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U.S.

## Budget Pact Raids Victims Fund

Shift of \$1.5 billion from a fund for crime victims draws concern from groups that aid people hit by violence.



As attorney general, Eric Holder oversaw settlements with big banks and companies, adding billions of dollars to a crime-victim fund. *PHOTO: ALEX WONG/GETTY IMAGES*

By **DEVLIN BARRETT**

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WASHINGTON—The government's just-approved budget deal takes \$1.5 billion from a fund for crime victims and uses it instead to help pay for federal spending, drawing on a growing reserve collected from settlements with banks and major corporations.

The unprecedented transfer, part of closed-door negotiations between the Obama administration and congressional leaders, has raised the ire of advocates. They say it violates the integrity of a decades-old program that funds safe havens

for domestic violence victims, counseling for abused children and financial aid for murder victims' families, among other programs.

The administration and Republican congressional leaders averted a partial government shutdown by striking a two-year budget deal approved by Congress last week. As part of the pact the Crime Victims Fund will lose \$1.5 billion to the general treasury, Obama administration officials said.

The \$1.5 billion shift is just one step negotiators took to fund about \$80 billion in spending above budget limits called the sequestration. Others include \$5.1 billion to be raised by selling 58 million barrels of oil from the Strategic Petroleum Reserve and \$4.4 billion by auctioning off airwave spectrum.

Since the fund's creation in 1984 by the Victims of Crime Act, it has gathered money from fines imposed on criminals and set it aside to pay for services for crime victims.

But during the Obama administration, as major banks and corporations paid large sums to settle Justice Department investigations, the fund ballooned from about \$3 billion to nearly \$12 billion at the end of the 2014 budget year, according to the department.

Then, in 2015 alone, the Justice Department struck deals that will result in payments to the fund totaling over \$5 billion, according to figures compiled by an association of state officials who run victim-assistance programs.

## Penalties Pile Up

A crime victims fund is growing rapidly from big corporate penalties, and a new deal takes \$1.5 billion from it to pay general government costs.

**Crime Victims Fund balance, end of fiscal year\***

**Top settlements contributing to the fund, in billions of dollars\***



\*Fiscal year ends Sept. 30 †Plea agreement filed in court but not yet sentenced  
Source: Justice Department; National Association of VOCA Assistance Administrators

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That included a \$1.1 billion payment by Credit Suisse AG for helping Americans hide assets from the Internal Revenue Service; \$140 million from BNP Paribas bank for violating U.S. sanctions; and \$925 million from Citicorp to settle a probe into the bank's role in rigging foreign currency exchange rates.

Some of that money

has not actually arrived in the fund yet, but has been promised in legal settlements.

The fund's growing size has presented policy makers with a dilemma. When the fund began, the government paid out almost every dollar it received. But in 2000, Congress began capping the amount paid each year to ensure a steady stream of money for victims' services.

From 2000 to 2008, the fund grew from \$1 billion to \$3 billion. As its balance kept rising, White House accountants were able to use the cash in an accounting move to offset government spending. Now, Congress and the White House have struck a deal to go further, by agreeing to withdraw some 10% of the money to directly fund the government.

Victims' advocates say the move could set a dangerous precedent and encourage lawmakers to keep dipping into a pot of money intended to help crime victims, not to pay government bills.

"It's a threat to the integrity of the fund," said Steve Derene, executive director of the National Association of VOCA Assistance Administrators, a group of state and local officials who oversee crime victim programs. Mr. Derene said he was concerned about the long-term implications of using crime victim money for general government spending.

Two years ago, the fund distributed about \$745 million for victims services. That jumped last year to almost \$2.4 billion, most in grants to state and local groups that provide counseling, aid or other services.

The proposed White House budget for fiscal 2016, which started Oct. 1, would give \$1 billion to victim-services groups. Budget officials said it was a coincidence that the proposed reduction from last year's \$2.4 billion is about the same as the amount to be transferred out of the fund to general spending.

An administration official declined to explain what is behind the proposed cut, but said that Congress could increase the amount paid above the administration's proposal. A spokesman for Senate Majority Leader Mitch McConnell (R., Ky.) referred questions about the fund to the White House.

In Phoenix, the Tumbleweed Center for Youth Development, which helps homeless, runaway and at-risk youth, recently received its first grant from the fund, said spokesman Ken Lynch.

"Thank goodness for rogue corporations," said Mr. Lynch. "I can't think of a better use of money coming in as a penalty than to use it to help the most

vulnerable and most abused people in our society.”

Mr. Lynch called the \$600,000 grant “a godsend” that will be used to provide shelter and counseling for young victims of sex trafficking. “It’s very disheartening to hear that money for victims would be utilized for purposes other than the original intent.”

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