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Maroney, K. T.

Statement of Kevin F. Maroney...

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# Department of Justice

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STATEMENT

OF

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CRIMINAL DIVISION

BEFORE

THE

SELECT COMMITTEE ON SMALL BUSINESS  
UNITED STATES SENATE

CONCERNING

THE

CRIMINAL REDISTRIBUTION SYSTEM (FENCING)

MAY 2, 1974

65539

My name is Kevin Maroney and I am a Deputy Assistant Attorney General for the Criminal Division. Attorney General Saxbe was unable to appear as a witness before the Committee this morning because of a prior commitment. It is a pleasure to be before you this morning to discuss the area of crime relating to fencing activities and the actions that this Department is undertaking to curb such activities. As you may know, the Department is vitally concerned with the problem of fencing as it encourages such offenses as cargo thefts, security thefts and auto thefts and I welcome the chance to assist you in whatever way I can. I would like to take this opportunity at the outset, Mr. Chairman, to commend you and the other Committee members for the extensive investigations you have made in this important area of crime. Also, I would like to refer especially to the great efforts you have undertaken to deal with cargo thefts and other similar crimes which profoundly affect the business community.

This nation has been confronted with an ever-increasing number of thefts in recent years. Such an increase in theft of property presents a matter of grave concern for the Department of Justice as well as state and local law enforcement authorities. In particular, this Department has recently

concentrated its efforts in combatting cargo thefts, securities thefts and auto thefts.

I would like to talk to you today about the actions we are taking in these areas of crime and the effect of such actions on illegal fencing activities.

As you know Mr. Chairman, it was the attention and intensive study that you, members of your committee and the committee staff gave to the cargo theft problem that resulted in the commencement of the Federal cargo theft program in June of 1971. From the outset this Department has actively participated in this program. As a member of the Interagency Committee on Transportation Security, the Department of Justice has aggressively attempted to encourage Federal, state and local prosecutors to become more active in the prosecution of cargo theft cases.

As I am sure you recognize, the Federal Government shares jurisdiction with the several states relative to the investigation and prosecution of cargo thefts. This is so because cargo theft is one of those offenses for which the Federal and state governments have concurrent jurisdiction and responsibility for law enforcement. Therefore, effective enforcement in this area of criminal activity requires that the several states and the Federal Government join hands as partners in law enforcement.

Shortly before the commencement of the Federal cargo security program, it was determined after discussions with members of your staff that a need existed for the Department to take action to assure that no lapses exist in the investigation and prosecution of cargo thefts between the states and the Federal Government.

On October 20, 1971, the Deputy Attorney General requested all United States Attorneys to contact their state counterparts and endeavor to enter informal agreements with those officials so as to eliminate any lapses in the investigation and prosecution of cargo thefts. The responses of the United States Attorneys to this request indicated that the United States Attorneys in approximately 80% of the Federal Judicial Districts were successful in entering agreements with their state counterparts for the investigation and prosecution of cargo thefts.

We were sufficiently encouraged by this success in the informal agreement effort to undertake action to implement this approach further on a continuing basis. On November 30, 1970, the Deputy Attorney General by letter urged all United States Attorneys to explore the feasibility of establishing permanent Federal-state law enforcement committees to focus upon and adhere to the needs of law enforcement within their states.

Such committees as envisioned would consist of key state and local law enforcement officials and appropriate Federal representatives. We felt that such an enforcement committee could do much, through regularly scheduled meetings, to achieve a long-term coordinated effort by the state and local authorities and the Federal Government which would provide effective criminal law enforcement in those areas where we share concurrent jurisdiction.

At this point, it should be noted, Mr. Chairman, that your efforts did much to support the Department in its program to establish these Federal-state law enforcement committees. In this regard, you found the concept for these committees sufficiently meritorious with reference to cargo theft and the fencing problem that you endorsed this concept in letters addressed to all 50 state Governors.

To date the United States Attorneys' responses to this Department regarding the establishment of these Committees have disclosed that in 36 states one or all of the United States Attorneys have either established these Federal-state Law Enforcement Committees or they are presently in the process of establishing these committees. In this regard, certain United States Attorneys have replied to the effect that while the need for communication with state law enforcement officials

exists that such a need can be met by existing arrangements without a new formalized committee.

While progress has been made in the establishment of these committees, much remains to be done before we can achieve a meaningful and cooperative Federal, state and local law enforcement effort. Indeed, such an effort is needed if we are going to eliminate any lapses in the enforcement of concurrent jurisdiction offenses such as cargo theft. Further, it is through such continued law enforcement efforts that positive programs can be undertaken at the working level of law enforcement to deal with all areas of crime.

To achieve the law enforcement effort sought in this area, the Department of Justice must insure that these committees or similar groups are provided sufficient support to enable each of these groups to become fully functioning entities on a continuing basis. Toward accomplishment of this goal, the Department of Justice, through the Law Enforcement Assistance Administration, has called upon the state law enforcement planning committees in all 50 states and all LEAA regional offices to fully support these Federal-state law enforcement committees. Also, the Attorney General has recently sent to all United States Attorneys a packet containing a detailed statement setting forth the functions of

these committees and progress made by them up to the present date. Further, this packet contains 15 suggested topics for discussion at these committee meetings relating to concurrent jurisdiction offenses which are fully documented as to content. Additionally, to encourage anti-fencing efforts by these groups, we have forwarded to the United States Attorneys all of the excellent reports on Criminal Redistribution Systems which have been issued by this committee and its staff.

I should point out that the Federal Bureau of Investigation and the Bureau of Alcohol, Tobacco and Firearms, through their field offices are actively supporting and participating in these committees. Also I should note that the Board of Directors of the National District Attorneys Association has endorsed these committees and has pledged its support in obtaining the cooperation of its members.

Mr. Chairman, at this time, I would like to introduce into the record a copy of the letter of the Attorney General and the packet that I have just discussed.

The Federal involvement which, like the exercise of all Federal law enforcement powers, is intended to be supplemental to the efforts of the individual states. In this regard, the Federal government has actively attacked those criminal systems



which are organized to a point beyond the jurisdiction of the individual states. However, many professional fencing operations operate independently of such organizations. Further many of the activities of these operations constitute violations only of state and local law. Regardless of the varying interests of the Federal, state and local authorities, a cooperative effort by all such authorities is needed to deal adequately with the problem.

For instance, such a combined cooperative effort by Federal, state and local law enforcement officers can often yield vital fragments of information from these governmental sources. Such bits of information when made available and pieced together by several participating law enforcement agencies often lead to the identity of fences and shed light on their illegal redistribution activities.

Mr. Chairman, we understand that United States Attorney Robert G. Renner of Minneapolis who has been conducting such an effort is scheduled to appear as a witness before this committee later this morning and testify regarding the role that the Federal-state law enforcement committee in his state has played in combatting fencing activities.

At this time I would like to discuss a program in which the Department of Transportation and this Department is undertaking to establish Cargo Security Working Groups in fifteen large metropolitan areas throughout the nation. At the present time two of these cargo security working groups are being established in Chicago and Philadelphia. It is expected that these working groups will be commenced in the remaining 13 metropolitan areas within the near future.

These cargo security working groups will consist of United States Attorneys, their local counterparts, representatives of the FBI and other Federal and local investigative agencies, and representatives of the transportation industry. While these working groups will provide a forum for discussion between law enforcement and business representatives, they will perform important functions of monitoring the processing of cargo theft cases on a case by case basis. Also, as a part of the working group's functions, security surveys will be conducted of shippers and carriers on a voluntary basis. Further, copies of reports of theft will be routed through a central reporting center and each report then will be analyzed to ascertain such information as the types of goods stolen, the places of theft, the pattern of theft and the known lapses in security and accountability which

facilitated the theft or prevented early detection of the theft.

Such analyses should be extremely helpful to any law enforcement effort against those who would engage in the redistribution of stolen goods. Certainly, one of the working groups' efforts should encourage industry to work with them wherever possible to develop means of cargo identification to facilitate the recovery of stolen goods and the prosecution of those responsible for their theft and redistribution. In passing, I should note that the cargo security working group in Chicago is presently undertaking such a project relating to the identification of cargo.

Mr. Chairman, with your permission I would like to introduce into the record a copy of the recent letter from the Attorney General forwarding the Action Plan for the establishment of Cargo Security Working Groups.

No greater truism has been highlighted in this committee's extensive hearings on cargo theft and fencing than the fact that law enforcement working alone cannot get the job done in this area of crime. The transportation industry must assume the responsibility for preventing thefts and accounting for the goods left in its care for transfer. Without industry's help, law enforcement's job of apprehending and successfully

prosecuting thieves -- not to mention the fences who induce and encourage thievery -- is a most difficult task at best.

A perfect example of ineffectual security measures resulting in a loss occurred recently in Newark, New Jersey, where members of a ring conspired to steal 270,000 pounds of tin ingots moving in foreign commerce. The tin was removed on a Friday from International Terminal Operations in Port Newark by use of falsified documentation and its absence was not discovered until the FBI requested on the following Monday that a check be made, following physical surveillance of the stolen property. Meanwhile, the fence had already arranged for the tin to be sold to persons who "broke down" the ingots for commercial use.

As you are aware, successful prosecution is very unlikely where persons are found in possession of stolen goods, and the shipper, carrier or terminal operator cannot account for the goods as missing and very often cannot even identify the goods or the last person responsible for them.

This is clearly illustrated by a recent case where a trailer load of aspirin worth over \$80,000 at wholesale price was shipped piggyback by railroad from the laboratories in an Eastern city to a warehouse in a midwestern city. At its destination the truckload of aspirin was hijacked from the Penn Central yards by parties unknown. Only six of these cartons

of aspirin could be positively identified as part of the shipment and this identification required detailed and rather complicated testimony. The other cartons according to the markings thereon could have been a part of the shipment or could have been from shipments to other destinations. The first trial of this case -- lasting five weeks, resulted in a hung jury. The second trial lasting nine weeks resulted in conviction of the four defendants but the conviction of one defendant was reversed on appeal because of the doubt expressed by the appellate court concerning the identification of the goods and other problems which arose during this lengthy trial.

This whole occurrence may well have been avoided if the cargo had been stamped by the originating carrier or shipper legibly marking on the cartons the designation of the consignee and the date of the shipment. If such identification would not have resulted in discouraging the theft it may have nevertheless resulted in the apprehension and successful prosecution of all those who tried to fence the aspirins.

In contrast to the case just discussed, I would like to turn to a case which recently was brought in the Northern District of Iowa involving the theft of 12,000 pounds of farm chemical. Following this theft, the stolen chemical was fenced

to local farmers. However, since the chemical stolen was adequately packaged and serialized, it was all recovered and the defendants involved were successfully prosecuted.

The general consensus among investigators and prosecutors concerning industrial efforts at preventing thefts is that such efforts are poor. The businessman usually prefers not to spend money on security measures. He will often make such expenditures only after a major theft from his business has occurred. At the same time, he considers the problem of theft to be one solvable only by the use of criminal sanctions. This view assumes not only sufficient evidentiary leads but the existence of investigators and prosecutors who can devote time enough to bring each case of cargo theft, major and minor, to courts which have sufficient time to hear each and every complaint. It also assumes a penal system able to handle the endless numbers of those who would be convicted of stealing. These assumptions are false and also self-serving. The burden of dealing with the related problems of cargo theft and fencing must be accepted more and more by industry (both management and labor), especially in the prevention of theft by employees or authorized personnel. It has, unfortunately, been the industry's failure to take adequate security measures and to establish and/or abide by procedures for documenting the information needed for investigation of thefts

which has in large part prevented the recovery of stolen goods. For instance, the 1972 Uniform Crime Reports published by the Federal Bureau of Investigation indicate that, nationwide, 81% of burglaries remain unsolved to the point of arrest. Eighty percent of instances of larceny remain unsolved.

The most effective orthodox means of tracking fences' activities are dictated by the manner in which they operate. Fences who distribute high valued goods often will do so without ever coming close to those goods himself. Such a fence is a promotor, who acts as a broker in finding the right buyer for the goods he knows to be available. He does this in person and on the phone, and hence the important part to be played in these investigations by the investigative use of electronic surveillance, such as phone-tapping. Most of the United States and Strike Force attorneys indicated that such surveillance was extremely important in locating the stolen goods, the places where the goods are stored, and the places where the buys are to take place. The use of informants in such investigations is also necessary, since without them it is often impossible to identify the fence, and find out when a wiretap may be justified. These two means of investigation, informants and wiretaps, are two of the most helpful means of obtaining direct information on the fence.

One mode of obtaining evidence on the fence is to make a purchase from him, after gaining his confidence. Problems inherent in this approach involve the large expenditures necessary in money and people. The government usually does not have sufficient money available to buy back stolen goods, and some form of industrial support would be extremely helpful. Unfortunately, industry has usually refused to make available such monies and/or people to make the buys. In this regard, when federal agents make an arrest while purchasing stolen property (a "buy-bust"), it completely destroys the agents' cover and other agents have to be used in the future.

For instance, in a recent case in Jacksonville, Florida, three men pleaded guilty to charges of stealing from interstate shipment 37,000 pounds of swinging beef quarters. Arrests were made in a "buy-bust" where FBI agents posed as buyers, inspected the beef, received an inventory, and arrested the defendants, who all pleaded guilty but received only probationary sentences. Of course, once the bust was made, the agents' cover was completely blown.

One further problem in getting to the fence by only prosecuting the thieves is the necessity of frequent plea bargain agreements. Such agreements end the prosecution and destroy



any further leverage against the defendant which might lead to his identification of the fence involved.

As opposed to this approach it should be the practice of prosecutors to endeavor to obtain the identity of the fence involved. To achieve this end, plea bargaining should be premised on the promise to so cooperate whenever the circumstances warrant. Of course, a similar means of obtaining the identity of the fence is to grant immunity to the thief. Such decisions must be firmly predicated on the knowledge that the criminal immunized has done less injury to society than has the fence.

At this time, I would like to review briefly the activities of several Organized Crime Strike Forces relating to the prosecution of major fencing cases. Of course, it should be recognized from the outset that the connection between fences of commercial goods and those members of Organized Crime properly the subjects of Strike Force Activity is often indirect. In this regard, our recent reports show a number of convictions of such fences for violations other than those usually associated with fencing. Of course, the most important thing, once a fence is identified, is to stop him by prosecution under any of the statutes he violates. Aside from the offense of receiving stolen property, such violations may involve such offenses as failure to report taxable

income, weapons violations, perjury, aiding the commission of thefts and interstate transportation of stolen property. With this background in mind, a brief summary of the recent prosecutions by several of the Strike Forces directly involving statutory violations concerning fencing activities include the following:

In Baltimore	4 persons were convicted for fencing \$150,000 worth of stolen printing machines.
In Kansas City	4 persons were convicted for fencing stolen securities. 1 for fencing a large shipment of watches.
In Philadelphia	1 longtime fence of various goods was convicted for possession of \$25,000 in stolen sporting goods, 3 other alleged major fences of clothing have been indicted but not yet tried.
In Brooklyn	2 major syndicate fences of securities and commercial goods were convicted, 2 fences of liquor and \$60,000 in clothing were convicted.
In St. Louis	1 person was convicted for unlawful dealing in firearms
In Cleveland	2 fences of dealing in stolen securities.
In Detroit	1 person was convicted for dealing in musical instruments and clothing which was stolen from interstate shipments.
In Boston	Two men were convicted for fencing \$150,000 worth of stolen jewelry, 7 fences were convicted for dealing in large volumes of stolen securities, 2 major fences were convicted for dealing in commercial goods, and 1 other such fence was convicted for theft of machine guns from an armory.

Mr. Chairman, I have a more complete statement regarding the above-mentioned cases for your consideration which I would like to now offer to be included in the record. In addition to the strike force activity just discussed, I should point out that the Atlanta Strike Force Office has just completed an extended and successful investigation and prosecution of a vicious ring of thieves and fences which has been stealing merchandise throughout the Southeastern states and fencing the goods to a number of stores. A court-authorized usage of electronic surveillance provided probable cause for search warrants, executed by several cooperating authorities, Federal and state, resulting in the recovery of over \$500,000 in stolen merchandise. Governor Carter of Georgia has hailed the effort as the most important of its kind in the last 15 years. Further related trials are pending in a different Federal district.

For the past year and a half the Chicago Strike Force has had a program aimed at major fences in the Chicago area. These fences include those dealing in stolen corporate securities, jewelry and government bonds. As a result of developing a program with the major theft squad of the Chicago FBI and, through the use of informants, the Chicago Strike Force has recovered nearly thirty million dollars in stolen securities in the past two years.

Individuals arrested included major organized crime associates from Chicago and New York City. 20 persons have been convicted and another 10 are either awaiting trial or indictment.

Five investigations on major fences have been undertaken in the Chicago area. Four of these are open at this present time. One was successfully concluded recently with the recovery of over \$30,000 worth of stolen jewelry. One of the items recovered was a \$5,000 watch stolen from the entertainer Liberace in Texas in February 1974. This particular recovery was the result of electronic surveillance pursuant to Title III of the Omnibus Crime Control and Safe Streets Act of 1968.

The combination of federal investigative efforts with those of local law enforcement agencies often results in both federal and state prosecutions. One reason offered for the success of this investigative method is that Strike Force attorneys, under less daily litigative pressure than Assistant United States Attorneys, can more carefully direct the combined investigative forces. In addition to Chicago, this approach has been used in Boston, where it helped solve the theft of \$500,000 in shrimp, in Baltimore, Maryland, and other cities.

However, the most formalized attempt made by the Department of Justice to work together with local law enforcement is taking

place in New York City. There, working together under a Federal grant, the Manhattan Strike Force office, New York County District Attorney's Office and the New York City Police Department have operated as a Joint Strike Force for the past six years. One of the most difficult things about such an effort is the development of trust among the participants. In New York this hurdle has been cleared, as illustrated by the Joint Strike Force effectiveness in a recent 18-month investigation known as "Operation Fraulein."

By way of introduction, it is to be noted that the investigation was initiated by the District Attorney's Office. However, the Joint Strike Force was asked to participate in the investigation because of the obvious interstate aspects of the case and the need for LEAA financing. Significantly the sum of \$35,669.39 was expended for such items as travel and per diem of local law enforcement officers, undercover work of local law enforcement agencies and all transportation and per diem of witnesses. In addition, approximately \$10,000 was expended for the purchase of certain photographic and electronic surveillance equipment.

This investigation has resulted in convictions of, or guilty pleas from 27 persons, including Vincent Rizzo who was charged with having transported \$18 million of stolen and counterfeit securities in interstate and foreign commerce

involving violations of section 2314 of Title 18. Of the sixteen defendants in this particular case, seven are European subjects who are not extraditable.

Rizzo, who is reputed to be a capo in the Genovese New York Organized crime family, was sentenced to five years, execution of sentence suspended. Rizzo is serving up to 20 years on related convictions gained through this investigation.

While this Joint Strike Force has not recently prosecuted fences of commercial products, some explanation lies in the fact that Manhattan has few, if any, truck terminals located in it. Further, it has no airports, which have had major cargo theft problems. The redistribution of stolen securities has become a major problem in Manhattan and deserves much of the Joint Strike Force's attention.

I would now like to discuss the efforts of Federal investigative agencies designed to prevent the fencing of stolen commercial goods. For instance, the Bureau of Alcohol, Tobacco and Firearms of the Treasury Department (ATF), has launched a nation-wide crackdown against the swelling tide of gun thefts. ATF is asking all major trucking companies, trucking firms and trucking facilities to report all thefts of gun shipments. This program follows their concern over estimates that more than 1,000 firearms

are stolen or hijacked every month. Reports of stolen weapons will be filed with the National Crime Information Center (NCIC).

The Federal Bureau of Investigation is keenly aware of the large numbers of crimes against property committed annually. As mentioned before, the Federal effort against those who redistribute stolen goods must be premised on giving high priority to the investigation of reported incidents. The FBI's commitment to such efforts takes the form of a program affording concentrated investigative coverage of burglars, armed robbers, and fences whose activities are of such a pattern, magnitude, or modus operandi to indicate that they are actual or potential violators of Federal law. The ultimate objective is the development of evidence sufficient to convict these individuals in either state or federal court. Accordingly, close cooperation with other Federal agencies and appropriate branches of local law enforcement has been encouraged as a means of unifying and strengthening an overall federal-state effort. The benefits resulting from this intensified effort at identifying and investigating major thieves and fences have

been two-fold: the subjects have been prosecuted by either state or federal agencies, and the cooperation between their investigative agencies has been increased. Particular instances include: the arrest of three individuals on theft from interstate shipment charges, one of whom is a major fence, dealing in trailer load quantities of merchandise, and the recovery of 1,225 major brand radial tires and a tractor trailer. The combined value of the recovery was \$60,000.

There also resulted the arrest of seven subjects by local authorities and the recovery of numerous drawings and paintings valued at \$102,250. Subjects were charged locally with burglary and criminally receiving stolen property.

Another serious area of crime confronting the business community and law enforcement is the sale, transfer and use of stolen securities. It has been estimated in testimony before the Permanent Subcommittee on Investigations of the United States Senate Committee on Government Operations that over \$50 billion worth of stolen and spurious securities are in circulation within the United States. This problem has been accentuated by the lack of proper physical security measures by the business community concerning the storage, shipping and accountability of securities. Significantly, the fencing



of stolen securities has been fostered by the failure of the business community to use adequate validation at the time such securities are presented for sale, pledging or when such securities are used in a manner to obtain other forms of monetary credit.

Due to the profound impact that these stolen and spurious securities can have on the national and international economics, the Criminal Division has focused particularly on facilitating and coordinating Federal prosecutions involving securities offenses. Efforts are being made by the Criminal Division to encourage the financial community to improve its practices and procedures in regard to the handling of securities. Should the financial community fail to take the necessary voluntary measures, legislation may be necessary to vest regulatory authority in the Securities Exchange Commission or other Federal agency. Regulations issued under such authority could require reasonable validation procedures for securities at the time of transfer, sale or exchange. Such validation could be accomplished through the use of a privately owned or government owned centralized computer data bank for lost, stolen, or counterfeit securities. Upon request, the National Crime Information Center now provides such service relative to stolen

securities through law enforcement agencies to financial institutions, and computer banks exist in the private sector which will provide this service direct to financial institutions for a nominal fee. However, industry has been reluctant to avail itself of these services.

Aside from cargo thefts and securities thefts, auto thefts also constitute a serious area of fencing activities which should be brought to the attention of this Committee. In 1972, 881,000 motor vehicles were reported stolen in this country. One source estimates that the total value of all cars stolen in 1972 is \$797 million. Although the number of reported auto thefts in 1972 reveals a decline of 6% from the 1971 statistics, the commission of car thefts by professionals for resale or stripping is on the rise. The security devices recently built into automobiles are reducing the total number of offenses because the activities of inexperienced juvenile joyriders are being curtailed. Since juveniles are stealing fewer cars, a higher percentage of cars are being stolen by professionals, including rings. Accordingly, the recovery rate of stolen automobiles was approximately 90% in the mid-1960's, but went down to approximately 80% in 1972.

Auto theft is a highly profitable form of crime which carries little risk of jail for offenders. In this regard, only 17% of the cars stolen in 1972 were cleared by the arrest of a suspected offender.

The rate of automobile thefts in this country results in a fencing operation for the distribution of automobiles and automobile parts of enormous proportions. In this regard, in testimony before this Committee, during its hearings on "Criminal Redistribution Systems", the District Attorney for the County of Los Angeles, Joseph P. Busch, stated that imported automobiles is one of the commodities which most frequently moves through "channels of illicit distribution" (Hearing 3). As is the case in other areas of fencing, the illicit movement of stolen automobiles and automobile parts is frequently facilitated and encouraged by the cooperation or connivance of small businessmen. Car dealers often fail to make a simple inspection of vehicle identification numbers (VIN) that would uncover a stolen vehicle.

The Criminal Division and the Federal Bureau of Investigation are diligently attempting to help solve the auto theft fencing problem. We have previously drawn up standards which, if they were to become law, would help curb two very important methods

of disposing of stolen vehicles -- the adoption of the certificates of title from junked vehicles for stolen vehicles and the exportation of stolen vehicles from the United States. These standards have been submitted to the Department of Transportation for its consideration and possible congressional enactment into law pursuant to the National Highway Traffic Safety Act of 1966, 23 USC 402, as amended by the Highway Traffic Safety Act of 1973, section 229 (P.L. 93-87). The Criminal Division has also recently implemented 18 USC 5001 so that auto thieves under 21 years of age can now be returned to the jurisdiction in which the vehicle is stolen by the U.S. Marshals Service at federal expense. It is our view that limited federal resources will have the greatest impact upon this area of crime by our continued concentration upon the prosecution of auto theft ring cases. Accordingly, the number of cases under active investigation by the FBI has recently risen from 125 to 225. In addition, the Criminal Division is now actively exploring with the Department of Transportation the possibility of establishing an interagency auto theft committee in order to generate a comprehensive auto theft program.

Looking toward the future, we see a need for the enactment of our aforementioned standards, either as federal law or as a uniform state statute. In order to meet the challenge of the present automobile fencing problem, it is also necessary that national uniform standards be established for both VIN's and automobile certificate of titles. There must be more cooperation and interchange of information between the Departments of Motor Vehicles in each state. Finally, private citizens and used car dealers must be adequately informed regarding the identification of stolen vehicles.

It is my understanding, Mr. Chairman, that you desire that I include any legislative recommendations to strengthen federal laws as to fencing activities.

As you know, the Department has expressed its support for the general principles of S. 13, a bill "To amend Title 18 of the United States Code to provide civil remedies to victims of racketeering activity and theft, and for other purposes." This bill which has passed the Senate provides a civil remedy for the recovery of treble damages from persons guilty of violations of 18 U.S.C. 659 and 1972. Indeed, this is a step in the right direction since a stiffening of the applicable

criminal statutes alone will not eliminate fencing of stolen goods. The civil remedies, especially for violations of 18 U.S.C. 659 which forbids theft and/or receipt of stolen property moving in interstate or foreign commerce, will hit the fences and those who do business with them where it hurts most, in the pocketbook. It is the Department's position that only through a two-fold approach -- criminal and economic -- will a dent be made in distribution of stolen goods. At this time I would like to hand up to the Committee for insertion in the record the full text of the Department's comments on S. 13 made in November, 1973.

Further, it should be noted that the revision of the Federal Criminal Code proposed by the Justice Department and introduced on March 27, 1973, as Senate Bill 1400 by Senators Hruska and McClellan, contains in pertinent part a complete revision of the various theft and larceny statutes in Title 18. Among other things, this bill simplifies and unifies the many "fencing" statutes, eliminates the place of theft as an element of the receiving offense, adds an attempt provision, and facilitates proof of knowledge that the received goods were stolen, to mention only a few of its effects. With the

Chairman's permission I would have inserted in the record at this point a comprehensive statement by the Department on the effectiveness of the Federal Criminal statutes as they pertain to criminal redistribution systems with particular discussion of the corrective provisions of the proposed revised Federal Criminal Code.

We share with you the desire to find effective and useful measures to deal with this problem. We at the Department of Justice will endeavor to give the Committee full assistance in this area.

This is the end of my statement, Mr. Chairman, I would be pleased to answer any questions the Committee may ask.

**END**