

Study: Conventions, entertainment hurt gaming revenue

By Richard N. Velotta, Las Vegas Sun

There's no significant relationship between convention attendance and gaming revenue in Las Vegas, according to research by students at UNLV.

But conventions drive occupancy rates higher – and higher occupancy rates generally mean higher room rates and higher gaming revenue, UNLV student researcher Kristin Malek said in a session on casino performance research.

Casino industry leaders, theorists and academicians today began debating issues surrounding a business that thrives on people's willingness to take risks, with wide-ranging presentations and panels on the social implications of the industry that has made Las Vegas famous.

The 15th International Conference on Gambling & Risk Taking begins four days of academic presentations, addresses and panel discussions on the proliferation of the gaming industry, how the industry is viewed in different countries by different cultures and the challenges of problem gambling.



A sold-out concert like Lady

Antebellum doesn't mean concert-goers spend money at the casino, too. Photo/LTN file

Malek said three hypotheses have evolved on the impact of conventions on gaming – they help drive casino play, they're detrimental to casino play and that they have no positive or negative effect.

She said further research is needed on the impact of whether midweek or weekend convention dates affect casino revenue and whether different types of convention attendees play more aggressively than others.

Another UNLV study reviewed the contribution of non-gaming amenities to casino performance.

Professor Sarah Tanford presented student Elena Shampner-Ghiassi's research and concluded that food and beverage and retail amenities tend to drive higher gaming revenue, while hotel rooms and golf don't.

Entertainment amenities tend to hurt gaming revenue, the research found, but entertainment acts can generate their own revenue.

In a case study involving an unnamed Las Vegas casino studied from Jan. 1 to Dec. 31, 2011, research found, an entertainment event needed to make \$3 million in profit to compensate for the loss of revenue at slot machines and table games. The research noted that entertainment could also drive additional food and beverage profits.

The International Conference on Gambling & Risk Taking was first developed by Bill Eadington, the former director of UNR's Institute for the Study of Gambling and Commercial Gaming. Eadington died earlier this year, and leaders at UNLV's International Gaming Institute agreed to take the

reins.

More than 450 people from around the world are attending the conference at Caesars Palace.

The conference is being attended by mathematicians, anthropologists, psychologists, political scientists, sociologists, technologists and regulators.

It's the 15th edition of the conference held every three years. Las Vegas has hosted the event five times previously.

The conference began with a stroke of bad luck – the opening keynote speaker from South Africa broke his ankle and canceled his appearance.

David Schwartz, director of UNLV's Center for Gaming Research, pinch-hit for speaker Peter Collins and contrasted the gaming industry today with the year of the first conference in 1974.

Nevada had just approved two corporate gaming acts and corporations were taking over the management of casinos from mobs.

Since then, commercial gaming has proliferated on the Strip with lotteries, riverboats, racinos and tribal casinos nationwide.

The two biggest changes in the industry have been the explosion of two new markets in Asia – Macau, which had \$38 billion in revenue last year, and Singapore – and the United States playing catch-up to Europe in online gambling in the midst of concerns about that industry increasing problem gambling.

Postal Service barely hanging on

By Wes Venteicher, Los Angeles Times

WASHINGTON – With a wide grin and a quick step, letter carrier Kenny Clark brings more than the day's mail to the people on his route in suburban Maryland.

Clark, 49, greets nearly everyone he sees by name. He puts packages under eaves on overcast days to keep them dry, reminds people to retrieve keys they might have left in keyholes, and shouts a quick "You OK?" at the doors of seniors.

"He's a neighborhood icon – him and his truck," said Amy Dick, who lives on Clark's route.

But his future, and that of the U.S. Postal Service, is in doubt. The Postal Service lost \$1.9 billion between January and March, and \$15.9 billion last year. The 238-year-old institution loses \$25 million each day, and has reached its borrowing limit with the federal Treasury. Daily mail delivery could be threatened within a year, officials say.

Americans increasingly go online to write letters, pay bills and read magazines, and mail volume has fallen by a quarter since 2006, according to the Government Accountability Office. The decline is expected to continue.

Postmaster General Patrick Donahoe has reduced staff, consolidated mail facilities and lowered express delivery standards in an effort to cut spending. But the savings have not been enough to match the drop in revenue.

"We are in real trouble, and we need comprehensive postal reform yesterday," Mickey Barnett, chairman of the Postal

Service Board of Governors, told a congressional committee last month.

The Postal Service is a government corporation, which means it is organized like a business yet subject to congressional oversight. Consequently, reform is difficult, said Mike Schuyler, a fellow at the Washington-based Tax Foundation who has studied postal issues for nearly two decades.

“The Postal Service has far too little flexibility when it needs to adjust, and it’s really in handcuffs because of all the requirements Congress puts on it,” Schuyler said.

Postal officials recently tried to end Saturday letter delivery, which could have saved \$2 billion per year, but Congress blocked it. A legislative proposal to replace doorstep delivery with curbside delivery, which would save \$4.5 billion, failed last year. A plan to close thousands of rural post offices was abandoned after postal officials deemed the closures would “upset Congress a great deal,” Barnett said.

But one of the Postal Service’s biggest problems has nothing to do with the mail. Its finances sank in fiscal year 2007, shortly after Congress passed the 2006 Postal Accountability and Enhancement Act. The act, among other things, required the Postal Service to start pre-funding the health benefits of future retirees 50 years in advance at a rate of about \$5.6 billion a year. The year after the act was passed, Postal Service ledgers showed a loss of \$5.1 billion.

The pre-funding payments and other measures in the 2006 law have led some, including political activist and former presidential candidate Ralph Nader, to call the Postal Service’s situation a “manufactured crisis.” Only one other federal agency, the Defense Department, pre-funds future retiree health benefits, the Government Accountability Office said.

The act also limited the Postal Service's ability to raise rates, forbidding increases larger than the federal consumer price index. America's stamps, now 46 cents, are among the cheapest in the world's developed countries.

The Postal Service and postal workers unions agreed to the 2006 legislation because at the time it looked as if the service could afford it, said congressional and union staffers who worked on the legislation. The recession changed that, affecting banks that typically send lots of mail and homeowners who receive it, said Jim Sauber, chief of staff of the National Association of Letter Carriers.

Sen. Bernie Sanders, I-Vt., and Rep. Peter A. Defazio, D-Ore., are sponsoring bills to eliminate the pre-funding requirement and allow the Postal Service to raise rates more freely, among other changes. Unions support the bill, and it has some supporters in the Senate and the House.

But some members of Congress who have been leaders on postal issues in recent years, such as Sen. Thomas R. Carper, D-Del., are calling for a more nuanced approach. Congress needs to correct the service's fundamental problem – a lack of flexibility and authority over itself, Carper has said.

The Postal Service, which is provided for in the Constitution, has survived new technology before – the telegraph, telephone and TV, for example. Technology has brought positive changes along with the difficult ones: The Postal Service says package delivery has increased by 14 percent in recent years as more people shop online.

Union representatives are quick to point out what the service does well. It has been rated the most efficient postal service in the world at delivering letters to the 152 million homes and businesses it reaches. It is popular with its customers: A recent poll showed Americans trust the service with their privacy more than any other government agency.

On Clark's route, Ruth Hartmann made her position on postal reform clear. She was concerned about Clark's ability to pay for his daughter's college.

"If they reduce service, it seems to me they would have a pay cut, probably his benefits, and that is an absolute 'no,'" Hartmann said.

DA files charges against El Dorado County supervisor

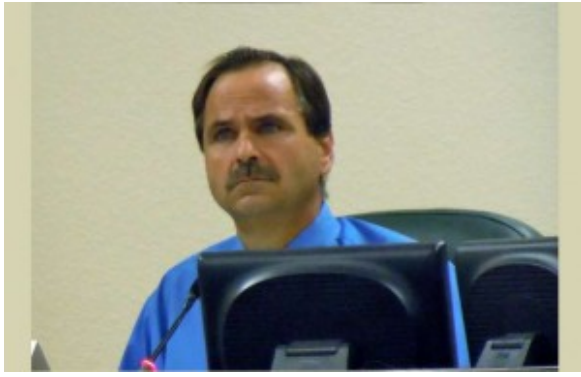
By Bill Lindelof, Sacramento Bee

El Dorado County Supervisor Ray Nutting has been booked into jail on an arrest warrant alleging perjury and other charges.

A press release from the El Dorado County District Attorney's office today said Nutting was arrested Tuesday on two counts of filing false documents, perjury relating to failure to disclose income and having a financial interest in a county contract and failing to recuse himself from voting.

Nutting is scheduled to be arraigned June 10 in El Dorado County Superior Court in Placerville.

Nutting has been under fire after reports surfaced that he took state money for clearing brush on his 340-acre property.



El Dorado County Supervisor Ray Nutting has been arrested. Photo/LTN file

Several local leaders have spoken out against Nutting, whom they accuse of subverting state funds for personal use.

At issue is whether Nutting legitimately obtained taxpayer dollars for fire prevention work he did on his own Happy Valley Road property in Somerset.

Nutting has denied any wrongdoing.

The supervisor applied for the funds through the California Forest Improvement Program, which is administered by the state's Department of Forestry and Fire Protection through local conservation agencies. Under the program, landowners with plots between 20 and 5,000 acres can seek reimbursement – usually 75 percent – for the cost of fire prevention work, such as brush clearing.

The invoices Nutting submitted show that the state paid a total of \$70,000 for two projects in 2003 and 2009. A third proposal is pending and will cost just under \$50,000.

CalFire spokesman Daniel Berlant noted that the program allows landowners to get paid for doing work themselves on their own property.

One controversy stems from the way Nutting applied for reimbursements. A May 2009 invoice appears to have been

written by the supervisor himself, according to public records obtained by the Bee.

El Dorado County Auditor-Controller Joe Harn said he believes the invoice is invalid and violates the California False Claims Act.

As a part of the fallout from the controversy, the El Dorado County District Attorney's Office launched its own investigation into the matter.

The state has reimbursed property owners for fire prevention work since the late 1970s, Berlant said.

Since 1999, the state has distributed about 1,000 grants for fire prevention work to various individuals. The funding source varies year to year, but most recently came from Proposition 40, a measure passed by voters in 2002 that provides local grants to protect California's water and air.

Douglas County's push to lure businesses is working

Douglas County is reaping the benefits of a marketing campaign the Board of Commissioners approved nearly two years ago.

In June 2011, commissioners approved a contract with Northern Nevada Development Authority to support recruitment of energy, science and advanced engineering businesses. The campaign is structured to target Sacramento, Stockton, San Francisco, Modesto, San Jose, Merced, Santa Cruz, Monterey and Oakland.

New businesses added to the region include Franklin Armory specializing in producing local firearms; Cristek

Interconnects – an aerospace and defense industry manufacturer; Global Aqua Solutions – a manufacturer of proprietary organic, biodegradable, non-toxic chemicals; and Eastbiz – a mail forwarding and small packaging shipping company.



General Electric has an office in Douglas County.
Photo/NNDA

Since the contract was approved in 2011 NNDA's efforts from the campaign have brought 10 companies to Douglas County and three expansions. This translates to 250 jobs, with more jobs pending in the area.

Douglas County staff has also assisted in working with the newly relocated businesses and the public to provide adequate job placement.

"We want to continue to grow the number of jobs and continue to diversify the types of businesses in Douglas County, growing our overall wealth to the community," said Lisa Granahan, economic vitality manager for Douglas County, said in a statement.

Stockton was the initial test market. The campaign recently dispersed Douglas County specific marketing materials including mailers, email, digital ads and a national press release announcing the launch of the . The campaign includes material specific to Douglas County.

The website helps companies make a case for the transition and has brought national media attention to the county and Nevada as a whole.

– *Lake Tahoe News staff report*

Helicopter rescue necessary in Washoe County backcountry

An injured hiker had to be airlifted from the Hunter Creek Trail on Memorial Day after she fell and hurt her back and neck.

The name and hometown of the woman who is in her 20s have not been released.

Washoe County Sheriff's Office search and rescue team as well as the Regional Aviation Enforcement Unit (RAVEN) were called out about 2pm May 27.

Due to the extremely rough terrain and distance from the trailhead the HH-1H Huey helicopter was called in to hoist the victim out of the canyon.

"Without RAVEN, transporting the victim off the trail would have taken at least two hours, and could have easily resulted in additional injuries to Search and Rescue or Fire personnel," Deputy Jereme Wormington said in a press release.

Wormington said the Hunter Creek Canyon has more calls for service for rescues than any other hiking area his department serves.

The victim was taken by ambulance from the trailhead to Renown Medical Center in Reno.

– Lake Tahoe News staff report

Study: Medical bills vary based on patient involvement

By Erin Brown, Los Angeles Times

Many patients like having a say in their medical care. But according to a new survey, the people who say they want to take a relatively aggressive, hands-on approach may also wind up with longer hospital stays and higher bills than their peers who leave the decision making up to their doctors.

A team of researchers from the University of Chicago School of Medicine reported on the survey's findings Monday in the journal JAMA Internal Medicine.

In the background section of their report, the team noted that shared decision making has been widely endorsed as a model for making complex medical decisions and may have many advantages, including improved patient satisfaction and health outcomes.

But researchers don't understand how shared decision making affects costs, they added. Would patients who participated in the process actually use fewer resources and have lower bills, because they might decline interventions they don't want? Or would they opt for more, and more expensive, medical services?

The University of Chicago study aimed to answer those questions by examining findings of a survey offered to patients who were admitted to the university's medical center

between July 1, 2003, and Aug. 31, 2011. In all, 21,754 people completed the survey shortly after their arrival at the hospital. Participants were asked about their race and ethnicity and educational level, and how healthy they thought themselves to be. The survey also gauged their preferences for gathering medical information and participating in medical decisions. The researchers then linked the survey responses to information from the patients' administrative records.

Analyzing the data, the researchers found that nearly all – 96.3 percent – wanted to receive information about their illnesses and treatment options, but that only 28.9% said they had a strong preference for making their own decisions about their care.

Those patients had longer hospital stays, by about a quarter of a day on average, than patients who preferred let their doctors take the lead. They also had greater hospital costs (\$865 less, on average.) By and large, people who were more likely to participate in medical decisions were better educated, and more likely to have private insurance coverage, than the rest of the patients who were surveyed.

To put the finding in perspective, the team calculated that multiplying the 28.9 percent of patients by the 35 million hospitalizations in the U.S. each year yielded 10 million hospitalizations. If each represented an additional quarter of a day and \$865, the impact would total 2.6 million hospital days and about \$8.7 billion in costs.

STHS sports med center rivals

college facility

By Kathryn Reed

High school or physical therapist's office? The latter is what it looks like, the former is what it is.

The newest building at South Tahoe High School is more like a medical facility than a traditional high school classroom. The professional nature of all of the recent construction at the school makes it look like a college campus, with equipment and programs that rival and surpass some businesses.

While all the equipment isn't in at the Sports Medicine building, it will be by the time the 2013-14 school year starts in August. (The school board is getting a tour of the site this afternoon before its regular meeting at 6pm.)



STHS sports med students will have a therapy pool as part of their learning experience. Photos/Kathryn Reed

When complete, this will wrap up the multi-year construction project at the school. This campus received the bulk of the \$64.5 million facilities bond that voters passed a few years ago and that was subsequently matched with more than \$30 million in state grant funds.

While students who go through this career pathway could take enough classes to test to be a physical trainer at age 18, the slate of coursework is not solely for someone pursuing a career or college track related to sports medicine.

STHS Principal Ivone Larson says all of the specialty programs have something for everyone to try so they can get exposure to a variety of disciplines beyond math, English, science and social studies. And, yet, the work ties into those basic disciplines.

With California transitioning to Common Core framework, it involves more critical thinking.

All skill levels are expected to learn something in this facility. For instance, special education students can be taught how to do laundry onsite.

Earlier this year the school board approved hiring someone who will essentially be the director of the program. That person is expected to be hired at tonight's meeting.

Teachers already at the school can teach most of the classes. But experts in disciplines like massage therapy will be brought in when appropriate.

"There is a particular need for this up here," Larson told *Lake Tahoe News* while touring the facility this month. "If you are going into the health field, there is relevance."

Beyond STHS

In designing what the nearly \$8 million facility and program would be like, the school and district reached out to professionals in the community and beyond.



Sports med at STHS is a community endeavor.

Larson, Chris Proctor (director of Tahoe Center for Orthopedics) and Tim Johnson (Lake Tahoe Community College instructor) toured Stanford University's sports medicine facility to get ideas for what STHS could have.

Proctor told *Lake Tahoe News* it is difficult finding qualified people for entry-level jobs, so having training in town is attractive to him and his associates with Barton Health.

Johnson is working on developing an associate of arts degree at LTCC in sports medicine-kinesiology.

"The program will augment the physical therapy aide and personal trainer short-term certificates currently in place at LTCC and will provide a pathway for high school students to continue their education and possibly continue on to a bachelor or master's degree program," Virginia Boyar, LTCC dean of Career and Technical Education, told *Lake Tahoe News*.

It's rare for a community college to have a physical therapy program.

Proctor said, "It could be a medical clinic like what we saw at Stanford." This could be where all high school students and staff get their medical care in the future.

Larson, Boyar and Proctor all envision the facility being used when STHS is not in session. Who would use it, well, that remains to be seen. It could be conferences, training or something that no one has yet imagined.

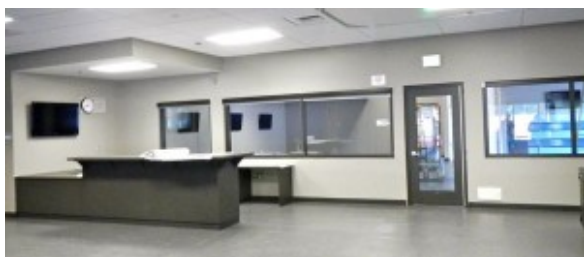
Proctor, who has coached basketball at the high school, said, "To handle injuries from diagnostics to treatment is a challenge for all high schools." He said he would have loved to have sent a player through the double doors for pre- or post-competition assessment.

"There will be equipment in there that is collegiate level," Proctor said.

High-caliber facilities

The therapy pool has cameras in the water to study body mechanics.

There will be two whirlpools – one cold, one hot.



The facility is designed as a teaching medical facility.

An area that looks like most any medical office is in many ways just that – an office. But it doubles as a teaching facility. Students will learn medical coding. The dental teacher already teaches a medical office class.

Three therapy rooms make one forget they are at a school.

Barton and Emerald Bay Physical Therapy personnel gave input as to what the hand therapy room should be like.

A large room could be to be divided into multiple classrooms.

A bank of computers still needs to be installed.

The building connects to the gym and weight room that already

existed.

“This replicates a college environment,” Larson said of the entire transformation of the school site. Students are changing classes in an orderly manner, seldom are they late because they want to be part of what is going on inside, they aren’t ruining what’s there because they are proud of their school.

“We have unique education opportunities you won’t find anywhere else,” Larson said.

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Note:

There will be a grand opening of the Sports Medicine building on Aug. 23 at 10am. This is open to the public. It will also be a time to tour the other facilities at South Tahoe High School.

Pesticides on pot crops a growing concern

By Lynne Peeples, Huffington Post

BELFAIR, Wash. – Other than a skunky aroma, the waiting room at the Cannabis Care Foundation in Belfair, Wash., resembles your typical pharmacy. Chairs line walls next to stacks of magazines – in this case, issues of Rolling Stone – and a steady stream of patients step up to the counter with doctor’s notes.

One by one, salesman Adam Dempsey leads them to the back of the shop, where they can choose from an extensive weed menu – products with names such as Frankenstein, Garbage, Snoops Dream and Sour Diesel.

“I take it every day myself,” said Dempsey, sporting a black hat with a green embroidered marijuana leaf and a plain white T-shirt over his tattooed arms. He works security and customer service at the nonprofit store, which through a cooperative arrangement gets much of its cannabis crop from patients themselves.

Marijuana’s primary mind-bending ingredient, tetrahydrocannabinol (THC), Dempsey suggested, helps tame his attention deficit disorder.

But experts warn that unwelcome chemicals, including pesticides, may be tagging along with the THC and threatening the health of marijuana users.

“There’s a pretty considerable amount of contaminated cannabis,” said Jeff Raber of The Werc Shop, a Pasadena-based lab that tests products primarily for California dispensaries.

“There are no application standards,” he added. “Since we’re not telling growers that they’re allowed to use anything, they often use whatever they can get their hands on. And that’s a lot of bad things.”

Many of the chemicals applied to pot plants are intended only for lawns and other non-edibles. Medical cannabis samples collected in Los Angeles have been found to contain pesticide residues at levels 1,600 times the legal digestible amount.

Because the product is generally inhaled rather than eaten, any toxins it carries have an even more direct route into the lungs and blood stream. Raber noted the situation is all the more concerning for patients smoking medical cannabis, whose health problems could make them more vulnerable to the risks

pesticide exposure brings – especially if they suffer from a liver disease.

Still illegal in the eyes of the federal government, marijuana use is condoned by a growing number of states. Eighteen states and the District of Columbia now allow the medical use of cannabis, and Colorado and Washington recently approved pot for recreational use. Many of the states where some form of marijuana use is legal, including Washington, have begun drafting regulations that would require independent labs to test products before they are sold.

While efforts to legalize both medical and recreational cannabis could lead to “a greater awareness of and demand for clean, pesticide-free marijuana,” said Raber, the burgeoning market remains troublesome.

Raber published a study this month that attempted to answer some lingering questions about pot and pesticide exposure. He and his colleagues investigated pesticides they’d commonly detected on marijuana products in their lab – bifenthrin, diazinon, and permethrin – as well as a plant growth regulator called paclobutrazol. One concern was whether those pesticides could actually get into a user’s body.

The short answer: yes. However, amounts varied depending on how the pot was smoked.

The researchers determined that as much as 60.3 percent to 69.5 percent of chemical residues would be inhaled with a hand-held glass pipe, but as little as 0.08 percent to 10.9 percent got through with a filtered water pipe.

“When you filter, you see a dramatic reduction in the amount of pesticides,” said Raber.

Not all cannabis is the same, of course. Each strain comes with its own unique combination of chemical compounds, and scientists have yet to get a handle on how any of the

chemicals applied to the plant might interact with those natural chemicals, especially when burned and inhaled together. Then there are all of the other forms in which cannabis is consumed – from oils to teas to candies.

“This raises a lot of questions on how to set up better structures to provide clean, regulated supplies,” Raber said.

Public health experts interviewed by The Huffington Post lamented the dearth of data on the subject. Some research has been done on pesticides and smoking tobacco, but since tobacco is not a food crop, the U.S. Environmental Protection Agency has not set tolerances on pesticide residue levels.

Tobacco is also generally smoked through filtered cigarettes, and for the most part not targeted for use by already unhealthy adults, as medical marijuana is.

“If the pesticide is inhaled, then this is quite worrisome,” said Beate Ritz, an environmental health epidemiologist at the UCLA School of Public Health. “And these patients might be much more vulnerable.”

“Pesticides affect the nervous systems of insects. Our nervous systems are similar to theirs,” added Ritz, noting that for patients with terminal illnesses, the benefits of smoking marijuana might outweigh long-term risks of pesticide exposure, such as cancer and heart disease. But acute risks such as flu-like illnesses and respiratory problems, she said, would still be a serious concern.

Given all this, it seems reasonable to ask whether pesticides are even necessary to grow marijuana plants. The answer depends on whom you ask.

James Dill, a pest management specialist with the University of Maine’s Cooperative Extension, explained that pests create difficulties in managing the crop. Too much moisture and growers face a fungus or mildew problem; too much dryness and

spider mites can take over.

"All of the sudden you could be smoking a mold," said Dill. "That's not meant to be ingested."

It can be easy to see why growers motivated to fend off these foes, and by constraints on time and space to grow plants faster and taller, might resort to chemical help.

There are some alternatives.

"If they're smart, they use companion planting like garlic and onion chives to provide a natural barrier," said Dempsey, the Washington marijuana dispensary salesman.

Still, he admitted that his suppliers, many of whom are also his customers, are still just "learning how to grow."

The Cannabis Care Foundation doesn't have any special testing equipment, nor does it send marijuana out to a lab for analysis. But Dempsey suggested that he and his coworkers can "tell pesticides right away" by smell, taste, touch or by using a microscope. He added that they reject a good amount of cannabis due to mold, pests or pesticide contamination.

But Raber expressed doubt that such surface-level analysis would be sufficient.

"There is no way they could detect pesticide molecules inside of the plant that were put there through the roots," he said. "Nor could they smell the tens to hundreds of compounds you'd like to look for that could potentially be put on there by a cultivator."

Pesticides can be dangerous even at levels far lower than someone would be able to see with a microscope, he added. But he also emphasized that most dispensaries and cultivators want to provide a clean, safe product. In many cases, both seller and grower are unaware that a crop has become contaminated.

“Cannabis is well known to pull up a lot of crap out of the ground,” he said.

Evan Mascagni stumbled across the issue of contaminated cannabis while filming his upcoming documentary, “Toxic Profits,” which highlights the global sale of pesticides banned in the U.S. He noted concern among many in California that because marijuana remains illegal under federal law, the U.S. Department of Agriculture doesn’t allow any organic certification for its products.

Some independent efforts such as Clean Green Certified have sprouted, but even crops from growers who think they are complying with organic standards sometimes test positive for pesticides.

“You can only imagine the pesticides that are being used on marijuana grown elsewhere by profit-driven farmers” who may not care about the health of consumers or the environment, Mascagni told HuffPost in an email.

Pot-smokers aren’t the only ones at risk from the application of pesticides on marijuana crops. Also potentially in danger are the people spraying the chemicals – especially if the practice takes place indoors – and others that may eat, drink or breathe downwind.

Dempsey maintained that growers can produce cannabis without using pesticides.

“This is a pharmacy,” he said. “We need something that helps a patient get healthier, not something that kills them.”

Federal seizures anger right and left

By Stewart Powell, Hearst Newspapers

A nationwide network of agents and attorneys is working around the clock to seize cash, stocks, real estate, vehicles and other valuables from people and businesses.

In 2012, their average daily take was almost \$13 million – for a total of more than \$4.7 billion.

The vast money-harvesting machine they work for? The federal government.

Federal asset forfeiture is both an effective crime-fighting tool and a civil-liberties nightmare, a Hearst Newspapers investigation has found. It has retrieved millions of dollars stolen from victims of complex financial crimes. But it has also victimized innocent citizens who have lost their property without criminal charges or even a courtroom hearing.

Fifteen federal agencies have the power to seize assets. Over the past dozen years, those agencies have taken more than \$20 billion in cash, securities and other property from scruffy drug dealers, pinstriped Wall Street tycoons – and ordinary Americans who have not been accused of a crime, much less convicted.

“The government is going seizure crazy,” said attorney Philip Hilder, former head of the Houston field office of the Justice Department’s organized crime strike force. “Law enforcement budgets are shrinking. ... The government is counting on budgets being supplemented by these seizures.”

In 2001, seizures totaled \$640 million. In the next decade, the total increased by 641 percent.

Once used mainly against mobsters and drug dealers, forfeiture is now employed in many contexts. About a dozen recent mega-cases – each taking \$100 million or more – involved assets forfeited by cybercrime rings, offshore gambling scams, and banking and corporate miscreants.

The expansion of forfeiture has brought criticism from civil-rights advocates on the left and libertarian, anti-big-government activists on the right. But there is little impetus to change the system because of the enormous cash flow it generates for seizing agencies.

Federal agents often pursue forfeiture through sealed documents – or avoid the court system entirely by seizing assets without charging the owners with any crime, a procedure called administrative forfeiture. The result: thousands of cases each year where the feds take cash, guns or other items from U.S. citizens without fact-finding by a jury or oversight by a judge.

When seizure cases do reach the courts, they have often been criticized by judges as examples of government intrusion and overreaching.

Nowhere has the federal government's formidable asset-seizure operation been on more prominent display than across California, where four U.S. attorneys appointed by President Obama are threatening landlords who lease space to medical marijuana dispensaries. California is among the 18 states and the District of Columbia that have legalized medical marijuana; the federal government has considered it a controlled substance since 1970.

The unprecedented campaign has closed hundreds of dispensaries across the state, leaving about 1,000 still in operation, according to advocacy organizations.

One of the largest targeted is Oakland's Harborside Health Center, a large operation that provides more than \$20 million

worth of products a year to almost 108,000 patients. The case is heading toward trial after U.S. Chief Magistrate Judge Maria-Elena James rejected an attempt by the city of Oakland to protect the community enterprise from the Justice Department onslaught.

The practice has ensnared more than dispensary landlords.

Russ and Pat Caswell have owned their mom-and-pop motel in Tewksbury, Mass., for three decades. They live next door, and the motel with \$56-a-night rooms is both their livelihood and their life savings. The Caswells own it outright, with no mortgage.

That made it all the more attractive to the federal government.

The couple were shocked when the feds filed papers to seize the motel in 2009, based on an assertion that frequent drug activity occurred there.

Veteran Drug Enforcement Administration agent Vincent Kelly testified that his job as the asset-forfeiture specialist in the DEA's Boston office was to locate properties allegedly being used for criminal purposes that carried little or no debt, making them lucrative forfeiture targets. So he singled out the Caswells' motel.

After years of legal fighting, U.S. Magistrate Judge Judith Gail Dein heard testimony that only 15 low-level drug cases had been recorded at the motel over a seven-year period, during which the Caswells logged 196,000 room rentals.

The motel, valued at between \$1.5 million and \$1.8 million, would have been a bonanza for the Tewksbury Police Department, which stood to gain 80 percent of the proceeds under its arrangement with the DEA.

In denying the forfeiture this year, Dein rebuked federal

prosecutors. "Having failed to notify Mr. Caswell that he had a significant problem, and having failed to take any steps to advise him on what to do, the government's resolution of the crime problem should not be to simply take his property," she concluded.

Forfeitures provide agencies a self-sustaining source of money for a variety of law-enforcement expenses, including running the forfeiture programs themselves, without relying on Congress to appropriate taxpayers' money.

"Asset forfeiture can be a valuable tool, but it can also be abused," said Sen. Charles Grassley of Iowa, the ranking Republican on the Senate Judiciary Committee. "It seems like there are places where we can take a hard look to improve the program instead of simply providing a slush fund for the federal government."

Some seized assets, such as vehicles and electronic equipment, are directly transferred to law-enforcement use. Others are sold, the proceeds often shared among federal agencies and local or regional law-enforcement entities.

A portion of the take has been handed off to victims of the crimes, including families swindled out of savings by financial wheeler-dealers such as Allen Stanford, serving a 110-year prison sentence for running a Ponzi scheme, and Bernard Madoff, serving a 150-year sentence for bilking investors out of at least \$18 billion.

Justice Department records show it has distributed an average of \$300 million a year to victims over the last decade – and \$1.5 billion to more than 400,000 victims over the past 16 months, much of it seized from Wall Street scammers. Among the latest beneficiaries: 8,727 victims of the Adelphia Communications fraud who divvied up \$729 million and 128,200 victims of the Enron securities fraud, who received shares of \$65 million.

Little scrutiny of seizures

Attorney General Eric Holder, whose department has booked the largest increase in seized funds, said federal forfeiture “has been transformed from a collection of centuries-old laws designed to fight pirates, enforce customs laws and fight illegal contraband into an array of modern law-enforcement tools designed to combat 21st century criminals both at home and abroad.”

The Justice Department released limited data about the past three years of asset-forfeiture cases in response to a public records request by Hearst Newspapers. The department declined to link the data to court cases with the docket numbers needed to track individual cases. The Treasury Department refused to release any data for the five law enforcement agencies that report to the Treasury Forfeiture Fund. Follow-up requests to the individual agencies under Treasury resulted in only one – the Secret Service – releasing data.

The federal agencies also often actively undermine tough state laws designed to prevent agencies from policing for profits.

Eight states bar the use of forfeiture proceeds by law-enforcement agencies. In the 42 other states, at least 50 percent of forfeiture proceeds can go to the seizing agencies – including 26 states that allow 100 percent of the proceeds to go to law enforcement. California allows 65 percent.

But even the states with tough laws can do nothing when the federal government decides to award proceeds from federal cases – often as much as 80 percent of the take – directly to local agencies. Therefore, agencies in those states frequently seek out the feds’ assistance in forfeiture cases.

That happened to Steven Skinner and Jonathan Breasher, a father and son, who were headed to Las Vegas in September 2010 when they were stopped by a New Mexico state trooper for driving 5 mph over the limit. The trooper issued a written

warning for speeding, got permission to search their rental car, and found \$16,925 in cash in their luggage. He notified the Drug Enforcement Administration and other federal agencies, then released the pair.

When the father and son got to Albuquerque about 230 miles later, local police pulled them over, saying they had made an improper lane change. The police officer summoned an officer from U.S. Customs and Border Protection, who seized the cash and the car. Neither Skinner nor Breasher was charged with a crime.

Turning the case over to the federal officers bypassed New Mexico's stringent restrictions on policing for profit, which require seized assets to be deposited in the state's general fund rather than in the coffers of the seizing agency.

The New Mexico chapter of the American Civil Liberties Union intervened to win back the seized cash after a two-year battle.

Despite controversy over aspects of the federal forfeiture machinery, there is little push within the federal government to revamp the process.

Justice and Treasury department forfeiture officials have said only that they are willing to "study" Government Accountability Office recommendations to streamline operations, without committing to consolidation that the agency first sought in 1990.

"The forfeiture system is running itself," said Brenda Grantland, a prominent forfeiture defense attorney in Mill Valley. "I don't think it matters who is president. Prosecutors have so much autonomy, they're free to seize whatever they want."

9 people survive when boat capsizes in Lake Tahoe

By Kathryn Reed

Nine people are lucky to be alive after their boat was swamped with water and overturned in Lake Tahoe on Saturday.

When El Dorado County's boat team arrived about one mile off shore from Dollar Point they found six people clinging to the hull of the boat, while three had been pulled on board a sailboat.

Sheriff's Lt. Pete Van Arnum told *Lake Tahoe News*, "These people were from out of the area. They didn't know about the danger of Tahoe and wind."

Saturday was the most blustery of the three this holiday weekend. The boat patrol guys said it looked like the ocean on May 25.

Van Arnum also said the rental boat out of Sunnyside had "way too many" people for the size of watercraft, which was a ski boat.

Deputy Damian Frisby jumped in the frigid water to put life jackets on some of the people and assisted one woman to the sheriff's boat. All had been in the water about 40 minutes before being pulled out by the sheriff's and Coast Guard teams just after 2pm.

Van Arnum did not have the ages of those who were rescued or their hometown. All were taken to the hospital to be treated for hypothermia.

The sheriff's search and rescue team was busy Sunday night with two incidents. One rescue was near Mt. Tallac and the other above Echo Lake in Desolation Wilderness. Everyone was successfully rescued.