

Federal Criminal Searches

Protect Assets and Promote Safety



A growing concern in the workplace is the safety of employees and a company's ability to protect its assets. While typical database, state and county background checks can help mitigate some of this risk, other searches can be added as a layer of protection to help ensure the safe hiring and retention of new and current employees. One of the most valuable searches that can benefit employers is a Federal Criminal search. It serves as an important supplement to a standard background screen and is beneficial for all positions.

What's different about Federal Criminal searches? In the United States, the criminal justice system has two separate and distinct levels; the state court system and the federal court system. Crimes are adjudicated at either the state (including county) or federal level. While most crimes fall under the jurisdiction of the state courts and are prosecuted in the county where the crime took place, Federal Criminal searches involve cases prosecuted at a federal district court.

A federal offense is a crime committed on federal property or considered a violation of federal law. Cases are generally investigated by federal agencies such as the Federal Bureau of Investigation (FBI), Drug Enforcement Administration (DEA), and Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). Examples of federal crimes include, but are not limited to:

- Security and Exchange Commission crimes
- Tax evasion/ Fraud/embezzlement
- Internet crimes
- Child pornography
- Drug trafficking
- Bank robbery
- Intrastate crimes
- National security
- Mail fraud
- Kidnapping

Statistics:

- In 2012, about 9 in 10 defendants in cases adjudicated in a U.S. district court were convicted.
- 91 percent of felonies charged in U.S. District Courts were disposed by a guilty plea.
- Of defendants convicted, about 8 in 10 received a prison sentence.

Source:
U.S. Department of Justice/Office of Justice Programs
Bureau of Justice Statistics
Federal Justice Statistics, 2011–2012
January 2015

There are a total of 94 federal district courts across the country, which also includes the District of Columbia, Puerto Rico, the Virgin Islands, Northern Mariana Islands and Guam. Each state has at least one district court, while other larger states may have multiple courts. All 94 federal district courts maintain their own records. This means that criminal cases prosecuted in a specific federal district are located in that court's repository only.

This information is not meant to provide legal advice of any kind. Legal advice should be sought from your attorney or corporate counsel.



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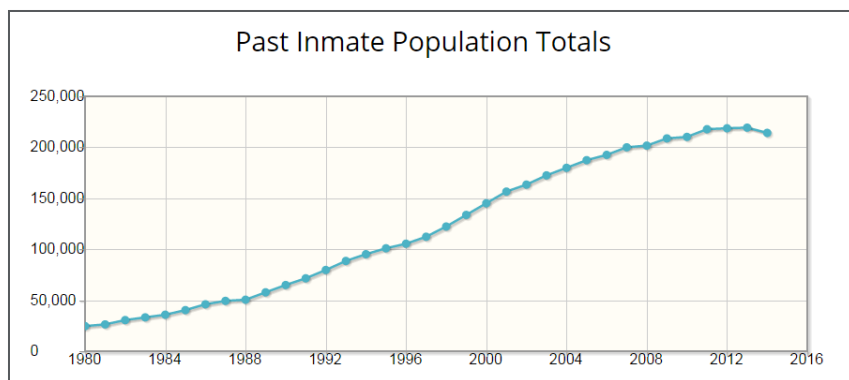
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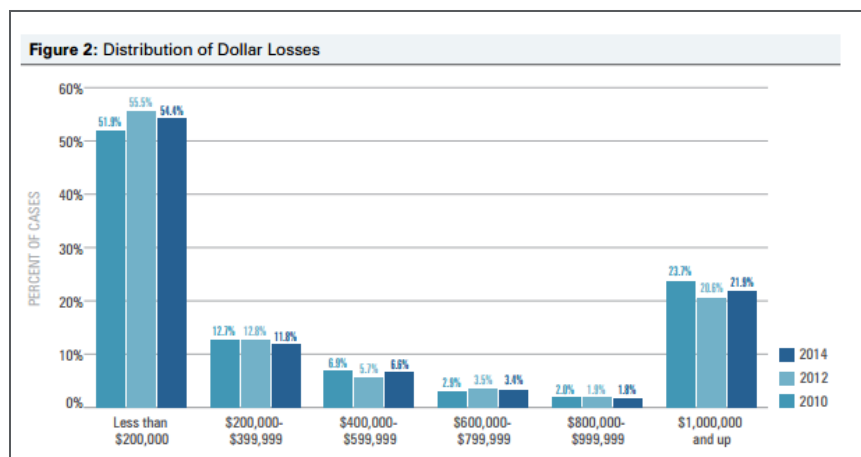
Federal criminal searches are extremely important for multiple reasons:

- According to the U.S. Department of Justice, the number of suspects arrested by federal law enforcement has more than doubled, from 80,450 in 1994 to 172,248 in 2012.
- As of May, 2016, there were a total of 195,709 federal inmates. (Source: Federal Bureau of Prisons)
- Of the 75,718 defendants who either pled guilty or were found guilty during the fiscal year 2013, 60,748, or 80 percent, received prison sentences.

(Source: United States Attorney's Annual Statistical Report, Fiscal year 2013)



Source: Federal Bureau of Prisons



One contributing factor to federal crime is financial fraud. According to a survey conducted by the Association of Certified Fraud Examiners (ACFE), five percent of all revenues are lost annually as a result of fraud. Of the corporate crimes investigated by the Federal Bureau of Investigations (FBI) in 2011, there were 242 indictments

and 241 individuals convicted. The FBI reported that these cases resulted in \$2.4 billion in restitution, and \$16.1 million in fines. The problem of fraud is not inherent to just large organizations; as it also affects smaller companies. Statistics show that 28.8% of all companies with less than 100 employees fall victim to fraud with an appalling average loss of \$154,000. It's a problem that is still growing. There continues to be an increase in corruption and fraud schemes; 33.4% in 2012 to 36.8% in 2014. (Source: ACFE)

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Something else to consider is the issue of identity theft and internet crime.

- Results from a 2016 Identity Fraud Study conducted by Javelin Strategy & Research indicated that \$15 billion was stolen from 13.1 million U.S. consumers in 2015, and \$112 billion has been stolen by identity thieves over the last six years.
- In a 2015 Internet Crime Report released by the Internet Crime Complaint Center (IC3), it states there were 7,838 Business E-Mail Complaints (BECs) received that incurred losses of over \$263 million.

Since federal courts are independent from state and local courts, search results performed at the federal level are not included in common state, county, database background checks. Therefore, Federal Criminal searches are considered a separate product and need to be added in order to search records from all federal district courts in a particular state. Federal crimes generally are more serious and result in stricter penalties as opposed to a typical criminal conviction. As a result, it's recommended to conduct federal criminal searches for all job-level positions.

It's imperative that employers protect their brand, minimize risks, and promote a safe work environment. According to the Business Studies Journal in 2015, approximately 79% of employers lose negligent hiring lawsuits that cost approximately one million dollars. Federal prisons have seen a net growth in inmate population for 34 consecutive years. In addition around 20% of the prison population is released back into the public every year, resulting in 203,948 federal criminals' releases since 2012 (according to the Federal Bureau of Prisons). As a result, businesses and organizations should conduct Federal Criminal searches to check for potential criminal activity beyond the state and local levels.

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