud produced a significant increase in recoveries this year.

The single largest Medicare recovery in history was the \$100 million settlement with National Health Laboratories Inc. (NHL) which resolved claims that NHL, a major blood testing laboratory in LaJolla, California, defrauded Medicare by manipulating doctors into ordering medically unnecessary tests whenever doctors ordered a basic blood test series. In that qui tam case the relator received \$15 million.

In a related health care qui tam action, Metpath, a division of Corning Lab Services Inc., and Metwest paid a total of \$39.8 million to settle charges similar to those against NHL and brought by the same individual. Another lab, Med-chek Laboratories Inc., paid a \$2.4 million settlement also for conducting unnecessary tests.

In another health care matter, the Medical University of South Carolina paid \$1,078,014 to settle charges that it submitted more than 1,000 false claims for payment to the Department of Defense Civilian Health and Medical Program. \$130,000 of the settlement will be shared with the Medicaid program of the state of South Carolina.

(MORE)

Visual Health and Surgical Center settled allegations that it double billed for some services and over billed for others. The company agreed to pay \$2.5 million.

Defense Recoveries

The Defense Department continued to be the focus of much of the Division's efforts and substantial recoveries were obtained.

Loral Corp. and its subsidiary, Goodyear Aerospace Inc., paid \$9.1 million in addition to an earlier payment of \$2.5 million to settle claims the subsidiary made false statements to the government when negotiating the price of parachutes attached to bombs. Irvin Industries Inc., a competitor, was the relator in that qui tam.

A \$10 million settlement was paid by Teledyne Industries Inc. for allegedly selling electronic aircraft identification systems that failed testing procedures to the Army. A Teledyne subsidiary, Teledyne Controls Inc., also paid a \$2.15 million settlement for its failure to perform proper tests on a variety of military contracts.

A \$7 million agreement was part of a global civil, criminal and administrative resolution that the U.S. Attorney in Buffalo, New York, entered into with Battenfeld Grease and Oil to resolve charges the company supplied used rather than new oil under contracts with the Defense Logistic Agency.

A \$3.3 million settlement resolved claims that General Electric Company failed to disclose required cost and pricing

(MORE)

data in negotiating a government contract and thereby caused the Air Force to overpay for aircraft parts.

A \$3.85 million settlement was reached with Hughes Aircraft for that company's scheme to shift costs from a contract that had reached its limit to a Navy contract for the construction of a radar system. This settlement arose from Hughes disclosure of the wrongdoing to the Department of Defense.

A \$1 million settlement was achieved with a consortium of Japanese construction companies for their bid-rigging actions on contracts at the U.S. Naval Base at Sasebo Japan.

In another false testing case, SPS Technologies Inc. paid \$2.5 million arising from its delivery of aerospace fasteners to the military. This case that was handled with the U.S. Attorney's office in Philadelphia and began with the company's voluntary disclosure.

Other Activities

Other areas of government activity that produced recoveries included First Data Resources payment of \$22 million to settle allegations it failed to provide the U.S. Postal Service with relevant financial data during the price negotiations for additional years on the nine digit ZIP code information retrieval system FDR provide USPS.

Florida Steel Corp. paid \$9 million in settlement of charges that it provided below grade steel in the construction of bridges in Florida that were funded in large part by the Department of Transportation.

(MORE)

Bilfinger and Berger Bauaktiengesellschaft, a German company and its Missouri subsidiary, Fru-Con, paid \$7.5 million to settle allegations they presented false claims to the Agency for International Development for the construction of wastewater facilities in Cairo and Alexandria, Egypt.

Bank of America paid \$6.9 million for the actions of Security Pacific Corporation, which had merged with Bank of America. Security Pacific recorded false information relating to borrowers on applications for loan guarantees submitted to the Department of Veterans Affairs and the Department of Housing and Urban Development.

Two timber firms, Bugaboo Timber Company and Northwest Wood Products Inc., paid \$1.6 million arising out of timber sale contracts with the Department of Agriculture. The government had alleged that the companies undervalued the timber they purchased from the United States.

TRC Companies Inc. paid the government \$2.4 million to settle allegations its wholly owned subsidiary, metaTRACE, submitted false claims to the Environmental Protection Agency, the Army and the Air Force for the costs of lab tests on soil and water samples from Superfund sites and Army and Air Force installations being evaluated for environmental clean-up requirements. The lab tests were not performed as required, rendering the results questionable.

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FOR IMMEDIATE RELEASE CIV
FRIDAY, FEBRUARY 20, 1998
(202) 616-2765
TDD (202) 514-1888

DEPARTMENT OF JUSTICE STATEMENT ON THE A-12 DECISION

The Department of Justice firmly believes the government's position in this case is correct and is appealing today's decision to the Court of Appeals for the Federal Circuit.

The case involves a 1991 decision by the Navy to terminate a contract with General Dynamics and McDonnell Douglas to develop and produce the A-12 carrier-based, "stealth" attack aircraft.

The Department of Defense terminated the contract after the contractors failed to deliver a single airplane after receiving more than \$2 billion in payments. Instead, the contractors refused to continue with the contract unless they received extraordinary relief in the form of relaxed terms and extra funds. At the same time, they would or could not assure delivery of an aircraft by a time certain, specify the aircraft's performance capabilities, or commit to a specific price for the aircraft.

It would have been irresponsible for the government to enter into such an open-ended agreement and, as a result, the government rejected the request and ultimately terminated the contract. In an earlier ruling, the court found that the refusal of the Secretary of Defense to agree to the contractors' demands constituted "improper interference" in the contracting process.

The Department maintains that today's decision and earlier rulings are inconsistent with the law and hamper the ability of cabinet officers, including the Secretary of Defense and other senior agency officials, to administer and supervise important and expensive procurement programs and to ensure taxpayer dollars are spent wisely. We continue to believe that responsibility for the failure to produce these aircraft rests with the plaintiff companies.

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FOR IMMEDIATE RELEASE CIV
FRIDAY, OCTOBER 1, 1999
(202) 514-2007
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TDD (202) 514-1888

DEPARTMENT OF JUSTICE STATEMENT

JUDGE ISSUES OPINION IN SAVINGS AND LOAN GOODWILL CASE

Today, U.S. Court of Federal Claims Judge Erik Bruggink issued an opinion in a case that is part of the series of cases known as the savings and loan goodwill cases. Judge Bruggink awarded a Chicago-based bank, LaSalle Talman Bank, approximately \$5 million. LaSalle had sought more than \$1.2 billion during the one-month trial before Judge Bruggink.

Today's decision, awarding \$5,008,700 in LaSalle Talman Bank, F.S.B. v. United States, is the third issued in the series of cases, following California Federal Bank v. United States and Glendale Federal Savings Bank v. United States.

"We are pleased with today's decision," said David W. Ogden, Acting Assistant Attorney General of the Civil Division. "Although we are still reviewing the opinion, the outcome is fully consistent with the position we have advanced in these cases."

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99-463

FOR IMMEDIATE RELEASE CIV

FRIDAY, APRIL 16, 1999
(202) 514-2007
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TDD (202) 514-1888

DEPARTMENT OF JUSTICE STATEMENT

Today, U.S. Court of Federal Claims Judge Robert H. Hodges, Jr., issued an opinion agreeing with the position of the government in a case that is part of the series of cases known as the savings and loan goodwill cases. Judge Hodges awarded California Federal Bank, which had sought more than \$1.5 billion, \$23 million in today's decision.

The issues in California Federal Bank v. United States were similar to those which formed the basis of last week's decision in Glendale Federal Savings Bank v. United States.

"We are very pleased with the result and that the court has agreed with our position," said David W. Ogden, Acting Assistant Attorney General of the Civil Division.

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99-141



NATIONAL ASSOCIATION
OF
DRUG COURT PROFESSIONALS

SPEECH GIVEN BY

ATTORNEY GENERAL

JANET RENO

Fountainbleau Hilton

Miami Beach, Florida

June 3, 1999

12:00 p.m.

MS. RENO: Thank you, Noell. And thank you all for such a warm welcome. But I'm the one that should be applauding you for we have come a long way from Judge Goldstein's small courtroom and Judge Klein's conference room to the Fountainbleau Hotel and this many people.

It is an example of what can be done when people care, put aside turf and come together to solve problems. It is an example of what the courts of this nation can do to make a difference and it is so wonderful to see the people of the Florida Supreme Court, the chief justices and Justice Ehrlich. You gave us the authority to move ahead with drug courts. Judge Goldstein has been such a leader. Bennett Brummer and Hugh Rodham were instrumental in making it work as public defenders. For the person who now has the job I had, who has made a major contribution, Cathy Rundell. But there were so many other people that made a difference. And then there were people who came to talk to us to find out what this drug court is all about. Does it work? And it was all bipartisan. There weren't Republican and Democratic factions. We were all working together to solve a problem and it began to spread.

One of the first people I met was Claire McCaskell who worked at it from a national perspective. I congratulate her. She was elected Missouri state auditor. She was a problem solver and she has succeeded.

One of the second people I met was Jeff Tauber and you have been an absolutely inspired leader of this effort, and I congratulate you.

When I think of what has happened in ten years, I just say it did work. You can make a difference and you can get ideas and see them come to fruition. You can see peoples' lives saved. You can see babies born drug free. You can see people have a new beginning. You can see crime go down. And it is because of the energy and the commitment of the people in this room, and I salute you and say "keep on".

There are now more than 390 operational drugs courts and more than 200 in the planning stages. Even more amazing is the adoption of the drug court philosophy of treatment

combined with sanctions and intensive, I call it the good old-fashion carrot and stick, approach to family, juvenile, tribal, domestic violence and mental health courts. And I think it represents a new era for the courts of this nation. If the courts can control the case, if the courts can have the resources to give juvenile delinquents a chance to grow strong in a positive way and impose changes that mean what they say, and if the courts can be assured of a reentry program that gives people an opportunity to come back to the community with a chance of success, courts can make such an extraordinary difference. If courts look at it from a problem solving point of view and a community point of view rather than just legal theories, it can really, truly make a difference, and I think it is a new era in the criminal justice system. A new era also because we have come to recognize that the criminal justice system, in partners with the public health community, can do so much more together than either can do apart.

Look at what happened. More than 140,000 individuals have enrolled in drug courts around the nation and probably for the first time received real supervision, real treatment, real initiatives that can make a difference in enabling them to become clean and sober. More than 14 states have enacted legislation relating to authorizing or funding drug courts and several more states are on their way in doing so. We are truly moving towards institutionalizing drug courts of this state at the state and local level. Our communities are benefitting. More than 750 babies have been born drug free to drug court participants. This is one of my favorite statistics. We have got to expand because there are too many children still being born ridden with drugs. More than 3,500 parents were able to regain custody of their children as a result of their drug court participation. More than 4,500 parents have become current in child support payments as a result of drug court participation and having had a liaison run by child support collection efforts. I think that's wonderful.

One of the points that was very clear to us all was that we must have an evaluation of the drug court to continually, constantly look at how we could improve it; that we could never let our standards be impaired. Those evaluations have been extraordinarily important and today we know much more about the successful drug courts than we did even last year. Recidivism rates continue to range from two to 20. Recidivism rates from the drug court clearinghouse and American courts are generally well below five percent. We know from last year's Columbia University National Center on Addiction and Substance Abuse Study that drug courts provide closer, more comprehensive supervision and much more frequent drug testing and monitoring during the program than other forms of community supervision.

More importantly, drug use and criminal behavior are substantially reduced while offenders are participating in the drug court. These are concrete results. I'm occasionally asked: What is the future of these results? What is going to happen? Today we are beginning to see more communities serve serious abusing offenders in multiple points along the way in a drug court system that breaks the cycle of substance abuse and crime.

I believe the drug court concept as it is expanded into other areas can be absolutely instrumental in helping this nation end the culture of violence that's plagued it for too long.

I used to wonder what would happen if we started looking at the crime problem in America from a problem solving point of view, coming together in each community, police and schools, and parks and recreation specialists and business people and the medical community. If we can come together, if we can deal with guns as we have dealt with drugs and drug courts, if we can deal with the problems of youth who are unsupervised and alone too often in the afternoons and evenings and none during school hours, if we can come together to focus on the serious organizations and take them out and provide something to fill the vacuum that they have created, we can truly make a difference in this country. We can continue to reduce violence. It has gone down seven years in a row. It doesn't have to go back up if we continue what you're about here today.

But it is imperative, if we are to succeed, for drug courts to reach a broader population and

to have an even greater impact on all aspects of our community. Despite all of the successes we have witnessed, we're reaching only a small fraction of the approximate 800,000 arrests that are made for drug possession annually, not to mention particular drug-related offenses and probation violations. The drug court approach can provide the structure to judicially supervise all cases - adults, family and juveniles that cover substance abuse offenders living in the community. We know it works. Your challenge is to apply the model to all offenders who can benefit from it. I think we can make that happen.

The Justice Department and the government, the feds, are really tickled - pleased is the word. I'm elated to be able to see the increase in federal support for the work that you are doing in your community. Compared to your \$11.9 million appropriation four years ago, today the appropriation is \$40 million. Many of you in the audience recently applied for a drug court grant. It gives me great pleasure today to be able to announce over \$34 million in drug court grants for this year. Last year the number of successful applications outweighed the federal funding available and in an effort to assist communities and prevent you from having to apply again - in the first month of fiscal year 1999, we have awarded close to \$20 million to 70 communities to implement or enhance our drug courts. In addition to that, today we're announcing the award of an additional \$14 million in grants. Eight communities will receive assistance planning a drug court, 47 communities will receive assistance to continue their drug courts, 19 communities receive assistance to enhance their drug courts. I have been assured by the drug court program officer that ample copies of the press release and the list of communities that will receive federal funding will be distributed here and are available. My congratulations to those successful communities.

We can't stop there. It is not money that's going to make the drug courts the tremendous success it can be, it is people constantly asking the best of themselves and their colleagues. Constantly trying to figure out how we can do it better. Constantly trying to maintain the highest standards of treatment of professionalism, of care, of concern but remembering that people are involved.

I can still remember sitting in the back of the room trying to look inconspicuous in the drug court and one morning Judge Goldstein would tell the young man that he was disappointed. He got more fierce than that on other occasions, and he would take drastic action. The next time I see that young man in the drug court, he had succeeded in doing what was expected of him and the affirmation and the support and the figurative pat on the back that young man got was worth as much as treatment. Drug courts are about people, about solving their problems. Because of the people in this room from all over this country, we have shown that have you approached these problems with people in mind, with their hopes, their fears, their dreams, their failures, their frustrations, and help them rebuild a life. We can solve their problems and we can solve the nation's problems and make this nation a safer, healthier place for all to live. I salute you. You are my heroes and my heroines.



2000 NDAA SUMMER CONFERENCE

JULY 24, 2000

CAVANAUGH'S INN AT THE PARK

SPOKANE, WASHINGTON

JANET RENO'S SPEECH

REPORTED BY OSMUND D. MILLER, CSR

P R O C E E D I N G S

MR. VANMEVEREN: Thank you, Councilwoman Green, for those wonderful words of wisdom and the wonderful welcome you gave us. We appreciate that.

Janet Reno is the first woman Attorney General of the United States of America. She was nominated by President Clinton almost eight years ago, in 1993, and sworn in as the nation's 78th Attorney General on March 12th of 1993. I don't think many of us know much background of our Attorney General so let me just say a few words.

She attended public schools in Dade County Florida. She was a debate champion at Coral Gables High School. And after high school, a few years ago, she enrolled at Cornell University, Ithaca, New York, where she majored in, of all things, chemistry. After graduation she enrolled at Harvard University Law School. But while an undergraduate at Ithaca, New York she put her own way through college and she worked as a waitress and a dormitory supervisor. She enrolled at Harvard and she was only one of 16 women in a class of 500. She graduated three years later with a degree and looked for a job in Miami, and she applied at one of Miami's biggest law firms, and they denied her a position because she was a woman. Fourteen years later that same firm made her a partner.

In 1973 Janet Reno accepted the position with the Dade County State's Attorney's Office which has jurisdiction over the greater Miami area. Subsequently, five years later, Florida Governor Rubin Askew appointed her as the state's attorney for Dade County and she was reelected to that office four times. She is responsible for an office of 940 employees and an annual budget of 30 million dollars, a docket of more than 100,000 cases a year. She focused her attention on prevention programs and enabled children to grow in a safe constructive environment. She also established the Miami drug court, which I believe was the first in the nation and has been a model for the 600 other drug courts we now have in our country.

As Attorney General of the United States, she has built a Department of Justice that reflects a diverse government of the people, by the people and for the people, making integrity, excellence and professionalism the hallmarks of her office and her service as our Attorney General. Please give Attorney General Janet Reno a warm welcome. (Applause.)

JANET RENO: Thank you, Stuart. Thank you Mr. Tucker for a wonderful, wonderful city that has made me feel very welcome, and, Councilwoman Green, thank you so very much. You put the issue where it should be, on children.

Happy birthday, everybody. I felt so at home last night talking with many of you, seeing some old friends and sharing some of the experiences that we have all had as prosecutors. I listened to your latest challenges, your latest projects, and I thought back over how I got to be a prosecutor and what it has meant to me.

My father was a police reporter for the Miami Herald and he never went to the Herald. He kept his office in the police station and he covered the courts, the police and everything that went on in the courthouse because it was 1944 and we were at war.

My first memory is going to work with him when I was about six years old, going to the courthouse, seeing a criminal trial in process, and every time things got livid in the judge's words, daddy had to take me out, and I said, wait a minute, I want to find out whether he was guilty or not.

The first summer job I ever had was in the Dade County sheriff's office. It was a small little office, the jail, the lab, everything but the road patrol was on about five floors of the courthouse. I look at what it has become now and I look at the technology and the tools that are available to law enforcement, and it staggers the imagination. But during all of this, I swore I would never be a prosecutor, I am still not sure why in retrospect, I went to work for the Florida legislature and in 1972 I ran for the legislature and I was defeated, and that is one of the best things that ever happened to me, because the next morning Richard Gerstein had one of his chief assistants call me and offer me a job, and I said, he doesn't want me to come to work for him, I have always been the prosecutor's critic, and the response was, he says you can come do something about it yourself.

Well, instead of criticizing prosecutors I started understanding more clearly what the role of the prosecutor was, how challenging the position could be, and how critically important it was to a community. A little bit later as Stuart has pointed out, Governor Askew appointed me State Attorney when Richard Gerstein resigned. He said, I understand that some people think I appointed her just because she was a woman. The governor who was very puritanical upon occasions, said, but I didn't do that, I appointed her because she stacked up better. And he didn't realize what he had said.

And now after over 25 years as a prosecutor, I can say it has been the most rewarding experience that any lawyer can have. I found rather than denying protection to the innocent, that a good prosecutor can do more than anybody else, any other single person, to protect the innocent. And I think that is one of our most important functions and one that I watch prosecutors engage in day after day.

I discovered as I knew instinctively that convicting the guilty according to principles of due process and fair play had a greater impact in terms of human life and saving human life on some occasions and in providing people with a sense that their rights can be vindicated than almost any other form of government action. I discovered that you can give people a second chance. Sometimes you make a mistake and, boy, do you get it in the paper the next day. But it shouldn't stop you, because I remember the man who came up to me in a downtown office building in Miami and said, thank you for arresting me. And I said, I didn't arrest you, sir. He said, you are right, but when I got arrested for drugs, your prosecutors gave me a chance, they got me into treatment. I had lost my family, I had lost my job, I had hit rock bottom, I had no money, I didn't know where to go, and they gave me a second chance. I have been drug free for two years, I have got my family back, I have got a job. And it is those moments that you never forget.

I continued to collect child support in Miami, and when a woman broke

through the rope line at a dedication of a new church in South Carolina, built after the old church was destroyed by arson, and she says, Janet, how are you, I haven't seen you since Miami. You got me child support in Miami. And she gave me a big hug as if I were her best friend. And then she said, and these are the two you got me child support for. And there were two grown men both doing well that made me feel like this is one of the best jobs that you could ever have. It gave me a chance to solve problems.

Stuart has alluded to the drug court. I didn't establish the drug court, there were the judge and the public defender and others who came together, a small group, to establish a drug court which has made a difference in that community. And early on we focused on domestic violence because the medical examiner showed me that 40 percent of all homicides in Dade County up until that time in the last 20 years were related to domestic violence. And we focused, Councilwoman, on children, because the doctors took me to the public hospital in 1984 when the crack epidemic hit, to try to figure out what to do about crack involved infants and their mothers, and you realize what good is all the punishment going to be when the child doesn't even understand the concept of reward and punishment and conscience, concepts developed during the first three years of life.

In short, I came away from 15 years as a prosecutor in Miami convinced that it was the best job you could have, one of the hardest jobs and one of the most rewarding.

I have got six months left of another job, also a prosecutor, that has been so rewarding because I have had an opportunity to see prosecutors in action across this country. I had an opportunity to watch the American people in action. I have never been so proud of prosecutors and I have never been so proud of the American people.

We have tried to build a partnership and I hope that partnership will go on. But I intend to go home at the end of this term, get in my red truck, which I hope I have purchased by then, and take off and knock on some of your doors and sit and talk with you for a longer period of time than I have had the chance. I hope to continue to support your efforts across the country and I would like to leave you with some challenges.

You have a position as a leader in your community that few can match. As advocates, as problem solvers, as people who bring and can bring a community together, I want to challenge you to continue the efforts that you have started.

Crime is down now seven years in a row. We can become complacent and we can turn to other things, and we can watch it go up as I have done on too many occasions over the last 25 years, but I think if we continue to work together, both those of us who will be in the private sector and those as prosecutors, we can end the culture of violence in this country as we have known it. Violence at the level it exists now does not have to be, and what I would challenge you to do is develop a comprehensive approach, which many of you have already pursued, that first of all analyses what violence exists in your community and what generates it.

I used to worry about the convenience store robberies that were committed by the fellow that had the green Oldsmobile with the battered right fender. I was sure that if I could get all the arrest reports and incident reports collated, I could get a lot more leads on who was involved. But let us use computers, let us use technology and develop data bases. But data bases won't do much good if you don't have trained analysts who know how to use them and how to read them and how to put down just what the problem is. Let us use the data bases to collect information from the arrest reports, the incident reports, emergency room admissions, let us use university experts who oftentimes will volunteer their time to become involved in this effort. What is the nature of the crime in your

community? Is it for drug organizations, which is the most serious? Use that data to prioritize. Is it street gangs or organized crime, domestic violence, armed career criminals, civil rights, violence, violence generated by hate learned in prison, terrorism, serial killers or suicide?

Let's look at what the tools of crime are. Is it drugs? Meth is the emerging drug now. What are we going to do about it? What do we do about guns? How do we build programs with the U.S. Attorney that can make a difference and that doesn't work based on who gets the credit or whose turf it is, but what's in the best interest of the community. And with that partnership plan, plan in a nonpartisan way. I have been to too many places in America now where the Republican DA stands with the Democratic U.S. Attorney and Democratic Attorney General and the Republican mayor and talks about what's in the best interest of that community. If we do nothing else, we have got to start looking at crime as we have always looked at foreign policy and develop crime initiatives in this country that are based on good old common sense, hard data, strong planning and strong partnership that is not divided and torn apart by partisan political rhetoric coming from either side. Let us then look at what are the real bases for the plan. Who should handle what? If the federal government can cross boundaries you can't cross, let them do it. If you can do it better, let's by all means let you do it. Let us balance prevention with punishment, reentry with intervention. Let us focus on our children in problem solving. Let us look at tools. One is just good old fashioned effective firm prosecution. But then more and more of us have joined together with public health experts. When the criminal justice system and the public health discipline come together, we can do so much more. Ladies and gentlemen, let us focus on our courts as a marvelous forum for problem solving and for achieving justice.

It became clear to me and one of the reasons the drug court was developed was because the courts had become spread too thin. The courts in America over the last 30 years became the institution that the failures of other institutions came to at the end of the line, after family, schools, neighborhoods and others had failed. The courts were totally overwhelmed with the numbers that came. Let us fashion something in juvenile courts, in dependency courts, in domestic violence courts that says this is a caseload a judge can manage and make a difference, these are the resources he needs to get the job done. This is the time it's going to take, and then let us not cut corners, because the more we see of model courts developed across this country, the more we see lives saved and money saved because there is not a revolving door. Courts can be a tremendous institution for good in this country if we give them a real chance to do justice in all ways.

Let's use our technology, but let us master our technology instead of letting technology master us. Let us understand that you can do just so much with technology in terms of proof and determination of the truth that it will always take the human element to ultimately achieve the truth. And then let us problem solve with meth.

We watched crack creep up on this nation. I remember in 1984 we didn't know what it was. People said it was cocaine, but it wasn't cocaine and it came and hit us with a resounding blow in community after community across this nation. Let us come together and develop a comprehensive plan for each community on meth. Developing meth specific treatment opportunities for everyone, developing public service announcements that make clear to the community what meth can do to you, and how insidious it is, experts are you now telling us it can be more insidious than crack because you can function longer in a job or otherwise than you could with crack before you hit rock bottom. Let us develop means for cleaning up labs in a comprehensive way, of sharing data between jurisdiction, but let us move and problem solve and not stand by and watch it hurt community after community. Let us focus on street gangs and domestic violence in the same way and problem solve. Domestic violence has been sometimes an intractable

phenomena, but unless we end violence in the homes, we are never going to end it on the streets of America.

I think we have got to go further than the criminal justice system, we have got to step back to the lawyer advising a young couple just upon marriage, to the priest, to the doctor, to the pediatrician, making clear to everyone that domestic violence is unacceptable and that we do not have to accept it, it should not be a part of anyone's life.

Let us look at how we deal with young men coming home from prison. They get stopped so often because they seem the likely subjects. What so many of them want is to get off on the right foot, to make a difference, to become involved, and every time they think they finally made it, they sometimes feel pushed down. Let us be fair to them and give them a strong and helping hand, but give them the firm and certain knowledge that if they mess up, they are going to be held accountable.

With all of these issues with respect to violence we still face another challenge, a challenge as daunting, a challenge in many respects as important. How do we deal with cyber tools and cyber crime in a way that protects the constitution as we have known it, protects our privacy, and yet pursues those who use the cyber technology of today around the world to inflict harm on others.

I think it is going to be important that we work together, and Bob Johnson and I have discussed ways that we can do that in the six months that we have, and I expect to be in touch with you this week on how we can do that. But let me share with you something that I think is important.

The industry had not really paid much attention to law enforcement. They scoffed at law enforcement. They said law enforcement is going to invade our privacy, it's going to reduce our sense of innovation, it's going to try to control us. And I have consistently told them that law enforcement, if it was done right, was supposed to protect privacy, it was supposed to give people freedom to innovate, and that we could work together. They didn't listen to me, and I thought they are going to have to be zapped by some cyber criminal before they understand. And here came the intrusions and the denial of service attacks and they were knocking on our doors.

We had a meeting in the cabinet room with the President and representatives of industry, we heard from them, and I asked them if it would be helpful if we had a conference on cyber issues and what law enforcement could do to be a better responder to these issues. We had a meeting at Stanford Law School and then one recently in Herndon, Virginia, the Silicon Valley of the east as it is developing.

Ladies and gentlemen, you would have thought I was listening to a robbery victim. I don't know who to call, I am worried about my name in the paper, nobody tells me what happens, nobody explains it to me. The sentences aren't tough enough, it takes too long, all my employees have their depositions taken. Woe is me. And what I said is, and Janet, woe is you for not getting the message out earlier. I called the director of our office of victims of crime, we are organizing and we would like to organize with you to see how we can deal with this issue in terms of victims support and victim understanding so that we resolve these issues. I think it is also important that we meet together to figure out how we deal with the issues of borders, state borders and nation borders, because cyber tools have made them meaningless.

How do we go after the Frenchman's--how does the French government go after the Frenchman's computer if he is a customer of America On Line, and although he has never stepped foot outside France, his computers data is stored somewhere near Dulles. How do you go from one state to another? Much is being done in this and I think we should be in it together to ensure that we leave no gap.

But finally I would like to close with a thought. Police and prosecutors represent government to the people more clearly and in a more defined way than any other representative of government. Ours is an extraordinary government, a government of the people with constitutional limitations.

One of the great privileges that I have had as Attorney General is to watch ministers of justice, attorney's general and others from the emerging democracies of eastern Europe come to my conference room. They come first with stars in their eyes, they are so excited, they have fought so hard, they have risked their life, they have risked their lives of their families because they believe so deeply in democracy. Sometimes they come back looking sad, down, and frustrated, and then I have heard that they have left office.

You realize that democracy is very fragile, but you realize how absolutely wonderful an institution it is. How much we must cherish it and how we must never ever take it for granted.

And then about a week ago I went to stand on the plains at Runnymede to speak about access to justice. I could see the barons forming in the meadow below, a rowdy bunch, demanding rights because the king had ignored them and had been indifferent to them. The barons got their rights but I fear they did not speak out sufficiently for all people. And I think we must, and prosecutors can and must lead the way.

There was a clause in the Magna Carta that said, to none shall we deny or delay right or justice.

There are still too many people in America today who do not have access to justice because they cannot afford a lawyer and they cannot see the law as real to them. But you know as well as I do who they call. They call the State Attorney or the District Attorney to solve their problem. And in many instances we cannot, but we can often refer or then we can develop institutions and processes that help them.

You have a great role in cherishing the democracy we hold so dear, of making people believe that somewhere in government is somebody who can be responsive to their needs or refer them to the right place.

Secondly, we must never ever forget how horrible it must be to be sitting in one's house, have a knock on the door and have someone tell you that they have a warrant for your arrest for a crime you did not commit and for which you are totally innocent.

We have a special burden to make sure that the law seeks the truth and does the truth. Yes, we can use technology to help prove innocence, but it takes more than that. It takes objectivity. And I think today there is a tendency sometimes in law enforcement when you get one clue or two clues, to pursue those clues almost with blinders on, not picking up the signs along the way that indicate it's somebody else. Keep those blinders off and pursue the truth because you are the best source of government to pursue truth.

I watch other people debate facts. None debates facts like a prosecutor. No one else has to prove something beyond and to the exclusion of a reasonable doubt, and you know what truth means better than anyone else. And to get to the truth it requires that tenacity of prosecutors that few have, that tenacity to dig and to dig, and then when something doesn't seem right, to keep on digging until the facts fall in place.

Finally, we have got to make sure that the law as we know it is applied on behalf of and to its people in a fair, respectful and constitutional manner that will give all people the feeling that we have done right by them.

I have been stopped by people I have sent to prison saying, Hi, how are you? I am doing okay now and I appreciate the way you handled the case.

Prosecutors to me are among the great people of public service. Those of you I know are included in those ranks. Those of you who I have not met, knowing this association, I have no doubts but that you are leaders. Let us go forth from this day, I in the six months I have remaining, you for the time that you are in office, and lead our communities and our nation towards one ultimate goal, putting the people of this nation first, holding them accountable in a fair way, giving each person the opportunity to be their very best. Because, ladies and gentlemen, you have seen your communities, I have seen America's communities, and the American people are great, they care so much, they want so for their nation to do right, they want so for people to lead in fair respectful terms, and they will join us and go with us. With them we can end the culture of violence, with them we can master cyber technology and other technologies, and we can leave this world a better place for our public service.

Thank you so much for all that you do for this country. (Applause).

MR. VANMEVEREN: I don't know if many of you know, but Attorney General Reno has been a wonderful friend to our association and to state and local prosecutors. She comes to most of our summer conferences. I think the first one was in Rapid City, South Dakota seven or eight years ago, maybe seven years ago, and she has been a great friend of ours. I just want to say we just thank you dearly for being such a good friend and supporter of us. Thank you for sharing your insights with us, we are going to hate to see you go in six months, but we will be looking for you--

JANET RENO: Watch out for the red truck.

MR. VANMEVEREN: We only hope that the next Attorney General shares the same beliefs, the same dedication, the same energy and the same spirit of cooperation as Attorney General Reno has.

(End of speech.)



ATTORNEY GENERAL JANET RENO SPEECH

AT JUSTICE DEPARTMENT POLICE

INTEGRITY CONFERENCE

MARRIOTT WARDMAN PARK

WASHINGTON, D.C.

9:05 A.M. EDT

WEDNESDAY, JUNE 9, 1999

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ATTY GEN. RENO: Welcome to the Conference on Strengthening
Police-Community Relations. I'm joined by my colleague in the Cabinet,
Rodney Slater, the Secretary of the Department of Transportation, and I so
appreciate your participation today.

And we have -- it was just wonderful to walk in here and to see so many
different people who I have gotten to know over these past six years, who
care so much about the enforcement of civil rights, about good,
professional policing. And we have such a wonderful group of participants
representing a remarkable spectrum of expertise, experience, and
perspectives.

We are here today to strengthen the bonds of trust between law enforcement
and the communities that they serve. We are here to expand on common
ground and explore our differences, to identify and share best practices,
and to develop recommendations for a plan of action. In short, we are here
to solve problems and to build trust.

Over the past ten years, I have seen a remarkable change in our approach
to policing, led by so many people in this room. I've seen a growing level
of police professionalism and a national shift towards community policing
that involves the citizens in the policing effort. These efforts have
contributed to a decrease in the crime rates for the past seven years in

virtually every category. In so many ways, the police are doing their jobs and doing it better. In many communities, police officers and citizens are working together to prevent crime. They are reaching out to young people and to the elderly, to build understanding and trust, all with the aim of making our neighborhoods safer places to live. But with a greater, more important result: police officers are often times the glue that begins to bring a community together.

At the same time, there are places where distrust and tensions are high on both sides. Even in some of the communities that have benefitted from additional policing services, some residents do not feel that they are better off, especially in minority neighborhoods. Some are wondering whether our success in reducing crime comes at the cost of overly aggressive police officers who ignore the civil liberties of those they serve. For too many people in America, the trust that is so essential to effective policing does not exist because residents believe that police have used excessive force, or that law enforcement is biased, disrespectful and unfair.

Tensions between police and minority residents affect all aspects of the criminal justice system. When citizens do not trust their local police officer, they are left willing to report crime, and less willing to be witnesses in criminal cases. Jurors are less willing to accept as truthful the testimony of officers, and recruitment of police officers from minority communities becomes that much more difficult. Effective policing does not mean abusive policing. Effective policing does not ignore the constitutional rights and the civil liberties that police officers are sworn to uphold. Across the country, there are nearly 700,000 law enforcement officers, and the overwhelming majority are hard-working public servants who care deeply and who do a dangerous job justly, fairly, with excellence, and with honor. I support and salute these dedicated, caring officers.

But we as a society cannot tolerate officers who mistreat law abiding citizens, or who bring their own racial bias to the job of policing. Equal justice under the law must mean the same thing to minority communities as it means to the nation as a whole. And police officers cannot mistreat anybody in violation of the law.

Every person in this room shares these fundamental principles, and that is why we are here. If we are going to move forward in policing in the 21st century, we must address our problems squarely, straight-on, with candor, with directness, and find ways to break down the walls of suspicion that hinder trust.

We will not solve all our problems today at this conference, but we can make considerable progress, judging by the people in this room. It is an effort that have started. Last December, the Department brought together a problem-solving group on law enforcement stops and searches, to develop training materials for law enforcement agencies. It is an effort that we will need to continue once this conference is over.

Today we face historic challenges and an historic opportunity. The challenge for law enforcement is to recognize that the problems of excessive force and racial profiling are real. Indeed, the perceptions of minority residents that law enforcement is biased is itself a problem that must prompt us to take steps to eliminate that perception. Police agencies must insist on accountability, and when police officers or police departments engage in misconduct, the blue wall of silence must be taken down.

Civil rights and community leaders face a similar challenge. You must recognize that police departments today are in almost every instance ready to do the right thing. Instead of assuming the worst of police, we must put ourselves in their shoes and understand how difficult it is to do the

job of a police officer in America today. We need your constructive advocacy to help law enforcement do its job better.

We need more than that. We need the church leaders meeting regularly with police officers to develop a dialogue, not just in the moment of crisis or in the moment of concern in a community, but on an ongoing basis. We need civil rights leaders sitting down with police chiefs and line officers to build understanding. We need officers and young people to come together. We can do so much if we reach out.

The 12-city survey that we just released is instructive on just what the problem is. First, it showed that even in the African-American community, most people reported that they are satisfied with the police who serve their neighborhoods. But it also showed that the level of dissatisfaction of the police in the African-American community is approximately twice that of the white community. This is an unacceptable gap and points to the work we have to do.

To help us more deeply empathize with each other's perspectives, we are very fortunate this morning to have a presentation called "Facing History and Ourselves." Billy Johnston and Jimmy Jones examined the influences that our past experiences play in how we approach current situations and issues. President Clinton will be joining us for a roundtable discussion. There is no one better able to help us move forward in a spirit of trust and reconciliation than the President. He brings to this forum a lifelong commitment to civil rights, and a true appreciation of the work of law enforcement, as well as remarkable skills for finding common ground among us all.

After the lunch break and the roundtable session, we will be divided into five break-out sessions. In these smaller groups we will roll up our sleeves and go to work discussing recommendations and best practices.

We will be discussing five pivotal topics: Use of Force Policies; Racial Profiling and Data Collection; Police Leadership and Management Techniques; Hiring and Recruitment; and Community Partnering.

I believe that improvements in these areas can come from several directions. First, we can improve our policies and practices. For example, changes in policies on high-speed chases and the use of chokeholds and other restraints have made a real difference in many departments in their efforts to reduce the number of incidents in which deadly force was used.

We need to continue to apply the lessons we have learned from our civil rights enforcement and our community relations work, our research and the input we get from the conference, we want to fashion recommendations and best practices that local, state and federal agencies can follow.

Secondly, a focus on training applies to each one of the break-out topics. Our training must prepare officers for everyday encounters as well as violent confrontations. An officer's language and behavior during interactions with citizens often frame the reaction of citizens and their attitudes toward the police.

Third, we can use technology. For example, many civil rights and law enforcement leaders recommend that we place video cameras in police cars. In Knoxville, Tennessee, this strategy appears to have reduced complaints from citizens. In addition, today we will hear from a number of jurisdictions that have started using technology to collect data on traffic stops.

Today, I'm also announcing that beginning in July the Justice Department will survey Americans about their experiences with traffic stops in the latest version of the Police-Public Contact Survey.

Fourth, we need tools for effective evaluation. For example, we should make sure that we don't set up the wrong incentives for officers. Instead of evaluating officers only on the number of arrests or stops they make, or tickets they issue, we should be evaluating them on how well they are working with the community and addressing the crime problems in their neighborhoods. We will be discussing early warning systems. We will be examining what information to collect and how best to use the information.

In each of these sessions, we have very much to learn from each other, and much to teach each other. At the end of this conference, we will leave here with a better understanding of the concerns of others. But that is not enough. We need to leave here with a commitment -- a very firm commitment -- to put into place concrete steps that will reduce the potential for incidents of excessive force and racial profiling, and that we'll strengthen relations between the police and the community.

I pledge to do my part. I pledge to take what I learn from this conference and move forward. And over the next six months, we will compile the best policy and practice recommendations that result, and our civil rights efforts, so we can distribute them widely to agencies across the country. I will be traveling to communities around the country to discuss these issues in a local context, and we will bring people together to assess the progress that we have made.

But this is not just about statistics. It is not just about technology. It is not just about practices and procedures. It is about people, with hopes and dreams and aspirations. It is about the wonderfully diverse people of American. And it is about how we reach out together and get the best from every one of us.

Behind a badge and a blue uniform, there is a 24-year-old officer, one year out of the academy, in a tight situation, by himself. He wants to do the right thing. He cares. He's scared. A church leader can move silently through the crowd and talk with him and say, "Here, this is the way we can do it." And a civil rights leader can be on the other shoulder, recognizing that behind that badge, behind that uniform, is a person who cares.

There is a 24-year-old, who all his teenage life wanted to be a lawyer. He got into the wrong crowd, he got into crack at 18. He got into jail for a robbery to sustain the crack habit. He is now 24-years-old. He never wants to go back to the hell of crack again. He still wants to be a lawyer, because he has seen the criminal justice in action and he thinks he can do more, and help people build understanding.

Police officers have got to look behind his record, and behind the angry look on his face, and see a person who cares, who wants to be involved, who wants to make a difference, and instead of coming up with an abrupt word, that police officer who comes over and stands by him and says, "Hey, how's it going? What can I do to help?" can make all the difference.

We can talk here today, but the answer lies in what we do and how we create a domino effect across this country so that we reach out to all -- to the immigrant, to the young, to the old -- and bring America together. The people in this room, I think, are wonderfully position to do that. And I look forward to our effort in the next -- not years, but months -- to get something done.

Thank you all for participating today. I so very much appreciate the time and the effort that you have taken to come to do this important work.

END.

FAREWELL ADDRESS BY ATTORNEY GENERAL JANET RENO
TO THE JUSTICE DEPARTMENT STAFF
THE GREAT HALL, MAIN JUSTICE BUILDING
WASHINGTON, D.C.
12:12 P.M. EST
THURSDAY, JANUARY 11, 2001

(Applause, cheers.)

ATTY GEN. RENO: As I have told you before -- as I have told you before, whatever I have done was done by you. I work for one of the greatest institutions that I know of. I work with the most wonderful public servants anywhere in the world.

For the last eight years, I've had a chance that few lawyers ever have: to work with wonderful public servants, the best lawyers I've known, the best law enforcement agents, wonderful administrators, great support staff, people who take good care of me, like the guards who greet me at the front in the morning with the latest news.

You have all touched my life in such an extraordinary way, but it has been a remarkable experience.

Mr. Brown, I'm not sure that in 1962, when you taught me tax at Harvard Law School, that we ever dreamed we'd be here today in this capacity. But -- (applause) -- but Ernest Brown represents to me what public service is about. After a full career as a professor of constitutional and tax at Harvard Law School, he has served over 30 years here in the department, in some extraordinarily distinguished service. And he represents to me what the department is all about.

You come here, and you don't know what an EOUSA and an EEOR (sp) and an OPR and an OJP is -- (laughter) -- and then people take you by the hand, and they start teaching you, and you see a team forged. Those who are appointments of the new administration, those civil service and career people come together.

And this team that we have forged together -- that is a team -- is extraordinary.

We have been through some of the darkest times. We have been through times of joy. We have been to lonely hillside cemeteries and mourned for those who gave their lives in the service of our country. And we have laughed and told stories on each other and wondered what we could do to get around some rule of Shirley's (sp) -- (laughter) -- knowing that we'd never do it.

The leadership offices have been magnificent. I have been so fortunate to have the deputy attorney general, who is there whenever I need him but is out there forging his own way and doing so much to contribute to justice in this country.

My wonderful -- (applause) -- Dan Marcus is new and I wish he weren't. I wish he'd been around for a long time. I have been very fortunate to have great, great people in that position.

And the solicitor general -- (pause) -- (laughter) -- I know of no greater, better, finer lawyer and more wonderful person. And the people in the leadership offices, those, like Oz, who took me and made me feel at home in a new world and in a new land. And thank you, one and all.

In the solicitor general's office I have seen lawyering like I never thought I would see: beautiful writing, effective advocacy, a great attention to the public policy of the law, and a willingness to do it at the drop of a hat if the cause of justice required it.

The Office of Legal Counsel is one of the best law firms I've ever seen. It has a collegiality, it works on the principle of teamwork, it has just -- I don't know what I'm going to do when I have to confront a hard legal issue and turn around and there's no OLC there.

To one of the divisions who takes the slings and arrows and takes it with gallantry, with courage, with strength, with, "I'm going to do what's right -- what I think is right" -- the Criminal Division, I salute you. You have been a magnificent force.

The Civil Division has done so much to protect our taxpayers' pocket in litigation that staggers the imagination and, as Adlai Stevenson would say, "converts vanity to prayer." They are lawyer's lawyers. They've represented me. They do this nation proud.

The Civil Rights Division and I have walked long paths together. They represent a part of this department that is so critical. This is an extraordinary institution because there is no other institution that has so touched, and has the authority and the jurisdiction to touch so many components of justice in the world: prosecution, but defense in certain situations. Civil rights and the protection of the rights of those who sometimes cannot help themselves. Voting rights. Rights of those who are disabled. So many forces that need a champion, and the Civil Rights Division has been there.

Antitrust -- forging new paths across America to make sure that the American consumer has competition in the marketplace that will give them the best deal possible.

And ENRD, the Environment and Natural Resources Division. I stood in the Rose Garden that day, on February the 11th, and I said each American has a favorite lake, a mountain, a pond, or for some, just a patch of sky. The Environment and Natural Resources Division has done so much to carry forward my promise of trying to protect that patch of sky and those favorite places.

And the Tax Division. Mr. Brown, you taught me tax, and I've forgotten most of it -- (laughter) -- but I haven't had to worry too much about it because I have had wonderful lawyers in the Tax Division advising me.

And OPD, the Office of Policy Development. (El D. ?), I could let you go and know that in the end I would get a report and a project and an initiative that was shaped in the best of public

policy and was on target for successful conclusion.

And the Office of Justice Programs and its components. Anybody who wanted to shape America and shape the criminal justice system and shape crime-fighting, if they wanted to ask for the best people to do it, all you'd have to do is look at the Office of Justice Programs.

And OJJDP, the Juvenile Justice Programs; and the Office of Victims of Crime; and BJA, the Bureau of Justice Assistance, and the Bureau of Justice Statistics, and the National Institute of Justice. And do me a favor, Department of Justice, when I leave and there's nobody to say, "Have you checked with OJP to see what they can do in it?" just remember, I'm there saying, "Come on. Come on. Come on. Check. Check. Check."

One of the great divisions of this department is the Justice Management Division, the civil servants who have sat around that conference room table and have shaped budgets, shaped personnel practices that comply with good government. And there is nothing more wonderful than to have people who know that budget inside and out telling you what's good government and what's not and knowing that they have the insights, the knowledge. And I would like to pay specific tribute to Adrian Curtis (ph), who is one of my heroines who is absolutely dedicated to good government, and our thoughts and prayers are with her. (Applause.)

And the U.S. attorneys. They warned me. They said you had 20 Chinese warlords in Florida. We have 93, each individual distinct, presidentially appointed, Senate-confirmed persons that are going to call it on their own. They are the greatest team and the most wonderful group of people that I have seen come together in the practice of law. And they are dedicated, each in their own districts, some small, some huge, some distant, some right around here. They do this nation proud, as do the assistant United States attorneys who serve with them. And they are incredible.

The United States Marshal Service is the oldest law enforcement agency in the country, and one of which I am very proud. It serves with distinction in so many different ways across this nation, providing the court security and security in other situations.

But the Federal Bureau of Investigation, that agency and I have been through the best of times and the worst of times. Louis Freeh and I have disagreed and other people have gotten those disagreements plop on the front page on any newspaper they could find. But Louis Freeh is one of the finest people I have known in law enforcement. Some people like to pick fights between us.

The Agency, having been through such rough times sometimes and through such great times other times, is an agency of which I am very proud and I have watched it do miraculous things.

One of the things we have got to realize is that we have to work through issues, and you don't work through issues in a small way, just taking a piece. You disagree, you discuss things, you sometimes disagree very vehemently. But those disagreements pale in comparison with what we are able to work through, and this has just been a model for me.

I would like to pay special tribute to the detail that has provided my security. They have been the people I know best in Washington, I think. (Applause.) Yes, they did lose me on the Potomac, I did not lose them. (Laughter.) And Caroline (sp), I won't take that radio, but you will be my friends for ever and ever, and thank you. I have seen so many different faces of the FBI, and it is something.

The Drug Enforcement Administration was wonderful to me back in Miami. Tom Cash always saw to that, but they continue on. And Donnie Marshall was, to me, special because he maintained his interest and his commitment in Scouting and saw what Scouting could do in terms of preventing problems that his agency has to deal with. He is, to me, an example of how you can serve family, country, and those who can make a difference. He is very special, as is his agency.

And the Bureau of Prisons, now, Kathy (sp), if you don't fix the tuck pointing, the stuff is going to begin to break away and you're going to have more preventative maintenance in the long run. (Laughter.) It is one of the best-run agencies I have seen in Washington, and a great tribute to the people who work there under the most trying of circumstances and what has to be one of the most challenging aspects of law enforcement.

The Immigration and Naturalization Service. Doris, you, your colleagues, the service and the Border Patrol have done so much to maintain this nation's tradition of immigration, a tradition that I think my father would be very proud to tell you have not only maintained, but you have promoted and left in better order because of the wonderful people that worked with you and because of your leadership.

And the COPS program has helped America come to understand that a police officer is the face of government that most people see in the course of their life. And the way people view a police officer is oftentimes the way they view their government. If the police officer reaches out to them, involves them in the solution of community problems, in the solution of crime and the prevention of crime, if the police officer reaches out and trusts and works with them, if the police officer stands by them, courageously and strong, they are going to build a safer community. And they are going to have far more confidence in their government. The COPS program and the individual officers who serve in it across this nation have done so much to build that bond between law enforcement and its people that makes government so important in the eyes of the people who otherwise wonder How do I get my problem solved?

I'd like to pay special tribute to OIPR, who has done such an incredible job under very difficult circumstances. You never get any credit, but you know the credit you deserve.

And CRS, all you had to do was listen to people this summer during the conventions and hear the great work that CRS did. But I'm still puzzled about the person who I called to thank her on a Saturday afternoon, she said, "You must be kidding." (Laughter.) And so many others.

Exec Sec. Some of you don't know what Exec Sec is, but Executive Secretariat of the Department of Justice keeps us doing and keeps the trees that fall to make paper that pile up on people's desks, you keep it in order, and we are deeply grateful. And the pardon attorney and the

U.S. trustees. The Office of the Inspector General has done so much. The office of Professional -- OPR has just been magnificent.

You all are perfectly wonderful. But remember what we are here today about: public service. It takes courage. Imagine what it's like to be 45 years old, sending your children to college, your fortune, your reputation on the line. Not only do you have to battle in court, but you have to take the slings and arrows of a free press and of a third branch of government that is independent and has oversight authority. You pursue justice with courage. You pursue the right, based on the evidence and the law, in a way that makes me very proud. I can't tell you how proud I am of the people I serve with.

But spread the message. Speak to young people. Let them understand that though there are risks, there is nothing more challenging, nothing more rewarding than using the law the right way to serve the American people. And let them know of some of the joys that you've had in public service.

Open up this department a little bit. If people could only see what you do day in and day out, I don't think it would affect a fair trial, I don't think it would affect the national security, but I do think the American people would have a far better idea of the great work that you do for them day in and day out.

Remember how fragile democracy is. You have probably seen or been around the table when a minister of justice or a minister of interior has appeared here from an emerging democracy in Eastern Europe or from a troubled democracy someplace else in the world. When they first come, they have stars in their eyes and they're excited and they're thrilled, and it is so inspiring to listen to them try to put a democracy together. And you realize how difficult it is. You realize that if they get one piece right, another piece may be missing, and how do you develop an independent judiciary, and what do you do about this? And well, you can't work that out if you don't have salary scales that can attract people and keep them free of corruption.

They come back six months later or a year later, and you watch democracy slipping away from some.

It is a fragile institution. The rule of law is fragile. The rule of law is based on people, and democracy is based on people.

There is, on the east side of this building, on the 9th Street side, a statement: "The common law derives from the will of mankind, issuing from the life of the people, framed by mutual confidence, and sanctioned by the light of reason."

The law issues from the life of the people. Democracy is the people. It won't work unless the people are involved.

We have seen in these last weeks our democracy put to a test, and while some said that there might be a crisis, the American people that I met said, "No, we'll get through this." And we will.

We will get through it because of people like you, who are willing, day in and day out, to carry on with government; that as one administration ends and another begins, you continue to do your duty as you see it, based on the evidence, the law, and particularly our magnificent Constitution.

I love the law. I love good and caring lawyers. But never have I loved people as much as I do you for what you do for this country. Keep it up. Don't become complacent. Remember, if people stand by, democracy is at risk. And don't let that happen, because I have had a chance to see you across this nation, to travel across this nation and see Americans at work doing incredible things in inner cities, in distant rural areas. I have seen people who are so committed.

Yes, I have been cussed at, fussed at, and figuratively beaten around the ears. (Laughter.) But after eight years in this job, after seeing America. I know two things: I have never believed so strongly in this nation's future, in the rightness of its ways, as I do; and I have never believed so strongly that we must continue to fight so that the law issues from all of the people, not just some; that it's framed by true mutual confidence and respect that honors the diversity of this nation, and that it's time to get in the little red truck and go really enjoy it. (Applause.)

END.

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