



## Lawmakers Call for Return of Cash Seized From Dairy Farmers

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A bipartisan group of lawmakers are demanding the return of money seized by the Internal Revenue Service (IRS) from a Maryland dairy farmer as part of a criminal investigation into his alleged violations of federal banking laws.

Randy and Karen Sowers, owners of the South Mountain Creamery, were accused of evading federal rules prohibiting “structuring,” or depositing money in bank deposits in relatively small amounts to avoid reporting rules intended to alert investigators to potential cases of money laundering. In 2012, federal agents seized \$29,500 from South Mountain Creamery.

### **‘Right the Wrong’**

The letter, signed by Reps. Peter Roskam (R-IL), John Lewis (D-GA), Charles Rangel (D-NY), and other members of the U.S. House Committee on Ways and Means’ Subcommittee on Oversight, urges Treasury Secretary Jack Law to “right the wrong done to these small business owners” and “return the seized funds to their rightful owners.”

Walter Olson, a Cato Institute senior fellow, says Congress made it easier to prosecute structuring cases at the insistence of federal prosecutors.

“Because structuring enforcement has seized the assets of criminals, but also a large number of innocent citizens, the Supreme Court ruled in the January 1994 *Ratzlaf v. United States* case that the government must prove a defendant ‘willfully violated’ the law,” Olson said. “The Supreme Court decision was a good ruling, but unfortunately prosecutors went to Congress and successfully got Congress that same year to change the law to remove the ‘willfulness’ clause.”

### **Empty Gestures**

Olson says federal agencies will continue to abuse the system until real changes are made.

“It appears that what government agencies are doing in these areas is using the tools given to them,” Olson said. “However, I think if we are really talking about reforming the system, we can’t just stop with an apology to one party or symbolically handing back some money. We have to ask where do the rules originate in the first place, and we have to go back and change those rules.”

### **Promises Kept or Broken?**

In April 2015, the IRS and the Department of Justice (DOJ) promised to stop using structuring laws to prosecute individuals who are not suspected of other criminal activity. Jacob Sullum, a senior editor at *Reason* magazine, says it’s important to hold the government to that promise. “It’s true that prosecutors no longer have to prove a bank account holder knew structuring was illegal, only that he knew about the reporting requirement and arranged deposits or withdrawals with the intent of avoiding it,” Sullum said. “But both the IRS and the Justice Department have said they will not pursue such cases unless there is evidence of crimes other than structuring.

“It is fair to hold the IRS and the DOJ to those new policies, even if Congress did deliberately make it easier to complete forfeitures and win convictions in structuring cases by eliminating the requirement of willfulness,” Sullum said.