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## RICO: A Brief Sketch

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## Summary

Congress enacted the federal Racketeer Influenced and Corrupt Organization (RICO) provisions as part of the Organized Crime Control Act of 1970. In spite of its name and origin, RICO is not limited to “mobsters” or members of “organized crime” as those terms are popularly understood. Rather, it covers those activities which Congress felt characterized the conduct of organized crime, no matter who actually engages in them.

RICO proscribes no conduct that is not otherwise prohibited. Instead it enlarges the civil and criminal consequences, under some circumstances, of a list of state and federal crimes.

In simple terms, RICO condemns

- (1) any person
- (2) who
  - (a) invests in, or
  - (b) acquires or maintains an interest in, or
  - (c) conducts or participates in the affairs of, or
  - (d) conspires to invest in, acquire, or conduct the affairs of
- (3) an enterprise
- (4) which
  - (a) engages in, or
  - (b) whose activities affect, interstate or foreign commerce
- (5) through
  - (a) the collection of an unlawful debt, or
  - (b) the patterned commission of various state and federal crimes.

Violations are punishable by (a) the forfeiture of any property acquired through a RICO violation and of any property interest in the enterprise involved in the violation, and (b) imprisonment for not more than 20 years, or for life if one of the predicate offenses carries such a penalty, and/or a fine of not more than the greater of twice the amount of gain or loss associated with the offense or \$250,000 for individuals and \$500,000 for organizations. RICO has generally survived constitutional challenges, although its forfeiture provisions are subject to an excessive fines clause analysis and perhaps to cruel and unusual punishment disproportionality analysis.

RICO violations also subject the offender to civil liability. The courts may award anyone injured in their business or property by a RICO violation treble damages, costs and attorneys’ fees, and may enjoin RICO violations, order divestiture, dissolution or reorganization, or restrict an offender’s future professional or investment activities. Civil RICO has been controversial. At one time commentators urged Congress to amend its provisions. Congress found little consensus on the questions raised by proposed revisions, however, and the issue seems to have been put aside at least for the time being.

The text of the RICO sections, citations to state RICO statutes, and a selected bibliography are appended. This report appears in an abridged form, without footnotes, full citations, or appendices, as CRS Report RS20376, *RICO: An Abridged Sketch*, by (name redacted)

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# I. Introduction

Congress enacted the federal Racketeer Influenced and Corrupt Organization (RICO) provisions<sup>1</sup> as part of the Organized Crime Control Act of 1970.<sup>2</sup> In spite of its name and origin, RICO is not limited to “mobsters” or members of “organized crime,” as those terms are popularly understood.<sup>3</sup> Rather, it covers those activities which Congress felt characterized the conduct of organized crime, no matter who actually engages in them.<sup>4</sup>

RICO proscribes no conduct that is not otherwise prohibited.<sup>5</sup> Instead it enlarges the civil and criminal consequences, under some circumstances, of a list of state and federal crimes.<sup>6</sup>

In simple terms, RICO condemns

- (1) any person
- (2) who
  - (a) invests in, or
  - (b) acquires or maintains an interest in, or
  - (c) conducts or participates in the affairs of, or
  - (d) conspires to invest in, acquire, or conduct the affairs of
- (3) an enterprise
- (4) which
  - (a) engages in, or
  - (b) whose activities affect, interstate or foreign commerce
- (5) through
  - (a) the collection of an unlawful debt, or
  - (b) the patterned commission of various state and federal crimes.<sup>7</sup>

<sup>1</sup> 18 U.S.C. 1961 -1968 (text is appended).

<sup>2</sup> 84 Stat. 941 (1970).

<sup>3</sup> Boyle v. United States, 556 U.S. 938, 950-51 (2009); Sedima, S.P.R.L. v. Imrex Co., 473 U.S. 479, 499-500 (1985); H.J. Inc. v. Northwestern Bell Telephone Co., 492 U.S. 229, 236 (1989).

<sup>4</sup> “To avoid classifying defendants according to such ancillary characteristics as group association and national origin, the Act basically says ‘racketeer is as racketeer does’ and then tries to define what a racketeer does indeed do.” Andrew P. Bridges, *Private RICO Litigation Based Upon “Fraud” in the Sale of Securities*, 18 GA. L. REV. 43, 49 (1983); see also, Gerard E. Lynch, *RICO: The Crime of Being a Criminal: Parts I & II*, 87 COLUM. L. REV. 661, 686-88 (1987).

<sup>5</sup> Gerard E. Lynch, *RICO: The Crime of Being a Criminal, Parts III & IV*, 87 COLUM. L. REV. 920, 938-39 (1987); G. Robert Blakey & Brian Gettings, *Racketeer Influenced and Corrupt Organizations(RICO): Basic Concepts—Criminal and Civil Remedies*, 53 TEMP. L. Q. 1009, 1021 n.71 (1980).

<sup>6</sup> The statute describes these underlying offenses as “racketeering activities.” They are often referred to as “predicate offenses.”

<sup>7</sup> In exact terms, it declares the following:

“(a) It shall be unlawful for any person who has received any income derived, directly or indirectly, from a pattern of racketeering activity or through collection of an unlawful debt in which such person has participated as a principal within the meaning of section 2, title 18, United States Code, to use or invest, directly or indirectly, any part of such income, or the proceeds of such income, in acquisition of any interest in, or the establishment or operation of, any enterprise which is engaged in, or the activities of which affect, interstate or foreign commerce. A purchase of securities on the open market for purposes of investment, and without the intention of controlling or participating in control of the issuer, or of assisting another to do so, shall not be unlawful under this subsection, if the securities of the issuer held by the purchaser, the members of his immediate family, and his or their accomplices in any pattern of (continued...)

Violations are punishable by (a) forfeiture of any property acquired through a RICO violation and of any property interest in the enterprise involved in the violation, and (b) imprisonment for not more than 20 years, or life if one of the predicate offenses carries such a penalty, and/or a fine of not more than the greater of twice of amount of gain or loss associated with the offense or \$250,000 for individuals and \$500,000 for organizations.<sup>8</sup>

RICO violations also subject the offender to civil liability. The courts may award anyone injured by a RICO violation treble damages, costs and attorneys' fees,<sup>9</sup> and may enjoin RICO violations, order divestiture, dissolution or reorganization, or restrict an offender's future professional or investment activities.<sup>10</sup>

RICO also makes provision (1) for venue and service of process in RICO criminal and civil cases;<sup>11</sup> (2) for expedited judicial action in certain RICO civil cases brought by the United States;<sup>12</sup> (3) for in camera proceedings in RICO civil cases initiated by the United States;<sup>13</sup> and (4) for the Department of Justice's use of RICO civil investigative demands.<sup>14</sup> RICO cases have been attacked on a host constitutional grounds and generally survived.<sup>15</sup>

## II. A Closer Look at the Elements

### A. Any person

Any person may violate RICO.<sup>16</sup> The "person" need not be a mobster or even a human being; "any individual or entity capable of holding a legal or beneficial interest in property" will do.<sup>17</sup>

(...continued)

rackeering activity or the collection of an unlawful debt after such purchase do not amount in the aggregate to one percent of the outstanding securities of any one class, and do not confer, either in law or in fact, the power to elect one or more directors of the issuer.

"(b) It shall be unlawful for any person through a pattern of racketeering activity or through collection of an unlawful debt to acquire or maintain, directly or indirectly, any interest in or control of any enterprise which is engaged in, or the activities of which affect, interstate or foreign commerce.

"(c) It shall be unlawful for any person employed by or associated with any enterprise engaged in, or the activities of which affect, interstate or foreign commerce, to conduct, or participate, directly or indirectly, in the conduct of such enterprise's affairs through a pattern of racketeering activity or collection of unlawful debt.

"(d) It shall be unlawful for any person to conspire to violate any of the provisions of subsection (a), (b), or (c) of this section." 18 U.S.C. 1962.

<sup>8</sup> 18 U.S.C. 1963, 3571.

<sup>9</sup> 18 U.S.C. 1963(c).

<sup>10</sup> 18 U.S.C. 1964(a).

<sup>11</sup> 18 U.S.C. 1965.

<sup>12</sup> 18 U.S.C. 1966.

<sup>13</sup> "In any proceeding ancillary to or in any civil action instituted by the United States under this chapter the proceedings may be open or closed to the public at the discretion of the court after consideration of the rights of affected persons." 18 U.S.C. 1967.

<sup>14</sup> 18 U.S.C. 1968. The civil investigative demand process, borrowed from antitrust law like so many of the other features of RICO, permits the Attorney General to demand the production of documentary evidence from anyone prior to the initiation of civil or criminal RICO provisions.

<sup>15</sup> The challenges, ranging from Article III forfeiture issues to questions of Eighth Amendment cruel and unusual punishment questions, are discussed toward the end of this report.

<sup>16</sup> 18 U.S.C. 1962(a), (b), (c), (d).

<sup>17</sup> 18 U.S.C. 1961(3).

Although the “person” and the “enterprise” must be distinct in the case of a subsection 1962(c) violation (conducting an enterprise’s activities through racketeering activity),<sup>18</sup> a corporate entity and its sole shareholder are sufficiently distinct to satisfy the enterprise and person elements of a subsection (c) violation.<sup>19</sup> The “person” and “enterprise” need not be distinct for purposes of subsection 1962(a) (investing the racketeering activity proceeds in an enterprise) or subsection 1962(b) (acquiring or maintaining an enterprise through racketeering activity) violations.<sup>20</sup>

Even though governmental entities may constitute a corrupted RICO enterprise<sup>21</sup> or in some instances the victims of a RICO offense,<sup>22</sup> they are not considered “persons” capable of a RICO violation.<sup>23</sup>

## B. Conduct

### 1. Invest

RICO addresses four forms of illicit activity reflected in the four subsections of section 1962: (a) acquiring or operating an enterprise using racketeering proceeds; (b) controlling an enterprise using racketeering activities; (c) conducting the affairs of an enterprise using racketeering activities; and (d) conspiring to so acquire, control, or conduct.

The first, 18 U.S.C. 1962(a), was designed as something of a money laundering provision.<sup>24</sup> “The essence of a violation of §1962(a) is not commission of predicate acts but investment of

<sup>18</sup> *Cedric Kushner Promotions, Ltd. v. King*, 533 U.S. 158, 161 (2001); *Cruz v. FXDirectDealer, LLC*, 720 F.3d 115, 120 (2d Cir. 2013); *United States v. Bergrin*, 650 F.3d 257, 266 (3d Cir. 2011); *Abraham v. Singh*, 480 F.3d 351, 357 (5th Cir. 2007); *Living Designs, Inc. v. E.I. Dupont de Nemours and Co.*, 431 F.3d 353, 361 (9th Cir. 2005); *Branon v. Boatmen’s First National Bank*, 153 F.3d 1144, 1146 (10th Cir. 1998); *United States v. London*, 66 F.3d 1227, 1244 (1st Cir. 1995).

<sup>19</sup> *Cedric Kushner Promotions, Ltd. v. King*, 533 U.S. 158, 161 (2001); *Living Designs, Inc. v. E.I. Dupont de Nemours*, 431 F.3d 353, 361 (9th Cir. 2005); *First Capital Asset Management v. Satinwood, Inc.*, 385 F.3d 159, 173 (2d Cir. 2004).

<sup>20</sup> *Gentry v. Resolution Trust Corp.*, 937 F.2d 899, 907 (3d Cir. 1991); *Crowe v. Henry*, 43 F.3d 198, 205 (5th Cir. 1995); *In re Managed Care Litigation*, 150 F. Supp. 2d 1330, 1351 (S.D. Fla. 2001); cf., *Churchill Village v. General Electric*, 361 F.3d 566, 574-75 (9th Cir. 2004).

<sup>21</sup> *United States v. Shamah*, 624 F.3d 449, 454 (7th Cir. 2010)(police department); *United States v. Urban*, 404 F.3d 754, 770-71 (3d Cir. 2005)(city department); *United States v. Cianci*, 378 F.3d 71, 83 (1st Cir. 2004)(mayor’s office); *Ferluga v. Eickhoff*, 408 F. Supp. 2d 1153, 1162 (D. Kan. 2006)(municipality); *Michalowski v. Rutherford*, 82 F. Supp. 3d 775, 785 (N.D. Ill. 2015)(state agency).

<sup>22</sup> *County of Oakland v. City of Detroit*, 866 F.2d 839, 851 (6th Cir. 1989); *Illinois Department of Revenue v. Phillips*, 771 F.2d 312, 316-17 (7th Cir. 1985).

<sup>23</sup> *Gil Ramirez Group, LLC v. Houston Independent School District*, 786 F.3d 400, 411-12 (5th Cir. 2015); *Keller v. Central Bank*, 277 F.3d 811, 821 (6th Cir. 2002)(foreign sovereign); *Brown v. Nationsbank Corp.*, 188 F.3d 579, 587 (5th Cir. 1999)(Federal Bureau of Investigation); *Pedrina v. Chun*, 97 F.3d 1296, 1300 (9th Cir. 1996); *McNeily v. United States*, 6 F.3d 343, 350 (5th Cir. 1993)(Federal Deposit Insurance Corp.); *Gentry v. Resolution Trust Corp.*, 937 F.3d at 914 (municipal corporation); *Berger v. Pierce*, 933 F.2d 393, 397 (6th Cir. 1991)(Federal Insurance Administration); *Bloch v. Executive Office of the President*, \_\_\_ F. Supp. 3d \_\_\_, \_\_\_ (E.D. Va. February 9, 2016)(federal agency); *BEG Investments, LLC v. Alberti*, 85 F. Supp. 3d 13, 28-30 (D.D.C. 2015)(D.C. Alcohol Beverage Control Bd.); *Naples v. Stefanelli*, 972 F. Supp. 2d 373, 389 (E.D.N.Y. 2013)(Suffolk Cty, N.Y.).

<sup>24</sup> *Brittingham v. Mobil Corp.*, 943 F.2d 297, 303 (3d Cir. 1991), citing 116 Cong.Rec. 35199 (1970)(remarks of Rep. St. Germain), 116 Cong.Rec. 607 (1970) (remarks of Sen. Byrd), and 115 Cong.Rec. 6993 (1969)(remarks of Sen. Hruska); ABRAMS, *THE LAW OF CIVIL RICO*, 206 (1991); *Sadighi v. Daghighfekr*, 36 F. Supp. 2d 279, 286 (D.S.C. 1999). RICO predates 18 U.S.C. 1956, 1957, the principal federal money laundering statutes, by close to a decade and a half.

racketeering income.”<sup>25</sup> It introduces several features of its own and has been described as the most difficult to prove.<sup>26</sup> Under its provisions, it is unlawful for

- (1) any person
- (2) who is liable as a principal
  - (a) in the collection of an unlawful debt or
  - (b) in a pattern of predicate offenses
- (3) to use or invest
- (4) the income from such misconduct
- (5) to acquire, establish or operate
- (6) an enterprise in or affecting commerce.<sup>27</sup>

The “person,” the pattern of predicate offenses, and the enterprise elements are common to all of the subsections. For purposes of 1962(a), however, a legal entity that benefits from the offense may be both the “person” and the “enterprise.”<sup>28</sup> The person must have committed usury or a pattern of predicate offenses or aided and abetted in their commission,<sup>29</sup> have received income that would not otherwise have been received as a result, and used those proceeds to acquire or operate an enterprise in or whose activities have an impact on interstate or foreign commerce.<sup>30</sup>

<sup>25</sup> *Gristede’s Foods, Inc. v. Unkechauge Nation*, 532 F. Supp. 2d 439, 446 (E.D.N.Y. 2007), quoting, *Ouaknine v. MacFarlane*, 897 F.2d 75, 83 (2d Cir. 1990); *see also*, *Ideal Steel Supply Corp. v. Anza*, 652 F.3d 310, 321 (2d Cir. 2011)(“Subsection (a), in contrast, focuses the inquiry on conduct different from the conduct constituting the pattern of racketeering activity. After there have been sufficient predicate acts to constitute such a pattern, what is forbidden by subsection (a) is the investment or use of the proceeds of that activity to establish or operate a commerce-affecting enterprise”).

<sup>26</sup> *BCCI Holdings (Luxembourg) Societe Anonyme v. Khalil*, 56 F. Supp. 2d 14, 63 (D.D.C. 1999); G. Robert Blakey & Ronald Goldstock, *On the Waterfront: RICO and Labor Racketeering*, 17 AM. CRIM. L. REV. 341, 356 (1980).

<sup>27</sup> 18 U.S.C. 1962(a); *North Cypress Medical Center Operating Co., Ltd. v. Cigna Healthcare*, 781 F.3d 182, 202 (5<sup>th</sup> Cir. 2015); *Rao v. BP Products North American, Inc.*, 589 F.3d 389, 398 (7<sup>th</sup> Cir. 2009); *St. Paul Mercury Ins. Co. v. Williamson*, 224 F.3d 425, 441 (5<sup>th</sup> Cir. 2000); *United States v. Vogt*, 910 F.2d 1184, 1194 (4<sup>th</sup> Cir. 1990); *In re Honey Transshipping Litigation*, 87 F. Supp. 3d 855, 866-67 (N.D. Ill. 2015); *Chesapeake Employers’ Ins. Co. v. Eades*, 77 F.Supp.3d 1241, 1250 (N.D. Ga. 2015).

More precisely, the subsection declares, “(a) It shall be unlawful for any person who has received any income derived, directly or indirectly, from a pattern of racketeering activity or through collection of an unlawful debt in which such person has participated as a principal within the meaning of section 2, title 18, United States Code, to use or invest, directly or indirectly, any part of such income, or the proceeds of such income, in acquisition of any interest in, or the establishment or operation of, any enterprise which is engaged in, or the activities of which affect, interstate or foreign commerce. A purchase of securities on the open market for purposes of investment, and without the intention of controlling or participating in control of the issuer, or of assisting another to do so, shall not be unlawful under this subsection, if the securities of the issuer held by the purchaser, the members of his immediate family, and his or their accomplices in any pattern of racketeering activity or the collection of an unlawful debt after such purchase do not amount in the aggregate to one percent of the outstanding securities of any one class, and do not confer, either in law or in fact, the power to elect one or more directors of the issuer.” 18 U.S.C. 1962(a).

<sup>28</sup> *Churchill Village v. General Electric*, 361 F.3d 566, 574 (9<sup>th</sup> Cir. 2004)(“Where a corporation engages in racketeering activities and is the direct or indirect beneficiary of the pattern of racketeering activity, it can be both the ‘person’ and the ‘enterprise’ under section 1962(a)”; *Gentry v. Resolution Trust Corp.*, 937 F.2d 899, 907 (3d Cir. 1991); *Official Publications, Inc. v. Kable News*, 884 F.2d 664, 668 (2d Cir. 1989); *Downing v. Halliburton & Associates, Inc.*, 812 F. Supp. 1178 (M.D. Ala. 1995), *aff’d* without written op., 13 F.3d 410 (11<sup>th</sup> Cir. 1995).

<sup>29</sup> *Brady v. Dairy Fresh Products Co.*, 974 F.2d 1149, 1152 (9<sup>th</sup> Cir. 1992); *United States v. Wyatt*, 807 F.2d 1480, 1482 (9<sup>th</sup> Cir. 1987).

<sup>30</sup> *National Organization for Women, Inc. v. Scheidler*, 968 F.2d 612, 625 (7<sup>th</sup> Cir. 1992), *rev’d on other grounds*, 510 U.S. 249 (1994); *In re Burzynski*, 989 F.2d 733, 744 (5<sup>th</sup> Cir. 1993); *Ideal Steel Supply Corp. v. Anza*, 373 F.3d 251, 264 (2d Cir. 2004), *rev’d on other grounds*, 547 U.S. 451 (2006); *Kerrigan v. ViSalus, Inc.*, 112 F. Supp. 3d 580, 610-11 (E.D. Mich. 2015); *Johnson v. GEICO Casualty Co.*, 516 F. Supp. 2d 351, 361 (D. Del. 2007).



## 2. Acquire or Maintain

The second proscription, 18 U.S.C. 1962(b), is much the same, except that it forbids acquisition or control of an enterprise through the predicates themselves rather than through the income derived from the predicates. It makes it unlawful for

- (1) any person
- (2) to acquire or maintain an interest in or control of
- (3) a commercial enterprise
- (4) through
  - (a) the collection of an unlawful debt or
  - (b) a pattern of predicate offenses.<sup>31</sup>

As in the case of subsection 1962(a), the “person” and the “enterprise” may be one and the same.<sup>32</sup> There must be a nexus between the predicate offenses and the acquisition of control.<sup>33</sup> Exactly what constitutes “interest” or “control” is a case-by-case determination. The defendant must be shown to have played some significant role in the management of the enterprise, but a showing of complete control is unnecessary.<sup>34</sup>

## 3. Conduct of Affairs

Subsection 1962(c) makes it unlawful for

- (1) any person,
- (2) employed by or associated with,
- (3) a commercial enterprise
- (4) to conduct or participate in the conduct of the enterprise’s affairs
- (5) through
  - (a) the collection of an unlawful debt or
  - (b) a pattern of predicate offenses.<sup>35</sup>

<sup>31</sup> “(b) It shall be unlawful for any person through a pattern of racketeering activity or through collection of an unlawful debt to acquire or maintain, directly or indirectly, any interest in or control of any enterprise which is engaged in, or the activities of which affect, interstate or foreign commerce.” 18 U.S.C. 1962(b); *Tal v. Hogan*, 453 F.3d 1244, 1268 (10<sup>th</sup> Cir. 2006); *Advocacy Organization for Patients and Providers v. Auto Club Insurance Association*, 176 F.3d 315, 322 (6<sup>th</sup> Cir. 1999); *Sarpolis v. Tereshko*, 26 F. Supp. 3d 407, 429-30 (E.D. Pa. 2014).

<sup>32</sup> *Churchill Village v. General Electric*, 361 F.3d 566, 574 (9<sup>th</sup> Cir. 2004); *Landry v. Air Line Pilots Ass’n*, 901 F.2d 404, 425 (5<sup>th</sup> Cir. 1990); *Gentry v. Resolution Trust Corp.*, 937 F.2d 899, 907 (3d Cir. 1991); *Whaley v. Auto Club Insurance Association*, 891 F. Supp. 1237, 1241-242 (E.D. Mich. 1995).

<sup>33</sup> *Wagh v. Metris Direct, Inc.*, 363 F.3d 821, 830 (9<sup>th</sup> Cir. 2003); *Advocacy Organization for Patients and Providers v. Auto Club Insurance Association*, 176 F.3d at 329; *Banks v. Wolk*, 918 F.2d 418, 421 (3d Cir. 1990); *Andrews Farms v. Calcot, Ltd.*, 527 F. Supp. 2d 1239, 1256 (E.D. Cal. 2007).

<sup>34</sup> *Tal v. Hogan*, 453 F.3d at 1268-269 (“Interest in or control of” requires more than a general interest in the results of its actions, or the ability to influence the enterprise through deceit ... Rather, it requires some ownership of the enterprise or an ability to exercise dominion over it”); *Ikuno v. Yip*, 912 F.2d 306, 310 (9<sup>th</sup> Cir. 1990), citing *Sutliff, Inc. v. Donovan Co.*, 727 F.2d 648, 653 (7<sup>th</sup> Cir. 1984), and *Cincinnati Gas & Elec. Co. v. General Electric Co.*, 656 F. Supp. 49, 85 (S.D. Ohio 1986); *Nafta v. Fenisk International House of Trade (USA), Inc.*, 932 F. Supp. 422, 428 (1996); *Griffin v. NBD Bank*, 43 F. Supp. 2d 780, 791-92 (W.D. Mich. 1999) (includes the control evidenced by the ability to select one or more of members of a corporation’s board of directors). Control may also be indirect as for example where the defendant exercises a measure of control over a subsidiary by virtue of his control over its parent organization, *BCCI Holding (Luxembourg) Societe Anonyme v. Khalil*, 56 F. Supp. 2d 14, 51 (D.D.C. 1999).

<sup>35</sup> “(c) It shall be unlawful for any person employed by or associated with any enterprise engaged in, or the activities of which affect, interstate or foreign commerce, to conduct, or participate, directly or indirectly, in the conduct of such enterprise’s affairs through a pattern of racketeering activity or collection of unlawful debt.” 18 U.S.C. 1962(c).

(continued...)



Subsection 1962(c) is the most common substantive basis for RICO prosecution or civil action.<sup>36</sup> Although on its face subsection 1962(c) might appear to be less demanding than subsections 1962(a) and (b), the courts have not always read it broadly. Thus, in any charge of a breach of its provisions, the “person” and the “enterprise” must ordinarily be distinct.<sup>37</sup> The requirement cannot be avoided by charging a corporate entity as the “person” and the officers and employees through whom it must act as an “association in fact” enterprise.<sup>38</sup> A corporate entity and its sole shareholder, however, are sufficiently distinct for purposes of subsection 1962(c).<sup>39</sup>

The Supreme Court has identified an entrepreneurial stripe in the “conduct or participate in the conduct” element of subsection 1962(c) under which only those who direct the operation or management of the enterprise itself satisfy the “conduct” element.<sup>40</sup> Liability, however, is not limited to the “upper management” of an enterprise, but extends as well to those within the enterprise who exercise broad discretion in carrying out the instructions of upper management.<sup>41</sup> Moreover, conviction requires neither an economic predicate offense nor a predicate offense committed with an economic motive.<sup>42</sup>

## C. Pattern of Racketeering Activity

### 1. Predicate Offenses

The heart of most RICO violations is a pattern of racketeering activities, that is, the patterned commission of two or more designated state or federal crimes. The list of state and federal crimes upon which a RICO violation may be predicated includes the following:

(A) any act or threat involving—

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(...continued)

“A substantive RICO charge requires the Government to prove: (1) the existence of an enterprise which affects interstate or foreign commerce; (2) the defendant’s association with the enterprise; (3) the defendant’s participation in the conduct of enterprise’s affairs; and (4) that the participation was through a pattern of racketeering activity,” *United States v. Fowler*, 535 F.3d 408, 418 (6<sup>th</sup> Cir. 2008); *see also*, *United States v. Godwin*, 765 F.3d 1306, 1320 (11<sup>th</sup> Cir. 2014); *In re ClassicStar Mare Lease Litigation*, 727 F.3d 473, 483 (6<sup>th</sup> Cir. 2013); *Crest Construction II, Inc. v. John Doe*, 660 F.3d 346, 353 (8<sup>th</sup> Cir. 2011); *United States v. Brandao*, 539 F.3d 44, 50-1 (1<sup>st</sup> Cir. 2008).

<sup>36</sup> *Gordon, Crimes That Count Twice: A Reexamination of RICO’s Nexus Requirements Under 18 U.S.C. §§1962(c) and 1964(c)*, 32 VT. L. REV. 171, 173 (2007).

<sup>37</sup> *Cedric Kushner Promotions, Ltd. v. King*, 533 U.S. 158, 161 (2001); *Bible v. United Student Aid Funds, Inc.*, 799 F.3d 633, 655 (7<sup>th</sup> Cir. 2015); *North Cypress Medical Center v. Cigna Healthcare*, 781 F.3d 182, 202 (5<sup>th</sup> Cir. 2015); *In re ClassicStar Mare Lease Litigation*, 727 F.3d 473, 483 (6<sup>th</sup> Cir. 2013); *City of New York v. Smokes-Spirits.Com, Inc.*, 541 F.3d 425, 446-47 (2d Cir. 2008), *rev’d on other grounds sub nom.*, *Hemi Group v. City of New York*, 559 U.S. 1, 11 (2010).

<sup>38</sup> *Sever v. Alaska Pulp Corp.*, 978 F.2d 1529, 1534 (9<sup>th</sup> Cir. 1992); *Glessner v. Kenny*, 952 F.2d 702, 711-12 (3d Cir. 1991); *but see*, *Webster v. Omnitrition International, Inc.*, 79 F.3d 776, 787 (9<sup>th</sup> Cir. 1996) (holding a corporation could be guilty under subsection 1962(d) of conspiring with its officers and employees to violate RICO in a case in which the corporation appears to have been considered both the enterprise and a person).

<sup>39</sup> *Cedric Kushner Promotions, Ltd. v. King*, 533 U.S. 158, 161 (2001).

<sup>40</sup> *Reves v. Ernst & Young*, 507 U.S. 170, 184-85 (1993); *see also*, *United States v. Ramirez-Rivera*, 800 F.3d 1, 20 (1<sup>st</sup> Cir. 2015); *Bible v. United Student Aid Funds, Inc.*, 799 F.3d 633, 655 (7<sup>th</sup> Cir. 2015); *United States v. Praddy*, 725 F.3d 147, 155 (2d Cir. 2013); *Ouwinga v. Benistar 419 Plan Services, Inc.*, 694 F.3d 783, 791-92 (6<sup>th</sup> Cir. 2012).

<sup>41</sup> *Allstate Ins. Co. v. Plambeck*, 802 F.3d 665, 674-75 (5<sup>th</sup> Cir. 2015); *United States v. Godwin*, 765 F.3d 1306, 1320 (11<sup>th</sup> Cir. 2014); *Ouwinga v. Benistar 419 Plan Services, Inc.*, 694 F.3d at 792; *Walter v. Drayson*, 538 F.3d 1244, 1247-248 (9<sup>th</sup> Cir. 2008); *United States v. Urban*, 404 F.3d 754, 769-70 (3d Cir. 2005).

<sup>42</sup> *National Organization for Women, Inc. v. Scheidler*, 510 U.S. 249, 256-61 (1994).

murder  
 kidnaping  
 gambling  
 robbery  
 dealing in obscene material, or  
 dealing in controlled substances or listed chemicals  
 chargeable under state law and punishable by imprisonment for more than one year;

(B) violation of—

18 U.S.C. 201 (bribery of federal officials)  
 18 U.S.C. 224 (bribery in sporting contests)  
 18 U.S.C. 471, 472, 473 (counterfeiting)  
 18 U.S.C. 659 (theft from interstate shipments)(if felonious)  
 18 U.S.C. 664 (theft from employee benefit plan)

18 U.S.C. 891-894 (loansharking)  
 18 U.S.C. 1028 (fraudulent identification documents)(if for profit)  
 18 U.S.C. 1029 (computer fraud)  
 18 U.S.C. 1084 (transmission of gambling information)  
 18 U.S.C. 1341 (mail fraud)

18 U.S.C. 1343 (wire fraud)  
 18 U.S.C. 1344 (bank fraud)  
 18 U.S.C. 1351 (fraud in foreign labor contracting),  
 18 U.S.C. 1425 (procuring nationalization unlawfully)  
 18 U.S.C. 1426 (reproduction of naturalization papers)  
 18 U.S.C. 1427 (sale of naturalization papers)

18 U.S.C. 1461-1465 (obscene matter)  
 18 U.S.C. 1503 (obstruction of justice)  
 18 U.S.C. 1510 (obstruction of criminal investigation)  
 18 U.S.C. 1511 (obstruction of state law enforcement)  
 18 U.S.C. 1512 (witness tampering)  
 18 U.S.C. 1513 (witness retaliation)

18 U.S.C. 1542, 1543, 1544, 1546 (passport or similar document fraud)  
 18 U.S.C. 1581-1592 (peonage & slavery)  
 18 U.S.C. 1951 (Hobbs Act (interference with commerce by threat or violence))  
 18 U.S.C. 1952 (Travel Act (interstate travel in aid of racketeering))  
 18 U.S.C. 1953 (transportation of gambling paraphernalia)

18 U.S.C. 1954 (bribery to influence employee benefit plan)  
 18 U.S.C. 1955 (illegal gambling business)  
 18 U.S.C. 1956, 1957 (money laundering)  
 18 U.S.C. 1958 (murder for hire)  
 18 U.S.C. 1960 (illegal money transmitters)

18 U.S.C. 2251, 2251A, 2252, 2260 (sexual exploitation of children)  
 18 U.S.C. 2312, 2313 (interstate transportation of stolen cars)  
 18 U.S.C. 2314, 2315 (interstate transportation of stolen property)

18 U.S.C. 2318-2320 (copyright infringement)  
18 U.S.C. 2321 (trafficking in certain motor vehicles or motor vehicle parts)  
18 U.S.C. 2341-2346 (contraband cigarettes)  
18 U.S.C. 2421-2424 (Mann Act)

(C) indictable violations of—

29 U.S.C. 186 (payments and loans to labor organizations)  
29 U.S.C. 501(c) (embezzlement of union funds)

(D) any offense involving—

fraud connected with a case under title 11 (bankruptcy)  
fraud in the sale of securities  
felonious violations of federal drug law

(E) violation of the Currency and Foreign Transactions Reporting Act [31 U.S.C. 5311-5332]

(F) violation (for profit) of the Immigration and Nationality Act, section 274 (bringing in and harboring aliens), section 277 (helping aliens enter the U.S. unlawfully), or section 278 (importing aliens for immoral purposes), and

(G) violation of [a statute identified as a federal crime of terrorism in 18 U.S.C. 2332b(g)(5)(B)]—

18 U.S.C. 32 (destruction of aircraft or aircraft facilities)  
18 U.S.C. 37 (violence at international airports)  
18 U.S.C. 81 (arson within special maritime and territorial jurisdiction)  
18 U.S.C. 175 or 175b (biological weapons)  
18 U.S.C. 175c (variola virus)

18 U.S.C. 229 (chemical weapons)  
18 U.S.C. 351(a), (b), (c), or (d) (congressional, cabinet, and Supreme Court assassination and kidnapping)  
18 U.S.C. 831 (nuclear materials)  
18 U.S.C. 832 (participating in foreign nuclear program)  
18 U.S.C. 842(m) or (n) (plastic explosives)

18 U.S.C. 844(f)(2) or (3) (arson and bombing of Government property risking or causing death)  
18 U.S.C. 844(i) (arson and bombing of property used in interstate commerce)  
18 U.S.C. 930(c) (killing or attempted killing during an attack on a Federal facility with a dangerous weapon)  
18 U.S.C. 956(a)(1) (conspiracy to murder, kidnap, or maim persons abroad)  
18 U.S.C. 1030(a)(1) (protection of computers)

18 U.S.C. 1030(a)(5)(A)(damage to protected computers under 1030(a)(4)(A)(i)(II) through (VI))  
18 U.S.C. 1114 (killing or attempted killing of officers and employees of the United States)  
18 U.S.C. 1116 (murder or manslaughter of foreign officials, official guests, or internationally protected persons)  
18 U.S.C. 1203 (hostage taking)  
18 U.S.C. 1361 (destruction of government property)

- 18 U.S.C. 1362 (destruction of communication lines, stations, or systems)
- 18 U.S.C. 1363 (injury to buildings or property within special maritime and territorial jurisdiction of the United States)
- 18 U.S.C. 1366(a) (destruction of an energy facility)
- 18 U.S.C. 1751(a), (b), (c), or (d) (presidential and presidential staff assassination and kidnaping)
- 18 U.S.C. 1831 (economic espionage)
- 18 U.S.C. 1832 (theft of trade secrets)
- 18 U.S.C. 1992 (attacks on trains or mass transit)
  
- 18 U.S.C. 2155-2156 (destruction of national defense materials, premises, or utilities)
- 18 U.S.C. 2280 (violence against maritime navigation)
- 18 U.S.C. 2281 (violence against maritime fixed platforms)
- 18 U.S.C. 2332 (homicide and other violence against United States nationals occurring outside of the United States)
- 18 U.S.C. 2332a (use of weapons of mass destruction)
  
- 18 U.S.C. 2332b (acts of terrorism transcending national boundaries)
- 18 U.S.C. 2332f (bombing public places and facilities)
- 18 U.S.C. 2332g (anti-aircraft missiles)
- 18 U.S.C. 2332h (radiological dispersal devices)
- 18 U.S.C. 2339 (harboring terrorists)
  
- 18 U.S.C. 2339A (providing material support to terrorists)
- 18 U.S.C. 2339B (providing material support to terrorist organizations)
- 18 U.S.C. 2339C (financing terrorism)
- 18 U.S.C. 2339D (receipt of training from foreign terrorist organization)
- 18 U.S.C. 2340A (torture)
  
- 21 U.S.C. 960A (narco-terrorism)
- 42 U.S.C. 2122 (atomic weapons)
- 42 U.S.C. 2284 (sabotage of nuclear facilities or fuel)
- 49 U.S.C. 46502 (aircraft piracy)
- 49 U.S.C. 46504 (2d sentence) (assault on a flight crew with a dangerous weapon)
  
- 49 U.S.C. 46505(b)(3) or (c) (explosive or incendiary devices, or endangerment of human life by means of weapons, on aircraft)
- 49 U.S.C. 46506 (if homicide or attempted homicide is involved, application of certain criminal laws to acts on aircraft)
- 49 U.S.C. 60123( b) (destruction of interstate gas or hazardous liquid pipeline facility).<sup>43</sup>

To constitute “racketeering activity,” the predicate offense need only be *committed*; there is no requirement that the defendant or anyone else have been *convicted* of a predicate offense before a RICO prosecution or action may be brought.<sup>44</sup> Conviction of a predicate offense, on the other

<sup>43</sup> 18 U.S.C. 1961(1). Paragraph 1961(1)(G) simply states that the crimes listed in 18 U.S.C. 2332b(g)(5)(B) (*i.e.*, federal crimes of terrorism) are predicate offenses; thus, whenever a crime is added to subparagraph 2332b(g)(5)(B) it becomes a RICO predicate offense, sub silentio.

<sup>44</sup> *Sedima, S.P.L.R. v. Imrex Co.*, 473 U.S. 479, 488 (1985); *American Chiropractic v. Trigon Healthcare*, 367 F.3d 212, 233 (4<sup>th</sup> Cir. 2004). A civil RICO cause of action based on fraud in the purchase or sale of securities requires a (continued...)

hand, does not preclude a subsequent RICO prosecution, nor is either conviction or acquittal a bar to a subsequent RICO civil action.<sup>45</sup>

## 2. Pattern

The pattern of racketeering activities element of RICO requires (1) the commission of two or more predicate offenses, (2) that the predicate offenses be related and not simply isolated events, and (3) that they are committed under circumstances that suggest either a continuity of criminal activity or the threat of such continuity.<sup>46</sup>

*i. Predicates:* The first element is explicit in section 1961(5): “‘Pattern of racketeering activity’ requires at least two acts of racketeering activity.” The two remaining elements, relationship and continuity, flow from the legislative history of RICO. That history “shows that Congress indeed had a fairly flexible concept of a pattern in mind. A pattern is not formed by sporadic activity.... [A] person cannot be subjected to the sanctions [of RICO] simply for committing two widely separate and isolated criminal offenses. Instead, the term ‘pattern’ itself requires the showing of a relationship between the predicates and of the threat of continuing activity. It is this factor of *continuity plus relationship* which combines to produce a pattern.”<sup>47</sup>

*ii. Related predicates:* The commission of predicate offenses forms the requisite related pattern if the “criminal acts ... have the same or similar purposes, results, participants, victims, or methods of commission, or otherwise are interrelated by distinguishing characteristics and are not isolated events.”<sup>48</sup>

*iii. Continuity:* The law recognizes continuity in two forms, pre-existing (“closed-ended”) and anticipated (“open-ended”).<sup>49</sup> The first is characterized by “a series of related predicates,

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(...continued)

prior conviction, 18 U.S.C. 1964(c); *Powers v. Wells Fargo Bank NA*, 439 F.3d 1043, 1046 (9<sup>th</sup> Cir. 2006); *Vanderbilt Mortgage and Finance, Inc. v. Flores*, 735 F. Supp. 679, 697 (S.D. Tex. 2010).

<sup>45</sup> *McCarthy v. Pacific Loan, Inc.*, 629 F. Supp. 1102, 1108 (D.Haw. 1986); cf., *Appley v. West*, 832 F.2d 1021, 1024-25 (7<sup>th</sup> Cir. 1987); see discussion of double jeopardy constitutional issue *infra* at 20.

<sup>46</sup> *H.J., Inc. v. Northwestern Bell Telephone Co.*, 492 U.S. 229, 240 (1989); *United States v. Vernace*, 811 F.3d 609, 615 (2d Cir. 2016).

<sup>47</sup> *H.J., Inc. v. Northwestern Bell Telephone Co.*, 492 U.S. at 239 (1989)(emphasis of the Court), citing S.Rep.No. 617, 91<sup>st</sup> Cong., 1<sup>st</sup> Sess. at 158 (1969) and 116 Cong.Rec. 18940 (1970)(remarks of Sen. McClellan); *Grubbs v. Sheakley Group, Inc.*, 807 F.3d 785, 804 (6<sup>th</sup> Cir. 2015); *Bible v. United Student Aid Funds, Inc.*, 799 F.3d 633, 659 (7<sup>th</sup> Cir. 2015); *Stonebridge Collection, Inc. v. Carmichael*, 791 F.3d 811, 823 (8<sup>th</sup> Cir. 2015).

<sup>48</sup> *H.J., Inc. v. Northwestern Bell Telephone Co.*, 492 U.S. at 240, quoting, 18 U.S.C. 3575(e); *see also*, *United States v. Vernace*, 811 F.3d 609, 615 (2d Cir. 2016); *Bible v. United Student Aid Funds, Inc.*, 799 F.3d at 659; *United States v. Henley*, 766 F.3d 893, 907 (8<sup>th</sup> Cir. 2014); *United States v. Godwin*, 765 F.3d 1306, 1321 (11<sup>th</sup> Cir. 2014). There may be some question whether the predicate offenses must relate to each other as well as to the enterprise. *Compare*, *United States v. Vernace*, 811 F.3d at 615-16 (internal citations omitted)(“[P]redicate acts must be related to each other (‘horizontal’ relatedness), and they must be related to the enterprise (‘vertical relatedness’). Vertical relatedness requires that the defendant was enabled to commit the offense solely because of his position in the enterprise or his involvement in or control over the enterprise’s affairs, or because the offense related to the activities of the enterprise. It is not necessary, however, that the offense be in furtherance of the enterprise’s activities for the offense to be relate the activities of the enterprise. Further, the same or similar proof that establishes vertical relatedness may also establish horizontal relatedness, because the requirements of horizontal relatedness can be established by linking each predicates act to enterprise”); *United States v. Henley*, 766 F.3d at 907, *with*, *United States v. Fowler*, 535 F.3d 408, 420 (6<sup>th</sup> Cir. 2008)(“It may be true that Fowler’s predicate acts are not directly interrelated with each other, but that is not required. Instead, the predicate acts must be connected to the affairs and operations of the criminal enterprise”).

<sup>49</sup> *H.J., Inc. v. Northwestern Bell Telephone Co.*, 492 U.S. at 242; *see also*, *Grubbs v. Sheakley Group, Inc.*, 807 F.3d at 804; *Stonebridge Collection, Inc. v. Carmichael*, 791 F.3d at 823; *United States v. Pierce*, 785 F.3d 832, 838 (2d Cir. (continued...))

extending over a substantial period of time. Predicate acts extending over a few weeks or months and threatening no future criminal conduct do not satisfy this requirement.”<sup>50</sup> The second exists when a series of related predicates has begun and, but for intervention, would be a threat to continue in the future.<sup>51</sup> The Supreme Court has characterized a pattern extending over a period of time but which posed no threat of reoccurrence as a pattern with “closed-ended” continuity; and a pattern marked by a threat of reoccurrence as a pattern with “open-ended continuity.”<sup>52</sup>

In the case of a “closed-ended” pattern, the lower courts have been reluctant to find predicate activity extending over less than a year sufficient for the “substantial period[s] of time” required to demonstrate continuity.<sup>53</sup>

Whether the threat of future predicate activity is sufficient to recognize an “open-ended” pattern of continuity depends upon the nature of the predicate offenses and the nature of the enterprise. “Though the number of related predicates involved may be small and they may occur close together in time, the racketeering acts themselves include a specific threat of repetition extending indefinitely into the future, and thus supply the requisite continuity. In other cases, the threat of continuity may be established by showing that the predicate acts or offenses are part of an ongoing entity’s regular way of doing business.”<sup>54</sup> Moreover, the threat “is generally presumed when the enterprise’s business is primarily or inherently unlawful.”<sup>55</sup>

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(...continued)

2015).

<sup>50</sup> H.J., Inc. v. Northwestern Bell Telephone Co., 492 U.S. at 242.

<sup>51</sup> *Id.* (emphasis added); United States v. Richardson, 167 F.3d 621, 626 (D.C. Cir. 1999) (“fortuitous interruption of racketeering activity such as by arrest does not grant defendants a free pass to evade RICO charges”).

<sup>52</sup> H.J., Inc. v. Northwestern Bell Telephone Co., 492 U.S. at 242.

<sup>53</sup> Grubbs v. Sheakley Group, Inc., 807 F.3d 785, 804-5 (6<sup>th</sup> Cir. 2015)(predicate offenses over an 8-month period were not sufficient to show closed-ended continuity); Stonebridge Collection, Inc. v. Carmichael, 791 F.3d 811, 823 (8<sup>th</sup> Cir. 2015)(emphasis added)(“Continuity can be shown by related acts *continuing over a period of time last at least one year* (closed ended continuity), or by acts which by their very nature threaten repetition (open ended continuity)”; Jackson v. Segwick Claims Management Services, Inc., 699 F.3d 466, 483-84 (6<sup>th</sup> Cir. 2012)(predicate offenses committed over a 19-month period were sufficient to show closed-ended continuity); Crest Construction II, Inc. v. John Doe, 660 F.3d 346, 357 (8<sup>th</sup> Cir. 2011)(predicate offenses committed over a 7-month period were not sufficient to show closed-ended continuity); United States v. Wilson, 605 F.3d 985, 1021 (D.C. Cir. 2010)(15 months, sufficient); Spool v. World Child International Adoption Agency, 520 F.3d 178, 184 (2d Cir. 2008) (16 months, insufficient); Jennings v. Auto Meter Products, Inc., 495 F.3d 466, 474-75 (7<sup>th</sup> Cir. 2007)(10 months, insufficient); Roger Whitmore’s Automotive Services, Inc. v. Lake County, 424 F.3d 659, 672-74 (7<sup>th</sup> Cir. 2005)(two years with relatively limited activity involving a relatively few individuals, insufficient); GE Investment Private Placement Partners II v. Parker, 247 F.3d 543, 550 (4<sup>th</sup> Cir. 2001)(two years, insufficient; five years, sufficient); North Bridge Associates, Inc. v. Boldt, 274 F.3d 38, 43 (1<sup>st</sup> Cir. 2001)(4 months, insufficient).

“When considering whether a closed period of related conduct is sufficient to establish continuity,” the Seventh Circuit considers “the number and variety of predicate acts and the length of time over which they were committed, the number of victims, the presence of separate schemes and the occurrence of distinct injuries,” Corley v. Rosewood Care Center, Inc., 142 F.3d 1041, 1049 (7<sup>th</sup> Cir. 1998).

<sup>54</sup> H.J., Inc. v. Northwestern Bell Telephone Co., 492 U.S. at 242; Heinrich v. Waiting Angels Adoption Services, Inc., 668 F.3d 393, 411 n.2 (6<sup>th</sup> Cir. 2012); Crest Construction II, Inc. v. John Doe, 660 F.3d 346, 358 (8<sup>th</sup> Cir. 2011); United States v. Brandao, 539 F.3d 44, 55 (1<sup>st</sup> Cir. 2008); United States v. Browne, 505 F.3d 1229, 1259-260 (11<sup>th</sup> Cir. 2007); Abraham v. Singh, 480 F.3d 351, 355(5<sup>th</sup> Cir. 2007); DeFalco v. Bernas, 244 F.3d 286, 323 (2d Cir. 2001); GE Investment Private Placement Partners II v. Parker, 247 F.3d 543, 549 (4<sup>th</sup> Cir. 2001).

<sup>55</sup> Spool v. World Child International Adoption Agency, 520 F.3d at 185; *cf.*, United States v. Burden, 600 F.3d 204, 219 (2d Cir. 2010).



## D. Collection of an Unlawful Debt

Collection of an unlawful debt appears to be the only instance in which the commission of a single predicate offense will support a RICO prosecution or cause of action. No proof of pattern seems to be necessary.<sup>56</sup>

The predicate covers only the collection of usurious debts or unlawful gambling debts:

“[U]nlawful debt” means a debt (A) incurred or contracted in gambling activity which was in violation of the law of the United States, a State or political subdivision thereof, or which is unenforceable under State or Federal law in whole or in part as to principal or interest because of the laws relating to usury, and (B) which was incurred in connection with the business of gambling in violation of the law of the United States, a State or political subdivision thereof, or the business of lending money or a thing of value at a rate usurious under State or Federal law, where the usurious rate is at least twice the enforceable rate.<sup>57</sup>

Although there may be some disagreement among the lower federal courts, the prohibition seems to apply to both lawful and unlawful means of collection as long as the underlying debt is unlawful.<sup>58</sup>

## E. Enterprise in or Affecting Interstate or Foreign Commerce

### 1. Enterprise

The statute defines “enterprise” to include “any individual, partnership, corporation, association, or other legal entity, and any union or group of individuals associated in fact although not a legal entity.”<sup>59</sup> The enterprise may be devoted to entirely legitimate ends or to totally corrupt objectives.<sup>60</sup> It may be governmental as well as nongovernmental.<sup>61</sup> As noted earlier, an entity may not serve as both the “person” and the “enterprise” whose activities are conducted through a

<sup>56</sup> *United States v. Aucoin*, 964 F.2d 1492, 1495-497 (5<sup>th</sup> Cir. 1992), quoting dicta in *H.J., Inc.*, 492 U.S. at 232 (1989); *United States v. Giovanelli*, 945 F.2d 479, 490 (2d Cir. 1991); *United States v. Eufrazio*, 935 F.2d 553, 563 n.12 (3d Cir. 1991); *Dillon v. BMO Harris Bank, N.A.*, 16 F. Supp. 3d 605, 618 (M.D.N.C. 2014); *but see*, *Wright v. Shepard*, 919 F.2d 665, 673 (11<sup>th</sup> Cir. 1990); *United States v. Oreto*, 37 F.3d 739, 751 (1<sup>st</sup> Cir. 1994).

*Oreto* also rejected the argument to the effect that the equal protection clause precludes requiring proof of only a single loansharking violation while demanding proof of the patterned commission of at least two violations for every other predicate offense, 37 F.3d at 751-52 (“Congress could rationally have decided that collections of unlawful debt were central to the evils at which RICO was directed. Accordingly, it could rationally have chosen to make guilt more easily provable in unlawful debt cases than in cases involving other forms of racketeering activity”).

<sup>57</sup> 18 U.S.C. 1961(6); *Home Orthopedics Corp. v. Rodriguez*, 781 F.3d 521, 528 n.8 (1<sup>st</sup> Cir. 2015); *United States v. Lyons*, 740 F.3d 702, 730 (1<sup>st</sup> Cir. 2014); *Community State Bank v. Strong*, 651 F.3d 1241, 1259 (11<sup>th</sup> Cir. 2011)(usurious non-gambling debt); *Neild v. Wolpoff & Abramson, L.L.P.*, 453 F. Supp. 2d 918, 926 (E.D. Va. 2006).

<sup>58</sup> *Goldenstein v. Repossessors Inc.*, 815 F.3d 142, 147-49 (3d Cir. 2016)(repossession of collateral)(citing division among U.S. District Courts).

<sup>59</sup> 18 U.S.C. 1961(4).

<sup>60</sup> *United States v. Turkette*, 452 U.S. 575, 580-93 (1981); *United States v. Palacios*, 677 F.3d 234, 248 (4<sup>th</sup> Cir. 2012); *United States v. Cianci*, 378 F.3d 71, 83 (1<sup>st</sup> Cir. 2004).

<sup>61</sup> *United States v. Warner*, 498 F.3d 666, 694 (7<sup>th</sup> Cir. 2007)(state); *United States v. Cianci*, 378 F.3d 71, 83 (1<sup>st</sup> Cir. 2004)(mayor’s office); *DeFalco v. Bernas*, 244 F.3d 286, 307-9 (2d Cir. 2001)(town); *United States v. Massey*, 89 F.3d 1433, 1440 (11<sup>th</sup> Cir. 1995)(state court); *Pelfresne v. Village of Rosemont*, 22 F. Supp. 2d 756, 761-62 (N.D. Ill. 1998) (mayor’s office); cf., *Salinas v. United States*, 522 U.S. 52 (1997) (sheriff’s office).



pattern of racketeering activity for a prosecution under subsection 1962(c).<sup>62</sup> No such distinction is required, however, for a prosecution under either subsection 1962(a) (investing the racketeering activity proceeds in an enterprise) or subsection 1962(b) (acquiring or maintaining an enterprise through racketeering activity) violations.<sup>63</sup> Even under subsection 1962(c), a corporate entity and its sole shareholder are sufficiently distinct to satisfy the “enterprise” and “person” elements of a subsection (c) violation.<sup>64</sup> As for “associated in fact” enterprises, the Supreme Court in *Boyle* rejected the suggestion that such enterprises must be “business-like” creatures, having discernible hierarchical structures, unique modus operandi, chains of command, internal rules and regulations, regular meetings regarding enterprise activities, or even a separate enterprise name or title.<sup>65</sup> The statute demands only “that an association-in-fact enterprise must have at least three structural features: a purpose, relationships among those associated with the enterprise, and longevity sufficient to permit these associates to pursue the enterprise’s purpose.”<sup>66</sup>

## 2. In or Affecting Interstate or Foreign Commerce

To satisfy RICO’s jurisdictional element, the corrupt or corrupted enterprise must either engage in interstate or foreign commerce or engage in activities that affect interstate or foreign commerce.<sup>67</sup> An enterprise that orders supplies and transports its employees and products in interstate commerce is “engaged in interstate commerce” for purposes of RICO.<sup>68</sup> As a general rule, the impact of the enterprise on interstate or foreign commerce need only be minimal to satisfy RICO requirements.<sup>69</sup> Where the predicate offenses associated with an enterprise have an effect on interstate commerce, the enterprise is likely to have an effect on interstate commerce.<sup>70</sup> However,

<sup>62</sup> *Cedric Kushner Promotions, Ltd. v. King*, 533 U.S. 158, 161 (2001); *Bible v. United Student Aid Funds, Inc.*, 799 F.3d 633, 655 (7<sup>th</sup> Cir. 2015); *Abraham v. Singh*, 480 F.3d 351, 357 (5<sup>th</sup> Cir. 2007); *Living Designs, Inc. v. E.I. Dupont de Nemours and Co.*, 431 F.3d 353, 361 (9<sup>th</sup> Cir. 2005); *Branon v. Boatmen’s First National Bank*, 153 F.3d 1144, 1146 (10<sup>th</sup> Cir. 1998); *United States v. London*, 66 F.3d 1227, 1244 (1<sup>st</sup> Cir. 1995).

<sup>63</sup> *Gentry v. Resolution Trust Corp.*, 937 F.2d 899, 907 (3d Cir. 1991); *Crowe v. Henry*, 43 F.3d 198, 205 (5<sup>th</sup> Cir. 1995); *In re Managed Care Litigation*, 150 F. Supp. 2d 1330, 1351 (S.D.Fla. 2001); *cf.*, *Churchill Village v. General Electric*, 361 F.3d 566, 574-75 (9<sup>th</sup> Cir. 2004).

<sup>64</sup> *Cedric Kushner Promotions, Ltd. v. King*, 533 U.S. 158, 161 (2001); *Living Designs, Inc. v. E.I. Dupont de Nemours*, 431 F.3d 353, 361 (9<sup>th</sup> Cir. 2005); *First Capital Asset Management v. Satinwood, Inc.*, 385 F.3d 159, 173 (2d Cir. 2004).

<sup>65</sup> *Boyle v. United States*, 556 U.S. 938, 948 (2009); *see also*, *Allstate Ins. Co. v. Plambeck*, 802 F.3d 665, 673 (5<sup>th</sup> Cir. 2015).

<sup>66</sup> *Boyle v. United States*, 556 U.S. at 946; *see also*, *Allstate Ins. Co. v. Plambeck*, 802 F.3d 665, 673 (5<sup>th</sup> Cir. 2015); *United States v. Christensen*, 801 F.3d 970, 985 (9<sup>th</sup> Cir. 2015); *Bible v. United Student Aid Funds, Inc.*, 799 F.3d 633, 655 (7<sup>th</sup> Cir. 2015); *Ouwinga v. Benistar 419 Plan Services, Inc.*, 694 F.3d 783, 794 (6<sup>th</sup> Cir. 2012); *Crest Construction II v. John Doe*, 660 F.3d 346, 354 (8<sup>th</sup> Cir. 2011).

<sup>67</sup> 18 U.S.C. 1962(a), (b), (c).

<sup>68</sup> *United States v. Robertson*, 514 U.S. 669, 671-72 (1995); *see also*, *United States v. Keltner*, 147 F.3d 662, 669 (8<sup>th</sup> Cir. 1998) (multistate travel by the participants in furtherance of the enterprise’s activities with RICO predicates committed in more than one state); *United States v. Pipkins*, 378 F.3d 1281, 1294-295 (11<sup>th</sup> Cir. 2004) (same).

<sup>69</sup> *United States v. Garcia*, 793 F.3d 1194, 1210 (10<sup>th</sup> Cir. 2015) (“Most other circuits, however, have held that RICO requires only a minimal effect on interstate commerce”); *United States v. Cornell*, 780 F.3d 616, 621-22 (4<sup>th</sup> Cir. 2015); *United States v. Flores*, 572 F.3d 1254, 1267 (11<sup>th</sup> Cir. 2009); *United States v. Gardiner*, 463 F.3d 445, 458 (6<sup>th</sup> Cir. 2006); *United States v. Johnson*, 440 F.3d 832, 841 (7<sup>th</sup> Cir. 2006); *United States v. Cianci*, 378 F.3d 71, 98 (1<sup>st</sup> Cir. 2004); *United States v. Rodriguez*, 360 F.3d 949, 955 (9<sup>th</sup> Cir. 2004); *United States v. Miller*, 116 F.3d 641, 673-74 (2d Cir. 1997).

<sup>70</sup> *United States v. White*, 116 F.3d 903, 925-26 (D.C. Cir. 1997); *United States v. Miller*, 116 F.3d 641, 673-74 (2d Cir. 1997).

“where the enterprise itself [does] not engage in economic activity, a minimal effect on commerce” may not be enough.<sup>71</sup>

### III. Conspiracy

Conspiracy under subsection 1962(d) is

- (1) the agreement of
- (2) two or more
- (3) to invest in, acquire, or conduct the affairs of
- (4) a commercial enterprise
- (5) in a manner which violates 18 U.S.C. 1962(a), (b), or (c).<sup>72</sup>

The heart of the crime lies in the agreement rather than any completed, concerted violation of the other three RICO subsections. In fact, unlike the general conspiracy statute, RICO conspiracy is complete upon the agreement, even if none of the conspirators ever commit an overt act toward the accomplishment of its criminal purpose.<sup>73</sup> Moreover, contrary to the view once held by some of the lower courts, there is no requirement that a defendant commit or agree to commit two or more predicate offenses himself.<sup>74</sup> Nor is it necessary that the government prove the existence of RICO qualified enterprise in some circuits.<sup>75</sup> It is enough that the defendant, in agreement with another, intended to further an endeavor which, if completed, would satisfy all of the elements of a RICO violation.<sup>76</sup>

A conspirator is liable not only for the conspiracy but for any foreseeable substantive offenses committed by any of the conspirators in furtherance of the common scheme, until the objectives of the plot are achieved, abandoned, or the conspirator withdraws.<sup>77</sup> “To withdraw from a conspiracy, an individual must take some affirmative action either by reporting to authorities or

<sup>71</sup> *Waucaush v. United States*, 380 F.3d 251, 256 (6<sup>th</sup> Cir. 2004).

<sup>72</sup> 18 U.S.C. 1962(d) (“It shall be unlawful for any person to conspire to violate any of the provisions of subsection (a), (b), or (c) of this section”).

<sup>73</sup> *Salinas v. United States*, 522 U.S. 52, 63 (1997); *United States v. Cornell*, 780 F.3d 616, 625 (4<sup>th</sup> Cir. 2015); *United States v. Kamahele*, 748 F.3d 984, 1006 (10<sup>th</sup> Cir. 2014); *United States v. Nieto*, 721 F.3d 357, 368 (5<sup>th</sup> Cir. 2013); *see also*, *Salinas v. United States*, 522 U.S. at 65 (“[A] conspiracy may exist and be punished whether or not the substantive crime ensues, for the conspiracy is a distinct evil, dangerous to the public, and so punishable in itself”); *United States v. Rosenthal*, 805 F.3d 523, 532 (5<sup>th</sup> Cir. 2015).

<sup>74</sup> *Salinas v. United States*, 522 U.S. at 65-6; *United States v. Ramirez-Rivera*, 800 F.3d 1, 18 (1<sup>st</sup> Cir. 2015); *United States v. Henley*, 766 F.3d 893, 908 (8<sup>th</sup> Cir. 2014); *United States v. Volpendesto*, 746 F.3d 273, 284-85 (7<sup>th</sup> Cir. 2014); *United States v. Pratt*, 728 F.3d 463, 477 (5<sup>th</sup> Cir. 2013).

<sup>75</sup> *United States v. Cornelius*, 696 F.3d 1307, 1317 (10<sup>th</sup> Cir. 2012); *but see*, *United States v. Ramirez-Rivera*, 800 F.3d 1, 18 (1<sup>st</sup> Cir. 2015) (“For a defendant to be found guilty of conspiring to violate RICO, the government prove (1) the existence of an enterprise affecting interstate or foreign commerce ... ”); *United States v. Cornell*, 780 F.3d 616, 621 (4<sup>th</sup> Cir. 2015) (“To satisfy §1962(d), the government must prove that an enterprise affecting interstate commerce existed ... ”).

<sup>76</sup> *Salinas v. United States*, 522 U.S. at 65; *United States v. Rosenthal*, 805 F.3d 523, 530 (5<sup>th</sup> Cir. 2015) (“The elements of a conspiracy under §1962(d) are simply (1) that two or more people agreed to commit a substantive RICO offense and (2) that the defendant knew of and agreed to the overall objective of the RICO offense”); *United States v. Cornell*, 780 F.3d 616, 621 (4<sup>th</sup> Cir. 2015); *United States v. Lawson*, 535 F.3d 434, 445 (6<sup>th</sup> Cir. 2008); *United States v. Fernandez*, 388 F.3d 1119, 1228 (9<sup>th</sup> Cir. 2004); *United States v. Warneke*, 310 F.3d 542, 547-48 (7<sup>th</sup> Cir. 2003).

<sup>77</sup> *Pinkerton v. United States*, 328 U.S. 640, 646-47 (1946); *United States v. McGill*, 815 F.3d 917-18 (D.C. Cir. 2016); *United States v. Christensen*, 801 F.3d 970, 999-1000 (9<sup>th</sup> Cir. 2015); *United States v. Garcia*, 754 F.3d 460, 470-71 (7<sup>th</sup> Cir. 2014); *see also*, *Smith v. United States*, 133 S. Ct. 714, 719 (2013) (“Withdrawal terminates the defendant’s liability for postwithdrawal acts of his co-conspirators, but he remains guilty of conspiracy”).

communicating his intentions to his coconspirators.”<sup>78</sup> The individual bears the burden of showing he has done so.<sup>79</sup>

## IV. Consequences

The commission of a RICO violation exposes offenders to a wide range of criminal and civil consequences: imprisonment, fines, restitution, forfeiture, treble damages, attorneys’ fees, and a wide range of equitable restrictions.

### A. Criminal Liability

RICO violations are punishable by fine *or* by imprisonment for life in cases where the predicate offense carries a life sentence, *or* by imprisonment for not more than 20 years in all other cases.<sup>80</sup> Although an offender may be sentenced to *either* a fine *or* a term of imprisonment under the strict terms of the statute, the operation of the applicable sentencing guidelines makes it highly likely that offenders will face *both* fine *and* imprisonment.<sup>81</sup> The maximum amount of the fine for a RICO violation is the greater of twice the amount of the gain or loss associated with the crime, or \$250,000 for an individual, \$500,000 for an organization.<sup>82</sup> Offenders sentenced to prison are also sentenced to a term of supervised release of not more than three years to be served following their release from incarceration.<sup>83</sup> Most RICO violations also trigger mandatory federal restitution provisions, that is, one of the RICO predicate offenses will be a crime of violence, drug trafficking, or a crime with respect to which a victim suffers physical injury or pecuniary loss.<sup>84</sup> Finally, property related to a RICO violation is subject to confiscation.<sup>85</sup>

<sup>78</sup> *United States v. Bostick*, 791 F.3d 127, 143-44 (D.C. Cir. 2015); *United States v. James*, 712 F.3d 79, 106 (2d Cir. 2013); *United States v. Harris*, 695 F.3d at 1137.

<sup>79</sup> *Smith v. United States*, 133 S. Ct. at 720.

<sup>80</sup> 18 U.S.C. 1963(a).

<sup>81</sup> U.S.S.G. §2E1.1. Federal courts were at one time required to sentence an offender within the range provided by the United States Sentencing Guidelines, unless the court found that the case involved factors not sufficiently considered in the Guidelines, 18 U.S.C. 3553(b)(2000 ed.); e.g., *United States v. Bradley*, 644 F.3d 1213, 1283-284 (11<sup>th</sup> Cir. 2011). The once mandatory Guidelines are now advisory, but continue to carry considerable weight, *United States v. Booker*, 543 U.S. 220, 264 (2005) (“The district courts, while not bound by the Guidelines, must consult those Guidelines and take them into account when sentencing”); *Gall v. United States*, 552 U.S. 38, 50-53 (2007) (district courts must begin the sentencing process by calculating the sentencing range recommended by the Guidelines; justify a deviation from the recommended range); *United States v. Christensen*, 801 F.3d 970, 1019-20 (9<sup>th</sup> Cir. 2015) (“A sentence may be set aside if substantively unreasonable or if procedurally erroneous in a way that is not harmless. Procedural error includes failing to calculate or calculating incorrectly the proper Guidelines range, failing to consider the factors outlined in 18 U.S.C. §3553(a), choosing a sentence based on clearly erroneous facts, or failing to explain the sentence selected”).

<sup>82</sup> 18 U.S.C. 1963(a), 3571.

<sup>83</sup> 18 U.S.C. 3583(a) (“The court, in imposing a sentence to a term of imprisonment for a felony or a misdemeanor may include as part of the sentence a requirement that the defendant be placed on a term of supervised release after imprisonment ... ”); 3559(a)(3). Although the language of the statute is discretionary, the Sentencing Guidelines require a term of supervised release in cases in which the term of imprisonment imposed is more than a year, U.S.S.G. §5D1.1(a).

<sup>84</sup> 18 U.S.C. 3663A. Restitution in other cases is discretionary, 18 U.S.C. 3663.

<sup>85</sup> 18 U.S.C. 1963(a) (“Whoever violates any provision of section 1962 ... shall forfeit to the United States, irrespective of any provision of State law – (1) any interest the person has acquired or maintained in violation of section 1962; (2) any – (A) interest in; (B) security of; (C) claim against; or (D) property or contractual right of any kind affording a source of influence over; any enterprise which the person has established, operated, controlled, conducted, or participated in the conduct of, in violation of section 1962; and (3) any property constituting, or derived from, any (continued...)”)

Even without a completed RICO violation, committing any crime designated a RICO predicate offense opens the door to additional criminal liability. It is a 20-year felony to launder the proceeds from any predicate offense (including any RICO predicate offense) or to use them to finance further criminal activity.<sup>86</sup> Moreover, the proceeds of any RICO predicate offense are subject to civil forfeiture (confiscation without the necessity of a criminal conviction) by virtue of the RICO predicate's status as a money laundering predicate.<sup>87</sup>

## B. Civil Liability

RICO violations may result in civil as well as criminal liability. "Any person injured in his business or property by reason" of a RICO violation has a cause of action for treble damages and attorneys' fees.<sup>88</sup> No prior criminal conviction is required, except in the case of certain security fraud based causes of action.<sup>89</sup>

Liability begins with a RICO violation under subsections 1962(a), (b), (c), or (d). If the underlying violation involves subsection 1962(a)(use of predicate offense tainted proceeds to acquire an interest in an enterprise), it is the use or investment of the income rather than the predicate offenses that must have caused the injury.<sup>90</sup> If the underlying violation involves subsection 1962(b)(use of predicate offenses to acquire an enterprise), it is the access or control

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(...continued)

proceeds which the person obtained, directly or indirectly, from racketeering activity or unlawful debt collection in violation of section 1962 ...").

<sup>86</sup> 18 U.S.C. 1956("a)(1) Whoever, knowing that the property involved in a financial transaction represents the proceeds of some form of unlawful activity, conducts or attempts to conduct such a financial transaction which in fact involves the proceeds of specified unlawful activity - (A)(i) with the intent to promote the carrying on of specified unlawful activity; or ... (B) knowing that the transaction is designed in whole or in part - (i) to conceal or disguise the nature, the location, the source, the ownership, or the control of the proceeds of specified unlawful activity ... shall be sentenced to a fine ... or imprisonment for not more than twenty years, or both.... (c) As used in this section ... (7) the term 'specified unlawful activity' means - (A) any act or activity constituting an offense listed in section 1961(1) of this title except an act which is indictable under subchapter II of chapter 53 of title 31 [relating to financial transaction reporting requirements] ...").

<sup>87</sup> 18 U.S.C. 981("a)(1) The following property is subject to forfeiture to the United States ... (C) Any property, real or personal, which constitutes or is derived from proceeds traceable to a violation of ... any offense constituting 'specified unlawful activity' (as defined in section 1956(c)(7) of this title) ..."). For a general overview of federal forfeiture law, see CRS Report 97-139, *Crime and Forfeiture*, by (name redacted).

<sup>88</sup> 18 U.S.C. 1964(c)("Any person injured in his business or property by reason of a violation of section 1962 of this chapter may sue therefor in any appropriate United States district court and shall recover threefold the damages he sustains and the cost of the suit, including a reasonable attorney's fee, except that no person may rely upon any conduct that would have been actionable as fraud in the purchase or sale of securities to establish a violation of section 1962. The exception contained in the preceding sentence does not apply to an action against any person that is criminally convicted in connection with the fraud, in which case the statute of limitations shall start to run on the date on which the conviction becomes final").

<sup>89</sup> *Sedima S.P.R.L. v. Imrex Co, Inc.*, 473 U.S. 479, 493 (1985); *Smith v. Husband*, 376 F. Supp. 2d 603, 613 (E.D. Va. 2005).

<sup>90</sup> *European Community v. RJR Nabisco, Inc.*, 764 F.3d 129, 138 n.5 (2d Cir. 2014); *Davis-Lynch, Inc. v. Moreno*, 667 F.3d 539, 550 (5th Cir. 2012); *Ideal Steel Supply Corp. v. Anza*, 652 F.3d 310, 321 (2d Cir. 2011); *United States v. BP Products North America, Inc.*, 589 F.3d 389, 398 (7th Cir. 2009); *In re Honey Transshipping Litigation*, 87 F. Supp. 3d 855, 865-66 (N.D. Ill. 2015); *Macauley v. Estate of Nicholas*, 7 F. Supp. 3d 468, 484 (E.D. Pa. 2014); but see, *Sadighi v. Daghighfekr*, 36 F. Supp. 2d 279, 288 n.9 (D.S.C. 1999)(emphasis added)("[u]nder Fourth Circuit case law, plaintiffs have standing to sue if they allege that their injuries were either (1) proximately caused by the predicate acts underlying the §1962(a) violation, or (2) proximately caused by the investment and use of the illegally obtained income").

of the RICO enterprise rather than the predicate offenses that must have caused the injury.<sup>91</sup> If the underlying violation involves subsection 1962(c) (use of predicate offenses to conduct the activities of an enterprise), it is the predicate offenses which must have caused the injury.<sup>92</sup> If the underlying violation involves subsection 1962(d) (conspiracy to violate subsections 1962(a), (b), or (c)), the injury must follow from the conspiracy. Moreover, while a criminal conspiracy prosecution under subsection 1962(d) requires no overt act, RICO plaintiffs whose claim is based on a conspiracy under subsection 1962(d) must prove an overt act that is a predicate offense or one of the substantive RICO offenses, since a mere agreement cannot be the direct or proximate cause of an injury.<sup>93</sup>

In order to recover, the plaintiff must establish an injury to his or her business or property directly or proximately caused by the defendant's RICO violation.<sup>94</sup> Downstream victims have no RICO cause of action. The presence of an intervening victim or cause of the harm is fatal.<sup>95</sup> The RICO-caused injury must involve a "concrete financial loss," a "mere injury to a valuable intangible property interest" such as a right to pursue employment will not do.<sup>96</sup> The courts agree generally that personal injuries may not form the basis for recovery, since they are not injuries to "business or property,"<sup>97</sup> but the courts sometimes disagree on what does constitute a qualified injury.<sup>98</sup>

<sup>91</sup> *Wagh v. Metris Direct, Inc.*, 363 F.3d 821, 830 (9<sup>th</sup> Cir. 2003); *Vanderbilt Mortgage and Finance, Inc. v. Flores*, 735 F. Supp. 2d 679, 701 (S.D. Tex. 2010)(internal quotation marks omitted)("Section 1962(b)'s acquisition requirement necessitates that the plaintiff's alleged injury be caused by the alleged RICO defendants acquiring or maintaining an interest or control in the alleged enterprise. The injury cause by the acquisition of maintenance must be distinct from the jury caused by the predicate acts"); see also, *Westchester County Independence Party v. Astorino*, \_\_\_ F. Supp. 3d \_\_\_, \_\_\_ (S.D.N.Y. October 8, 2015); *Puerto Rico Medical Emergency Grup, Inc. v. Iglesia Episcopal Puertorriquena, Inc.*, 118 F. Supp. 3d 447, 459 (D.P.R. 2015); *Irish v. Ferguson*, 970 F. Supp. 2d 317, 347 (M.D. Pa. 2013).

<sup>92</sup> *Bridge v. Phoenix Bond & Indem. Co.*, 553 U.S. 639, 647 (2008)("RICO provides a private right of action for treble damages to any person injured in his business or property by reason of the conduct of a qualifying enterprise's affairs through a pattern of [predicate] acts ..."); see also, *Sergeants Benevolent Ass'n Health and Welfare v. Sanofi-Aventis U.S.*, 806 F.3d 71, 86 (2d Cir. 2015); *CGC Holding Co., LLC v. Broad and Cassel*, 773 F.3d 1076, 1088 (10<sup>th</sup> Cir. 2014); *Brown v. Cassens Transport Co.*, 546 F.3d 347, 353 (6<sup>th</sup> Cir. 2009).

<sup>93</sup> *Davis-Lynch, Inc. v. Moreno*, 667 F.3d 539, 552 (5<sup>th</sup> Cir. 2012)("Injury caused by acts that are not racketeering activities or otherwise wrongful under RICO will not establish a viable civil RICO claim"); *Morganroth & Morganroth v. Norris, McLaughlin & Marcus*, 331 F.3d 406, 415 (3d Cir. 2003); *Gagan v. American Cablevision, Inc.*, 77 F.3d 951, 958-59 (7<sup>th</sup> Cir. 1996); *Bowman v. Western Auto Supply Co.*, 985 F.2d 383, 387-88 (8<sup>th</sup> Cir. 1993); cf., *Beck v. Prupis*, 529 U.S. 494, 507 (2000).

<sup>94</sup> 18 U.S.C. 1964(c).

<sup>95</sup> *Hemi Group v. City of New York*, 559 U.S. 1, 11 (2010)(the City, claiming that Hemi sold untaxed cigarettes to City residents but fraudulently failed to report the sale to state authorities who then would have passed the information on to City tax authorities, did not suffer a direct RICO injury: "the disconnect between the asserted injury and the alleged fraud in this case is even sharper than in *Anza*. There, we viewed the point as important because the same party – National Steel – had both engaged in the harmful conduct and committed the fraudulent act. We nevertheless found the distinction between the relevant acts sufficient to defeat Ideal's RICO claim. Here, the City's theory of liability rests not just on separate *actions*, but separate actions carried out by separate *parties*" (emphasis of the Court)); *Anza v. Ideal Steel Supply Corp.*, 547 U.S. 451, 460-61 (2006)(competitors, claiming that Anza could lower prices because he failed to collect sales tax from cash customers and then used mail and wire fraud to cover his tax evasion, did not suffer a direct or proximate RICO injury); *Holmes v. Securities Investor Protection Corp.*, 503 U.S. 258, 265-68 (1992)(the Corporation, that reimbursed the customers of defaulting brokers following the defendant's alleged stock manipulation, did not suffer a direct or proximate RICO injury); see generally, CRS Report RS22470, *Civil RICO and Standing: Anza v. Ideal Steel Supply Corporation*.

<sup>96</sup> *Guerrero v. Gates*, 357 F.3d 911, 920 (9<sup>th</sup> Cir. 2004); *Diaz v. Gates*, 380 F.3d 480, 483-85 (9<sup>th</sup> Cir. 2004); In re *Avandia Marketing, Sales Practices & Product Liability Litigation*, 804 F.3d 633, 638 (3d Cir. 2015).

<sup>97</sup> *Brown v. Cassens Transport Co.*, 675 F.3d 946, 959 (6<sup>th</sup> Cir. 2012); *Evans v. City of Chicago*, 434 F.3d 916, 924-26 (7<sup>th</sup> Cir. 2006); *Diaz v. Gates*, 420 F.3d 897, 900-903 (9<sup>th</sup> Cir. 2005); *Hughes v. Tobacco Inst. Inc.*, 278 F.3d 417, 422 (5<sup>th</sup> Cir. 2001); *Hamm v. Phone-Poulenc Rorer Pharm., Inc.*, 187 F.3d 941, 954 (8<sup>th</sup> Cir. 1999); *Bast v. Cohen, Dunn & (continued...)*



“Fraud in the sale of securities” is a RICO predicate offense.<sup>99</sup> However, the Private Securities Litigation Reform Act amended the civil RICO cause of action to bar suits based on allegations of fraud in the purchase or sale of securities.<sup>100</sup>

Although the United States is apparently not a “person” that may sue for treble damages under RICO,<sup>101</sup> the term does include state and local governmental entities.<sup>102</sup> On the other hand, private parties have enjoyed scant success when they have sought to bring a RICO suit for damages against the United States or other governmental entities.<sup>103</sup> Nor in most instances have the courts been receptive to RICO claims based solely on allegations that the defendant aided and abetted commission of the underlying RICO violation.<sup>104</sup>

(...continued)

Sinclair, PC, 59 F.3d 492, 495 (4<sup>th</sup> Cir. 1995); *Libertad v. Welch*, 53 F.3d 428, 437 (1<sup>st</sup> Cir. 1995); *Gentry v. Resolution Trust Corp.*, 937 F.2d 899, 918-19 (3d Cir. 1991); *Grogan v. Platt*, 835 F.2d 844, 847 (11<sup>th</sup> Cir. 1988); *Bankers Trust Co. v. Rhoades*, 741 F.2d 511, 515 (2d Cir. 1984); *McCormick v. City of Lawrence*, 325 F. Supp. 2d 1191, 1209 (D. Kan. 2004); *cf.*, *Serv. Employees Int’l Union Health & Welfare Fund v. Philip Morris Inc.*, 249 F.3d 1068, 1076 (D.C. Cir. 2001); *see generally*, Patrick Wackerly, Comment, *Personal Versus Property Harm and Civil RICO Standing*, 73 U. CHI. L. REV. 1513 (2006).

<sup>98</sup> *Evans v. City of Chicago*, 434 F.3d 916, 924-26 (7<sup>th</sup> Cir. 2006)(malicious prosecution injuries are personal and cannot provide the basis for a civil RICO suit); *Diaz v. Gates*, 420 F.3d 897, 900-903 (9<sup>th</sup> Cir. 2005)(false imprisonment injuries may provide the basis for a civil RICO suit); *see generally*, Jacob Poorman, Comment, *Exercising the Passive Virtues in Interpreting Civil RICO “Business or Property,”* 75 U. CHI. L. REV. 1773, 1774 (2008)(“Courts struggling to define ‘business or property’ as used in §1964(c) have adopted markedly different approaches”).

<sup>99</sup> 18 U.S.C. 1961(1)(D).

<sup>100</sup> 18 U.S.C. 1964(c)(emphasis added)(“Any person injured in his business or property by reason of a violation of section 1962 of this chapter may sue therefor in any appropriate United States district court and shall recover threefold the damages he sustains and the cost of the suit, including a reasonable attorney’s fee, *except that no person may rely upon any conduct that would have been actionable as fraud in the purchase or sale of securities to establish a violation of section 1962. The exception contained in the preceding sentence does not apply to an action against any person that is criminally convicted in connection with the fraud, in which case the statute of limitations shall start to run on the date on which the conviction becomes final*”).

<sup>101</sup> *United States v. Bonanno Organized Crime Family*, 879 F.2d 20, 21-7 (2d Cir. 1989); *Peia v. United States*, 152 F. Supp. 2d 226, 234 (D. Conn. 2001).

<sup>102</sup> *City of New York v. Smokes-Spirits.Com, Inc.*, 541 F.3d 425, 444-45 (2d Cir. 2008), *rev’d on other grounds sub nom.*, *Hemi Group v. City of New York*, 559 U.S. 1, 11 (2010); *County of Oakland v. City of Detroit*, 866 F.2d 839, 851 (6<sup>th</sup> Cir. 1989); *Illinois Department of Revenue v. Phillips*, 771 F.2d 312, 316-17 (7<sup>th</sup> Cir. 1985). Some courts, however, believe that a governmental entity may only sue under RICO for injuries related to a commercial transactions, *Canyon County v. Syngenta Seeds, Inc.*, 519 F.3d 969, 976 (9<sup>th</sup> Cir. 2008); *Township of Marlboro v. Scannapiueco*, 545 F. Supp. 2d 452, 458 (D.N.J. 2008)(citing dicta subsequently repudiated in *Smokes-Spirits.Com, Inc.*).

<sup>103</sup> *Pedrina v. Chun*, 97 F.3d 1296, 1300 (9<sup>th</sup> Cir. 1996)(municipality); *McNeily v. United States*, 6 F.3d 343, 350 (5<sup>th</sup> Cir. 1993)(Federal Deposit Insurance Corp.); *Gentry v. Resolution Trust Corp.*, 937 F.2d 899, 908-14 (3d Cir. 1991)(municipality); *Berger v. Pierce*, 933 F.2d 393, 397 (6<sup>th</sup> Cir. 1991)(Federal Insurance Administration); *Smith v. Babbitt*, 875 F. Supp. 1353, 1365 (D. Minn. 1995), *aff’d*, 100 F.3d 556 (8<sup>th</sup> Cir. 1996)(Indian tribal government); *McMaster v. State of Minnesota*, 819 F. Supp. 1429, 1434 (D. Minn. 1993), *aff’d*, 30 F.3d 976 (8<sup>th</sup> Cir. 1994)(state); *Keller v. Central Bank of Nigeria*, 277 F.3d 811, 820 (6<sup>th</sup> Cir. 2002) (foreign governmental entity); *Donahue v. Federal Bureau of Investigation*, 204 F. Supp. 2d 169, 173-74 (D. Mass. 2002); *Banks v. Dept. of Motor Vehicles*, 419 F. Supp. 2d 1186, 1192 (C.D. Cal. 2006).

<sup>104</sup> “Many courts have applied the logic of *Central Bank v. First Interstate Bank*, 511 U.S. 164 (1994)] to RICO and concluded that §1962(c) does not provide for [civil] aiding and abetting liability,” *Cobbs v. Sheahan*, 385 F. Supp. 2d 731, 738 (N.D. Ill. 2005); *accord*, *DeFalco v. Bernas*, 244 F.3d 286, 330 (2d Cir. 2001); *Pennsylvania Association of Edwards Heirs v. Righenour*, 235 F.3d 839, 840 (3d Cir. 2000); *In re Countrywide Financial Corp. Mortgage Marketing and Sales Practice*, 601 F. Supp. 2d 1201, 1219 (S.D. Cal. 2009); *Rolo v. City Investing Co. Liquidating Trust*, 155 F.3d 644, 656-68 (3d Cir. 1998); *In re MasterCard International Inc., Internet Gambling Litigation*, 132 F. Supp. 2d 468, 493-95 (E.D. La. 2001), *aff’d*, 313 F.3d 257 (5<sup>th</sup> Cir. 2002); *In re Trilegiant Corp. Inc.*, 11 F. Supp. 3d (continued...)

Notwithstanding the inability of the United States to sue for treble damages under RICO, the Attorney General may seek to prevent and restrain RICO violations under the broad equitable powers vested in the courts to order disgorgement, divestiture, restitution, or the creation of receiverships or trusteeships.<sup>105</sup> This authority has been invoked relatively infrequently, primarily to rid various unions of organized crime and other forms of corruption.<sup>106</sup> There is some question whether private plaintiffs, in addition to the Attorney General, may seek injunctive and other forms of equitable relief.<sup>107</sup>

(...continued)

132, 139 (D. Conn. 2014); *contra*, In re Managed Care Litigation, 298 F.Supp.2d at 1272; *see also*, First American Corp. v. Al-Nahyan, 17 F.Supp.2d 10, 23-4 (D.D.C. 1998)(preliminarily finding *Central Bank* distinguishable, but finding it unnecessary to resolve the issue in light of the prospect of the defendants' possible direct RICO liability); American Automotive Accessories, Inc. v. Fishman, 991 F. Supp. 987, 993 (N.D. Ill. 1998)("to be held liable as an aider and abettor, a person must in some sort associate himself with the venture, participate in it as something he wishes to bring about, and seek by his action to make it succeed")(noting that the Seventh Circuit has yet to "comment on the possibility of aiding and abetting liability in civil RICO actions").

<sup>105</sup> 18 U.S.C. 1964("a) The district courts of the United States shall have jurisdiction to prevent and restrain violations of section 1962 of this chapter by issuing appropriate orders, including, but not limited to: ordering any person to divest himself of any interest, direct or indirect, in any enterprise; imposing reasonable restrictions on the future activities or investments of any person, including, but not limited to, prohibiting any person from engaging in the same type of endeavor as the enterprise engaged in, the activities of which affect interstate or foreign commerce; or ordering dissolution or reorganization of any enterprise, making due provision for the rights of innocent persons. (b) The Attorney General may institute proceedings under this section. Pending final determination thereof, the court may at any time enter such restraining orders or prohibitions, or take such other actions, including the acceptance of satisfactory performance bonds, as it shall deem proper"); *e.g.*, United States v. Local 560, 780 F.2d 267, 295-96 (3d Cir. 1985)(equitable remedies available under RICO include court authority to remove union officials and place the union in trusteeship); United States v. Sasso, 215 F.3d 283, 292 (2d Cir. 2000)(RICO grants the court authority to order a defendant to contribute to cost of monitoring a previously corrupted union).

The courts, however, have treated RICO requests to order disgorgement cautiously. "Ordinarily, the disgorgement of gains ill-gotten long in the past will not serve the goal of 'preventing and restraining future violations' unless there is a finding that the gains are being used to fund or promote the illegal conduct, or constitute capital available for that purpose," United States v. Carson, 52 F.3d 1173, 1182 (2d Cir. 1995). Richard v. Hoechst Celanese Chemical Group, Inc., 355 F.3d 345, 354-55(5<sup>th</sup> Cir. 2003); in fact one circuit has concluded that disgorgement is not a remedy available under RICO under any circumstances, United States v. Philip Morris USA, Inc., 396 F.3d 1190, 1197-1202 (D.C. Cir. 2005); *see*, Christopher L. McCall. Comment. *Equity Up in Smoke: Civil RICO, Disgorgement, and United States v. Philip Morris*, 74 FORDHAM L. REV. 2461 (2006).

<sup>106</sup> *E.g.*, United States v. Private Sanitation Industry Association, 995 F.2d 375 (2d Cir. 1993); United States v. Local 560, 974 F.2d 315 (3d Cir. 1992); United States v. Local 30, 871 F.2d 401 (3d Cir. 1989); United States v. International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers (IBT), 931 F.2d 177 (2d Cir. 1991).

The *Teamsters* case, perhaps the best known and most heavily litigated of these instances, has involved issues arising under the consent decree negotiated to settle the government's RICO suit rather than issues as to the government's prerogatives under civil RICO, United States v. IBT, 172 F.3d 217 (2d Cir. 1999); United States v. IBT, 170 F.3d 136 (2d Cir. 1999); United States v. IBT, 168 F.3d 645 (2d Cir. 1999); United States v. Boggia, 167 F.3d 113 (2d Cir. 1999); United States v. IBT, 156 F.3d 354 (2d Cir. 1998); United States v. IBT, 141 F.3d 405 (2d Cir. 1998); United States v. IBT, 120 F.3d 341 (2d Cir. 1997); United States v. IBT, 86 F.3d 271 (2d Cir. 1996); United States v. IBT, 19 F.3d 816 (2d Cir. 1994); United States v. IBT, 12 F.3d 360 (2d Cir. 1993); United States v. IBT, 3 F.3d 634 (2d Cir. 1993); United States v. IBT, 998 F.2d 1101 (2d Cir. 1993); United States v. IBT, 998 F.2d 120 (2d Cir. 1993); United States v. IBT, 986 F.2d 15 (2d Cir. 1993); United States v. IBT, 981 F.2d 1362 (2d Cir. 1992); United States v. IBT, 970 F.2d 1132 (2d Cir. 1996); United States v. IBT, 968 F.2d 1506 (2d Cir. 1992); United States v. IBT, 968 F.2d 1472 (2d Cir. 1992); United States v. IBT, 965 F.2d 15 (2d Cir. 1993); United States v. IBT, 964 F.2d 1224 (2d Cir. 1992); United States v. IBT, 964 F.2d 180 (2d Cir. 1992); United States v. IBT, 955 F.2d 171 (2d Cir. 1992); United States v. IBT, 950 F.2d 94 (2d Cir. 1991); United States v. IBT, 948 F.2d 98 (2d Cir. 1992); 931 F.2d 177 (2d Cir. 1991).

The United States has also sought to invoke it in its RICO litigation against various tobacco companies, United States v. Philip Morris Inc., 396 F.3d 1190, 1191 (D.C. Cir. 2005).

<sup>107</sup> National Organization for Women, Inc. v. Scheidler, 267 F.3d 687, 695-700 (7<sup>th</sup> Cir. 2001)(concluding that private (continued...))



On the procedural side, RICO's long-arm jurisdictional provisions authorize nationwide service of process.<sup>108</sup> In addition, the Supreme Court has held that (1) state trial courts of general jurisdiction have concurrent jurisdiction over federal civil RICO claims;<sup>109</sup> (2) under the appropriate circumstances parties may agree to make potential civil RICO claims subject to arbitration;<sup>110</sup> (3) the Clayton Act's four-year period of limitation applies to civil RICO claims as well,<sup>111</sup> and that the period begins when the victim discovers or should have discovered the injury;<sup>112</sup> and (4) in the absence of an impediment to state regulation, the McCarran-Ferguson Act does not bar civil RICO claims based on insurance fraud allegations.<sup>113</sup>

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RICO plaintiffs are entitled to equitable relief, *rev'd on other grounds*, 537 U.S. 393 (2003); *In re Managed Care Litigation*, 298 F. Supp. 2d 1259, 1282-283 (S.D. Fla. 2003); *contra*, *Religious Technology Center v. Wollersheim*, 796 F.2d 1076, 1080-89(9<sup>th</sup> Cir. 1986); *In re Fredeman Litigation*, 843 F.2d 821, 828-30 (5<sup>th</sup> Cir. 1988); *Sedima, S.P.R.L. v. Imrex*, 741 F.2d 482, 489 n.20 (2d Cir. 1984), *rev'd on other grounds*, 473 U.S. 479 (1985); *Wheeling-Pittsburgh Steel Corp. v. Mitsui & Co., Inc.*, 221 F.3d 924, 927 n.2 (6<sup>th</sup> Cir. 2000); *Dan River v. Icahn*, 701 F.2d 278, 290 (4<sup>th</sup> Cir. 1983); *Minter v. Wells Fargo Bank*, 593 F. Supp. 2d 788, 795-96 (D. Md. 2009); *American Medical Association v. United Healthcare Corp.*, 588 F. Supp. 2d 432, 444-46 (S.D.N.Y. 2008).

<sup>108</sup> 18 U.S.C. 1965. The circuits are divided, however, over the question of whether the section permits the exercise of jurisdiction over other defendants outside the district only when the court has personal jurisdiction over at least one of the defendants, *FC Investment Group v. IFX Markets, Ltd.*, 529 F.3d 1087, 1099 (D.C. Cir. 2008)(citing cases on either side of the divide); *see also*, *Cory v. Aztec Steel Building, Inc.*, 468 F.3d 1226, 1231-233 (10<sup>th</sup> Cir. 2006); *Koch v. Royal Wine Merchants, Ltd.*, 847 F. Supp. 1370, 1374-375 & n.3 (S.D. Fla. 2012).

<sup>109</sup> *Tafflin v. Lavitt*, 493 U.S. 455, 458 (1990).

An injured party may also have a cause of action under an applicable state RICO statute, citations for which are appended.

<sup>110</sup> *Shearson/American Express Inc. v. McMahon*, 482 U.S. 220, 242 (1987); *cf.*, *Pacificare Health Systems, Inc. v. Book*, 538 U.S. 401, 406-407 (2003); *e.g.*, *Miccosukee Tribe of Indians of Florida v. Cypress*, 814 F.3d 1202, 1206-207 (11<sup>th</sup> Cir. 2015); *Uthe Technology Corp. v. Aetrium*, 808 F.3d 755, 759-60 (9<sup>th</sup> Cir. 2015).

<sup>111</sup> *Agency Holding Corp. v. Malley-Duff & Associates*, 483 U.S. 143, 156 (1987); *Klehr v. A.O. Smith Corp.*, 521 U.S. 179, 183 (1997). The Court also held that a plaintiff must have exercised due diligence to discover the violation before statute of limitations will be tolled because of the defendant's fraudulent concealment, *id.* at 194, and that unlike the statute of limitations in criminal cases, a civil cause of action does not date from the "last predicate act" of the RICO violation, *id.* at 186-87; *see also*, *Puerto Rico Medical Emergency Group, Inc. v. Iglesia*, 118 F. Supp. 3d 447, 459 (D.P.R. 2015); *State Farm Mutual Auto. Ins. Co. v. Grafman*, 655 F. Supp. 2d 212, 225 (E.D.N.Y. 2009). The statute of limitations for a RICO criminal prosecution is five years, 18 U.S.C. 3282; *United States v. Schiro*, 679 F.3d 521, 528 (7<sup>th</sup> Cir. 2012).

<sup>112</sup> *Rotella v. Wood*, 528 U.S. 549, 551 (2000); *Potomac Electric Power Co. v. Electric Motor and Supply, Inc.*, 262 F.3d 260, 266 (4<sup>th</sup> Cir. 2001); *Mathews v. Kidder, Peabody & Co., Inc.*, 260 F.3d 239, 244-50 (3d Cir. 2001); *Labaty v. UWT, Inc.*, 121 F. Supp. 3d 721, 744 (W.D. Tex. 2015); *Puerto Rico Medical Emergency Group, Inc. v. Iglesia*, 118 F. Supp. 3d at 459; *State Farm Mutual Auto. Ins. Co. v. Grafman*, 655 F. Supp. 2d at 225.

<sup>113</sup> *Humana, Inc. v. Forsyth*, 525 U.S. 299, 303 (1999)("Under the McCarran-Ferguson Act, the federal legislation may be applied if it does not invalidate, impair, or supersede the State's regulation. The federal law at issue, RICO, does not proscribe conduct that the State's laws governing insurance permit.... When federal law is applied in aid or enhancement of state regulation, and does not frustrate any declared state policy or disturb the State's administrative regime, the McCarran-Ferguson Act does not bar the federal action"); *Riverview Health Inst. LLC v. Medical Mutual of Ohio*, 601 F.3d 505, 512-19 (6<sup>th</sup> Cir. 2010); *American Chiropractic Ass'n, Inc. v. Trigon Healthcare, Inc.*, 367 F.3d 212, 230-32 (4<sup>th</sup> Cir. 2004); *Bankoklahoma Mortgage Corp. v. Capital Title Co., Inc.*, 194 F.3d 1089, 1198-1100 (10<sup>th</sup> Cir. 1999); *LeBarre v. Credit Acceptance Corp.*, 175 F.3d 640, 642-43 (8<sup>th</sup> Cir. 1999); *The William Powell Co. v. National Indemnity Co.*, \_\_\_ F. Supp. 3d \_\_\_, \_\_\_ (September 30, 2015)("Determining whether the McCarran-Ferguson Act reverse preempts a federal statute is a three-step process. First, the court must determine whether the federal statute at issue relates specifically to the business of insurance. If it does, then the McCarran-Ferguson Act does not apply and the federal statute will not be reverse preempted. Second, the court must determine whether the state law at issue was enacted for the purpose of regulating the business of insurance. If the state law was not enacted for the purpose of regulating the business of insurance, then reverse preemption does not apply. Third, the court must determine whether application of the statute would invalidate, supersede or impair the state statute. If application of the (continued...)")

## V. Constitutional Questions

Over the years, various aspects of RICO have been challenged on a number of constitutional grounds. Most either attack the RICO scheme generally or its forfeiture component. The general challenges have been based on vagueness, ex post facto, and double jeopardy. Attacks on the constitutionality of RICO forfeiture have been grounded in the right to counsel, excessive fines, cruel and unusual punishment, and forfeiture of estate. While the challenges have been unsuccessful by and large, some have helped to define RICO's outer reaches.

### A. General

#### 1. Legislative Authority Under the Commerce Clause

The Constitution authorizes Congress to “regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes,” and “to make all Laws which shall be necessary and proper for carrying to Execution” that authority.<sup>114</sup> The powers which the Constitution does not confer upon the federal government, it reserves to the states and the people, U.S. Const. Amend. X. Although RICO deals only with enterprises “engaged in, or the activities of which affect, interstate or foreign commerce,” some have suggested that RICO has been applied beyond the scope of Congress's constitutional authority to legislate under the commerce clause.<sup>115</sup> The courts have yet to agree.<sup>116</sup>

#### 2. Double Jeopardy

Even a general description of RICO evokes double jeopardy and ex post facto questions. RICO rests on a foundation of other crimes. At a glance, double jeopardy might appear to block any effort to base a RICO charge on a crime for which the accused had already been tried. By the same token, ex post facto might appear to bar a RICO charge built upon a predicate offense committed before RICO was enacted or before the crime was added to the list of RICO predicates. On closer examination, neither presents insurmountable obstacles in most instances.

The Constitution's double jeopardy clause commands that no person “be subject for the same offense to be twice put in jeopardy of life or limb.”<sup>117</sup> In general terms, it condemns multiple prosecutions or multiple punishments for the same offense.<sup>118</sup> The bar on multiple punishments is

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federal statute would not invalidate, supersede or impair the state statute, then reverse preemption does not apply.... NICO and Resolute point out that: 1) RICO does not specifically relate to the business of insurance; 2) Ohio has enacted a complex statutory and administrative scheme to regulate unfair insurance practices, including unfair claims handling; and 3) because Ohio does not provide a private cause of action to insureds for unfair insurance practices, a statute like RICO, which permits recovery of treble damages against the defendant in the event of a violation, would invalidate, impair or supersede Ohio's ability to regulate the business of insurance. [The Court agrees.]”.

<sup>114</sup> U.S. Const. Art. I, §8, cls.3, 18.

<sup>115</sup> Matthew Hardwick. Note. *RICO Overreach: How the Federal Government's Escalating Offensive Against Gangs Has Run Afoul of the Constitution*, 62 VAND. L. REV. 211 (2009); WILLIAM ROQUEMORE TAYLOR. COMMENT. *Federalizing Street Crime: The Improper Broadening of RICO's "Affecting Commerce" Requirement*, 46 HOUS. L. REV. 139 (2009).

<sup>116</sup> *United States v. Adams*, 722 F.3d 788, 804 n.8 (6<sup>th</sup> Cir. 2013); *United States v. Nascimento*, 491 F.3d 25, 40-3(1<sup>st</sup> Cir. 2007); *United States v. Palfrey*, 515 F. Supp. 2d 120, 124-25 (D.D.C. 2007).

<sup>117</sup> U.S. Const. Amend.V.

<sup>118</sup> *United States v. Cacace*, 796 F.3d 176, 186 n.6 (2d Cir. 2015), quoting, *United States v. Dixon*, 509 U.S. 768, 696 (continued...)

a precautionary presumption. Unless a contrary intent appears, it presumes that Congress does not intend to inflict multiple punishments for the same misconduct.<sup>119</sup> Nevertheless, the courts have concluded that Congress did intend to authorize “consecutive sentences for both predicate acts and the RICO offense,”<sup>120</sup> as well as for both the substantive RICO offense and the RICO conspiracy to commit the substantive RICO offense.<sup>121</sup>

The bar on multiple prosecutions is more formidable. For it, the Supreme Court has long adhered to the so-called “*Blockburger*” test under which offenses are considered the same when they have the same elements, that is, unless each requires proof of an element not required of the other.<sup>122</sup> In the RICO context, the courts have held that the Double Jeopardy Clause does not bar successive RICO prosecutions of the same defendants on charges of involving different predicate offenses, enterprises, or patterns.<sup>123</sup> They have been more receptive to double jeopardy concerns in the case of successive prosecutions of the same enterprise. There, they have invoked a totality of the circumstances test which asks: “(1) the time of the various activities charged as parts of [the] separate patterns; (2) the identity of the persons involved in the activities under each charge; (3) the statutory offenses charged as racketeering activities in each charge; (4) the nature and scope of the activity the government seeks to punish under each charge; and (5) the places where the activities took place under each charge.”<sup>124</sup>

### 3. Ex post facto

The ex post facto clauses preclude (1) punishment of past conduct which was not a crime when it was committed, (2) increased punishment over that which attended a crime when it was committed, and (3) punishment made possible by elimination of a defense which was available when a crime was committed.<sup>125</sup> Yet because RICO offenses are thought to continue from the beginning of the first predicate offense to the commission of the last, a RICO prosecution survives ex post facto challenge even if grounded on pre-enactment predicate offenses as long as the pattern of predicate offenses straddles the date of legislative action.<sup>126</sup>

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(...continued)

(1993)(“The Double Jeopardy Clause ... applies both to successive punishments and to successive prosecutions for the same criminal offense”).

<sup>119</sup> *United States v. Garcia*, 754 F.3d 460, 474 (7<sup>th</sup> Cir. 2014), quoting, *Missouri v. Hunter*, 459 U.S. 359, 365 (1983)(“With respect to cumulative sentences imposed in a single trial, the Double Jeopardy Clause does no more than prevent the sentencing court from prescribing greater punishment than the legislature intended”); see also, *United States v. Ayala*, 601 F.3d 256, 264 (4<sup>th</sup> Cir. 2010).

<sup>120</sup> *United States v. Garcia*, 754 F.3d at 474; see also, *United States v. Ayala*, 601 F.3d 256, 264 (4<sup>th</sup> Cir. 2010); *United States v. Basciano*, 599 F.3d 184, 205 (2d Cir. 2010); *United States v. Mahdi*, 598 F.3d 883, 889 (D.C. Cir. 2010); *United States v. Marino*, 277 F.3d 11, 39 (1<sup>st</sup> Cir. 2002); *United States v. Beale*, 921 F.2d 1412, 1437 (11<sup>th</sup> Cir. 1991).

<sup>121</sup> *United States v. Pratt*, 728 F.3d 463, 478 n. 59 (5<sup>th</sup> Cir. 2013); *United States v. Kehoe*, 310 F.3d 579, 587-88 (8<sup>th</sup> Cir. 2002); *United States v. Marino*, 277 F.3d 11, 39 (1<sup>st</sup> Cir. 2002); *United States v. Diaz*, 176 F.3d 52, 115-16 (2d Cir. 1999); *United States v. Rone*, 598 F.2d 564, 569-71 (9<sup>th</sup> Cir. 1979).

<sup>122</sup> *Blockburger v. United States*, 284 U.S. 299, 304 (1932).

<sup>123</sup> *United States v. Angilau*, 717 F.3d 781, 787 (10<sup>th</sup> Cir. 2013); *United States v. Schiro*, 679 F.3d 521, 525-28 (7<sup>th</sup> Cir. 2012); *United States v. DeCologero*, 530 F.3d 36, 71 (1<sup>st</sup> Cir. 2008); *United States v. Jones*, 482 F.3d 60, 71-2 (2d Cir. 2006).

<sup>124</sup> *United States v. Wheeler*, 535 F.3d 446, 449-50 (6<sup>th</sup> Cir. 2008), quoting, *United States v. Russotti*, 717 F.2d 27, 33 (2d Cir. 1983); and *United States v. Dean*, 647 F.2d 779, 788 (8<sup>th</sup> Cir. 1981).

<sup>125</sup> U.S. Const. Art. I, §9, cl.3; Art. I, §10, cl.1; *Collins v. Youngblood*, 497 U.S. 37, 52 (1990).

<sup>126</sup> *United States v. Flemmi*, 245 F.3d 24, 27 n.3 (1<sup>st</sup> Cir. 2001)(“The government did not seek to indict Flemmi for the crime of murder because there is no federal statute that can be applied to the 1967 slayings without violating the Ex (continued...)”).

## 4. Vagueness

“[T]he void-for-vagueness doctrine requires that a penal statute define the criminal offense with sufficient definiteness that ordinary people can understand what conduct is prohibited and in a manner that does not encourage arbitrary and discriminatory enforcement.”<sup>127</sup> Vagueness became a more common constitutional object to RICO, after Justice Scalia and three other Justices implied its vulnerability to such an attack.<sup>128</sup> Subsequent lower courts appear to have uniformly rejected the suggestion that RICO is unconstitutionally vague either generally or as applied to the facts before them.<sup>129</sup>

## B. Forfeiture

### 1. Eighth Amendment

RICO forfeitures can be severe. The Eighth Amendment supplies the constitutional bounds within which criminal sentences must be drawn. Under its directives, fines may not be excessive nor punishments cruel and unusual.<sup>130</sup> Any more precise definition becomes somewhat uncertain. When presented with the issue in *Harmelin*, a majority of the Supreme Court appeared to believe that the Eighth Amendment’s cruel and unusual punishment clause forbids sentences which are “grossly disproportionate” to the seriousness of the crimes for which they are imposed.<sup>131</sup> Prior to

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Post Facto Clause. This fact, however, does not prohibit reference to the slayings as predicate acts in connection with the RICO counts. *See also*, *United States v. Brown*, 555 F.2d 407, 416-17 (5<sup>th</sup> Cir. 1977)(upholding, against constitutional challenge, government’s use of predicate acts occurring prior to RICO’s effective date in conjunction with predicate acts occurring after that date”); *United States v. Caporale*, 806 F.2d 1487, 1516 (11<sup>th</sup> Cir. 1986).

The fact that the defendant may be adversely affected by a procedural change likewise does not trigger ex post facto concerns. Thus, when Congress amended RICO to permit the confiscation of substitute assets should the forfeitable property become unavailable, the ex post facto clause did not preclude application of the change to cases arising before the amendment, *United States v. Reed*, 924 F.2d 1014, 1016-17 (11<sup>th</sup> Cir. 1991); *United States v. Martenson*, 780 F. Supp. 492, 495 (N.D. Ill. 1991).

<sup>127</sup> *Posters ‘N’ Things, Ltd. v. United States*, 511 U.S. 513, 525 (1994), quoting, *Kolender v. Lawson*, 461 U.S. 352, 357 (1983).

<sup>128</sup> *H.J., Inc. v. Northwestern Bell Telephone Co.*, 492 U.S. 251, 254-55 (1989)(Scalia, J., concurring in the judgment)(“Four terms ago ... we gave lower courts ... four clues concerning the meaning of the enigmatic term ‘pattern of racketeering activity’ .... Today, four years and countless millions in damages and attorney’s fees later (not to mention prison sentences under the criminal provisions of RICO), the Court does little more than repropagate those hints as to what RICO means.... It is, however, unfair to be so critical of the Court’s effort, because I would be unable to provide an interpretation of RICO that gives significantly more guidance concerning its application.... Today’s opinion has added nothing to improve our prior guidance, which has created a kaleidoscope of Circuit positions, except to clarify that RICO may additionally be violated when there is a ‘threat of continuity.’ It seems to me this increases rather than removes the vagueness”).

<sup>129</sup> *United States v. Burden*, 600 F.3d 204, 228 (2d Cir. 2010); *United States v. Keltner*, 147 F.3d 662, 667 (8<sup>th</sup> Cir. 1998); *United States v. Krout*, 66 F.3d 1420, 1432 (5<sup>th</sup> Cir. 1995); *Columbia Natural Resources, Inc. v. Tatum*, 58 F.3d 1101, 1106-109 (6<sup>th</sup> Cir. 1995); *United States v. Oreto*, 37 F.3d 739, 752 (1<sup>st</sup> Cir. 1994); *United States v. Korando*, 29 F.3d 1114, 1119 (7<sup>th</sup> Cir. 1994); *Cox v. Administrator, U.S. Steel & Carnegie*, 17 F.3d 1386, 1398 (11<sup>th</sup> Cir. 1994); *United States v. Bennett*, 984 F.2d 597, 606 (4<sup>th</sup> Cir. 1993); *United States v. Dischner*, 974 F.2d 1502, 1509-510 (9<sup>th</sup> Cir. 1992); *United States v. Woods*, 915 F.2d 854, 862-64 (3d Cir. 1990); *Buchanan County v. Blankenship*, 545 F. Supp. 2d 553, 555 (W.D. Va. 2008); *United States v. Stevens*, 778 F. Supp. 2d 683, 694-95 (W.D. La. 2011).

<sup>130</sup> “Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted.” U.S. Const. Amend. VIII.

<sup>131</sup> *Harmelin v. Michigan*, 501 U.S. 957 (1991), upheld the imposition of a state mandatory term of life in prison without the possibility of parole upon conviction for possession of more than 650 grams of cocaine. Of the nine (continued...)

*Harmelin*, the lower courts felt that at some point RICO forfeitures might be so disproportionate as to constitute cruel and unusual punishment.<sup>132</sup> Perhaps understandably, especially in light of developments under the excessive fines clause, the argument seems to have been rarely pressed since *Harmelin*.<sup>133</sup>

The Eighth Amendment's excessive fines clause is slightly more instructive. Historically, the clause was only infrequently invoked. The Supreme Court changed that when it identified the clause as one of the frontiers of permissible criminal forfeiture.<sup>134</sup> Forfeiture offends the excessive fines clause when it is "grossly disproportionate to the gravity of the offense."<sup>135</sup> Although the gravity of most RICO violations would seem to weigh heavily against most excessive fines clause challenges,<sup>136</sup> at least one circuit holds that the appropriate excessive fines analysis must include consideration of confiscation upon the property owner's livelihood.<sup>137</sup>

## 2. First Amendment

Forfeiture may raise First Amendment issues. The First Amendment guarantees the right of free speech and freedom of the press.<sup>138</sup> It generally precludes government prior restraint of expression.<sup>139</sup> In contrast to prior restraint, however, it generally permits punishment of the unlawful distribution of obscene material.<sup>140</sup> In the view of a majority of the Justices in *Alexander*, the application of RICO's provisions to confiscate the inventory of an adult

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(...continued)

Justices, two (Justice Scalia and Chief Justice Rehnquist) voted to affirm and would limit proportionality analysis to capital punishment cases; three others (Justices O'Connor, Kennedy and Souter) voted to affirm but pursuant to a proportionality analysis where the seriousness of the offense carried the day, 501 U.S. at 996; and the remaining four (Justices White, Marshall, Blackmun and Stevens) dissented in favor of a proportionality test placing greater emphasis on the comparative harshness of the penalty and a comparison with the penalties imposed for other crimes, 501 U.S. at 1009, 1027, 1028.

<sup>132</sup> *United States v. Busher*, 817 F.2d 1409, 1413-414 (7<sup>th</sup> Cir. 1987); *United States v. Feldman*, 853 F.2d 648, 663 (9<sup>th</sup> Cir. 1988); *cf.*, *United States v. Vriner*, 921 F.2d 710, 712-13 (7<sup>th</sup> Cir. 1991) (criminal forfeiture under 21 U.S.C. 853).

<sup>133</sup> Craig W. Palm, *RICO Forfeiture and the Eighth Amendment: When Is Everything Too Much?* 53 U. PITT. L. REV. 1 (1991).

<sup>134</sup> *Alexander v. United States*, 509 U.S. 544 (1993).

<sup>135</sup> *United States v. Bajakajian*, 522 U.S. 321, 334-37 (1998). Whether a forfeiture should be considered grossly disproportionate turns upon "(1) whether the defendant falls into the class of persons at whom the criminal statute was principally directed; (2) other penalties authorized by the legislature (or the Sentencing Commission); and (3) the harm caused by the defendant," *United States v. Browne*, 505 F.3d 1229, 1281 (11<sup>th</sup> Cir. 2007); *United States v. Heldeman*, 402 F.3d 220, 223 (1<sup>st</sup> Cir. 2005); *see also*, *United States v. Peters*, 732 F.3d 93, 99 (2d Cir. 2013) (The "amount of the forfeiture must bear some relationship to the gravity of the offense").

<sup>136</sup> *See, e.g.*, *United States v. Peters*, 732 F.3d at 95 (upholding criminal forfeiture of more \$23.1 million in connection with a bank fraud scheme); *United States v. Najjar*, 300 F.3d 466, 485-86 (4<sup>th</sup> Cir. 2002) (confiscation of \$2.76 million was not excessive in light of the seriousness of the offense and the extent of the wrong doing); *United States v. Segal*, 495 F.3d 826, 840 (7<sup>th</sup> Cir. 2007) (confiscation of \$30 million in proceeds and the defendant's 60% interest in a business enterprise was similarly not excessive); *United States v. Browne*, 505 F.3d at 1281-282 (confiscation of \$592,271.32 was not excessive).

<sup>137</sup> *United States v. Levesque*, 546 F.3d 78, 83-5 (1<sup>st</sup> Cir. 2008); *contra*, *United States v. Dicter*, 198 F.3d 1284, 1292 n.11 (11<sup>th</sup> Cir. 1999); *United States v. 817 N.E. 29<sup>th</sup> Drive*, 175 F.3d 1304, 1311 (11<sup>th</sup> Cir. 1999).

<sup>138</sup> "Congress shall make no law ... abridging the freedom of speech, or of the press...." U.S. Const. Amend. I.

<sup>139</sup> *Near v. Minnesota ex rel. Olson*, 283 U.S. 697 (1931); *Alexander v. United States*, 509 U.S. 544, 550 (1993).

<sup>140</sup> *Ginzburg v. United States*, 383 U.S. 463, 464-65 (1966); *Smith v. United States*, 431 U.S. 291, 296 (1977).



entertainment business as punishment for a RICO conviction based upon obscenity predicates does not offend the First Amendment.<sup>141</sup>

### 3. Right to the Assistance of Counsel

In two cases decided under the criminal forfeiture provisions of the federal drug law, the Supreme Court held that a criminally accused's Sixth Amendment right to the assistance of counsel does not invalidate statutory provisions which call for the confiscation of forfeitable property paid as attorneys' fees or which permit the court, upon a probable cause showing of forfeitability, to freeze assets which the accused had intended to use to pay attorneys' fees.<sup>142</sup> The same can be said of the RICO forfeiture provisions.<sup>143</sup> Moreover, neither the Sixth Amendment nor the Fifth Amendment due process clause demands appointment of counsel to assist against government efforts to confiscate substitute assets.<sup>144</sup>

### 4. Right to Jury Trial

The Supreme Court concluded in *Libretti* that a property owner had no right to have a jury decide factual disputes in a forfeiture case, because forfeiture was a sentencing matter and the Sixth Amendment right to jury trial did not apply to sentencing questions.<sup>145</sup> After *Libretti* had been decided, the Court's announced view of the role of the jury as a fact finder changed somewhat, first in *Apprendi*, then in *Blakely*, and finally in *Booker*.<sup>146</sup> There the Court redefined the line between sentencing factors that the Constitution allows to be assigned to the court and factors that it insists be found by the jury as a matter of right. Henceforth, "any fact (other than a prior conviction) which is necessary to support a sentence exceeding the maximum authorized by the facts established by a plea of guilty or a jury verdict must be admitted by the defendant or proved to a jury beyond a reasonable doubt."<sup>147</sup> Dicta in *Booker* might be construed as an indication that property owners are still bound by the holding in *Libretti*—there is no constitutional right to have a jury decide factual questions in criminal forfeiture.<sup>148</sup> The lower courts appear to agree.<sup>149</sup>

<sup>141</sup> *Alexander v. United States*, 509 U.S. 544, 550-58 (1993).

<sup>142</sup> *United States v. Monsanto*, 491 U.S. 600, 614-16 (1989); *Caplin & Drysdale v. United States*, 491 U.S. 617, 624-32 (1989). The Sixth Amendment right to the assistance of counsel of choice, however, does preclude the pre-trial restraint of untainted property need to retain and compensate counsel, *Luis v. United States*, 136 S. Ct. 1083, 1096 (2016).

<sup>143</sup> *United States v. Borromeo*, 954 F.2d 245, 249 (4<sup>th</sup> Cir. 1992); *In re Assets of Tom Billman*, 915 F.2d 916, 922 (4<sup>th</sup> Cir. 1990); *United States v. Wingerter*, 369 F. Supp. 2d 799, 810-12 (E.D. Va. 2005).

<sup>144</sup> *United States v. Saccoccia*, 564 F.3d 502, 504-507 (1<sup>st</sup> Cir. 2009).

<sup>145</sup> *Libretti v. United States*, 516 U.S. 29, 48-9 (1995)(parallel citations omitted)("Libretti would have us equate [his] statutory right to a jury determination of forfeitability with the familiar Sixth Amendment right to a jury determination of guilt or innocence. *See, e.g., United States v. Gaudin*, 515 U.S. 506, 511 (1995) ('The Constitution gives a criminal defendant the right to demand that a jury find him guilty of all the elements of the crime with which he is charged'). Without disparaging the importance of the right provided by Rule 31(e), our analysis of the nature of criminal forfeiture as an aspect of sentencing compels the conclusion that the right to a jury verdict on forfeitability does not fall within the Sixth Amendment's constitutional protection. Our cases have made abundantly clear that a defendant does not enjoy a constitutional right to a jury determination as to the appropriate sentence to be imposed. *See, e.g., McMillan v. Pennsylvania*, 477 U.S. 789, 93 (1986) ('[T]here is no Sixth Amendment right to jury sentencing, even where the sentence turns on specific findings of fact'); *Cabana v. Bullock*, 474 U.S. 376, 385 (1986) ('The decision whether a particular punishment ... is appropriate in any given case is not one that we have ever required to be made by a jury').

<sup>146</sup> *Apprendi v. New Jersey*, 530 U.S. 466 (2000); *Blakely v. Washington*, 542 U.S. 296 (2004); *United States v. Booker*, 543 U.S. 220 (2005).

<sup>147</sup> *Id.*, 543 U.S. at 244.

<sup>148</sup> "Most of the statute [(the Sentencing Reform Act)] is perfectly valid. *See, e.g., 18 U.S.C. .... 3554 (forfeiture)....*" *Id.* (continued...)

## 5. Forfeiture of Estate

The “forfeiture of estate” argument was among the first constitutional challenges raised and dispatched. Article III, in its effort to protect against misuse of the law of treason, empowers Congress to set the punishment for treason but only with the understanding that “no attainder of treason shall work corruption of blood, or forfeiture.”<sup>150</sup>

Article III speaks only of treason, but due process would likely preclude this type of forfeiture of estate as a penalty for lesser crimes as well. RICO forfeiture, however, is not properly classified as a forfeiture of estate. Forfeiture of estate occurs, when as a consequence of an offense, all of an offender’s property is subject to confiscation, regardless of the absence of any nexus between the property and the crime which triggered the forfeiture. RICO forfeiture is, by contrast, a “statutory” forfeiture which turns on the relationship of the property to the crime and consequently is not forbidden by the due process corollary of Article III.<sup>151</sup>

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(...continued)

at 258. Section 3554 declares that “The *court*, in imposing a sentence on a defendant who has been found guilty of an offense described in section 1962 [RICO] of this title ... shall order ... that the defendant forfeit property to the United States in accordance with the provisions of section 1963 of this title....” 18 U.S.C. 3554 (emphasis added).

<sup>149</sup> United States v. Christensen, 801 F.3d 970, 1026 (9<sup>th</sup> Cir. 2015); United States v. Valdez, 726 F.3d 684, 699 (5<sup>th</sup> Cir. 2013); United States v. Day, 700 F.3d 713, 732-33 (4<sup>th</sup> Cir. 2012); United States v. Saccoccia, 564 F.3d 502, 507 (1<sup>st</sup> Cir. 2009); United States v. Huber, 462 F.3d 945, 948-49 (8<sup>th</sup> Cir. 2006); United States v. Leahy, 438 F.3d 328, 331-39 (3d Cir. 2006); United States v. Fruchter, 411 F.3d 377, 382-83 (2d Cir. 2005).

Rule 32.2(b)(4) of the Federal Rules of Criminal procedure, however, provides a limited right to have the jury determine “whether the government has established the requisite nexus between the property and the offense committed by the defendant.” The jury is only available following a jury’s verdict of guilty and not with respect to substitute assets, *id.* and R. 32.2(e)(3).

<sup>150</sup> U.S. Const. Art. III, §3, cl.2.

<sup>151</sup> United States v. Thevis, 474 F. Supp. 134, 140-41 (N.D. Ga. 1979); United States v. Grande, 620 F.2d 1026, 1037-39 (4<sup>th</sup> Cir. 1980).



## Appendix A. Text of RICO Statutory Provisions

### 18 U.S.C. 1961

#### Definitions

As used in this chapter –

(1) “racketeering activity” means (A) any act or threat involving murder, kidnaping, gambling, arson, robbery, bribery, extortion, dealing in obscene matter, or dealing in a controlled substance or listed chemical (as defined in section 102 of the Controlled Substances Act), which is chargeable under State law and punishable by imprisonment for more than one year; (B) any act which is indictable under any of the following provisions of title 18, United States Code: Section 201 (relating to bribery), section 224 (relating to sports bribery), sections 471, 472, and 473 (relating to counterfeiting), section 659 (relating to theft from interstate shipment) if the act indictable under section 659 is felonious, section 664 (relating to embezzlement from pension and welfare funds), sections 891-894 (relating to extortionate credit transactions), section 1028 (relating to fraud and related activity in connection with identification documents), section 1029 (relating to fraud and related activity in connection with access devices), section 1084 (relating to the transmission of gambling information), section 1341 (relating to mail fraud), section 1343 (relating to wire fraud), section 1344 (relating to financial institution fraud), section 1351 (relating to fraud in foreign labor contracting), section 1425 (relating to the procurement of citizenship or naturalization unlawfully), section 1426 (relating to the reproduction of naturalization or citizenship papers), section 1427 (relating to the sale of naturalization or citizenship papers), sections 1461-1465 (relating to obscene matter), section 1503 (relating to obstruction of justice), section 1510 (relating to obstruction of criminal investigations), section 1511 (relating to the obstruction of State or local law enforcement), section 1512 (relating to tampering with a witness, victim, or an informant), section 1513 (relating to retaliating against a witness, victim, or an informant), section 1542 (relating to false statement in application and use of passport), section 1543 (relating to forgery or false use of passport), section 1544 (relating to misuse of passport), section 1546 (relating to fraud and misuse of visas, permits, and other documents), sections 1581-1592 (relating to peonage, slavery, and trafficking in persons), sections 1831 and 1832 (relating to economic espionage and theft of trade secrets), section 1951 (relating to interference with commerce, robbery, or extortion), section 1952 (relating to racketeering), section 1953 (relating to interstate transportation of wagering paraphernalia), section 1954 (relating to unlawful welfare fund payments), section 1955 (relating to the prohibition of illegal gambling businesses), section 1956 (relating to the laundering of monetary instruments), section 1957 (relating to engaging in monetary transactions in property derived from specified unlawful activity), section 1958 (relating to use of interstate commerce facilities in the commission of murder-for-hire), section 1960 (relating to illegal money transmitters), sections 2251, 2251A, 2252, and 2260 (relating to sexual exploitation of children), sections 2312 and 2313 (relating to interstate transportation of stolen motor vehicles), sections 2314 and 2315 (relating to interstate transportation of stolen property), section 2318 (relating to trafficking in counterfeit labels for phonorecords, computer programs or computer program documentation or packaging and copies of motion pictures or other audiovisual works), section 2319 (relating to criminal infringement of a copyright), section 2319A (relating to unauthorized fixation of and trafficking in sound recordings and music videos of live musical performances), section 2320 (relating to trafficking in goods or services bearing counterfeit marks), section 2321 (relating to trafficking in certain motor vehicles or motor vehicle parts), sections 2341-2346 (relating to trafficking in contraband cigarettes), sections 2421-24 (relating to white slave traffic), sections 175-178 (relating to biological weapons), sections 229-229F (relating to chemical weapons), section 831 (relating to nuclear materials), (C) any act which is indictable under title 29, United States Code, section 186 (dealing with restrictions on payments and loans to labor organizations) or section 501(c) (relating to embezzlement from union funds), (D) any offense involving fraud connected with a case under title 11 (except a case under section 157 of this title), fraud in the sale of securities, or the felonious manufacture, importation, receiving, concealment, buying, selling, or otherwise dealing in a controlled substance or listed chemical (as defined in section 102 of the Controlled Substances Act), punishable under any law of the United States, (E) any act which is indictable under the Currency and Foreign Transactions Reporting Act, (F) any act which is indictable under the Immigration and Nationality Act, section 274 (relating to bringing in and harboring certain aliens), section 277 (relating to aiding or assisting certain aliens to enter the United States), or section 278 (relating to importation of alien for immoral purpose) if the

act indictable under such section of such Act was committed for the purpose of financial gain, or (G) any act that is indictable under any provision listed in section 2332b(g)(5)(B);

(2) “State” means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, any political subdivision, or any department, agency, or instrumentality thereof;

(3) “person” includes any individual or entity capable of holding a legal or beneficial interest in property;

(4) “enterprise” includes any individual, partnership, corporation, association, or other legal entity, and any union or group of individuals associated in fact although not a legal entity;

(5) “pattern of racketeering activity” requires at least two acts of racketeering activity, one of which occurred after the effective date of this chapter and the last of which occurred within ten years (excluding any period of imprisonment) after the commission of a prior act of racketeering activity;

(6) “unlawful debt” means a debt (A) incurred or contracted in gambling activity which was in violation of the law of the United States, a State or political subdivision thereof, or which is unenforceable under State or Federal law in whole or in part as to principal or interest because of the laws relating to usury, and (B) which was incurred in connection with the business of gambling in violation of the law of the United States, a State or political subdivision thereof, or the business of lending money or a thing of value at a rate usurious under State or Federal law, where the usurious rate is at least twice the enforceable rate;

(7) “racketeering investigator” means any attorney or investigator so designated by the Attorney General and charged with the duty of enforcing or carrying into effect this chapter;

(8) “racketeering investigation” means any inquiry conducted by any racketeering investigator for the purpose of ascertaining whether any person has been involved in any violation of this chapter or of any final order, judgment, or decree of any court of the United States, duly entered in any case or proceeding arising under this chapter;

(9) “documentary material” includes any book, paper, document, record, recording, or other material; and

(10) “Attorney General” includes the Attorney General of the United States, the Deputy Attorney General of the United States, the Associate Attorney General of the United States, any Assistant Attorney General of the United States, or any employee of the Department of Justice or any employee of any department or agency of the United States so designated by the Attorney General to carry out the powers conferred on the Attorney General by this chapter. Any department or agency so designated may use in investigations authorized by this chapter either the investigative provisions of this chapter or the investigative power of such department or agency otherwise conferred by law.

## 18 U.S.C. 1962 Prohibited activities

**(a)** It shall be unlawful for any person who has received any income derived, directly or indirectly, from a pattern of racketeering activity or through collection of an unlawful debt in which such person has participated as a principal within the meaning of section 2, title 18, United States Code, to use or invest, directly or indirectly, any part of such income, or the proceeds of such income, in acquisition of any interest in, or the establishment or operation of, any enterprise which is engaged in, or the activities of which affect, interstate or foreign commerce. A purchase of securities on the open market for purposes of investment, and without the intention of controlling or participating in the control of the issuer, or of assisting another to do so, shall not be unlawful under this subsection if the securities of the issuer held by the purchaser, the members of his immediate family, and his or their accomplices in any pattern or racketeering activity or the collection of an unlawful debt after such purchase do not amount in the aggregate to one percent of the outstanding securities of any one class, and do not confer, either in law or in fact, the power to elect one or more directors of the issuer.

**(b)** It shall be unlawful for any person through a pattern of racketeering activity or through collection of an unlawful debt to acquire or maintain, directly or indirectly, any interest in or control of any enterprise which is engaged in, or the activities of which affect, interstate or foreign commerce.

**(c)** It shall be unlawful for any person employed by or associated with any enterprise engaged in, or the activities of which affect, interstate or foreign commerce, to conduct or participate, directly or indirectly, in the conduct of such enterprise’s affairs through a pattern of racketeering activity or collection of unlawful debt.

(d) It shall be unlawful for any person to conspire to violate any of the provisions of subsection (a), (b), or (c) of this section.

### 18 U.S.C. 1963 Criminal penalties

(a) Whoever violates any provision of section 1962 of this chapter shall be fined under this title or imprisoned not more than 20 years (or for life if the violation is based on a racketeering activity for which the maximum penalty includes life imprisonment), or both, and shall forfeit to the United States, irrespective of any provision of State law –

(1) any interest the person has acquired or maintained in violation of section 1962;

(2) any –

(A) interest in;

(B) security of;

(C) claim against; or

(D) property or contractual right of any kind affording a source of influence over;

any enterprise which the person has established, operated, controlled, conducted, or participated in the conduct of, in violation of section 1962; and

(3) any property constituting, or derived from, any proceeds which the person obtained, directly or indirectly, from racketeering activity or unlawful debt collection in violation of section 1962.

The court, in imposing sentence on such person shall order, in addition to any other sentence imposed pursuant to this section, that the person forfeit to the United States all property described in this subsection. In lieu of a fine otherwise authorized by this section, a defendant who derives profits or other proceeds from an offense may be fined not more than twice the gross profits or other proceeds.

(b) Property subject to criminal forfeiture under this section includes –

(1) real property, including things growing on, affixed to, and found in land; and

(2) tangible and intangible personal property, including rights, privileges, interests, claims, and securities.

(c) All right, title, and interest in property described in subsection (a) vests in the United States upon the commission of the act giving rise to forfeiture under this section. Any such property that is subsequently transferred to a person other than the defendant may be the subject of a special verdict of forfeiture and thereafter shall be ordered forfeited to the United States, unless the transferee establishes in a hearing pursuant to subsection (1) that he is a bona fide purchaser for value of such property who at the time of purchase was reasonably without cause to believe that the property was subject to forfeiture under this section.

(d) (1) Upon application of the United States, the court may enter a restraining order or injunction, require the execution of a satisfactory performance bond, or take any other action to preserve the availability of property described in subsection (a) for forfeiture under this section –

(A) upon the filing of an indictment or information charging a violation of section 1962 of this chapter and alleging that the property with respect to which the order is sought would, in the event of conviction, be subject to forfeiture under this section; or

(B) prior to the filing of such an indictment or information, if, after notice to persons appearing to have an interest in the property and opportunity for a hearing, the court determines that –

(i) there is a substantial probability that the United States will prevail on the issue of forfeiture and that failure to enter the order will result in the property being destroyed, removed from the jurisdiction of the court, or otherwise made unavailable for forfeiture; and

(ii) the need to preserve the availability of the property through the entry of the requested order outweighs the hardship on any party against whom the order is to be entered:

*Provided, however,* That an order entered pursuant to subparagraph (B) shall be effective for not more than ninety days, unless extended by the court for good cause shown or unless an indictment or information described in subparagraph (A) has been filed.

(2) A temporary restraining order under this subsection may be entered upon application of the United States without notice or opportunity for a hearing when an information or indictment has not yet been filed with respect to the property, if the United States demonstrates that there is probable cause to believe that

the property with respect to which the order is sought would, in the event of conviction, be subject to forfeiture under this section and that provision of notice will jeopardize the availability of the property for forfeiture. Such a temporary order shall expire not more than ten days after the date on which it is entered, unless extended for good cause shown or unless the party against whom it is entered consents to an extension for a longer period. A hearing requested concerning an order entered under this paragraph shall be held at the earliest possible time, and prior to the expiration of the temporary order.

(3) The court may receive and consider, at a hearing held pursuant to this subsection, evidence and information that would be inadmissible under the Federal Rules of Evidence.

(e) Upon conviction of a person under this section, the court shall enter a judgment of forfeiture of the property to the United States and shall also authorize the Attorney General to seize all property ordered forfeited upon such terms and conditions as the court shall deem proper. Following the entry of an order declaring the property forfeited, the court may, upon application of the United States, enter such appropriate restraining orders or injunctions, require the execution of satisfactory performance bonds, appoint receivers, conservators, appraisers, accountants, or trustees, or take any other action to protect the interest of the United States in the property ordered forfeited. Any income accruing to, or derived from, an enterprise or an interest in an enterprise which has been ordered forfeited under this section may be used to offset ordinary and necessary expenses to the enterprise which are required by law, or which are necessary to protect the interests of the United States or third parties.

(f) Following the seizure of property ordered forfeited under this section, the Attorney General shall direct the disposition of the property by sale or any other commercially feasible means, making due provision for the rights of any innocent persons. Any property right or interest not exercisable by, or transferable for value to, the United States shall expire and shall not revert to the defendant, nor shall the defendant or any person acting in concert with or on behalf of the defendant be eligible to purchase forfeited property at any sale held by the United States. Upon application of a person, other than the defendant or a person acting in concert with or on behalf of the defendant, the court may restrain or stay the sale or disposition of the property pending the conclusion of any appeal of the criminal case giving rise to the forfeiture, if the applicant demonstrates that proceeding with the sale or disposition of the property will result in irreparable injury, harm or loss to him. Notwithstanding 31 U.S.C. 3302(b), the proceeds of any sale or other disposition of property forfeited under this section and any moneys forfeited shall be used to pay all proper expenses for the forfeiture and the sale, including expenses of seizure, maintenance and custody of the property pending its disposition, advertising and court costs. The Attorney General shall deposit in the Treasury any amounts of such proceeds or moneys remaining after the payment of such expenses.

(g) With respect to property ordered forfeited under this section, the Attorney General is authorized to –

- (1) grant petitions for mitigation or remission of forfeiture, restore forfeited property to victims of a violation of this chapter, or take any other action to protect the rights of innocent persons which is in the interest of justice and which is not inconsistent with the provisions of this chapter;
- (2) compromise claims arising under this section;
- (3) award compensation to persons providing information resulting in a forfeiture under this section;
- (4) direct the disposition by the United States of all property ordered forfeited under this section by public sale or any other commercially feasible means, making due provision for the rights of innocent persons; and
- (5) take appropriate measures necessary to safeguard and maintain property ordered forfeited under this section pending its disposition.

(h) The Attorney General may promulgate regulations with respect to –

- (1) making reasonable efforts to provide notice to persons who may have an interest in property ordered forfeited under this section;
- (2) granting petitions for remission or mitigation of forfeiture;
- (3) the restitution of property to victims of an offense petitioning for remission or mitigation of forfeiture under this chapter;
- (4) the disposition by the United States of forfeited property by public sale or other commercially feasible means;

(5) the maintenance and safekeeping of any property forfeited under this section pending its disposition; and

(6) the compromise of claims arising under this chapter.

Pending the promulgation of such regulations, all provisions of law relating to the disposition of property, or the proceeds from the sale thereof, or the remission or mitigation of forfeitures for violation of the customs laws, and the compromise of claims and the award of compensation to informers in respect of such forfeitures shall apply to forfeitures incurred, or alleged to have been incurred, under the provisions of this section, insofar as applicable and not inconsistent with the provisions hereof. Such duties as are imposed upon the Customs Service or any person with respect to the disposition of property under the customs law shall be performed under this chapter by the Attorney General.

(i) Except as provided in subsection (l), no party claiming an interest in property subject to forfeiture under this section may –

(1) intervene in a trial or appeal of a criminal case involving the forfeiture of such property under this section; or

(2) commence an action at law or equity against the United States concerning the validity of his alleged interest in the property subsequent to the filing of an indictment or information alleging that the property is subject to forfeiture under this section.

(j) The district courts of the United States shall have jurisdiction to enter orders as provided in this section without regard to the location of any property which may be subject to forfeiture under this section or which has been ordered forfeited under this section.

(k) In order to facilitate the identification or location of property declared forfeited and to facilitate the disposition of petitions for remission or mitigation of forfeiture, after the entry of an order declaring property forfeited to the United States the court may, upon application of the United States, order that the testimony of any witness relating to the property forfeited be taken by deposition and that any designated book, paper, document, record, recording, or other material not privileged be produced at the same time and place, in the same manner as provided for the taking of depositions under Rule 15 of the Federal Rules of Criminal Procedure.

(l) (1) Following the entry of an order of forfeiture under this section, the United States shall publish notice of the order and of its intent to dispose of the property in such manner as the Attorney General may direct. The Government may also, to the extent practicable, provide direct written notice to any person known to have alleged an interest in the property that is the subject of the order of forfeiture as a substitute for published notice as to those persons so notified.

(2) Any person, other than the defendant, asserting a legal interest in property which has been ordered forfeited to the United States pursuant to this section may, within thirty days of the final publication of notice or his receipt of notice under paragraph (1), whichever is earlier, petition the court for a hearing to adjudicate the validity of his alleged interest in the property. The hearing shall be held before the court alone, without a jury.

(3) The petition shall be signed by the petitioner under penalty of perjury and shall set forth the nature and extent of the petitioner's right, title, or interest in the property, the time and circumstances of the petitioner's acquisition of the right, title, or interest in the property, any additional facts supporting the petitioner's claim, and the relief sought.

(4) The hearing on the petition shall, to the extent practicable and consistent with the interests of justice, be held within thirty days of the filing of the petition. The court may consolidate the hearing on the petition with a hearing on any other petition filed by a person other than the defendant under this subsection.

(5) At the hearing, the petitioner may testify and present evidence and witnesses on his own behalf, and cross-examine witnesses who appear at the hearing. The United States may present evidence and witnesses in rebuttal and in defense of its claim to the property and cross-examine witnesses who appear at the hearing. In addition to testimony and evidence presented at the hearing, the court shall consider the relevant portions of the record of the criminal case which resulted in the order of forfeiture.

(6) If, after the hearing, the court determines that the petitioner has established by a preponderance of the evidence that –



(A) the petitioner has a legal right, title, or interest in the property, and such right, title, or interest renders the order of forfeiture invalid in whole or in part because the right, title, or interest was vested in the petitioner rather than the defendant or was superior to any right, title, or interest of the defendant at the time of the commission of the acts which gave rise to the forfeiture of the property under this section; or

(B) the petitioner is a bona fide purchaser for value of the right, title, or interest in the property and was at the time of purchase reasonably without cause to believe that the property was subject to forfeiture under this section;

the court shall amend the order of forfeiture in accordance with its determination.

(7) Following the court's disposition of all petitions filed under this subsection, or if no such petitions are filed following the expiration of the period provided in paragraph (2) for the filing of such petitions, the United States shall have clear title to property that is the subject of the order of forfeiture and may warrant good title to any subsequent purchaser or transferee.

(m) If any of the property described in subsection (a), as a result of any act or omission of the defendant –

(1) cannot be located upon the exercise of due diligence;

(2) has been transferred or sold to, or deposited with, a third party;

(3) has been placed beyond the jurisdiction of the court;

(4) has been substantially diminished in value; or

(5) has been commingled with other property which cannot be divided without difficulty;

the court shall order the forfeiture of any other property of the defendant up to the value of any property described in paragraphs (1) through (5).

### **18 U.S.C. 1964 Civil remedies**

(a) The district courts of the United States shall have jurisdiction to prevent and restrain violations of section 1962 of this chapter by issuing appropriate orders, including, but not limited to: ordering any person to divest himself of any interest, direct or indirect, in any enterprise; imposing reasonable restrictions on the future activities or investments of any person, including, but not limited to, prohibiting any person from engaging in the same type of endeavor as the enterprise engaged in, the activities of which affect interstate or foreign commerce; or ordering dissolution or reorganization of any enterprise, making due provision for the rights of innocent persons.

(b) The Attorney General may institute proceedings under this section. Pending final determination thereof, the court may at any time enter such restraining orders or prohibitions, or take such other actions, including the acceptance of satisfactory performance bonds, as it shall deem proper.

(c) Any person injured in his business or property by reason of a violation of section 1962 of this chapter may sue therefor in any appropriate United States district court and shall recover threefold the damages he sustains and the cost of the suit, including a reasonable attorney's fee, except that no person may rely upon any conduct that would have been actionable as fraud in the purchase or sale of securities to establish a violation of section 1962. The exception contained in the preceding sentence does not apply to an action against any person that is criminally convicted in connection with the fraud, in which case the statute of limitations shall start to run on the date on which the conviction becomes final.

(d) A final judgment or decree rendered in favor of the United States in any criminal proceeding brought by the United States under this chapter shall estop the defendant from denying the essential allegations of the criminal offense in any subsequent civil proceeding brought by the United States.

### **18 U.S.C. 1965 Venue and process**

(a) Any civil action or proceeding under this chapter against any person may be instituted in the district court of the United States for any district in which such person resides, is found, has an agent, or transacts his affairs.

(b) In any action under section 1964 of this chapter in any district court of the United States in which it is shown that the ends of justice require that other parties residing in any other district be brought before the court, the court may cause such parties to be summoned, and process for that purpose may be served in any judicial district of the United States by the marshal thereof.

(c) In any civil or criminal action or proceeding instituted by the United States under this chapter in the district court of the United States for any judicial district, subpoenas issued by such court to compel the attendance of witnesses may be served in any other judicial district, except that in any civil action or proceeding no such subpoena shall be issued for service upon any individual who resides in another district at a place more than one hundred miles from the place at which such court is held without approval given by a judge of such court upon a showing of good cause.

(d) All other process in any action or proceeding under this chapter may be served on any person in any judicial district in which such person resides, is found, has an agent, or transacts his affairs.

### **18 U.S.C. 1966** **Expedition of actions**

In any civil action instituted under this chapter by the United States in any district court of the United States, the Attorney General may file with the clerk of such court a certificate stating that in his opinion the case is of general public importance. A copy of that certificate shall be furnished immediately by such clerk to the chief judge or in his absence to the presiding district judge of the district in which such action is pending. Upon receipt of such copy, such judge shall designate immediately a judge of that district to hear and determine action.

### **18 U.S.C. 1967** **Evidence**

In any proceeding ancillary to or in any civil action instituted by the United States under this chapter the proceedings may be open or closed to the public at the discretion of the court after consideration of the rights of affected persons.

### **18 U.S.C. 1968** **Civil investigative demand**

(a) Whenever the Attorney General has reason to believe that any person or enterprise may be in possession, custody, or control of any documentary materials relevant to a racketeering investigation, he may, prior to the institution of a civil or criminal proceeding thereon, issue in writing, and cause to be served upon such person, a civil investigative demand requiring such person to produce such material for examination.

(b) Each such demand shall—

- (1) state the nature of the conduct constituting the alleged racketeering violation which is under investigation and the provision of law applicable thereto;
- (2) describe the class or classes of documentary material produced thereunder with such definiteness and certainty as to permit such material to be fairly identified;
- (3) state that the demand is returnable forthwith or prescribe a return date which will provide a reasonable period of time within which the material so demanded may be assembled and made available for inspection and copying or reproduction; and
- (4) identify the custodian to whom such material shall be made available.

(c) No such demand shall—

- (1) contain any requirement which would be held to be unreasonable if contained in a subpoena duces tecum issued by a court of the United States in aid of a grand jury investigation of such alleged racketeering violation; or
- (2) require the production of any documentary evidence which would be privileged from disclosure if demanded by a subpoena duces tecum issued by a court of the United States in aid of a grand jury investigation of such alleged racketeering violation.



(d) Service of any such demand or any petition filed under this section may be made upon a person by—

- (1) delivering a duly executed copy thereof to any partner, executive officer, managing agent, or general agent thereof, or to any agent thereof authorized by appointment or by law to receive service of process on behalf of such person, or upon any individual person;
- (2) delivering a duly executed copy thereof to the principal office or place of business of the person to be served; or
- (3) depositing such copy in the United States mail, by registered or certified mail duly addressed to such person at its principal office or place of business.

(e) A verified return by the individual serving any such demand or petition setting forth the manner of such service shall be prima facie proof of such service. In the case of service by registered or certified mail, such return shall be accompanied by the return post office receipt of delivery of such demand.

(f) (1) The Attorney General shall designate a racketeering investigator to serve as racketeer document custodian, and such additional racketeering investigators as he shall determine from time to time to be necessary to serve as deputies to such officer.

(2) Any person upon whom any demand issued under this section has been duly served shall make such material available for inspection and copying or reproduction to the custodian designated therein at the principal place of business of such person, or at such other place as such custodian and such person thereafter may agree and prescribe in writing or as the court may direct, pursuant to this section on the return date specified in such demand, or on such later date as such custodian may prescribe in writing. Such person may upon written agreement between such person and the custodian substitute for copies of all or any part of such material originals thereof.

(3) The custodian to whom any documentary material is so delivered shall take physical possession thereof, and shall be responsible for the use made thereof and for the return thereof pursuant to this chapter. The custodian may cause the preparation of such copies of such documentary material as may be required for official use under regulations which shall be promulgated by the Attorney General. While in the possession of the custodian, no material so produced shall be available for examination, without the consent of the person who produced such material, by any individual other than the Attorney General. Under such reasonable terms and conditions as the Attorney General shall prescribe, documentary material while in the possession of the custodian shall be available for examination by the person who produced such material or any duly authorized representatives of such person.

(4) Whenever any attorney has been designated to appear on behalf of the United States before any court or grand jury in any case or proceeding involving any alleged violation of this chapter, the custodian may deliver to such attorney such documentary material in the possession of the custodian as such attorney determines to be required for use in the presentation of such case or proceeding on behalf of the United States. Upon the conclusion of any such case or proceeding, such attorney shall return to the custodian any documentary material so withdrawn which has not passed into the control of such court or grand jury through the introduction thereof into the record of such case or proceeding.

(5) Upon the completion of—

(i) the racketeering investigation for which any documentary material was produced under this chapter, and

(ii) any case or proceeding arising from such investigation,

the custodian shall return to the person who produced such material all such material other than copies thereof made by the Attorney General pursuant to this subsection which has not passed into the control of any court or grand jury through the introduction thereof into the record of such case or proceeding.

(6) When any documentary material has been produced by any person under this section for use in any racketeering investigation, and no such case or proceeding arising therefrom has been instituted within a reasonable time after completion of the examination and analysis of all evidence assembled in the course of such investigation, such person shall be entitled, upon written demand made upon the Attorney General, to the return of all documentary material other than copies thereof made pursuant to this subsection so produced by such person.

(7) In the event of the death, disability, or separation from service of the custodian of any documentary material produced under any demand issued under this section or the official relief of such custodian from responsibility for the custody and control of such material, the Attorney General shall promptly—

- (i) designate another racketeering investigator to serve as custodian thereof, and
- (ii) transmit notice in writing to the person who produced such material as to the identity and address of the successor so designated.

Any successor so designated shall have with regard to such materials all duties and responsibilities imposed by this section upon his predecessor in office with regard thereto, except that he shall not be held responsible for any default or dereliction which occurred before his designation as custodian.

**(g)** Whenever any person fails to comply with any civil investigative demand duly served upon him under this section or whenever satisfactory copying or reproduction of any such material cannot be done and such person refuses to surrender such material, the Attorney General may file, in the district court of the United States for any judicial district in which such person resides, is found, or transacts business, and serve upon such person a petition for an order of such court for the enforcement of this section, except that if such person transacts business in more than one such district such petition shall be filed in the district in which such person maintains his principal place of business, or in such other district in which such person transacts business as may be agreed upon by the parties to such petition.

**(h)** Within twenty days after the service of any such demand upon any person, or at any time before the return date specified in the demand, whichever period is shorter, such person may file, in the district court of the United States for the judicial district within which such person resides, is found, or transacts business, and serve upon such custodian a petition for an order of such court modifying or setting aside such demand. The time allowed for compliance with the demand in whole or in part as deemed proper and ordered by the court shall not run during the pendency of such petition in the court. Such petition shall specify each ground upon which the petitioner relies in seeking such relief, and may be based upon any failure of such demand to comply with the provisions of this section or upon any constitutional or other legal right or privilege of such person.

**(i)** At any time during which any custodian is in custody or control of any documentary material delivered by any person in compliance with any such demand, such person may file, in the district court of the United States for the judicial district within which the office of such custodian is situated, and serve upon such custodian a petition for an order of such court requiring the performance by such custodian of any duty imposed upon him by this section.

**(j)** Whenever any petition is filed in any district court of the United States under this section, such court shall have jurisdiction to hear and determine the matter so presented, and to enter such order or orders as may be required to carry into effect the provisions of this section.

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## Appendix C. State RICO Citations<sup>152</sup>

ARIZ.REV.STAT.ANN. §§13-2312 to 13-2315;	NEV.REV.STAT. §§207.350 to 207.520;
ARK.CODE ANN. §§5-74-101 to 5-74-109;	
CAL.PENAL CODE §§186 to 186.8;	N.J.STAT.ANN. §§2C:41-1 to 2C:41-6.2;
COLO.REV.STAT. §§18-17-101 to 18-17-109;	N.M.STAT.ANN. §§30-42-1 to 30-42-6;
CONN.GEN.STAT.ANN. §§53-393 to 53-403;	N.Y.PENAL LAW §§460.00 to 460.80;
DEL.CODE tit.11 §§1501 to 1511;	N.C.GEN. STAT. §§75D-1 to 75D-14;
FLA.STAT.ANN. §§895.01 to 895.09;	N.D.CENT.CODE §§12.1-06.1-01 to 12.1-06.1-08;
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KY.REV.STAT. §506.120;	TENN.CODE ANN. §§39-12-201 to 39-12-210;
LA.REV.STAT.ANN. §§15:1351 to 15:1356;	TEX.PENAL CODE §§71.01 to 71.05;
MASS.GEN.LAWS ANN. ch. 271A §§1 to 3;	UTAH CODE ANN. §§76-10-1601 to 76-10-1610;
MICH.COMP.LAWS ANN. §§750.159f to 750.159x;	VA. CODE §§18.2-512 to 18.2-517;
MINN.STAT.ANN. §§609.901 to 609.912;	WASH.REV.CODE ANN. §§9A.82.010 to 9A.82.170;
MISS.CODE §§97-43-1 to 97-43-11;	W.VA. CODE ANN. §§61-13-1 to 61-13-6;
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<sup>152</sup> For an early comparative analysis of the content of many of the state RICO provisions, see, Blakey & Perry, *An Analysis of the Myths that Bolster Efforts to Rewrite RICO and the Various Proposals for Reform: "Mother of God—Is This the End of RICO?"*, 43 VAND. L. REV. 851, 988-1011 (1990); see also, Floyd, *RICO STATE BY STATE: A GUIDE TO LITIGATION UNDER THE STATE RACKETEERING STATUTES* (2011).

A few states do not have RICO statutes as such, but have enacted provisions which enhance the penalties for, and provide procedural tools against, various forms of commercialized criminal activity, frequently modeled after the federal drug kingpin statute, 21 U.S.C. 848, see, e.g., ILL.COMP. LAWS ANN. ch.725 §§175/1 to 175/9 (narcotics racketeering); MD.CODE ANN. CRIM. LAW §5-613(drug kingpin).

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