



Lefty settlement slush fund gets the ax under Trump DOJ

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June 7, 2017

Attorney General Jeff Sessions this week sent a memo to top Justice Department officials declaring that, effective immediately, “Department attorneys may not enter into any agreement” that would direct punitive payments to non-victim third party organizations.

Sessions’ order halts an Obama-era scheme that allowed government bureaucrats to build a slush fund of money collected via fines collected from corporate bad actors and distribute the money to non-governmental advocacy organizations.

As a result, millions of dollars that otherwise would have been allocated to the Treasury were diverted to groups on the government’s approved list of recipients, which included several liberal activist organizations such as The National Council of La Raza, The National Urban League, The National Community Reinvestment Coalition and NeighborWorks America, among others.

Not only did the program create a pathway for the donation-instead-of-fine scheme, it also provided incentive for fined entities to opt for a donation by making the monetary value of a donation worth twice as much than simply paying the fines.

As Sessions notes in his memo, “These third-party organizations were neither victims nor parties to the lawsuits.”

And, for critics, that the program was an obvious scheme to fund groups interested in growing government power wasn’t even the biggest problem. Under the Constitution, the legislative branch– not the executive nor the judiciary– is given the authority to distribute government money, including money collected in the form of fines for running afoul of federal laws.

Sessions’ order “applies to all civil and criminal cases litigated under the direction of the Attorney General and includes civil settlement agreements, *cy pres* agreements or provisions, plea agreements, non-prosecution agreements, and differed prosecution agreements.”

Three “limited exceptions” to his rule change allow for companies to make deals that would directly benefit victims of bad practices.

Sessions wrote: “First, the policy does not apply to an otherwise lawful payment or loan that provides restitution to a victim or that otherwise directly remedies the harm that is sought to be redressed, including, for example, harm to the environment from official corruption. Second, the policy does not apply to payments for legals or other professional services rendered in

connection with the case. Third, the policy does not apply to payments expressly authorized by statute, including restitution and forfeiture.”

The conservative Cato Institute applauded Sessions’ move, declaring: “We should applaud Attorney General Jeff Sessions for one of the big wins for constitutional principle so far in the new administration.”

Congressional attempts to end the Obama era slush fund fizzled out last year following declarations by the Government Accountability Office and Congressional Research Service that lawmaker complaints of violations of the power of the purse were invalid.

But lawmakers revived the efforts under the Trump administration.

Sen. James Lankford (R-Okla.) and House Judiciary Chairman Bob Goodlatte (R-Va.) are promoting versions of the Stop Settlement Slush Funds Act in both legislative chambers.