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United States Senate

COMMITTEE ON THE JUDICIARY

WASHINGTON, DC 20510-6275

June 29, 2021

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

Dear Director Carvajal:

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

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

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

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

² *Id.*

³ 18 U.S.C. § 3364(n).

⁴ See 18 U.S.C. § 3663.

⁵ See 34 U.S.C. § 20101.

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

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

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

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

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

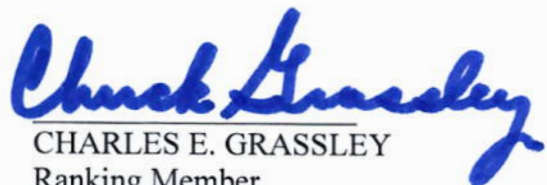
- h. Does BOP honor all state and federal court orders to seize assets in inmate accounts?
2. The BOP webpage lists collection amounts for the IFRP through FY 2012.⁶ Please provide collection amounts since FY 2012 through the most recent fiscal year for which information is available.
3. Does the BOP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

We appreciate your prompt attention to this important request.

Sincerely,



RICHARD J. DURBIN
Chair



CHARLES E. GRASSLEY
Ranking Member

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



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