

**Debt Collection Recovery Activities of the Department  
of Justice for Civil Debts Referred for Collection  
Annual Report for FY 2015**



**March 2015**

## EXECUTIVE SUMMARY

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The Department of Justice (Department) is the Federal Government's "collector of last resort." The Department collects on court-ordered judgments, contractual agreements and settlement agreements, on behalf of the Department of Treasury and other Federal agencies, and is responsible for collecting from debtors who have defaulted on their responsibility to repay their debts, as well as ensuring the timely collection of current judgments and settlements. Such debts arise from the numerous Federal programs where Federal agencies loan money directly, or guarantee or ensure loans from private financial institutions. The Department also collects amounts due the United States from fees, leases, services, overpayments, civil penalties, and other similar sources. In addition, the Department must enforce the financial judgments entered by the courts as the result of criminal litigation. The Department's efforts are conducted by the U.S. Attorneys' Offices (including Private Counsel) and the Department's litigating divisions. The management, accounting, disbursement and reporting of these debts is the responsibility of the Justice Management Division's Debt Collection Management Staff.

In 1986, the Federal Debt Recovery Act (FDRA) provided the Attorney General with the authority to retain at least four Private Counsel to represent the Department in its efforts to collect from federal debtors in each of up to ten Federal judicial districts as a pilot program to run for three years. The Debt Collection Improvement Act of 1996 expanded the use of Private Counsel by stating the Attorney General has permanent authority to contract with as few or as many Private Counsel in as many judicial districts as he deems appropriate. Currently, Private Counsel are retained by the Federal government in 19 Federal judicial districts with 40 Private Counsel offices participating.

This report provides information on civil debt collection activity by the Department for Fiscal Year (FY) 2015. Included is information on new debts referred to the Department during the fiscal year, collections made on existing debts, debts closed during the fiscal year, and the balance of outstanding civil debts as of the end of the fiscal year. Information is provided, broken out by the agencies that referred the debt to the Department, and is shown for overall debts handled by the Department and debts assigned to Private Counsel.

Highlights of this report include:

- The total dollar amount of referrals and the ending balance for the Department were significantly lower in FY 2015 than in FY 2014. This is due to several high dollar cases received in FY 2014 that substantially impacted the totals.
- In FY 2015, approximately 6,400 civil cases, worth almost \$9 billion, were referred to the Department. Of that amount, almost 1,600 cases worth more than \$45.5 million were handled by Private Counsel.



## STATUTORY REQUIREMENTS

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**As Required by  
31 US Chapter Section 3718(6)(c)  
and Amended in the Debt Collection Improvement Act, 1996**

The requirement for this annual report originated in 31 USC Section 3718, *Contracts for collection services*, which focuses on the use of contracts in retaining Private Counsel to provide legal services, including representation in negotiation, compromise, settlement, and litigation, in the case of any claim of indebtedness owed the United States. This was amended in 1996 by the Debt Collection Improvement Act (PL 104-134).

### **Reporting Requirement**

The Attorney General shall transmit to the Congress an annual report on the activities of the Department of Justice to recover indebtedness owed the United States which was referred to the Department of Justice for collection. Each such report shall include a list, by agency, of—

- (1) the total number and amounts of claims which were referred for legal services to the Department of Justice and to Private Counsel under subsection (b) during the 1-year period covered by the report;
- (2) the total number and amount of those claims referred for legal services to the Department of Justice which were collected or were not collected or otherwise resolved during the 1-year period covered by the report; and
- (3) the total number and amount of those claims referred for legal services to Private Counsel under subsection (b)—
  - (A) which were collected or were not collected or otherwise resolved during the 1-year period covered by the report;
  - (B) which were not collected or otherwise resolved under a contract terminated by the Attorney General during the 1-year period covered by the report; and
  - (C) on which the Attorney General terminated the Private Counsel's representation during the 1-year period covered by the report without terminating the contract with the Private Counsel under which the claims were referred.

This Annual Report fulfills the statutory requirement.

**PRIVATE COUNSEL ONLY – FISCAL YEAR 2015**

|            | <b>31 USC § 3718</b>  | <b>AMOUNT</b>              | <b>COUNT</b>     |
|------------|---|----------------------------|------------------|
| <b>(3)</b> | the total number and amount of those claims referred for legal services to Private Counsel <sup>4</sup>   | \$45,549,107               | 1,582            |
|            | (A) which were <u>collected</u> [...] during the 1-year period covered by the report;   | \$24,464,074               | N/A <sup>5</sup> |
|            | (A) which were [...] <u>resolved</u> during the 1-year period covered by the report;  | N/A <sup>6</sup>           | 3,726            |
|            | (A) which were [...] <u>NOT collected or otherwise resolved</u> during the 1-year period covered by the report;   | \$760,891,380 <sup>7</sup> | 44,956           |
|            | (B) which were not collected or otherwise resolved under a contract terminated by the Attorney General during the 1-year period covered by the report; and <sup>7</sup>   | N/A                        | N/A              |
|            | (C) on which the Attorney General terminated the Private Counsel's representation during the 1-year period covered by the report without terminating the contract with the Private Counsel under which the claims were referred. <sup>8</sup> | N/A                        | N/A              |

<sup>4</sup> The Private Counsel data in this report includes cases transferred from U.S. Attorneys' Offices to Private Counsel, and Private Counsel to U.S. Attorneys' Offices; but excludes Private Counsel Office to Private Counsel Office transfers. These types of transfers are not a part of the nationwide totals.

<sup>5</sup> The amounts collected are based on payments received during the current fiscal year regardless of the year of referral. These payments do not correlate to a specific number of individuals or cases.

<sup>6</sup> The number of cases resolved represents all cases closed by Private Counsel during the fiscal year regardless of the year of referral. A dollar amount is not provided as original debt balances may change based on negotiated settlement after referral, balances may be paid over multiple years, or an offset of benefits could occur.

<sup>7</sup> The amounts are based on the inventory of outstanding debts to the Department at the end of the fiscal year, regardless of the year of referral.

<sup>8</sup> No terminations occurred during this time-period.

| <b>FY 2015 PRIVATE COUNSEL REFERRALS – BY AGENCY<sup>9</sup></b> |              |                     |
|--|--------------|---------------------|
| <b>REFERRING AGENCY</b>  | <b>COUNT</b> | <b>AMOUNT</b>       |
| DEPARTMENT OF AGRICULTURE  | 109          | \$13,961,685        |
| DEPARTMENT OF EDUCATION  | 1,408        | \$23,549,255        |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES                          | 16           | \$495,107           |
| DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT                      | 29           | \$6,843,191         |
| DEPARTMENT OF THE TREASURY                                       | 2            | \$16,249            |
| DEPARTMENT OF VETERANS AFFAIRS                                   | 4            | \$179,191           |
| SMALL BUSINESS ADMINISTRATION                                    | 2            | \$132,636           |
| SOCIAL SECURITY ADMINISTRATION                                   | 12           | \$371,793           |
| <b>PRIVATE COUNSEL TOTAL</b>                                     | <b>1,582</b> | <b>\$45,549,107</b> |

<sup>9</sup> The Private Counsel data in this report includes cases transferred from U.S. Attorneys' Offices to Private Counsel, and Private Counsel to U.S. Attorneys' Offices; but excludes Private Counsel Office to Private Counsel Office transfers. These types of transfers are not a part of the nationwide totals.



| <b>FY 2015 DEPARTMENTWIDE RECOVERIES – BY AGENCY</b> |                         |
|--|-------------------------|
| <b>REFERRING AGENCY</b>                              | <b>AMOUNT</b>           |
| RAILROAD RETIREMENT BOARD                            | \$321,188               |
| RESOLUTION TRUST CORPORATION                         | \$3268                  |
| SECURITIES AND EXCHANGE COMMISSION                   | \$28404                 |
| SMALL BUSINESS ADMINISTRATION                        | \$22,528,264            |
| SMITHSONIAN INSTITUTE                                | \$1,764,328             |
| SOCIAL SECURITY ADMINISTRATION                       | \$1,594,922             |
| STATE/COUNTY/MUNICIPAL AUTHORITIES                   | \$98,300                |
| TENNESSEE VALLEY AUTHORITY CORPORATION               | \$123,036               |
| U.S. ARMY CORPS OF ENGINEERS                         | \$26,376,246            |
| U.S. COURTS  | \$71,675                |
| U.S. HOUSE OF REPRESENTATIVES                        | \$3,000                 |
| U.S. POSTAL SERVICE                                  | \$2,480,629             |
| <b>DEPARTMENTWIDE TOTAL</b>                          | <b>\$18,081,713,146</b> |

| <b>FY 2015 DEPARTMENTWIDE DEBTS CLOSED – BY AGENCY</b> |              |
|--|--------------|
| <b>REFERRING AGENCY</b>                                | <b>COUNT</b> |
| AGENCY FOR INTERNATIONAL DEVELOPMENT                   | 2            |
| AGENCY FOR STATE COLLECTION                            | 2            |
| ALL OTHER IDEPENDENT AGENCIES                          | 1            |
| AOUSC (COURT IMPOSED SANCTIONS)                        | 9            |
| COMMODITIES & FUTURES TRADING                          | 8            |
| CONSUMER PRODUCT SAFETY COMM                           | 1            |
| CORPORATION OF NATIONAL & COMMUNITY SERVICE            | 1            |
| DEPARTMENT OF AGRICULTURE                              | 562          |
| DEPARTMENT OF COMMERCE                                 | 8            |
| DEPARTMENT OF DEFENSE                                  | 119          |
| DEPARTMENT OF EDUCATION                                | 4,373        |
| DEPARTMENT OF ENERGY                                   | 13           |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES                | 1,841        |
| DEPARTMENT OF HOMELAND SECURITY                        | 49           |
| DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT            | 133          |
| DEPARTMENT OF INTERIOR                                 | 27           |
| DEPARTMENT OF JUSTICE                                  | 395          |
| DEPARTMENT OF LABOR                                    | 19           |
| DEPARTMENT OF STATE                                    | 1            |
| DEPARTMENT OF TRANSPORTATION                           | 15           |
| DEPARTMENT OF THE TREASURY                             | 214          |
| DEPARTMENT OF VETERANS AFFAIRS                         | 122          |
| ENVIRONMENTAL PROTECTION AGENCY                        | 201          |
| EXPORT/IMPORT BANK OF THE U.S.                         | 3            |
| FEDERAL COMMUNICATIONS COMMISSION                      | 36           |
| FEDERAL DEPOSIT INSURANCE CORPORATION                  | 8            |
| FEDERAL RESERVE SYSTEM                                 | 1            |
| FEDERAL TRADE COMMISSION                               | 7            |
| GENERAL SERVICES ADMINISTRATION                        | 16           |
| GOVERNMENT ACCOUNTABILITY OFFICE                       | 1            |
| INTERNAL REVENUE SERVICE                               | 936          |
| LIBRARY OF CONGRESS                                    | 1            |
| MULTIPLE AGENCIES                                      | 24           |
| NATIONAL AERONAUTICS and SPACE ADMINISTRATION          | 2            |
| NATIONAL ARCHIVES AND RECORDS SERVICE                  | 1            |
| NATIONAL CREDIT UNION ADMINISTRATION                   | 1            |
| NATIONAL SCIENCE FOUNDATION                            | 9            |
| NUCLEAR REGULATORY COMMISSION                          | 2            |
| OFFICE OF PERSONNEL MANAGEMENT                         | 6            |
| RAILROAD RETIREMENT BOARD                              | 23           |
| RESOLUTION TRUST CORPORATION                           | 3            |
| SECURITIES AND EXCHANGE COMMISSION                     | 2            |
| SMALL BUSINESS ADMINISTRATION                          | 95           |
| SMITHSONIAN INSTITUTE                                  | 1            |
| SOCIAL SECURITY ADMINISTRATION                         | 117          |
| STATE/COUNTY/MUNICIPAL AUTHORITIES                     | 1            |
| TENNESSEE VALLEY AUTHORITY CORPORATION                 | 1            |

| <b>FY 2015 PRIVATE COUNSEL DEBTS CLOSED – BY AGENCY</b> |              |
|---|--------------|
| <b>REFERRING AGENCY</b>                                 | <b>COUNT</b> |
| COMMODITIES & FUTURES TRADING                           | 1            |
| DEPARTMENT OF AGRICULTURE                               | 97           |
| DEPARTMENT OF DEFENSE                                   | 3            |
| DEPARTMENT OF EDUCATION                                 | 3,442        |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES                 | 78           |
| DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT             | 52           |
| DEPARTMENT OF JUSTICE                                   | 1            |
| DEPARTMENT OF THE TREASURY                              | 9            |
| DEPARTMENT OF VETERANS AFFAIRS                          | 24           |
| ENVIRONMENTAL PROTECTION AGENCY                         | 1            |
| GENERAL SERVICES ADMINISTRATION                         | 1            |
| RAILROAD RETIREMENT BOARD                               | 3            |
| SMALL BUSINESS ADMINISTRATION                           | 7            |
| SOCIAL SECURITY ADMINISTRATION                          | 6            |
| U.S. COURTS   | 1            |
| <b>PRIVATE COUNSEL TOTAL</b>                            | <b>3,726</b> |



**FY 2015 DEPARTMENTWIDE ENDING BALANCE – BY AGENCY**

| <b>REFERRING AGENCY</b>              | <b>COUNT</b>  | <b>AMOUNT</b>          |
|--------------------------------------|---------------|------------------------|
| NATIONAL SCIENCE FOUNDATION          | 1             | \$194,340              |
| NATIONAL SECURITY AGENCY             | 1             | \$231                  |
| NATIONAL TRANSPORTATION SAFETY BOARD | 1             | \$8,588                |
| OFFICE OF PERSONNEL MANAGEMENT       | 22            | \$2,207,715            |
| RAILROAD RETIREMENT BOARD            | 189           | \$4,416,434            |
| RESOLUTION TRUST CORPORATION         | 5             | \$402,864              |
| SECURITIES AND EXCHANGE COMMISSION   | 2             | \$44,992,354           |
| SMALL BUSINESS ADMINISTRATION        | 228           | \$174,193,143          |
| SMITHSONIAN INSTITUTE                | 2             | \$291,345              |
| SOCIAL SECURITY ADMINISTRATION       | 475           | \$21,609,365           |
| STATE/COUNTY/MUNICIPAL AUTHORITIES   | 8             | \$2,847,868            |
| U.S. ARMY CORPS OF ENGINEERS         | 10            | \$4,614,976            |
| U.S. COURTS                          | 75            | \$347,099              |
| U.S. POSTAL SERVICE                  | 70            | \$31,429,111           |
| U.S. TRADE AND DEVELOPMENT AGENCY    | 1             | \$120,994              |
| <b>DEPARTMENTWIDE TOTAL</b>          | <b>57,712</b> | <b>\$7,536,648,227</b> |