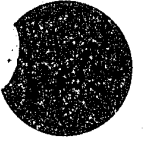


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MONOGRAPH

Narcotics-Related Financial Investigations: Lessons Learned From the Finvest Program Model

THE FINANCIAL INVESTIGATIONS
(FINVEST) PROGRAM

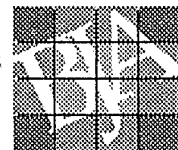
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**Narcotics-Related
Financial Investigations:
Lessons Learned From the
Finvest Program Model**

NCJRS

OCT 4 1994

ACQUISITIONS

**The Financial Investigations
(Finvest) Program**

September 1993

**Bureau of Justice Assistance
Office of Justice Programs
U.S. Department of Justice**

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I. Introduction

This monograph describes the initiation, development, and implementation of the Financial Investigations (Finvest) Program and its constituent operational projects. The Finvest Program was created in 1989 by the Bureau of Justice Assistance (BJA), U.S. Department of Justice, to help state and local law enforcement agencies implement specialized projects to investigate and prosecute narcotics-related financial crimes. The monograph serves two purposes: (1) to document the origin and evolution of the Finvest Program and (2) to present a model for consideration by units of state and local government contemplating forming a multi-jurisdictional financial investigations unit. Included are discussions of recommended policies and procedures, problems encountered in implementing and operating units, and solutions derived.

The Finvest Program had its beginnings as a supplemental component to the Organized Crime Narcotics Trafficking Enforcement (OCN) Program, which was initially funded by the Bureau of Justice Assistance in 1986. Financial Investigations Components (FIC) were first added to selected OCN projects in 1987. Subsequently, BJA created a separate funding demonstration program for financial investigations, added project sites, and made direct grant awards to Finvest projects. Many of the projects which received funding are continuing their operations beyond the date of this publication.

Host Agencies

Although each Finvest project includes participation by multiple agencies, BJA requires a single state or local law enforcement agency to apply for and administratively host each project. During 1993, the following agencies served as host/grantee agencies:

- Pima County Arizona Sheriff's Department
- Riverside California Police Department
- San Diego California Police Department

- Broward County Florida Sheriff's Office
- Georgia Bureau of Investigation
- Prince George's County Maryland Police Department
- Suffolk County Massachusetts District Attorney's Office
- Kansas City Missouri Police Department
- Nevada Division of Investigation
- New York County New York District Attorney's Office
- Multnomah County Oregon District Attorney's Office
- South Carolina State Law Enforcement Division

Program Guidance

Program management and support are provided to the Finvest projects by the Bureau of Justice Assistance, and policy guidance by the Office of Justice Programs, U.S. Department of Justice, by means of a program guideline entitled, Funding and Administration of the Financial Investigations Program, as well as other advice and assistance rendered since the inception of the Program.

From OCN Program inception in 1986 through June 30, 1990, the Institute for Intergovernmental Research (IIR) received funding from BJA to execute contracts at BJA's direction with OCN project host agencies for the accomplishment of OCN Program operational objectives, including selected OCN projects which had a Financial Investigations Component (FIC). In addition to contract administration activities, IIR provided technical assistance, operational performance assessment, and training services to the projects. IIR assisted projects in developing measurable objectives and in on-going self-evaluation capabilities, collected and analyzed project and Financial Investigations Component activity and operational information, and reported to BJA on the status and development of the projects.

In 1989, BJA upgraded the OCN Financial Investigations Components to a separate grant program through creation of the Financial Investigations Program, and began making direct grant awards to Finvest projects. However, due to limited Finvest Program funding, some of the OCN project Financial Investigations Components were continued as part of the OCN Program in order to receive BJA funding. IIR continued its technical assistance role to the Finvest Program pursuant to a separate grant from BJA.

Structure of the Monograph

Following this introduction to the Finvest Program, Chapter II describes the origins of the Program, its strategy, results sought, funding chronology, and operational results. Chapter III briefly describes each of the Finvest projects. Chapter IV addresses project initiation and development, presenting lessons learned from Program experience. It is intended to serve as an implementation guide for those considering initiation of similar efforts to investigate financial aspects of narcotics crimes.

II. The Financial Investigations (Finvest) Program

The Crime Problem

Organized criminal drug trafficking conspiracies exist because of the lucrative illegal profits to be gained. Some authorities estimate that as much as \$300 billion is spent annually in the United States to purchase drugs. While profits may be lucrative, the accumulation and disposition of substantial amounts of cash present a practical problem for the profiteers. Cash hoards can be located and confiscated. Real and personal property purchased with drug profits can be seized and forfeited. Therefore, assets acquired illegally must be concealed or their illegal origin and ownership disguised - i.e., "laundered."

In addition to arrest and prosecution of the trafficker, removal of the profit incentive has become an increasingly important law enforcement strategy in disrupting and eliminating drug trafficking conspiracies. Further, the detection, investigation, and prosecution of professionals such as attorneys, accountants, and bankers, who knowingly facilitate money laundering, causes a "ripple effect", which, while difficult to measure, is considered a strong deterrent to other professionals contemplating similar illegal activities.

Acknowledged as a powerful tool, the investigation of the financial aspects of a narcotics trafficking conspiracy requires specialized efforts and resources. Although considerable progress has been made at the federal level, the personnel, expertise, and intelligence information necessary to conduct these unique investigations were seldom found within state and local agencies until recently. Similarly, even though many states modeled forfeiture and money laundering statutes after federal statutes, only a few state and local agencies used these sanctions effectively because they lacked financial investigative resources. Typically, asset removal by state and local agencies was limited to a passive approach in which "cash and cars" were seized and forfeited incidental to the arrest of a narcotics offender, but little was done to locate hidden assets.

Origins - The OCN Program

The Finvest Program arose from experiences with the Organized Crime Narcotics Trafficking Enforcement (OCN) Program, which began in 1986. Because Finvest and OCN have a common history, and because many of the OCN Program tenets were incorporated into the Finvest Program, it is instructive to summarize the evolution of OCN. A more complete treatment may be found in the BJA Monograph, Multi-jurisdictional Narcotics Enforcement Task Forces: Lessons Learned from the OCN Program Model, published in August 1992.

The OCN Program grew out of recognition that law enforcement responses to narcotics trafficking were adversely affected by several factors. First, the diffusion of responsibility among local, state, and federal law enforcement agencies works to the advantage of organized criminal groups. Coupled with this absence of investigative and prosecution coordination is the multi-jurisdictional nature of most drug trafficking, which can lead to duplication, fragmentation, and general frustration of law enforcement efforts. Finally, developing cases against high level criminal conspiracies requires innovative techniques by highly skillful investigators and prosecutors. Individual agencies often are unable to overcome these obstacles.

The OCN Program joined local, state, and federal agencies in a multi-agency enforcement and prosecution response against targeted narcotics offenses and offenders. The Program emphasized shared management of resources and joint operational decisionmaking.

Participants

Each OCN project is comprised of participating law enforcement agencies, with the mandatory inclusion of a state or local law enforcement agency, a prosecuting agency, and the U.S. Drug Enforcement Administration (DEA). One of the state or local agencies assumes responsibility for project administrative and financial matters. Prosecutive

participation ensures the incorporation of prosecutive strategies into investigative planning, providing as well legal consultation and advice at every stage of the OCN project case. The required DEA membership results from the Anti-Drug Abuse Act of 1986 wherein DEA is designated as the lead federal narcotics enforcement agency. Senior administrators of the participating agencies sign a formal intergovernmental agreement, or memorandum of understanding, affirming their intent to participate fully in the management and operations of the project.

The Control Group

In the OCN model, management and operational decisionmaking are shared among the participating agencies. A project Control Group is formed, comprised of senior command representatives from each of the participating agencies. The Control Group serves as a governing board, establishing policies, selecting cases to be investigated, allocating project resources, and jointly monitoring OCN investigations. Members of the Group have an equal vote on all project matters, and all Control Group decisions must be unanimous.

Formal Investigative and Prosecutive Planning

OCN investigative plans, including prosecution strategies and all amendments to such plans, are submitted to the Control Group in writing with budget documentation. A major function of the Control Group is to determine whether cases proposed for project sponsorship merit such designation and resource commitment.

Original OCN Projects

In October 1986, BJA awarded a grant to IIR to provide technical assistance and contract administration services to assist implementing up to ten OCN project sites. OCN funding was intended to provide specific enforcement resources necessary to investigate

complex criminal conspiracy cases involving a variety of agencies and jurisdictions. Prior to the OCN Program such funds were often not available, or not in sufficient quantity, or were particularly difficult to obtain. OCN Program Guideline flexibility allowed Control Groups to organize and allocate project resources in accordance with the unique enforcement requirements of their locale.

Basic Component

BJA selected eight sites initially, and beginning in January 1987, IIR executed contracts with local host agencies for OCN Program Basic awards of \$170,000 each. Basic awards were generally for purchase of evidence and information, investigative travel, and surveillance expenses. Where the level of case activity and resultant expenditures warranted, supplemental awards (Addition to Basic) were made available for the same purposes as the Basic award once the initial awards were expended.

Operational Support Component

In August 1987, IIR entered into a cooperative agreement with BJA to enhance and expand the OCN Program. After initial experience with the Program, it was recognized that often, limited funds for personnel overtime costs precluded even otherwise well-financed law enforcement agencies from completing OCN project investigations on a timely basis, or completing them only by assigning new and comparatively inexperienced personnel. Consequently, four of the original OCN project contracts were modified to include an Operational Support Component to provide overtime funds on a case-by-case basis.

Financial Investigations Component (FIC)

A second program enhancement arose from the realization that, with specialized resources, OCN projects would be better able to disrupt narcotics trafficking conspiracies

by attacking their financial underpinnings. The resulting OCN Financial Investigations Component (FIC) was the harbinger of the separate and more extensive BJA Financial Investigations Program which was to follow.

Results Sought from the OCN Financial Investigations Component

As described in the OCN Program Guideline (a BJA document which provides information, guidance, and programmatic direction to Program participants), the Financial Investigations Component was awarded to accomplish the following:

- Increase the number of narcotics-related financial crime investigations and prosecutions; and
- Develop a comprehensive operational approach to the identification of financial resources related to narcotics trafficking and the investigation and prosecution of those individuals involved, including the recovery of assets related to criminal activity.

The OCN Guideline stated that funds would be provided to develop a comprehensive, pro-active enforcement approach involving the tracing of narcotics-related financial transactions, analysis of the movement of currency, identification of criminal financial structures and money laundering schemes, asset forfeiture administration (civil remedies), and the provision of financial investigation and analysis techniques training.

The Financial Investigations Components were required to operate totally under the direction of the project Control Group, including required participation of a federal agency, approval of case plans, allocation of resources, and unanimous case approval by the Control Group.

Provision of Resources

BJA funding for selected OCN project Financial Investigations Components provided a core financial investigations staff which included investigators, accountants, and

analysts. Allowable costs included salaries, personnel fringe benefits, and indirect costs. The FIC staff were required to undergo extensive specialized training in financial investigative techniques, analytical techniques, asset forfeiture, and elements of financial crimes. Other allowable grant costs included rent for office space, office furniture, supplies, and travel expenses for investigative and training purposes.

Recognizing the specialized nature of the Financial Investigations Component, limited funding was also made available for microcomputer hardware and software for tracking, analysis, and reporting of project cases. During the formative period, investigative accountant consultants could also be utilized for on-site instruction and advice.

Site Selection: Financial Investigations Components

In addition to the general criteria specified in the OCN Program Guideline for selection of project sites, specific criteria were added for use in selecting applicants to receive Financial Investigations Component funding. Applicants were to clearly specify how funds would be used to target investigations that focus on:

- 1) Uncovering how funding is raised for the illegal purchase of drugs, and who provides such funding;
- 2) Discovering how profits from illegal drug transactions are laundered;
- 3) Identifying profits resulting from illegal drug trafficking;
- 4) Identifying assets acquired from illegal drug trafficking; and
- 5) Seizing assets gained from illegal drug trafficking under Racketeer Influenced Corrupt Organization (RICO), Continuing Criminal Enterprise (CCE), or similar state statutes.

Host Agencies for Financial Investigations Components

Beginning in November 1987, BJA selected three of the original OCN projects to receive Financial Investigations Components, and their contracts with IIR were amended accordingly. Concurrently, BJA selected, and IIR contracted with, thirteen new OCN projects, six of which received Financial Investigations Components. The nine OCN projects receiving FIC awards were:

<u>Host Agency</u>	<u>Award Date</u>	<u>Amount of Award</u>
GA Bureau of Investigation	11/25/87	\$349,556
Suffolk County MA District Attorney	11/25/87	\$350,000
Las Vegas NV Metropolitan Police Dept.	11/25/87	\$231,406
New York County NY District Attorney	11/30/87	\$430,000
Kansas City MO Police Department	11/30/87	\$33,650
AZ Department of Public Safety	12/7/87	\$250,000
NJ Department of Public Safety	12/14/87	\$361,289
Multnomah County OR District Attorney	12/14/87	\$293,283
Broward County FL Sheriff's Office	12/23/87	\$124,484

The Financial Investigations (Finvest) Program

In January 1989, BJA announced a separate discretionary grant program for Financial Investigations. A new Guideline for Funding and Administration of the Financial Investigations Program was published in conjunction with the program announcement.

Finvest Program Strategy

As set forth in the Finvest Program Guideline, Program strategy was twofold: (1) to promote a multi-agency enforcement response - including a prosecutive strategy - against

commonly shared major narcotics trafficking crimes throughout a multi-jurisdictional area; and, (2) to establish a formal mechanism whereby investigative and prosecutive resources can be effectively allocated, focused, and managed against target offenses and offenders.

Finvest Results Sought

The Finvest Program Guideline followed the OCN Program model with respect to Control Group functions, participation requirements for project agencies, formal agreements and plans, and the shared management of resources. However, the new Finvest Program defined in greater detail certain requirements and expectations, based on the Financial Investigations Component experience. For example, the Finvest Program was expected to achieve some or all of the following results:

- 1) An enforcement strategy which includes: identification and targeting of major narcotics trafficking conspiracies for financial investigation; planning of human and technical resources required to pursue the financial investigation; prosecution of individuals involved in those conspiracies; and active involvement of agencies necessary to pursue those conspiracies.
- 2) Recovery of criminal assets (i.e., assets acquired with funds traceable to criminal activity, assets used in the commission of crime, contraband, and stolen property).
- 3) A management system for the shared coordination and direction of personnel, financial, equipment, and technical resources for the investigation and prosecution of targeted conspirators in support of the strategy.
- 4) Investigation, prosecution, and conviction of major multi-jurisdictional conspirators.
- 5) Reduction of fractional and duplicative investigations and prosecutions.
- 6) Increased use of civil remedies.
- 7) Cooperation and coordination of efforts, as appropriate, between Finvest projects and BJA-funded Statewide Drug Prosecution projects.

This last point was intended to impress upon Finvest projects the need to cooperate with and provide specialized investigative support to other BJA programs, including the OCN projects.

Makeup of Finvest Control Group

Unlike the OCN Program model, membership by DEA in the Finvest Control Group was not mandated. While DEA's inclusion in the Control Group was to be solicited, where the grantee agency had formed a productive relationship with another federal agency in the area of financial investigations, an agency other than DEA could be selected as the federal participating agency on the Control Group.

Finvest Site Selection

The Finvest Program Guideline issued by BJA in 1989 used essentially the same criteria for selecting Finvest sites as had the original OCN Program Guideline for choosing Financial Investigations Components. BJA announced that up to ten Finvest sites would be funded, including applications solicited from the OCN projects. BJA subsequently selected six of the existing OCN Financial Investigations Component sites to host Finvest projects, with one additional site - the San Diego California Police Department. Thus, the seven sites selected for initial BJA Financial Investigations Program funding were:

<u>Host Agency</u>	<u>Award Date</u>	<u>Amount of Award</u>
New York County NY District Attorney's Office	4/1/89	\$225,000
Broward County FL Sheriff's Office	6/1/89	\$225,000
San Diego CA Police Department	8/1/89	\$210,000
Kansas City MO Police Department	8/1/89	\$225,000
GA Bureau of Investigation	9/1/89	\$197,713

Suffolk County MA District Attorney	9/30/89	\$225,000
Multnomah County OR District Attorney	9/30/89	\$223,653

Because funds were not available to provide Finvest Program FY 1989 funding to all of the existing OCN FIC sites, BJA chose to continue to fund selected Financial Investigations Components through the OCN Program. Direct OCN awards were made to the following FIC applicants:

<u>Host Agency</u>	<u>Award Date</u>	<u>Amount of Award</u>
AZ Department of Public Safety	7/1/90	\$355,000
Riverside CA Police Department	7/1/90	\$320,000
Dallas County TX Sheriff's Office	7/1/90	\$250,000

Two of the existing OCN FIC projects - the Las Vegas Nevada Metropolitan Police Department and the New Jersey Department of Law and Public Safety - were not refunded as either OCN FIC awards or as Finvest projects.

Thus, by mid-1989, narcotics financial investigations were being conducted at sites with funding from both the Finvest (seven sites) and OCN (three sites) Programs. Concurrent with the establishment of the separate Finvest Program, IIR was given an award by BJA to provide technical assistance, project coordination, and operational performance assessment services during the initiation and implementation of the new Finvest Program projects.

Finvest Program Expansion

In February 1991, BJA announced that funding would be made available to continue the seven existing Finvest projects. In addition, several new projects were to be

selected on a competitive basis to receive awards of up to \$200,000 each for 15 month periods. The applicants subsequently selected to receive these new awards were:

<u>Host Agency</u>	<u>Award Date</u>	<u>Amount of Award</u>
Pima County AZ Sheriff's Department	10/1/91	\$195,700
Riverside CA Police Department	10/1/91	\$200,000
NV Division of Investigation	10/1/91	\$180,430
Prince George's County MD Police Department	11/1/91	\$191,134
SC State Law Enforcement Division	12/1/91	\$200,000

These were the last Finvest Program sites to be implemented, bringing the total number of projects in the Program to twelve. Continuation funding was provided for all twelve Finvest sites in federal fiscal years 1992 and 1993. The Arizona Department of Public Safety OCN project continued to staff an FIC with OCN Program funding until July 1993. Although the Dallas OCN project continued through 1993, the Dallas FIC was discontinued in September 1991.

Finvest Operational Results

The investigations funded by grant awards from both the OCN Financial Investigations Components as well as the Finvest Program resulted in many positive case activities and outcomes. These included the following arrests, seizures, and forfeitures:

	FIC <u>12/87 - 9/90*</u>	Finvest <u>4/89 - 3/93*</u>	Total <u>FIC/Finvest</u>
Arrests	186	493	679
Cocaine Seized	\$31,668,250	\$12,292,747	\$43,960,997
Marijuana Seized	\$2,216,400	\$12,746,408	\$14,962,808
Other Narcotics Seized	\$277,600	\$452,260	\$729,860
<hr/>			
Total Narcotics Seized	\$34,162,250	\$25,491,415	\$59,653,665
Currency Seized	\$4,672,973	\$32,289,736	\$36,962,709
Vehicles Seized	\$2,342,125	\$4,581,569	\$6,923,694
Real Estate Seized	\$22,525,000	\$42,563,973	\$65,088,973
Personal Property Seized	\$2,509,623	\$1,680,701	\$4,190,324
Other Property Seized	\$694,629	\$476,500	\$1,171,129
<hr/>			
Total Property Seized	\$28,071,377	\$49,302,743	\$77,374,120
<hr/>			
Total FIC/Finvest Seizures of Property/Currency/Narcotics			\$173,990,494

* Due to OCN Program contract period extensions, overlaps sometimes occurred between the ending dates of OCN Financial Investigations Components and the beginning dates of Finvest Program awards.

III. The Finvest Projects

This chapter contains a summary description of each Financial Investigations project which has been in operation. Each project summary describes briefly the Finvest project goals, target areas, Control Group member agencies, and dates and amounts of key funding actions.

Arizona Department of Public Safety

Participants in this Finvest project consisted of the grantee agency, the Arizona Department of Public Safety, along with the United States Attorney, the United States Customs Office, and the United States Drug Enforcement Administration.

The project aimed to reduce the amount of illegal narcotics imported into the U.S. through Arizona and other border states. This goal was to be met by infiltrating narcotics organizations to identify suspects, analyzing smuggling techniques, and locating narcotics to be seized. It was anticipated that this tactic would also serve to increase the number of successful prosecutions for such narcotics offenses.

DATE	ACTION	BASIC OCN	ADDITION TO BASIC	OPERATIONAL SUPPORT	FINANCIAL INVESTIGATIONS	FINVEST AWARD
12/7/87	Initial OCN Contract	\$170,000		\$80,000	\$250,000	
8/11/89	Amount Adjusted To	\$ 95,000			\$165,000	
9/7/90	OCN Direct Award	\$179,500			\$175,500	
9/16/91	OCN Supplemental Award				\$100,000	
9/30/92	OCN Supplemental Award	\$ 64,000				

Pima County Arizona Sheriff's Office

This project originally joined the efforts of the Pima County Sheriff's Office, the Pima County Attorney's Office, the United States Drug Enforcement Administration, the Yuma Police Department, the Arizona Attorney General's Office, and the Cochise County Sheriff's Department. In a subsequent change to the Control Group, the Pima County Attorney's Office withdrew its membership.

The project planned to target mid-level to upper-level narcotics traffickers who operated on a multi-jurisdictional level. By using a multi-agency, multi-jurisdictional approach to investigating financial crimes, the project intended to deprive narcotics traffickers of the economic support and profit they had come to expect from the illicit trade.

DATE	ACTION	BASIC OCN	ADDITION TO BASIC	OPERATIONAL SUPPORT	FINANCIAL INVESTIGATIONS	FINVEST AWARD
1/14/88	Initial OCN Contract	\$170,000		\$80,000		
8/14/89	Component Added		\$100,000			
6/19/90	Amount Adjusted To		\$ 80,000			
9/30/91	Finvest Direct Award					\$195,700
9/30/92	Finvest Supplemental Award					\$150,000

Riverside California Police Department

Since its inception, the Riverside Police Department Finvest project has worked with the Riverside County Sheriff's Department, the Riverside County District Attorney's Office, and the United States Drug Enforcement Administration.

The Finvest unit of the Riverside Police Department sought to investigate cases involving mid-level to high-level narcotics traffickers. The project also planned to enhance the skill level of its personnel through continued training in the area of asset seizure and forfeiture.

DATE	ACTION	BASIC OCN	ADDITION TO BASIC	OPERATIONAL SUPPORT	FINANCIAL INVESTIGATIONS	FINVEST AWARD
12/3/87	Initial OCN Contract	\$170,000		\$80,000		
7/27/89	Components Added		\$85,000		\$199,883	
6/22/90	Amount Adjusted To		\$65,000		\$149,883	
9/30/91	Finvest Direct Award					\$200,000
9/30/92	Finvest Supplemental Award					\$150,000

San Diego California Police Department

The San Diego project Control Group consists of the San Diego Police Department, the San Diego County Sheriff's Office, the United States Drug Enforcement Administration, and the United States Attorney's Office.

The primary goal of the San Diego project was to remove the financial incentive from criminal activity involving narcotics. The project planned to reach this goal by developing a more comprehensive approach to identifying illicit financial resources, including the use of computers. The project also planned to conduct more high-level cases by the addition of personnel to be trained on an on-going basis.

DATE	ACTION	BASIC OCN	ADDITION TO BASIC	OPERATIONAL SUPPORT	FINANCIAL INVESTIGATIONS	FINVEST AWARD
9/7/89	Finvest Direct Award					\$210,000
9/30/90	Finvest Supplemental Award					\$185,000
8/16/91	Finvest Supplemental Award					\$200,000
9/30/92	Finvest Supplemental Award					\$150,000

Broward County Florida Sheriff's Office

Control Group agencies joining the grantee agency, the Broward County Sheriff's Office, were the United States Drug Enforcement Administration, the Federal Bureau of Investigation, the Florida Division of Alcoholic Beverage and Tobacco, and the United States Attorney. The Pompano Beach Police Department was formerly a member of the Control Group under the original OCN contract.

This project's goal was to target major narcotics conspiracies which affect a number of geographic areas, including foreign countries. By increasing the number of existing multi-jurisdictional narcotics-related financial crimes investigations, the project planned to decrease the monetary rewards for traffickers through an established asset recovery program. A later objective was to increase the identification of assets liable for seizure by 10-15%.

DATE	ACTION	BASIC OCN	ADDITION TO BASIC	OPERATIONAL SUPPORT	FINANCIAL INVESTIGATIONS	FINVEST AWARD
3/9/87	Initial OCN Contract	\$170,000				
12/23/87	Components Added			\$79,396	\$124,484	
1/15/88	Component Added		\$150,000			
8/26/88	Amount Adjusted To		\$300,000			
7/25/89	Amount Adjusted To		\$450,000			
6/16/89	Finvest Direct Award					\$225,000
9/7/90	Finvest Supplemental Award					\$185,000
8/16/91	Finvest Supplemental Award					\$ 72,758
8/12/92	Finvest Supplemental Award					\$150,000

Georgia Bureau of Investigation

This project's Control Group joined the resources of the Georgia Bureau of Investigation, the Georgia Attorney General's Office, and the United States Drug Enforcement Administration.

In order to remove the financial incentive from drug trafficking, the Georgia Bureau of Investigation planned to pursue not only the trafficker, but also target property owners who knowingly allow drug activity to take place on their property, or who help in laundering the proceeds of narcotics trafficking.

In an effort to broaden the effect of financial investigations, GBI has also trained officers outside the project in the theory and application of the Finvest approach.

DATE	ACTION	BASIC OCN	ADDITION TO BASIC	OPERATIONAL SUPPORT	FINANCIAL INVESTIGATIONS	FINVEST AWARD
11/25/87	Initial OCN Contract				\$349,556	
9/29/89	Finvest Direct Award					\$197,713
9/7/90	Finvest Supplemental Award					\$185,000
8/14/91	Finvest Supplemental Award					\$198,902
7/22/92	Finvest Supplemental Award					\$150,000

Prince George's County Maryland Police Department

Participants in this Finvest project included the grantee agency Prince George's County Police Department, Maryland State Police, the United States Drug Enforcement Administration, the Prince George's County State Attorney's Office, and the Prince George's County Attorney's Office.

In order to reach the goal of disrupting the organizations of targeted narcotics distributors, the project proposed employing the use of public resources and databases to research and identify financial holdings and transactions and to identify seizable assets.

DATE	ACTION	BASIC OCN	ADDITION TO BASIC	OPERATIONAL SUPPORT	FINANCIAL INVESTIGATIONS	FINVEST AWARD
9/30/91	Finvest Direct Award					\$191,134
9/30/92	Finvest Supplemental Award					\$149,499

Suffolk County Massachusetts District Attorney's Office

Since inception, this project's Control Group has consisted of the grantee agency Suffolk County District Attorney's Office, the United States Drug Enforcement Administration, and the United States Attorney.

The project determined to procure sufficient evidence against targeted major narcotics traffickers to realize significant seizures and to obtain maximum sentences. The project's strategy included continual refinement of joint agency management and cooperation, in order to promote successful joint investigations at all levels.

DATE	ACTION	BASIC OCN	ADDITION TO BASIC	OPERATIONAL SUPPORT	FINANCIAL INVESTIGATIONS	FINVEST AWARD
11/25/87	Initial OCN Contract	\$170,000		\$80,000	\$350,000	
7/27/89	Amount Adjusted To	\$ 90,000			\$215,000	
9/29/89	Finvest Direct Award					\$225,000
9/24/90	Finvest Supplemental Award					\$185,000
8/21/91	Finvest Supplemental Award					\$200,000
9/23/92	Finvest Supplemental Award					\$150,000

Kansas City Missouri Police Department

As host of the Finvest project, the Kansas City Missouri Police Department united its efforts with those of the Internal Revenue Service and the United States Attorney. The original OCN Control Group consisted of the Kansas City Missouri Police Department, the United States Drug Enforcement Administration, the Federal Bureau of Investigation, the Jackson County Missouri Drug Task Force, the United States Attorney, the United States Bureau of Alcohol, Tobacco, and Firearms, and the United States Customs Service.

Through financial investigation, the project's intent was to collect enough information on targeted narcotics trafficking suspects to initiate forfeiture proceedings and to successfully prosecute 90% of those cases tried. In furtherance of this goal, the Kansas City Police Department proposed to continue training investigators in financial crimes investigation.

DATE	ACTION	BASIC OCN	ADDITION TO BASIC	OPERATIONAL SUPPORT	FINANCIAL INVESTIGATIONS	FINVEST AWARD
2/4/87	Initial OCN Contract	\$170,000				
11/30/87	Components Added			\$80,000	\$33,650	
6/24/88	Component Added		\$130,000			
7/24/89	Amount Adjusted To		\$180,000			
8/29/89	Finvest Direct Award					\$225,000
9/6/90	Finvest Supplemental Award					\$185,000
9/16/91	Finvest Supplemental Award					\$184,507
9/23/92	Finvest Supplemental Award					\$149,503

Las Vegas Nevada Metropolitan Police Department

This Finvest project joined the Las Vegas Metropolitan Police Department, the Clark County District Attorney's Office, the United States Attorney, and the United States Drug Enforcement Administration.

The Las Vegas project sought primarily to arrest and prosecute major narcotics traffickers by focusing on tracing the flow of narcotics money through gambling casinos. With sufficient evidence, the project expected to realize significant seizures through the use of RICO, CCE, and the Money Laundering Act of 1986.

DATE	ACTION	BASIC OCN	ADDITION TO BASIC	OPERATIONAL SUPPORT	FINANCIAL INVESTIGATIONS	FINVEST AWARD
11/25/87	Initial OCN Contract	\$170,000		\$80,000	\$231,406	
5/3/89	Amount Adjusted To	\$249,675			\$57,296	
8/14/89	Amount Adjusted To	\$199,675				

Nevada Division of Investigation

The Nevada Division of Investigation, the Washoe County Sheriff's Department, the United States Drug Enforcement Administration, and the United States Attorney make up the Control Group for this Finvest project.

Through in-depth financial investigations and continued training, the goal of the Nevada project was to target major narcotics traffickers and forfeit at least half of the assets seized in the ensuing investigations. The project also anticipated closing businesses which facilitate drug trafficking or money laundering.

DATE	ACTION	BASIC OCN	ADDITION TO BASIC	OPERATIONAL SUPPORT	FINANCIAL INVESTIGATIONS	FINVEST AWARD
9/30/91	Finvest Direct Award					\$180,430
9/30/92	Finvest Supplemental Award					\$149,895

New Jersey Department of Law and Public Safety

The Control Group of this project was made up of the New Jersey Department of Law and Public Safety, the New Jersey State Police, the United States Drug Enforcement Administration, the New York State Police, and the Pennsylvania State Police. Along with these agencies, the original OCN Control Group included the Delaware State Police and the United States Customs Service.

The New Jersey project goals were to disrupt narcotics activity by identifying major traffickers and the geographical scope of narcotics trade, seizing all illicit drug laboratories and other identified property and contraband, and initiating forfeiture proceedings and prosecution. The project also sought to establish undercover links with traditional organized crime as well as newer international organized crime groups.

DATE	ACTION	BASIC OCN	ADDITION TO BASIC	OPERATIONAL SUPPORT	FINANCIAL INVESTIGATIONS	FINVEST AWARD
12/14/87	Initial OCN Contract	\$141,120		\$75,000	\$361,289	
8/18/88	Amount Adjusted To	\$124,120		\$80,000	\$ 71,289	

New York County New York District Attorney's Office

Participants in this Finvest Control Group consisted of the New York County District Attorney's Office, the Special Narcotics Prosecutor, and the United States Drug Enforcement Administration.

By destroying the economic basis of the narcotics trade, the New York project planned to reduce the associated crime rate in the state. Through financial investigation, prosecution, and property forfeiture, the project anticipated that drug costs would be raised, thus lowering consumption and therefore other related crimes. Project investigations were to center primarily around major heroin and cocaine importation rings. After existence of money laundering is established, cases would be accepted for financial investigation.

DATE	ACTION	BASIC OCN	ADDITION TO BASIC	OPERATIONAL SUPPORT	FINANCIAL INVESTIGATIONS	FINVEST AWARD
11/30/87	Initial OCN Contract	\$170,000			\$430,000	
7/28/89	Component Added		\$150,000			
6/2/89	Finvest Direct Award					\$225,000
9/30/90	Finvest Supplemental Award					\$185,000
9/3/91	Finvest Supplemental Award					\$200,000
7/31/92	Finvest Supplemental Award					\$150,000

Multnomah County Oregon District Attorney's Office

Along with the Multnomah County District Attorney's Office, the original members of the OCN Control Group were the Multnomah County Sheriff's Office, Clackamas County Sheriff's Office, Washington County Sheriff's Office, Portland Police Bureau, the United States Drug Enforcement Administration, the Oregon State Police, and the United States Attorney. The Clackamas County District Attorney's Office, Washington County District Attorney's Office, Gresham Police Department, the Federal Bureau of Investigation, Columbia County District Attorney's Office, Columbia County Sheriff's Office, Lake Oswego Police Department, and Saint Helen's Police Department were later added to form the Finvest Control Group. The Federal Bureau of Investigation is no longer a member of the Control Group, but is used on an as-needed basis.

This project's objective was to conduct financial investigations which would result in sufficient information to initiate RICO, CCE, and other types of property seizure proceedings and criminal prosecution. A later application stressed similar objectives but added additional training on financial techniques.

DATE	ACTION	BASIC OCN	ADDITION TO BASIC	OPERATIONAL SUPPORT	FINANCIAL INVESTIGATIONS	FINVEST AWARD
2/9/87	Initial OCN Contract	\$170,000				
12/14/87	Components Added			\$80,000	\$293,283	
6/24/88	Component Added		\$130,000			
8/23/89	Amount Adjusted To		\$120,000			

9/29/89	Finvest Direct Award					\$223,653
9/30/90	Finvest Supplemental Award					\$185,000
8/8/91	Finvest Supplemental Award					\$199,735
9/7/92	Finvest Supplemental Award					\$150,000

South Carolina State Law Enforcement Division

Representatives of the South Carolina State Law Enforcement Division, the South Carolina Attorney General's Office, the Governor's RAID Team, the United States Drug Enforcement Administration, and the South Carolina State Grand Jury Section participate on this project Control Group.

The primary goal of the project was the destruction of capital resources gained through narcotics activity. Illegally obtained assets were to be identified and seized and conspirators prosecuted by tracing the flow of money through financial institutions and identifying money laundering and structuring schemes.

DATE	ACTION	BASIC OCN	ADDITION TO BASIC	OPERATIONAL SUPPORT	FINANCIAL INVESTIGATIONS	FINVEST AWARD
12/31/91	Finvest Direct Award					\$200,000
9/30/92	Finvest Supplemental Award					\$150,000

Dallas County Texas Sheriff's Office

This project pooled the resources of the grantee agency Dallas County Sheriff's Office with those of the Dallas County District Attorney's Office, the Dallas County Police Department, the Duncanville Police Department, and the United States Drug Enforcement Administration. The Fort Worth Police Department was also a Control Group member during the first year of operation.

The project planned to utilize all available public and private investigative resources to achieve the goal of identifying targets and suppressing money laundering activity in the state of Texas.

DATE	ACTION	BASIC OCN	ADDITION TO BASIC	OPERATIONAL SUPPORT	FINANCIAL INVESTIGATIONS	FINVEST AWARD
12/7/87	Initial OCN Contract	\$170,000		\$80,000		
5/31/89	Component Added		\$84,000			
8/11/89	Amount Adjusted To	\$66,000	\$60,000			
8/11/89	Component Added				\$200,000	
6/22/90	Amount Adjusted To		\$41,000	\$35,000	\$125,000	

IV. Program Implementation and Lessons Learned

This section of the monograph is intended to benefit law enforcement agencies contemplating the establishment of financial investigations units. Described here are the lessons learned during the five years of Finvest Program administration in initiating and implementing financial investigations projects. The steps involved in implementing the original OCN Program Financial Investigations Components did not vary appreciably from those for the subsequent Finvest Program projects; thus, unless otherwise indicated, no distinction is drawn between the two programs, and the term "Finvest" refers to experiences from both of these BJA programs.

Project Initiation

The initial BJA OCN Program Announcement stated that OCN projects would be funded for fifteen months. The first three months were anticipated to be a start-up period, followed by twelve months of enforcement operations. This same plan was followed in the Finvest Program for new projects.

Project Control Groups, but particularly the grantee agencies, faced multiple start-up tasks which had to be initiated expeditiously and concurrently. Not only did they have to select personnel and train and equip them, but the new, specialized financial investigations unit had to be incorporated into the existing investigative organization.

Project personnel almost always felt some pressure to become operational as quickly as possible, and in most cases, did so. Nevertheless, some delays in project initiation were encountered. The reasons varied, and are treated separately below. Generally, the delays can be traced to the unique aspects of financial investigative efforts: e.g., recruiting skilled personnel, and acquisition of specialized computer equipment.

Project Goals and Objectives

For the Finvest Program, as was the case in development of the OCN Program, one of the first project implementation tasks was development of appropriate goals and objectives. In many cases, the initial funding applications required revision to incorporate objectives which were more quantifiable and observable. Recommended examples of such objectives were provided to projects during the application process (see Appendix C to this monograph). Through ongoing oversight and evaluation processes, project Control Groups periodically assessed the attainment of stated goals and objectives, and made modifications as needed.

Executing Interagency Agreements

In the OCN Program, those agencies forming the project Control Group were required to sign a formal intergovernmental agreement affirming their intent to fully participate in the management and operations of the project. At a minimum, the agreement contained project goals and objectives, contributions expected of the participants, and a projected date at which time the need for continuation of the project would be re-evaluated (see Appendix A). The Finvest Program continued this requirement, and few problems were encountered in this area.

Since the Finvest Program was expected to produce substantial forfeited assets, most Control Groups anticipated the need to address potential asset sharing issues in advance. They typically included an asset sharing formula in the interagency agreement or in a separate agreement, or made discussion of asset sharing a part of the presentation of individual cases.

The Control Group

The Control Group was the most unique aspect of the OCN Program model - it provided the mechanism by which management and operational decisionmaking was

shared. The constituency and functions of the OCN Control Group have been previously described, and remained essentially unchanged with Finvest, with one exception. DEA, whose membership had been mandatory in the OCN Program Control Group, was still required to be asked to participate in Finvest, but other agencies could also fulfill the federal member requirement. Only one project chose this option, joining forces with the Internal Revenue Service.

Target Selection

Finvest projects were required to describe the nature and level of criminal organizations and individuals which the project would target. Although the separate agencies represented on the Control Group often had varying threshold levels of criminal activity which would trigger action by their own agency, no project Control Group seemed to have trouble in collectively arriving at the initial target selection criteria for the project.

More typically, questions as to the nature and level of Finvest targets were encountered as the projects matured, particularly following periodic changes in grantee agency command or management, or in Finvest unit supervision. The stated objectives of the Finvest Program encouraged pro-active investigative work by Finvest unit personnel. While usually time-consuming, such investigations offered greater potential for effecting significant damage to a targeted narcotics trafficking group from an organizational standpoint, rather than merely inconveniencing individual members through seizure and forfeiture of their more visible criminal assets. Some project commanders, however, thought their Finvest unit personnel should be reactive, working every agency narcotics case to recover any easily located criminal assets, irrespective of the level of the case with respect to the criminal organization involved. These proponents tended to expect Finvest personnel to work on short term "quick and dirty" cases and process all "cars and cash" seized by the agency. Such situations required BJA Program Office guidance and reaffirmation of Finvest Program objectives.

Financial Investigator Staff Selection

The type of Finvest project staff and the manner in which they were selected were the most problematic areas for grantee agencies initially. No specifications or conditions were required by BJA in these areas, and within the bounds of budget limitations project participating agencies were free to staff their Finvest units as they saw fit.

Prior to receipt of their Finvest grant, few local grantee agencies already had positions comparable to those needed for a narcotics-oriented financial investigations unit. Organizations which had experience with white collar crime units and state agencies which had financial investigators with comparable skills generally had a better idea of the staffing needs for their Finvest projects than did agencies without such units. The ensuing personnel selection experience gained from Finvest Program participation was quickly passed along to subsequent Finvest grantee agencies through technical assistance site visits and cluster conferences convening both current and new project participants.

During the preparation of the funding application, most agencies envisioned the need for one or more financial investigators. Some projects also initially proposed grant-funded attorney positions, financial analysts, or clerical staff. Because initial funding also allowed for the purchase of costly computer equipment, projects were often reluctant to expend too much of the available grant funds on personnel. In subsequent funding cycles, however, or sometimes in the middle of a grant period when unexpected vacancies made it convenient to amend the staffing, the numbers and types of grant-funded positions quite often changed to reflect experience dictated by operational requirements.

Initially, the major issues regarding selection of financial investigators involved desirable background and training. The ideal financial investigator was perceived to be a long-time narcotics officer with in-depth training in financial investigative techniques. As most projects were soon to learn, however, such individuals were rarely found.

An early personnel dilemma was whether to hire a trained accountant and provide additional training in narcotics investigations, or teach a narcotics investigator financial

investigative and accounting techniques. A corollary question was whether or not financial investigators should be sworn law enforcement officers. In some Finvest projects, investigators were exclusively sworn police officers; in other projects, grant-funded investigators were exclusively civilian employees. In one project, a sworn officer and a civilian investigator were both funded by the Finvest grant.

After several years of Finvest Program experience, it became evident that an experienced, motivated narcotics officer, with some aptitude toward financial investigations and equipped with a modest amount of specialized financial training, could become effective more quickly than a civilian with an accounting background but lacking in law enforcement experience. "More quickly" are the operative words, because civilians without prior law enforcement experience eventually became equally skillful and valuable financial investigators in a number of the projects. It simply took them longer than their sworn counterparts.

There are a number of reasons why this situation exists, but perhaps the principal one is the issue of credibility within the law enforcement community. Finvest projects are typically co-located with narcotics units. Despite the best efforts of the various commanders, the work of the Finvest unit was often initially misunderstood by the agency's narcotics officers. However, an experienced narcotics investigator assigned to the financial investigations unit arrived with built-in credentials which impressed other narcotics officers - the former "narc" had immediate peer status and acceptance.

In addition to the choice between using a narcotics officer who had been given financial training or an accountant who received narcotics training, Finvest projects had a third option: hiring a retired law enforcement financial investigator. There were a number of perceived advantages to this choice.

Many of the retirees considered for the Finvest projects had formerly been federal agents with the Internal Revenue Service, the Federal Bureau of Investigation, or the Drug Enforcement Administration. They would bring to the Finvest project in-depth experience

in conducting complex financial investigations, and very often, valuable professional contacts. Having performed these duties for many years, there was little need for additional training for such individuals, and project start-up time would be greatly reduced.

Another advantage was that, possessing a retirement income, these individuals would be willing to work for considerably less pay than they had earned while on active federal duty. While they were typically hired as civilians, and not all such retirees had narcotics experience, they were generally accepted more quickly by sworn officers in narcotics units than were newly hired staff with no previous law enforcement experience. Initially, there were concerns that retired personnel might be less energetic, but in practice, quite the opposite proved true.

Recruiting and Hiring Practices

In 1987, few federal law enforcement grant assistance programs offered the spectrum of resources authorized under the BJA Finvest Program: salaries and fringe expenses for personnel, overtime money, equipment, and undercover expenses. The grant program allowed flexibility, and grantees were encouraged to tailor the grant to the needs expressed by the Control Group, taking into account both unique investigative targets as well as other resources of participating agencies which could be shared. The Finvest grant could fund a self-sufficient composite unit, or augment and enhance an ongoing effort. Unfortunately, in some instances the flexibility available under the grant was stymied by the rigidity of practices and procedures of the grantee agency government. The recruiting of project staff was a prime example.

It was not possible for grantee agencies to go very far in the hiring process prior to receipt of the grant award, but those agencies that anticipated the awards and were able to begin preparing for project implementation had a definite advantage. Some agencies found that, although their local or state government had been aware of and approved the Finvest project concept and grant staffing plan, the personnel procurement system could

not easily adapt to the necessary project start-up time requirements once the grant award was received.

Often, the human resources function was not vested in the host law enforcement agency, but was found in another government agency. Some agencies had no mechanism for hiring civilians other than the routine civil service process, which often did not allow for necessary exceptions to hiring policies and procedures which would speed up the process to accommodate the relatively short grant award periods. Also, due to budgetary constraints, some grantee agencies had hiring freezes in place.

In many cases, existing position descriptions did not take into account the specialized financial skills needed for the Finvest staff, requiring drafting of new position descriptions and a lengthy review and approval process. The new Finvest positions often had to be advertised widely and merit lists established, resulting in further delays.

Although some agencies were able to make exceptions to normal civil service procedures, thus expediting the hiring process, often preparation, coordination, and staffing of the necessary personnel services arrangements resulted in frustrating delays. One state agency could not begin to fill grant positions until many months after the grant award was received because the state legislature had not authorized the grant-funded staff positions. Even where the hiring process could be expedited, the overall process of getting qualified personnel in place on the job took as long as nine months. In those projects where the described problems were anticipated, or were discovered early through both internal and interdepartmental coordination, much time was saved and operational status achieved much sooner.

Once prospective employees were nominated, background investigations consumed additional time. In one project, a lengthy selection process culminated in both nominees failing the background investigation, necessitating a repeat of the entire screening and selection processes.

Using Sworn Staff

Most but not all of the hiring problems noted above were eliminated when existing sworn personnel were used to staff a Finvest unit. Grantee agencies were then required to hire new personnel to fill the slots of the employees who were transferred to Finvest grant-funded positions. No instances of using federal grant funds to supplant existing agency resources were noted.

Usually in these situations, agencies requested existing employees to volunteer for Finvest positions; Program experience showed that because of the considerable time and money required to train a financial investigator, volunteers should be selected from among the ranks of existing sworn officers. However, those contemplating forming a Financial Investigations unit would do well to also examine the motives of any volunteers. In one state agency, investigators in remote locations volunteered for the Finvest project as a means of transferring back to the headquarters location. They then requested reassignment to more desirable locations as soon as possible.

Aptitude for financial investigative work was an obvious consideration in screening candidates for the project positions. While some investigators had backgrounds or education in business or accounting, most did not. Most financial investigative techniques could be acquired through training, but previous successful assignments in white collar crime, Medicaid fraud, or the like were good indicators of suitability for Finvest project assignments. Computer skills, or at least a willingness to acquire such skills, was also deemed an asset.

Other attributes and the work habits of sworn officer project candidates were also found to be important in selecting financial investigators. As many Finvest supervisors have noted since the Program began, "It takes a specific kind of individual to conduct these investigations." Though a volunteer, the action-oriented officer, fresh from a tour in street enforcement, quite often becomes restless in a financial investigations assignment. The work is perceived by some as unexciting and too detail-oriented, yet these same

characteristics appeal to other officers. One Finvest investigator said after two years on the job, "I got bored with buy-busts and routine drug cases. This [Finvest] is real detective work, and I love it."

Finvest Legal Staff

Several Finvest projects budgeted for attorney positions. Where the project grantee agency was a prosecutor's office, the Control Group usually left the selection of the Finvest attorney to the prosecutor. In two such projects, the assigned attorney supervised the work of the Finvest unit investigators. In another district attorney-hosted project, the attorney was co-located with the financial investigators in a regional drug task force, but was supervised by the district attorney rather than the commander of the drug task force. These state/county attorneys invariably were cross-designated as federal prosecutors in order to pursue Finvest cases in federal court as well. In a third variation, a grant-funded attorney who was originally housed with the Finvest unit relocated to the local office of the attorney general, and his services were reimbursed from the grant.

Although not a new lesson, the Finvest Program demonstrated once again that although many prosecutors supervise police officers and investigators, they themselves prefer to be supervised by other prosecutors. Although it initially appeared that having an attorney housed with the Finvest unit would be a decided advantage, in practice having vertical prosecution available through a district attorney, attorney general, or U.S. Attorney who was represented on the Control Group worked just as well.

Federal funding guidelines provide that where any staff position is 100% grant funded, the employee's efforts must be allocated 100% to grant work. This restriction applied equally to all types of grant employees, but proved most problematic with attorneys. In the early stages of the Program, when Finvest units were establishing themselves and building up a caseload, there was less demand for continuous involvement by grant-funded attorneys, even though they were funded for full-time participation. There

was an inclination on the part of a few prosecutor offices which hosted Finvest projects to assign non-grant work to grant-funded attorneys. This practice was minimized by frequent reminders of the prohibition during site visits by BJA Program Officials.

Finvest Analytical and Administrative Staff

Soon after the Program was initiated, most Finvest projects arrived at the conclusion that support staff were needed. Analysts, nearly always non-sworn employees, proved extremely valuable in conducting research, data organization, and graphical analytical depiction. Accordingly, project financial investigators were free to devote their time to conducting interviews, records reviews, and preparing search and seizure warrant affidavits.

Both seasoned analysts and those hired without experience were used in the Program, with little qualitative difference noted. As in the case of the project financial investigators, those analysts with experience and training needed little time before becoming effective, while analysts lacking training took longer. Compared to financial investigators, there were fewer delays encountered in hiring new project analysts because these are relatively common positions in many law enforcement agencies. A number of projects filled these positions by lateral transfer, eliminating the need for outside advertising, merit lists, and background investigations.

During the life of their Finvest grants, about half the projects eventually added clerical staff. Initial hiring presented no unusual problems nor lengthy delays. No special qualifications were required, and positions were typically filled from within through transfer. In addition to receptionist duties, typing investigative reports, preparing correspondence, and transcribing tapes, many of these personnel were used to enter and sort financial or pen register data.

Job Security

One of the early concerns on the part of both grantee agencies and BJA was the impact of the short grant period (twelve to fifteen months) on personnel recruitment and retention. Initially, grantee agencies were reluctant to hire civilian employees through their regular civil service systems because there were no guarantees of employment beyond the initial grant period.

It was also anticipated that this uncertainty about continued funding would result in a lower quality of applicants. Another concern was that once hired, grant employees would seek other positions in the agency with more job security. In practice, however, only isolated instances of the above potential problems were noted.

There was no shortage of job-seekers. One project in Southern California screened several hundred applicants, most of whom were well-qualified, for a single financial investigator position. Some individuals who were hired as grant employees did later change jobs, both within the hiring agency and outside, but only after acceptable lengths of service with the Finvest project.

Thus far, Program funding has continued without interruption for over five years, and asset forfeitures obtained through Finvest units have begun to flow through the "pipeline" and be realized at the participating agencies. Grantee agencies have become much more receptive to continuing the project effort should grant funding lapse, and in many instances have given their employees such assurances. When Finvest Program continuation funding was recently reduced, a number of grantee agencies elected to use agency funds or program income, from forfeitures to pay all or part of the salaries of Finvest employees, rather than reduce the level of staffing.

Specialized Training

From the inception of the Finvest Program, it was recognized that training would play an important role in project success. In 1987, there were a number of existing courses

providing training in basic financial investigative techniques. These were conducted fairly regularly by a few private companies, and less frequently by state and federal training centers and at least one local agency. The curricula and duration of these courses varied somewhat, and none were devoted exclusively to narcotics-related financial investigations.

Although Finvest Program grantee agencies were encouraged to budget adequate funds for such training and associated travel expenses, many of the existing courses charged tuition, which when combined with travel and per diem expenses were fairly expensive. Nevertheless, these private and public training courses provided much of the early specialized training for the untutored project financial investigators. All Finvest personnel attended at least one financial investigative training course, and in some cases, several courses. It was found, however, that most of the courses contained variations of the same basic techniques, and comparatively little new information was obtained by attending more than one such course.

In 1987, concurrent with the announcement of the first OCN grants, BJA entered into an inter-agency agreement with the Federal Bureau of Investigation (FBI) to initiate a three-phase training program for state and local financial investigators, to be implemented over three years. An FBI/BJA financial training advisory committee was formed to develop a curriculum and criteria for attendance.

In the first phase, the FBI developed a 3 1/2 day basic narcotics financial investigators training course, which was held at various locations around the U.S. During these sessions, a total of 2,019 individuals were trained: 1,900 from state and local agencies, 72 from the FBI, and 47 from other agencies. The courses were well received, and a high demand for them continues.

Phase two consisted of a "Train the Trainers" program in which selected graduates of the basic financial investigators course received additional instruction at the FBI Training Center at Quantico, Virginia, to prepare them to conduct basic financial training for members of other state and local agencies in their region. This second phase did not

generate sufficient interest among prospective attendees, and only one session was held. In the third phase, the FBI developed a course to expose students to the use of computers, software applications, and databases in financial investigations, and equipped a computer classroom at Quantico. Several sessions of this course were conducted.

Although the FBI basic financial investigators training courses were offered to all interested state and local law enforcement personnel, priority was given to attendees from Finvest projects. Coordination among the FBI, BJA, and the projects insured that new Finvest unit supervisors, investigators, and analysts were trained as soon as possible after they were hired. Many of these individuals also attended the FBI computer-related training course, and several Finvest project staff became instructors for the FBI basic course.

Using Finvest unit personnel, several projects conducted orientation and training programs to familiarize other members of their agencies and other agencies in their area with the capabilities of the project. For example, from 1990 through 1993, staff of one Finvest project grantee agency made presentations to 64 different training courses attended by over 1,500 law enforcement personnel in their state.

Such orientations, however, sometimes became a two-edged sword. While they "spread the word" about Finvest project services, they also ran the risk of overloading the Finvest unit with requests for support on cases which failed to meet unit selection criteria. For this reason, one project began a unique intensive training program in which selected officers from local agencies were assigned for six weeks to work at the Finvest project location. In addition to formal training, these officers participated in all phases of ongoing financial investigations. Nine of these training program sessions were conducted, producing sixteen new financial investigators who returned to their parent agencies with the requisite skills to uncover concealed assets.

Equally important, perhaps, was the training received by attendees of the joint BJA OCN/Finvest cluster conferences. These were held at various locations in the U.S.

approximately every nine months beginning in 1988. At least two representatives from each Finvest project attended these conferences to discuss cases and receive information on the latest financial investigative and prosecutive techniques and support services.

In 1993, BJA directed IIR to work with the FBI to revive the 3 1/2 day basic training course for financial investigators, which had lapsed in 1991. Under the auspices of IIR's Center for Task Force Training, the FBI and instructors from several other agencies presented three basic financial investigations courses for state and local law enforcement officers during 1993.

Selecting Equipment

The Finvest Program provided for the funding of computer equipment and software for financial investigations tracking, analysis, and reporting. Given the differing needs of the Finvest projects, as well as requirements established by their grantee agencies, no further formal program guidance was furnished as to type, number, or capacity of computer equipment items to be purchased, nor were there any restrictions on selection of software applications. However, BJA did review such items in proposed grant budgets, and where the equipment clearly did not have sufficient storage or processing capacity, or was otherwise unsuitable, alternatives were recommended. Typically, projects purchased one or more personal computers, a printer, and word processing and spreadsheet software.

Concurrent with the implementation of the Finvest Program, personal computers and local area networks were starting to emerge in the private sector. Law enforcement computer systems in the mid-1980's were still predominantly multi-function mainframes, with multiple terminals and traditional law enforcement uses such as criminal records searches, personnel record-keeping, and word processing. Only the most progressive agencies had independent microcomputers which investigators could use to develop individual databases and applications. In one large, urban sheriff's department, there were no microcomputers in the Investigations Division in 1989.

One problem area which was noted involved the lengthy and redundant processes through which many grantee agencies were forced to request and procure computer equipment. Similar to the personnel acquisition problems discussed previously, procurement of computer equipment was sometimes adversely affected by bureaucratic rigidity. Most project grantees either had within their own agency or in another agency of government some authority which was designated to screen and approve requests for computer equipment. In the early stages of the Finvest Program, these computer acquisition authorities required some grantee agencies to order specific terminals and connecting devices in order to assure compatibility with existing agency mainframe computers. Compatible software in some cases was also required. In both instances, other computers and software applications might have been better suited for Finvest project purposes.

In most cases bidding was required, which often turned into a lengthy process. The computer for the Finvest unit in one sheriff's department arrived twelve months after it had been ordered. The requested software, which could have been purchased the same day at many local retail outlets, took another six months. One agency had contracted with a local supplier to provide all equipment and software, but the prices turned out to be more costly than available on the general market. As the projects matured, ways were found to expedite the acquisition of computers and software.

The Finvest units recognized the utility of laptop computers, and often were the first elements in their law enforcement agencies to use them. For example, one unit used laptops with modems and cellular phones to access property record databases and prepare additional affidavits from on-site locations as search warrants were being executed. Another unit was the first local law enforcement agency in the state to use optical disk storage devices in conjunction with a computer system capable of indexing, searching, and retrieving investigative reports.

Grant funds were also used to purchase and lease an assortment of other office and investigative equipment, including pen registers and related analytical software, cameras, and cellular telephones.

Establishing Case Selection Criteria

Applicants for Finvest Program funding were encouraged to describe the criteria by which cases would be approved by the Control Group for project investigation. Several criteria seemed to be common among the majority of applicants when considering acceptance of a case:

- Involvement of mid-level to upper-level narcotics traffickers;
- Multi-jurisdictional nature or scope of the targeted offense;
- Case complexity, including potential length of the investigation, estimated expense, and the need for multi-agency involvement and resources;
- Potential for significant asset seizure and forfeiture; and
- Evidence of money laundering, structuring, or tax evasion.

In addition, several applicants looked for cases which had a high potential for successful resolution, or whose resolution would have significant detrimental effect on criminal activity in their area.

One project established the following specific case selection criteria:

- Liquid assets: \$1,000 or more cash or negotiable instruments;
- Non-liquid assets: \$10,000 or more stocks, bonds, personal property, real estate with equity \$20,000 or more;
- Businesses used as fronts for laundering, drug distribution, or supplying equipment or chemicals for the production of controlled substances; or

- Large narcotics seizures with relatively little cash or assets involved.

The definition of case selection criteria by another project was preceded by first assessing:

- Visibility of the target within the community;
- Sophistication of target criminal operations; and
- Other resources available to the requesting agency.

Another project targeted primarily individuals or organizations which:

- Supported narcotics traffickers;
- Laundered money; or
- Whose primary support was derived from narcotics manufacture, trafficking, or importation.

Soon after start-up of the first Finvest projects, a common problem involving case selection criteria arose at several of the projects. Previously, under the OCN Program, Control Groups had been cautioned against using grant funds to broadly collect raw criminal intelligence information, rather than exploiting specific intelligence already gathered. As a result, a number of Finvest Control Groups, particularly those that also managed OCN projects, felt they should not approve a case for Finvest designation unless it could be demonstrated that a substantial opportunity existed to disrupt a targeted criminal organization by locating and seizing its assets.

In financial investigations, however, the criminal organizations are often complex and special skills are needed to ascertain the dimensions of their financial underpinnings. Grant personnel are usually limited in their preliminary investigative efforts (pre-Control

Group) to determining only if a case merits submission to the Control Group, and cannot determine without considerable effort the potential long range impact of a case. This problem was raised early in the Finvest Program, and with the approval of BJA, Control Groups were advised that it was appropriate for Finvest grant personnel to perform preliminary investigations to determine the nature and extent of financial manipulation and potential for asset seizure - even before a case was designated as a project case by the Control Group - but such exploratory investigative steps should also be approved by the Control Group.

A related concern was that OCN grant funds could only be expended on narcotics-related investigations. In many Finvest unit cases, although targets were strongly suspected of laundering narcotics money and having concealed assets, considerable investigative effort was required to show a narcotics nexus. Again with BJA approval, projects were advised that investigations could be pursued to the point that the source of the illegal funds could be determined, but when it was discovered that assets were acquired through fraud, gambling, vice, or other than narcotics-related activity, the case should be referred to non-Finvest Program investigative elements.

Case Planning and Monitoring

As in the OCN Program model, a major Finvest Control Group function is to determine whether proposed Finvest cases merit project designation and resource support. Irrespective of the source of the case, the request for Finvest consideration is formally presented in written form as a proposed case plan, a sample of which is shown in Appendix B. Many Control Groups also incorporated their project's case selection criteria into the plan, to aid in evaluation. Similar to the OCN model, Finvest Control Group representatives exercised their responsibilities conscientiously, and not all cases initially submitted were approved.

Unlike the OCN model, in which day-to-day supervision of OCN cases, once approved by the Control Group, lies with the individual lead agency selected by the Control Group, Finvest case supervision was routinely split. Very often, Finvest cases brought before the Control Group were originated by an agency other than the grantee agency, or the Finvest investigation was to be conducted parallel to a covert drug investigation led by another agency. In that Finvest grant personnel were invariably employees of the grantee agency, they were supervised directly by that agency. Sometimes they were located away from the grantee agency with a task force, but supervised nevertheless by their parent agency.

In theory then, there was potential for interagency friction between the grantee agency, which was responsible for day-to-day supervision of the Finvest grant personnel, and the agency having the lead on a particular narcotics investigation. In practice these problems never materialized, probably due to the Control Group mechanism, which proved remarkable in placing common interests of the participants ahead of those of the individual agencies.

Ultimately, Finvest units came to be considered as specialized investigative assets, comparable to technical surveillance units, or undercover officers, to be shared by those agencies working a case and managed jointly for the mutual benefit of all concerned. It is not at all uncommon, for instance, for the Finvest unit hosted by a local sheriff's department to be working on a joint Finvest case presented by the U.S. Customs Service. In another example, a Finvest unit hosted by a police department was housed with and part of an integrated narcotics task force headed by DEA, and staffed jointly by that agency, the police department, and the sheriff's department.

APPENDIX

APPENDIX A

SAMPLE INTERAGENCY AGREEMENTS

INTERAGENCY AGREEMENT

Pima County Sheriff's Department
United States Customs Service
Drug Enforcement Administration
Arizona Attorney General's Office
Cochise County Sheriff's Department
Yuma Police Department

This Agreement between the participating agencies of the Financial Investigations (FINVEST) Program shall be effective when signed by the Chief Executive Officers of the participating agencies.

The Pima County FINVEST Project is designed and intended to combat major narcotics trafficking conspiracies through financial investigations which track the movement of narcotics related currency, analyze money laundering schemes, and remove resultant assets, thus depriving traffickers of economic support and profit.

This will be accomplished through an alliance of agencies representing the Arizona/Mexico border region, agencies which are committed to an interdisciplinary, coordinated multi-jurisdictional approach to targeting major narcotics traffickers for civil and criminal remedies.

FINVEST's principal contribution to this end goal is the commitment of equipment and financial investigative personnel capable of undertaking, documenting and completing in-depth financial investigations and identification of assets of targeted drug traffickers, and ultimately assisting in the prosecution of arrestees by providing clear documentation and effective testimony during the prosecution process.

1. It is agreed that each of the agencies will participate in a Control Group by designating one specific individual at the command level to serve on the Control Group and act on behalf of the designating agency. Each member of the Control Group shall have one vote and shall vote on:

- o Approval/disapproval of case to be investigated as part of the project
- o Amount of and use of all fund expenditures.
- o Key decisions critical to the management of case investigation strategies and activities.
- o All votes of the Control Group shall be unanimous.

2. Each agency agrees to provide whatever resources are available at their disposal to specific cases as appropriate for effective investigation of same, as approved by the Control Group.

3. It is agreed that participation in multi-agency investigative efforts of this project is voluntary and that in the event a participating agency wishes to withdraw from this agreement, written notification of this decision will be provided to all parties to this agreement prior to withdrawal.

4. Parties to this agreement shall cooperate with the project applicant agency in following procedures relating to case management, reporting requirements, fiscal guidelines, and other appropriate policies as adopted by the control Group and as consistent with federal program guidelines.

5. The administering agency will compile project statistics on a quarterly basis, and will assist the Control Group in regular review and evaluation of the project.

6. The grant will be administered by the Pima County Sheriff's Department; this fact will not and does not give the Pima County Sheriff's Department, Clarence W. Dupnik, Sheriff of Pima County or any agent or employee thereof the right or ability to supervise, direct or control any agent or employee of any participating agency other than those of the Pima County Sheriff's Department.

7. The term of this agreement shall be from January 1, 1994 to December 31, 1994.

BY:

Name

Clarence W. Dupnik

6-29-93

Date

Title: Sheriff of Pima County

Agency: Pima County Sheriff's Department
Tucson, Arizona

BY:

Name

Alan R. Evans

4/10/73

Date

Title:

Assistant Attorney General

Agency: Arizona Attorney General's Office
Tucson, Arizona

BY:

Name

Paul W. Lawrence

10 June 1993

Date

Title: Sheriff of Cochise County

Agency: Cochise County Sheriff's Department
Bisbee, Arizona

BY:

Name

Frank B. Howden

6-10-73

Date

Title:

Lieutenant USA Const.

Agency: Yuma Police Department
Yuma, Arizona

BY:

Name

[Signature]

Date

6/28/93

Title:

Supervising Criminal Investigator

Agency: U.S. Customs Service
Tucson, Arizona

BY:

Name

Thomas S. Jones

Date

6/10/93

Title:

DEA Group Supervisor

Agency: U.S. Drug Enforcement Administration
Tucson, Arizona

INTERAGENCY AGREEMENT

RIVERSIDE FINANCIAL INVESTIGATIONS (FINVEST) GRANT

THIS INTERAGENCY AGREEMENT is made and entered into this 1st day of June, 1993, by and between the RIVERSIDE POLICE DEPARTMENT (RPD), the SHERIFF'S DEPARTMENT OF RIVERSIDE COUNTY (SHERIFF), the OFFICE OF THE DISTRICT ATTORNEY OF THE COUNTY OF RIVERSIDE (DA), and the FEDERAL DRUG ENFORCEMENT ADMINISTRATION (DEA) with respect to the following facts:

A. The RPD has filed application with the Bureau of Justice Assistance within the Office of Justice Programs for the United States Department of Justice for funds available through the Anti-Drug Abuse Act of 1988 to implement a programs that will increase the number and quality of FINANCIAL INVESTIGATIONS of major narcotics traffickers and will increase the number of seizures and forfeitures of illegally gained assets of major narcotics traffickers through a cooperative program with the Office of the District Attorney of the County of Riverside, the Sheriff's Department of the County of Riverside, and the Federal Drug Enforcement Administration.

B. The participating agencies desire to establish a Riverside FINANCIAL INVESTIGATIONS (FINVEST) PROGRAM.

THEREFORE, the parties hereto mutually agree as follows:

1. It is agreed that the RPD, Sheriff, DA, and DEA will each participate in a Control Group by designating one specific individual at the command level to serve on the Control Group and act on behalf of the designating agency. Each member of the Control Group shall have one vote and shall vote on:

Approval/disapproval of cases to be investigated as part of the project.

Amount of and use of funds to be authorized for specific case investigations.

Key decisions critical to the management of case investigation strategies and activities.

Action by the Control Group shall be by unanimous vote.

2. Each agency agrees to provide whatever resources are available at their disposal to specific cases as appropriate for effective investigation of same, as approved by the Control Group.

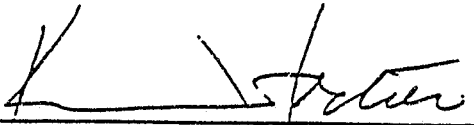
3. It is agreed that participation in multi-agency investigative efforts of this project is voluntary and that in the event a participating agency wishes to withdraw from the agreement, written notification of this decision will be provided to all parties to this agreement prior to withdrawal.

4. Parties to this agreement shall cooperate with RPD in following procedures relating to case management, reporting requirements, fiscal guidelines, and other appropriate policies as adopted by the Control Group and as consistent with the United States Department of Justice, Bureau of Justice Assistance program guidelines.

5. The term of this agreement shall be from July 1, 1993 to September 30, 1994.

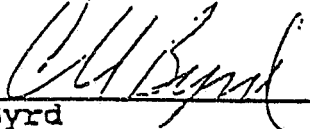
IN WITNESS WHEREOF the parties hereto have caused this Interagency Agreement to be duly executed on the day and year first above written.

RIVERSIDE POLICE DEPARTMENT



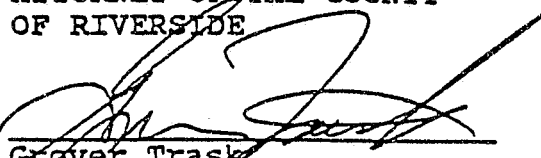
Ken Fortier
Chief of Police

SHERIFF'S DEPARTMENT OF
RIVERSIDE COUNTY




Cois Byrd
Sheriff of Riverside County

OFFICE OF THE DISTRICT
ATTORNEY OF THE COUNTY
OF RIVERSIDE



Grover Trask
District Attorney

FEDERAL DRUG ENFORCEMENT
ADMINISTRATION



RAC
RIVERSIDE R.D.

APPROVED AS TO FORM:

TO BE OBTAINED

Assistant City Attorney

APPENDIX B

SAMPLE CASE PLAN

SAMPLE CASE PLAN*

Elements

- I. Background and Summary of Case
- II. Target(s) of Case
 - A. Name
 - B. Detailed identification information
- III. Need for Joint Jurisdiction
 - What laws are possibly being violated that require a multi-agency effort?
- IV. Operational Plan
 - What specific investigative actions or steps will be involved in pursuing the case?
- V. Participating Agencies
- VI. Level of Expected Assistance
 - A. Personnel
 - B. Resources
 - Narrative of what will be needed, e.g., rental of an apartment/house; rental of vehicles; rental of equipment
- VII. Anticipated Expenses (The expense categories in the approved budget should be used, i.e., P/S, P/E, P/I to estimate and track case expenditures.)
 - Estimated costs and basis for calculation, e.g., P/S = funds for rental of space, vehicles, equipment, travel, etc.; P/E = buy money for evidence; P/I = money to purchase specific information from confidential informants.

*Each approved case plan must be supported by a memo signed by the members of the Control Group and should include the number assigned to the case.

APPENDIX C

RECOMMENDED MODEL OBJECTIVES

OBJECTIVES OF PIMA COUNTY FINVEST PROJECT

- Objective 1** In 1994, the Control Group will meet at least once each quarter.
- Objective 2** In 1994, the Control Group will consider a minimum of five (5) additional cases for investigation
- Objective 3** In 1994, the Control Group will approve a minimum of three (3) cases for investigation.
- Objective 4** Each Finvest investigator will attend at least two (2) training classes.
- Objective 5** Quarterly Operation/Financial Reports will be completed and submitted the Bureau of Justice Assistance.
- Objective 6** In 1994, the Finvest unit will complete three (3) financial investigations and submit the findings to the attorney or case agent for prosecution if the evidence is sufficient.

OBJECTIVES OF THE PRINCE GEORGE'S COUNTY POLICE DEPARTMENT

- Objective 1** Conduct twelve (12) formal control group meetings during which no less than 6 candidate cases will be presented for consideration as Finvest cases.

- Objective 2** Approve six (6) candidate cases for investigation by the Financial Investigations Unit.

- Objective 3** Identify a computerized tracking program which would meet the needs of the various agencies involved in asset forfeiture activities in Prince George's County.

- Objective 4** Attend at least two (2) financial investigations-related training courses for the Finvest investigators and data analyst.

- Objective 5** Secure prescribed equipment and services to support unit operations as provided in the grant proposal by February 1, 1994.

- Objective 6** Complete at least three (3) financial investigations, as measured by the presentation of sufficient information to prosecutive agencies to initiate property seizure proceedings or criminal actions against defendants.