

# *Cyrus Vance Has \$808 Million to Give Away*

The Manhattan district attorney is giving grants, from criminal penalties against three international banks, for public and private criminal justice programs in New York and around the nation.

**By James C. McKinley Jr.**

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These days, the programs being announced by the Manhattan district attorney sound more like the projects of a major philanthropic foundation than those of a local prosecutor's office.

Consider the last two months. District Attorney Cyrus R. Vance Jr. announced that he was giving grants to agencies across the country to test piles of rape kits that had been collecting dust in police storage. He pledged millions to start an international center to monitor cyberattacks and has provided seed money for a new institute at the John Jay College of Criminal Justice devoted to educating the nation's 2,700 prosecutors.

At a time when most city and state agencies are struggling with budget constraints, Mr. Vance has secured a windfall of \$808 million from criminal penalties against three international banks accused of violating United States sanctions — HSBC, Standard Chartered and BNP Paribas.

It is a princely sum, nearly 10 times the office's annual budget. Because by law it must be spent on criminal justice projects, it has transformed Mr. Vance into a kind of Santa Claus for the law-enforcement world, with a sack filled with new programs and equipment. His power to distribute such large sums with the stroke of a pen has, however, led some good-government advocates to say it prompts questions about transparency and oversight.

Because New York City is a financial capital, banks caught violating United States sanctions have become a cash cow for the state and local governments. And while state and federal asset forfeiture laws have long been used to subsidize law enforcement, few if any district attorneys have ever had as much money as Mr. Vance to distribute.

The boon has handed Mr. Vance, a Democrat, a chance to play an outsize role as a policy maker and thinker at a time when the national debate has focused on rebuilding the justice system. His office has become a major source of grants for nonprofits studying how to fix flaws and inequities in the way America metes out punishment for crimes.

“Cy has always been a big fish, but now he’s even a bigger fish,” said an official with a nonprofit criminal justice group, who spoke on the condition of anonymity because his organization was competing for grants.

Even when he steps away from cameras and podiums, Mr. Vance projects a patrician, button-down persona. He chooses his words carefully and rarely makes jokes. Asked if he had found that he suddenly had lots of new friends now that he must give away close to a billion dollars, he did not crack a smile. “No, it has not translated into a lot of new friends,” he said evenly.

“We have tried not to be showy,” he added. “We haven’t invested in anything crazy.”

Mr. Vance has sunk large sums into equipment and capital improvements aimed at reducing crime in New York City. He earmarked \$90 million to the Police Department to buy smartphones and tablets for officers, and \$101 million to the city’s housing projects to improve lighting and upgrade locks and security cameras.

He has also given money to prosecutors in other boroughs for cybercrime labs, has paid for training and equipment for the city medical examiner’s office and has sent millions to state agencies for expenses like license plate readers on the Thruway and a photographic database of convicted felons. About \$459 million has been allocated so far, and \$69.5 million disbursed.

For his part, Mr. Vance says he sees the windfall as a once-in-a-lifetime chance to pay for new programs and technologies that could have a lasting impact on crime. “I call them transformative investments,” he said in an interview. “We have a window of opportunity here.”

Whether the purchases Mr. Vance is underwriting are, in the long run, “transformative,” or merely one-shot gifts to strapped agencies, remains to be seen. Police officials acknowledge that they do not know where the money will come from to replace mobile devices for officers in the future, and the backlog in rape kits may well build up again if other states do not make testing DNA evidence a budget priority.

Even without a fund, the Manhattan district attorney’s office has always served as a national model for prosecutors, going back to Thomas E. Dewey, who arrived in 1935 and pursued gangsters and municipal corruption. Mr. Dewey established an ethos of nonpartisan professionalism that continued under Frank S. Hogan, known for his ironclad integrity, and Robert M. Morgenthau, who steered the office through an era of high crime and fear.

Mr. Vance inherited that heavy mantle. But he arrived during an era of low crime, giving him room to experiment. And now he has money to make a criminal-justice wish list come true. Sharing it with the other boroughs, the state and even other jurisdictions makes sense, he argues. Clearing rape cases in other states, for instance, will solve cases in New York, he predicts, and cybercrime knows no borders.

“I feel this is money that we need to share — not all of it, but a lot of it,” he said. “We are trying to lift all the boats and believe our boat will get lifted, too.”

The role of grant-giver dovetails with Mr. Vance’s other recent efforts to wield influence on a national stage. Over the last year, he has testified before Congress on cellphone encryption, helped found an organization of prosecutors against gun violence and become a leading voice for international cooperation against cybercrime.



District Attorney Cyrus R. Vance Jr. of Manhattan controls close to a billion dollars in criminal penalties from banks. “I feel this is money that we need to share — not all of it, but a lot of it,” he said. Sam Hodgson for The New York Times

But if his national stature has risen, at home things have gone less well. Mr. Vance had a tumultuous first term, drawing criticism for his handling of sex abuse charges against Dominique Strauss-Kahn, the French politician and former managing director of the International Monetary Fund. More recently, his office has suffered embarrassing setbacks in high-profile white-collar cases, prompting grumblings from defense lawyers that he sometimes overreaches.

In conversation, Mr. Vance, 61, comes across as an earnest, thoughtful man with an exalted sense of civic duty. Friends say this noblesse oblige flows from having grown up among the Washington elite. His father, Cyrus Vance, embodied the Eastern establishment, a lawyer and diplomat who served under three presidents. As secretary of state under President Jimmy Carter, he resigned after opposing the ill-fated attempt to rescue American hostages in Tehran.

Since being elected Manhattan district attorney in 2009, the younger Mr. Vance has taken an expansive view of his job, declining to be merely a caretaker of the formidable office Mr. Morgenthau built over 35 years. Mr. Vance has said prosecutors should be seeking ways to prevent crime, rather than just prosecute cases.

From the start, he focused on broad policy questions: How can the office use data to target violent criminals that drive up crime rates? How can prosecutors drive down crime even further through social programs, like sports for teenagers in the housing projects? How can the courts divert people accused of crimes from jail and into programs that might keep them from being rearrested?

In that spirit, Mr. Vance said he had set aside \$250 million for programs aimed at preventing people from becoming criminals and helping convicts enter the work force when they are released from prison. He hired the Institute for State and Local Governance at the City University of New York — headed by a former city correction commissioner, Michael P. Jacobson — to come up with proposals for spending the money for the programs and to oversee contracts.

“It’s going to be structured in some ways like a foundation,” Mr. Jacobson said, adding that he and his team interviewed the heads of dozens of criminal-justice nonprofits over the summer, searching for ideas. He has yet to submit a final list to the district attorney’s office.

Some of the proposals being considered amount to social engineering aimed at addressing early traumas that studies have shown lead to crime. They include providing nurses to fractured families with babies and spotting troubled children in foster care and juvenile detention centers, then steering them into counseling. “There is a real interest in keeping people out of the system from the get-go,” Mr. Jacobson said.

The \$250 million fund for crime prevention rivals similar grants being distributed by philanthropies like the Ford Foundation, the Laura and John Arnold Foundation and the Open Society Foundations, officials at several nonprofits said.



Mr. Vance with Mayor Bill de Blasio and the police commissioner, William J. Bratton.  
Ruth Fremson/The New York Times

“The scale of it is massive,” said an official from one group competing for grants. “It’s a strange thing to have an elected district attorney who finds himself in the role of making grants and shaping the field.”

Nowhere has Mr. Vance’s fund had a bigger impact than in the Police Department. The \$90 million being provided for smartphone technology, along with another \$70 million from the Mayor’s Office of Criminal Justice, has made it possible for the police commissioner, William J. Bratton, to change how officers communicate.

Until recently, most police officers did not even have a telephone number or an official email address assigned to them, nor did they have regular access to a computer. Most of the information they received on patrol was transmitted by radio.

Now, the department has begun distributing smartphones and tablets linked to its main computer systems and to 911 dispatchers. So far, about 9,000 devices have been handed out.

In seconds, officers can use special apps, created for the department, for access to the same information available at headquarters: criminal records, arrest warrants, history of calls to an address, details of 911 calls, maps and crime patterns.

Mr. Bratton said the price tag for the department to put a smartphone in every officer's hand had been too steep to make it politically possible. So, in early 2014, he began meeting with Mr. Vance to discuss using the bank settlement funds instead, and found a warm reception. "For the first time in my life in public service, I had a need and I had funding for it," Mr. Bratton said.

Likening officers' use of smartphones to the advent of walkie-talkies decades ago, he added: "This issue is a game-changer in so many ways for the cops."

About half of Mr. Vance's funds came from a record \$8.9 billion in penalties paid by BNP Paribas, a French bank that pleaded guilty in June 2014 to state and federal charges that it had violated United States sanctions and falsified business records. The bank admitted that it had secretly transferred billions to New York banks from entities in Sudan, Cuba and Iran.



Under state law, the district attorney's office received \$449 million of the penalty, while Mayor Bill de Blasio's office garnered \$447 million for criminal justice projects. The rest went to the state and federal governments. In the budget passed last spring, Gov. Andrew M. Cuomo and the Legislature decided to use the state's share, \$3.6 billion, for infrastructure projects.

Two other banks — HSBC and Standard Chartered — were also accused of violating the sanctions and agreed to pay large penalties to avoid a trial and a guilty verdict, an arrangement called a “deferred prosecution agreement.” As partners in the investigation, the district attorney's office received an additional sum of \$355 million from those two banks, though the Treasury Department safeguards the funds in those cases and the Justice Department must sign off on their use.

Since 2009, six other international banks have paid about \$2.4 billion to dispose of state and federal charges that they violated the sanctions, with the city and state getting about half of the money. In those cases, however, the State Legislature passed budget bills mandating that the district attorney's office receive only a small percentage of each settlement, totaling about \$45 million, officials said.

The large sums flowing through the district attorney's office from bank cases have raised questions for some good-government advocates about whether the city has adequate oversight.

Carol Kellermann, president of the Citizens Budget Commission, said the law giving Mr. Vance sole control over the funds should be reconsidered. Ideally, she said, the money should have been treated as revenue to the city, and its expenditure determined through the budget process.

“No one official should be making decisions about how substantial sums of revenue are distributed,” she said. “And it should be subject to audit. The comptroller should be able to look at how these funds are spent.”



The district attorney's control of large settlements from banks has caused bitter disputes in the past. In late 2009, just before Mr. Morgenthau left office, Mayor Michael R. Bloomberg accused him of hiding tens of millions of dollars from forfeitures in bank accounts the city comptroller and the mayor's office could not scrutinize.

A few months later, John C. Liu, then the city comptroller, faulted the district attorney's office in an audit for a "lack of transparency," saying the office needed to register its bank accounts with the city and develop a formal policy for distributing the money.



Mr. Vance with his father, in an undated photo.

Mr. Vance said that his office had adopted the comptroller's recommendations and that his books were open to inspection. The money is now kept in accounts registered with the city's Finance Department, he said.

“At the end of the day, the statute as written gives me the responsibility and the opportunity to steward these funds, and so that’s my call,” Mr. Vance said. “Some people are going to say, ‘I don’t agree with his choices.’ That’s always going to be the case.”

He has also skirted battles with Mr. de Blasio, partly by contributing about \$40 million to the mayor’s efforts to help the mentally ill and reduce the population at Rikers Island, including \$14 million for a supervised release program for people awaiting trial and \$13.5 million in training for the police to better handle the mentally ill.

“He’s been enormously generous with his own funds,” said Elizabeth Glazer, who heads the mayor’s criminal justice office. “He sees this as a joint venture.”

Still, Mr. Vance said he intended to spend about \$100 million on his own operation, including renovating the antiquated offices of his assistants at 80 Centre Street and putting resources into units created to attack money laundering and human trafficking.

A few of the grants have reflected the priorities of Mr. Vance and his top lieutenants. Karen Friedman Agnifilo, the chief deputy who once served a supervisor of the sex crimes unit, was instrumental in persuading Mr. Vance that devoting \$38 million to pay for the testing of rape kits in other jurisdictions was a wise move.

The grants went to law-enforcement agencies in 20 states to test some 56,000 kits, underscoring the national nature of Mr. Vance’s vision. He was joined at the news conference by Vice President Joseph R. Biden Jr. and Attorney General Loretta E. Lynch, who announced that the Federal government was contributing \$41 million to the cause in a parallel set of grants to 20 other agencies.

And the \$25 million Mr. Vance pledged to start a nonprofit clearinghouse for information about cyberattacks came out of his belief that computer-based crime is the greatest threat to New York City outside of terrorism. The organization, named

the Global Cyber Alliance, will have offices in London and New York and will disseminate information quickly about attacks in financial capitals around the world.

Jeremy Travis, the president of John Jay, sold Mr. Vance on the concept of founding a national institute, akin to the Harvard Kennedy School, to educate prosecutors and study their role in rectifying shortcomings in the justice system.

Though these announcements have burnished his national image, Mr. Vance says he has no ambition to run for a different office. “I have always loved being a lawyer and I have felt for many years the best legal job in the United States is the Manhattan district attorney,” he said. “The question is not whether there is a better job, but what more we can do with this job.”

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