



Highlights of [GAO-04-338](#), a report to the Honorable Byron L. Dorgan, U.S. Senate

Why GAO Did This Study

In July 2001, GAO reported that outstanding criminal debt, as reported in Department of Justice (Justice) statistical reports, had increased from about \$6 billion as of September 30, 1995, to more than \$13 billion as of September 30, 1999. Although some of the key factors that contributed to this increase were beyond Justice's control, GAO concluded—after accounting for such factors—that Justice's criminal debt collection processes were inadequate.

Accordingly, in the 2001 report, GAO made 14 recommendations to Justice to improve the effectiveness and efficiency of its criminal debt collection processes.

To follow up on the 2001 report, GAO was asked to (1) provide information on the amount and growth of criminal debt for fiscal years 2000 through 2002, (2) examine the extent to which Justice has acted on GAO's previous recommendations, and (3) review Justice's collection efforts for selected criminal debt cases related to white-collar financial fraud. This report addresses the first two objectives; GAO will report separately on its ongoing work to address the third.

What GAO Recommends

While GAO is not making any new recommendations in this report, it reaffirms those made in 2001 for which actions have not been completed.

www.gao.gov/cgi-bin/getrpt?GAO-04-338.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Gary T. Engel at (202) 512-3406 or engelg@gao.gov.

CRIMINAL DEBT

Actions Still Needed to Address Deficiencies in Justice's Collection Processes

What GAO Found

Justice reported an unaudited amount of total outstanding criminal debt of about \$25 billion as of September 30, 2002, almost double when compared to Justice's unaudited amount from 3 years earlier. This increase, which was not unexpected, continued a trend that began in fiscal year 1996. A primary factor contributing to the increase is a mandate that requires restitution to be assessed regardless of the ability of the offender to pay. As we reported in 2001, collections as a percentage of outstanding criminal debt averaged about 7 percent for fiscal years 1995 through 1999. As indicated in Justice's unaudited records, because collections decreased slightly while debt increased, collections as a percentage of outstanding debt declined to an average of about 4 percent for fiscal years 2000, 2001, and 2002. For each of these 3 fiscal years, according to Justice's unaudited records, about two-thirds or more of criminal debt was related to white-collar financial fraud.

Justice has made progress responding to GAO's 2001 recommendations related to criminal debt collection, but not to the degree that had been expected. A key recommendation in 2001 was for Justice, the Administrative Office of the U.S. Courts, the Office of Management and Budget, and the Department of the Treasury to work as a joint task force to develop a strategic plan that addresses managing, accounting for, and reporting criminal debt. As of mid-December 2003, Justice had not yet worked with these other agencies to develop this plan. We also made 13 interim recommendations to Justice to help improve the efficiency and effectiveness of criminal debt collection while the strategic plan was being developed. Since July 2001, Justice has completed action on 7 of these recommendations; actions to address 4 of the 7 were completed about 2 years after GAO made them. Actions to address the remaining 6 interim recommendations are in process.

According to Justice, GAO did not fully recognize its progress in improving the criminal debt collection process. GAO said that it had given Justice full credit for its efforts to implement the 2001 recommendations, as well as for some related efforts outside the scope of those recommendations. GAO noted, however, that Justice had not yet led efforts to resolve key jurisdictional issues and functional responsibilities. While acknowledging that Justice was laying the foundation for improved collections by establishing policies and procedures in response to certain of the interim recommendations, GAO noted that it is important that the new policies and procedures be effectively implemented and that it will likely take some time for collection results to be realized from full implementation.

Until Justice takes action to fully implement these recommendations, Justice's management processes and procedures will not provide adequate assurance that offenders are not afforded their ill-gotten gains and that innocent victims are compensated for their losses to the fullest extent possible.