

RICHARD J. DURBIN, ILLINOIS, CHAIR

PATRICK J. LEAHY, VERMONT
DIANNE FEINSTEIN, CALIFORNIA
SHELDON WHITEHOUSE, RHODE ISLAND
AMY KLOBUCHAR, MINNESOTA
CHRISTOPHER A. COONS, DELAWARE
RICHARD BLUMENTHAL, CONNECTICUT
MAZIE HIRONO, HAWAII
CORY A. BOOKER, NEW JERSEY
ALEX PADILLA, CALIFORNIA
JON OSSOFF, GEORGIA

CHARLES E. GRASSLEY, IOWA
LINDSEY O. GRAHAM, SOUTH CAROLINA
JOHN CORNYN, TEXAS
MICHAEL S. LEE, UTAH
TED CRUZ, TEXAS
BEN SASSE, NEBRASKA
JOSHUA D. HAWLEY, MISSOURI
TOM COTTON, ARKANSAS
JOHN KENNEDY, LOUISIANA
THOM TILLIS, NORTH CAROLINA
MARSHA BLACKBURN, TENNESSEE

United States Senate

COMMITTEE ON THE JUDICIARY

WASHINGTON, DC 20510-6275

June 29, 2021

Michael Carvajal
Director
Federal Bureau of Prisons
320 First Street NW
Washington, D.C. 20534

Dear Director Carvajal:

We write in response to recent reports that the Federal Bureau of Prisons' (BOP) inmate Trust Fund/Deposit Fund program operates with little oversight, enables federal inmates to avoid paying child support and other debts, and fails to scrutinize inmate accounts for suspicious and potentially criminal activity.

On June 9, 2021, *The Washington Post* reported that federal inmates hold more than \$100 million in BOP-administered accounts. While that is an average of just \$775 per inmate, a small number of inmates allegedly hold more than \$100,000 each.¹ BOP reportedly does not always require inmates to satisfy debts from the money they hold in these accounts, which appear to be inconsistently monitored by BOP, unregulated by the U.S. Treasury, and not subject to the federal Bank Secrecy Act.²

The circumstances the *Post* describes are deeply concerning. Federal law requires any person who is "obligated to provide restitution, or pay a fine" and "receives substantial resources from any source, including inheritance, settlement, or other judgment, during a period of incarceration" to "apply the value of such resources to any restitution or fine still owed."³ Restitution ensures that crime victims receive monetary compensation to redress the harm caused by an offender's criminal actions.⁴ Similarly, court fines serve to fund the Department of Justice's Crime Victims Fund.⁵ The satisfaction of restitution and court fines by federal inmates should be a top priority for BOP.

¹ [Devlin Barrett, Federal Prisoners Hold \\$100 Million in Government-Run Accounts, Shielded From Some Criminal Scrutiny and Debt Collection, Wash. Post, June 9, 2021.](#)

² *Id.*

³ 18 U.S.C. § 3364(n).

⁴ See 18 U.S.C. § 3663.

⁵ See 34 U.S.C. § 20101.

The program's potential for abuse is also troubling. Under the Bank Secrecy Act, financial institutions are required to flag suspicious financial transactions with Suspicious Activity Reports (SARs); this enables banks, the U.S. Treasury, and federal investigators to monitor and investigate suspicious transactions linked to money laundering and other crimes. The federal regulations intended to intercept suspicious activity reportedly do not apply, however, to transactions involving an inmate's BOP trust accounts. The potential for bad actors to use inmate trust accounts to receive proceeds from or fund criminal activity while incarcerated is deeply troubling.

At the Senate Judiciary Committee's April hearing on BOP oversight, you were unable to provide specific details about BOP's policy and process for reviewing inmate accounts for the assessment of debts—despite BOP staff giving Committee staff assurances before the hearing that BOP regularly assessed inmate accounts to ensure that inmates pay their debts, including restitution to crime victims and fines.

Given the concerns raised at the hearing and the additional concerns raised by the *Post*, we request an immediate briefing by BOP on its management and oversight of the inmate Trust Fund/ Deposit Fund program. In addition, please provide responses to the following requests as soon as possible, but no later than July 12, 2021:

1. What steps does BOP take to ensure that money deposited into an inmate's trust account is used to satisfy restitution, fines, child support, alimony, and other obligations owed by the inmate? Please be specific.
 - a. How often is an inmate's Inmate Financial Responsibility Program (IFRP) plan assessed or reviewed? Does BOP review an inmate's trust account balance as part of the IFRP assessment?
 - b. How many inmates participate in the IFRP, and how many of these inmates are in compliance with their financial plans?
 - c. Do inmates incur negative consequences or penalties due to refusal to participate in the IFRP or failure to comply with provisions of their financial plans?
 - d. Does BOP take any action to insure inmates who do not participate in the IFRP are in compliance with their financial obligations?
 - e. Does BOP automatically authorize payment of restitution and fines from BOP trust accounts?
 - f. Is the BOP directly responsible for disbursing payments from or liquidations of inmate accounts, or are any payments made by another agency, such as the Bureau of the Fiscal Service?
 - g. Does the BOP refer settlements, payments, and other benefits deposited into inmate trust accounts to the Treasury Offset Program or any other program under the Treasury's Debt Management Services? Does the BOP refer

withdrawals, account liquidations, or any payments from these accounts to the Treasury Offset Program?

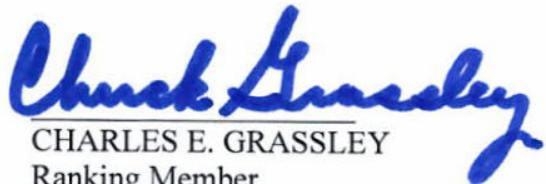
- h. Does BOP honor all state and federal court orders to seize assets in inmate accounts?
2. The BOP webpage lists collection amounts for the IFRP through FY 2012.⁶ Please provide collection amounts since FY 2012 through the most recent fiscal year for which information is available.
3. Does the BOP coordinate with other law enforcement entities such as the U.S. Marshals Service, the relevant U.S. Attorney, or any other law enforcement entity to monitor inmate trust fund accounts to ensure any opportunity to satisfy any financial obligation of an inmate is pursued?
4. Does the BOP monitor deposits to inmate accounts? How many accounts have received any of the three COVID-19 related economic impact payments or unemployment benefits? What is the total value of COVID-19 payments or unemployment payments deposited into inmate accounts since the beginning of 2020 up to the present?
5. What steps does BOP take to screen inmate transactions for suspicious activity? Does BOP report suspicious activity to the Financial Crimes Enforcement Network ("FinCEN")?
6. Please produce all manuals, policies, and procedures referring or related to BOP's inmate trust and deposit funds.
7. What is the total value of all inmate accounts?
8. Please provide account balance reports for any inmate trust account with funds totaling over \$100,000.

We appreciate your prompt attention to this important request.

Sincerely,



RICHARD J. DURBIN
Chair



CHARLES E. GRASSLEY
Ranking Member

⁶ Available at https://www.bop.gov/resources/victim_resources.jsp.



DIANNE FEINSTEIN
United States Senator



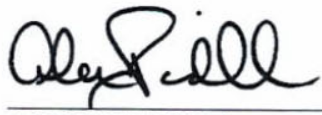
MICHAEL S. LEE
United States Senator



RICHARD BLUMENTHAL
United States Senator



TOM COTTON
United States Senator



ALEX PADILLA
United States Senator



THOM TILLIS
United States Senator

AMY KLOBUCHAR, MINNESOTA
RICHARD BLUMENTHAL, CONNECTICUT
BRIAN SCHATZ, HAWAII
EDWARD MARKEY, MASSACHUSETTS
GARY PETERS, MICHIGAN
TAMMY BALDWIN, WISCONSIN
TAMMY DUCKWORTH, ILLINOIS
JOY TESTER, MONTANA
KIRSTEN SINEMA, ARIZONA
JACKY ROSEN, NEVADA
BEN RAY LUJAN, NEW MEXICO
JOHN HICKENLOOPER, COLORADO
RAPHAEL WARNOCK, GEORGIA

ROGER WICKER, MISSISSIPPI
JOHN THUNE, SOUTH DAKOTA
ROY BLUNT, MISSOURI
TED CRUZ, TEXAS
DES FISCHER, NEBRASKA
JERRY MORAN, KANSAS
DAN SULLIVAN, ALASKA
MARSHA BLACKBURN, TENNESSEE
TODD YODanis, INDIANA
MIKE LEE, UTAH
RON JOHNSON, WISCONSIN
SHELLEY MOORE CAPITO, WEST VIRGINIA
RICK SCOTT, FLORIDA
CYNTHIA LUMM, WYOMING

DAVID STRICKLAND, MAJORITY STAFF DIRECTOR
JOHN KEAST, REPUBLICAN STAFF DIRECTOR

United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION

WASHINGTON, DC 20510-6125

WEBSITE: <https://commerce.senate.gov>

July 28, 2021

The Honorable Merrick B. Garland
Attorney General
U.S. Department of Justice
950 Pennsylvania Ave N.W.
Washington, DC 20530

Dear Attorney General Garland,

Larry Nassar committed reprehensible acts of sexual assault against hundreds of our nation's most talented young women gymnasts, including at least one representing the United States at this year's Olympic Games in Tokyo. Nassar is serving up to 175 years in prison after being convicted on multiple counts of child pornography and sexual assault.

The Bureau of Prisons allows federal inmates to maintain deposit accounts.¹ I understand that Nassar has received deposits of thousands of dollars from friends and family while incarcerated in federal prison. My investigative staff discovered that Nassar also received two COVID-related federal stimulus checks totaling \$2,000. These funds afford Nassar the opportunity to purchase special food items, phone calls, and a variety of entertainment options. Recent reporting shows he has spent more than \$10,000 since entering prison.²

Although the system administered by the Bureau of Prisons shields inmate deposit accounts from state court orders, Nassar has not complied with his federal financial sentencing obligations. Despite enjoying prison privileges, Nassar will reportedly fail to pay his special assessment of \$5,300 within the prescribed time period in accordance with his plea agreement accepted by the U.S. District Court for the Western District of Michigan.³ Nassar also owes more than \$57,000 in restitution to the victims of his heinous acts, an obligation that he has so far ignored.

Unfortunately, these facts give the appearance that the Department of Justice places greater importance on Nassar's comfort than on collecting the debt he owes to his victims. This situation sends a troubling message about our justice system's priorities, not only to the athletes he abused but to victims of sexual misconduct everywhere. Continuing to allow a sexual predator to

¹ Devlin Barrett, *Federal Prisoners Hold \$100 Million in Government-Run Accounts, Shielded from Some Criminal Scrutiny and Debt Collection*, WASH. POST (June 9, 2021), https://www.washingtonpost.com/national-security/bureau-of-prisons-bank-system-2021/06/08/2af9766-c3d1-11eb-8c18-fd53a628b992_story.html.

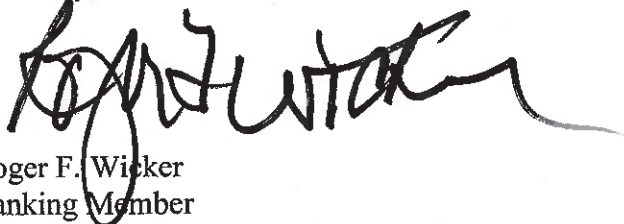
² See Devlin Barrett, *Prison Officials Allowed Convicted Sex Abuser Larry Nassar to Pay Little to Victims While Spending Thousands On Himself*, WASH. POST (July 28, 2021), https://www.washingtonpost.com/national-security/larry-nassar-prison-bank-account-2021/07/28/abd6560-ee14-11eb-bf80-e3877d9c5f06_story.html.

³ See *United States v. Nassar*, No. 1:16-cr-00242-JTN (W.D. Mich. Dec. 7, 2017).

maximize his comfort in prison while ignoring obligations he incurred as part of his sentencing adds grave insult to the injuries sustained by his victims and the entire U.S. Olympic community.

I implore you to review the policies that facilitate this egregious miscarriage of justice and encourage you to implement corrective action as quickly as possible. I appreciate your prompt and urgent attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Roger F. Wicker", written over the printed name.

Roger F. Wicker
Ranking Member
Commerce, Science, and Transportation Committee

Congress of the United States

Washington, DC 20515

July 29, 2021

Mr. Michael Carvajal
Director
Federal Bureau of Prisons
320 First St., NW
Washington, DC 20534

Director Carvajal,

We are seeking clarification on alarming reports regarding the Bureau of Prison's (Bureau) failure to comply with existing law and Department of Justice (DOJ) policy to prevent and report illicit financial activity and ensure that inmates are honoring their financial obligations to make their victims whole. While we appreciate Bureau's role in protecting public safety, we are concerned some inmates may be abusing the lax requirements of the Inmate Financial Responsibility Program (IFRP) and loose regulations of the Bureau Trust Fund to withhold restitution to their victims and participate in illicit financial activity.

Currently, reports indicate the Bureau manages over \$100 million in inmate accounts and those accounts are not subject to any of the regulatory scrutiny a financial institution of that size would be. Very little oversight or accountability of the Bureau Trust Fund poses significant risks for abuse, money laundering, and corruption. Improving the Bureau's ability to manage the Trust Fund and collaborate with law enforcement will prevent illicit financial activity and ensure inmates are honoring their financial obligations to the best of their ability.

The Bureau has a responsibility to the inmates' victims and the American people to ensure their tax dollars are being used responsibly. Under current law and DOJ policy, the Bureau is required to ensure inmates are paying all financial obligations, including but not limited to restitution, fines, special assessments, child support, alimony, costs of incarceration, and costs of prosecution.


We hope to gain a better understanding of what policies and procedures the Bureau maintains to prevent illicit financial activity within its Trust Fund. We request you answer the following questions as we prepare legislative and regulatory proposals to better assist the Bureau in managing its Trust Fund.


1. Does the Bureau have adequate resources to prevent illicit financial activity, honor state court orders, comply with existing statute and federal regulation, and ensure inmates are held accountable for their restitution and debt obligations without requiring law enforcement and/or state or federal prosecutors to intervene to compel the surrender of funds in an inmate trust account for purposes of satisfying debt owed?

2. Please clarify the following questions related to the inmate trust accounts and the Inmate Financial Responsibility Program (IFRP):
 - a. What is the cumulative total of inmate accounts managed by the Bureau?
 - b. How many inmate accounts have a balance greater than \$10,000; \$25,000; and \$100,000?
 - c. Upon release, what policies and procedures are in place to ensure an inmate is not issued a pre-paid banking card or U.S. Treasury check with their trust account balance where outstanding debt balances exist?
 - d. Are inmates housed in private prisons/detention facilities required to participate in IFRP?
3. What access does the Bureau provide to law enforcement as it pertains to inmate account information?
4. Provide the total number of stimulus checks the Bureau has processed for inmates from economic impact payments, along with the cumulative dollar amount.
5. What policies and procedures does the Bureau have in place to receive, monitor and comply with state or local court-ordered obligations (e.g. child support, alimony)?
6. Please clarify the Bureau's compliance with Bureau Program Statement 5380.06, Cost of Incarceration Fee (COIF):
 - a. Since 1999, how many inmates have paid a COIF?
 - b. How many inmates are currently paying COIF?
 - c. What is the total COIF amount the Bureau has collected since 1999?
7. Please clarify the Bureau's policy on debt collection requirements when utilizing administrative offset. Are the Bureau's policies consistent with federal law and regulation?
 - a. Is the Bureau utilizing the Treasury Offset Program for the collection of inmate debts?
8. Is the Bureau able to implement the attached updates to the Trust Fund/Deposit Fund Manual? What resources would the Bureau need to implement the attached updates? How quickly could the Bureau implement the proposed changes into IFRP?
9. What role does the Bureau employee union have in approving official Bureau of Prison policy?

Improving the integrity of the Bureau Trust Fund will allow for a stronger partnership between the Bureau and law enforcement, state and federal judiciaries and ultimately the American people's faith in the Bureau. We look forward to working with the Bureau to ensure victims are made whole and inmates honor their financial obligations.

Sincerely,


Lance Gooden
Member of Congress

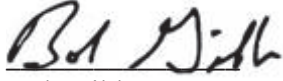

Fred Keller
Member of Congress



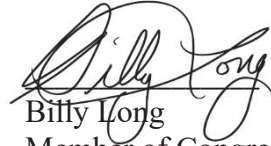
Ken Buck
Member of Congress



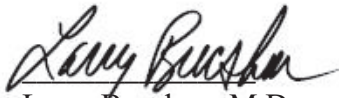
Dusty Johnson
Member of Congress



Bob Gibbs
Member of Congress



Billy Long
Member of Congress



Larry Bucshon, M.D.
Member of Congress



Scott Perry
Member of Congress

CC:

Attorney General Merrick Garland

Bureau of Prisons Assistant Director Lisa Ward

Bureau of Prisons Assistant Director Ken Hyle

RICHARD J. DURBIN, ILLINOIS, CHAIR

PATRICK J. LEAHY, VERMONT
DIANNE FEINSTEIN, CALIFORNIA
SHELDON WHITEHOUSE, RHODE ISLAND
AMY KLOBUCHAR, MINNESOTA
CHRISTOPHER A. COONS, DELAWARE
RICHARD BLUMENTHAL, CONNECTICUT
MAZIE HIRONO, HAWAII
CORY A. BOOKER, NEW JERSEY
ALEX PADILLA, CALIFORNIA
JON OSSOFF, GEORGIA

CHARLES E. GRASSLEY, IOWA
LINDSEY O. GRAHAM, SOUTH CAROLINA
JOHN CORNYN, TEXAS
MICHAEL S. LEE, UTAH
TED CRUZ, TEXAS
BEN SASSE, NEBRASKA
JOSHUA D. HAWLEY, MISSOURI
TOM COTTON, ARKANSAS
JOHN KENNEDY, LOUISIANA
THOM TILLIS, NORTH CAROLINA
MARSHA BLACKBURN, TENNESSEE

United States Senate

COMMITTEE ON THE JUDICIARY

WASHINGTON, DC 20510-6275

August 4, 2021

Michael Carvajal
Director
Federal Bureau of Prisons
U.S. Department of Justice
320 First Street NW
Washington, D.C. 20534

Dear Director Carvajal:

We write to follow up on our June 29, 2021 letter requesting information on the Federal Bureau of Prisons' (BOP) inmate Trust Fund/Deposit Fund program, to which we have not yet received a response. Recent reports that BOP may be failing to ensure that victims of former USA Gymnastics doctor Larry Nassar receive thousands of dollars in restitution raise urgent new concerns about BOP's handling of inmate accounts, and the extent to which the accounts may be inappropriately used to shelter funds owed to victims of crimes.

Last week, *The Washington Post* reported that despite deposits into Nassar's inmate trust account totaling over \$12,825.00 over the last three and a half years, BOP has only required him to pay about \$300.00 toward satisfying fines and restitution imposed as part of his sentence for child pornography.¹ These reports are deeply disturbing—and, as we noted in our last letter, they do not reflect the assurances that BOP staff gave Committee staff earlier this year, when they said that BOP regularly assessed inmate accounts to ensure that inmates pay their debts, including restitution to crime victims and fines. Nassar owes over \$60,000 in restitution and special assessments to the victims of his child sexual abuse.² To the extent Nassar has the resources to make payments to his victims, he must fulfill these obligations.

It is BOP's responsibility to ensure that the accounts it manages are properly managed and monitored—and that inmates use funds in these accounts to pay their debts, including restitution to crime victims and fines. We reiterate our request for an immediate briefing on BOP's oversight of the inmate Trust Fund/Deposit Fund program and again ask that you respond to our pending requests for information as soon as possible. In addition to responding to the outstanding requests from our June 29 letter, please also provide responses to the following questions as soon as possible and no later than August 18, 2021:

¹ https://www.washingtonpost.com/national-security/larry-nassar-prison-bank-account/2021/07/28/abdf6560-ee14-11eb-bf80-e3877d9c5f06_story.html

² *United States v. Lawrence G. Nassar*, 16-CR-642-JTN, Government Motion to Turn Over Funds in Inmate Trust Account to Apply to Criminal Monetary Penalties dated July 28, 2021 (ECF No. 69).

- 1) Please provide the most recent Inmate Financial Responsibility Plan (IFRP) for Larry Nassar and any previous versions of the plan that were active during Nassar's incarceration.
 - a. Please explain how BOP arrived at the determination that Nassar should pay \$100 monthly, or any other sum it determined appropriate, towards court fines and restitution.
 - b. Has BOP re-evaluated or re-assessed Nassar's IFRP since its initial assessment? As part of BOP's evaluations did BOP review Nassar's inmate account balance?
- 2) Please state whether BOP reviewed and assessed Nassar's COVID-19 stimulus payments for the satisfaction of court-ordered debts.
- 3) Does BOP routinely require an inmate to pay only the minimum monthly contribution towards court fines irrespective of an inmate's financial status?
- 4) Did BOP notify any law enforcement agency, such as the U.S. Marshals or a U.S. Attorney's office, that funds were potentially available for seizure in Nassar's BOP trust account, as is suggested by reporting from CNN?³
- 5) Please provide the complete transaction log for Nassar's BOP trust account.

Thank you for your time and consideration.

Sincerely,



RICHARD J. DURBIN
Chairman



CHARLES E. GRASSLEY
Ranking Member

³ <https://www.cnn.com/2021/07/29/us/larry-nassar-court-payments-motion/index.html>