

Document 0778

[20778001]

The government is sharpening its newest weapon against white-collar defendants : the power to prevent them from paying their legal bills .

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And defense lawyers are warning that they wo n't stick around if they do n't get paid .

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The issue has come to a boil in Newark , N.J. , where federal prosecutors have warned lawyers for Eddie Antar that if the founder and former chairman of Crazy Eddie Inc. is indicted , the government may move to seize the money that Mr. Antar is using to pay legal fees .

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The warning by the U.S. attorney 's office follows two decisions by the U.S. Supreme Court last June .

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In those cases , the high court ruled that federal law gives prosecutors broad authority to seize assets of people accused of racketeering and drug-related crimes , including fees paid to lawyers before an indictment .

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If the government succeeds in seizing Mr. Antar 's assets , he could be left without top-flight legal representation , because his attorneys are likely to quit , according to individuals familiar with the case .

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A seizure also would make the case the largest - and one of the first - in which lawyers ' fees have been confiscated in a prosecution unrelated to drugs .

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" The people who suffer in the short run are defendants , but the people who suffer in the long run are all of the people , because there wo n't be a vigorous private bar to defend the Bill of Rights , " says Gerald Lefcourt , a criminal defense attorney who says he has turned down a number of cases to avoid possible fee seizures .

[20778009]

Mr. Antar is being investigated by a federal grand jury in Newark , where prosecutors have told him that they may soon seek an indictment on racketeering and securities fraud charges .

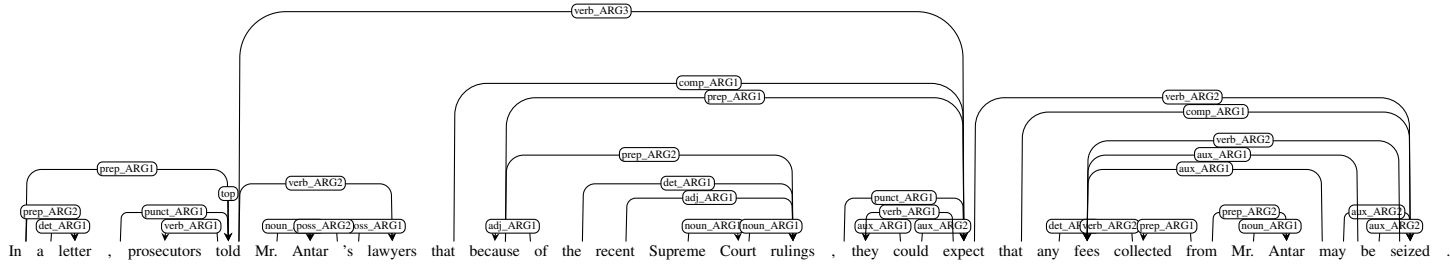
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Under the Racketeer Influenced and Corrupt Organizations law , or RICO , the government has the authority to seek to freeze or seize a defendant 's assets before trial .

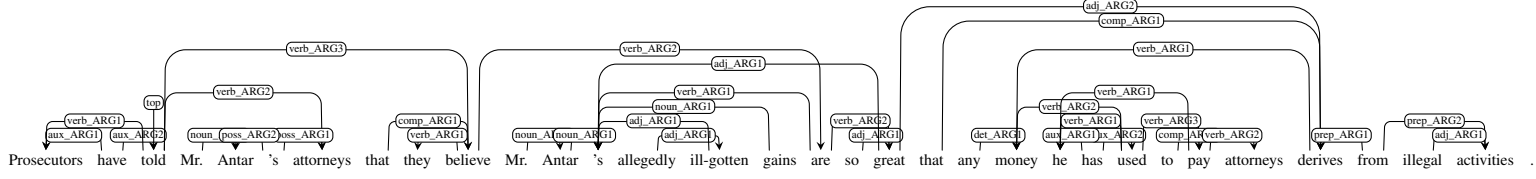
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According to individuals familiar with Mr. Antar 's case , prosecutors issued their warning this week after one of Mr. Antar 's attorneys asked whether legal fees might be subject to seizure .

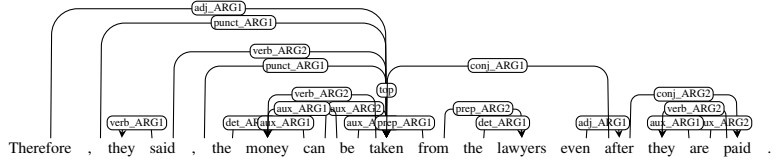
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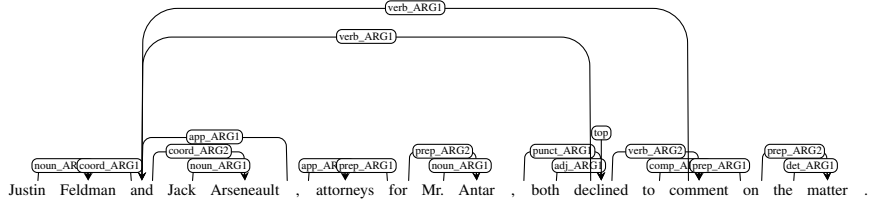
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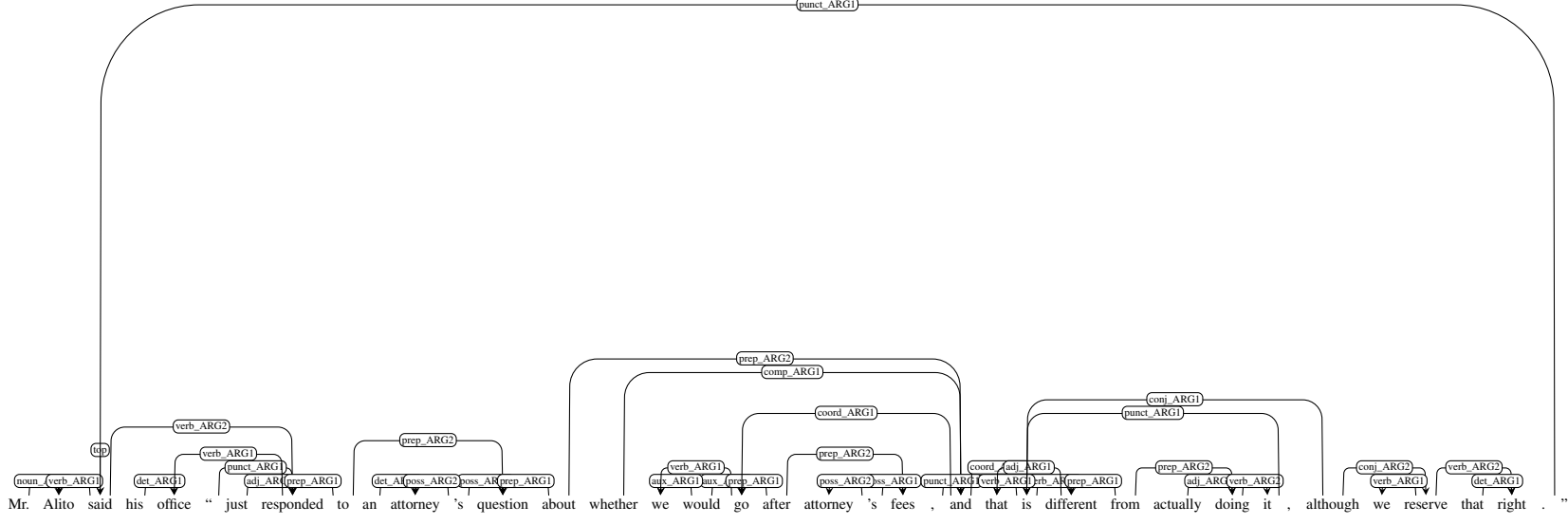
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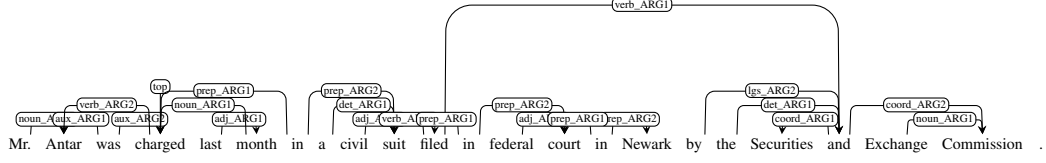
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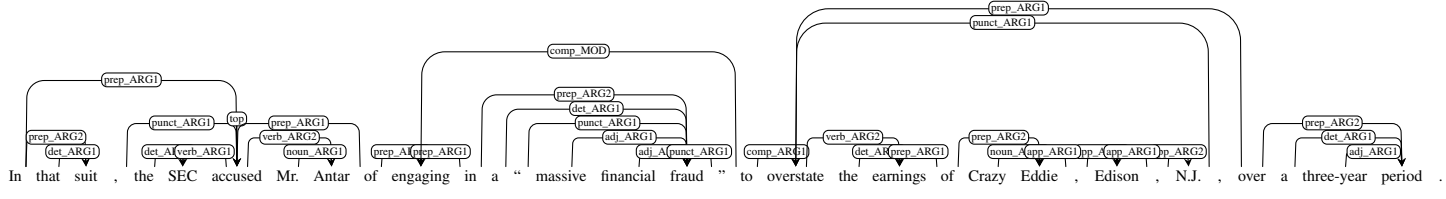
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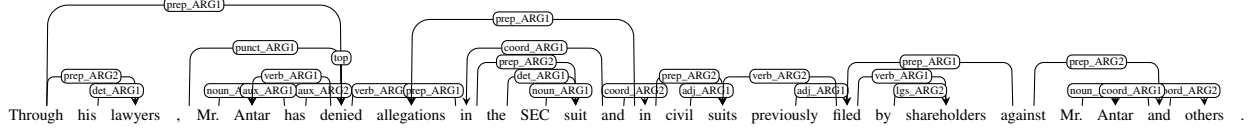
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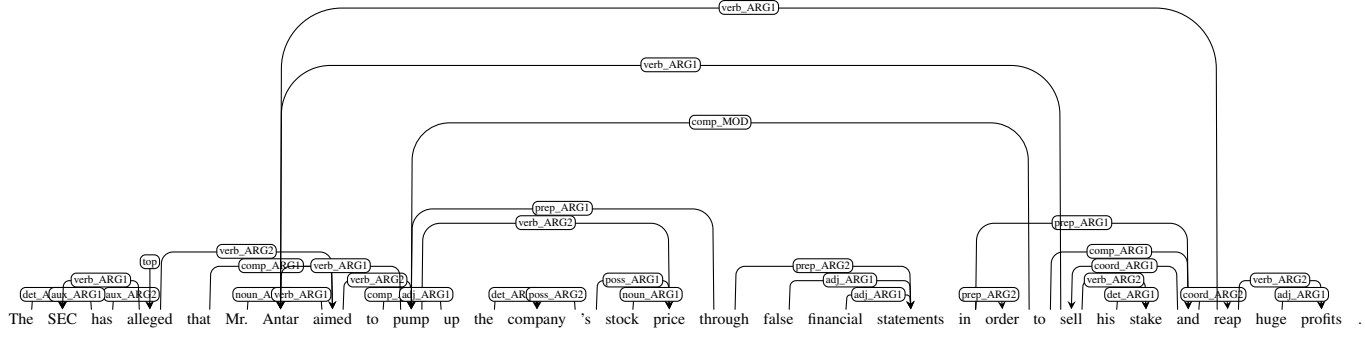
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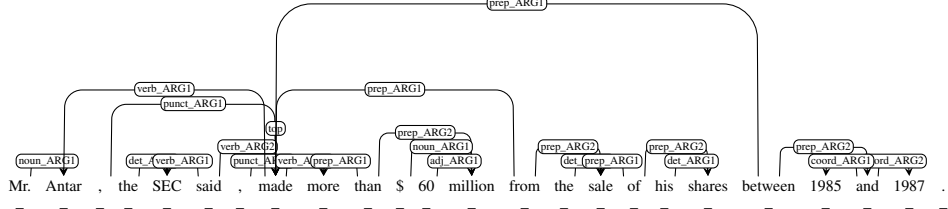
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The Justice Department has emphasized that the government's fee-forfeiture power is to be used sparingly.

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According to department policy, prosecutors must make a strong showing that lawyers' fees came from assets tainted by illegal profits before any attempts at seizure are made.

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Still, criminal defense lawyers worry that defendants are being deprived of their Sixth Amendment right to counsel and a fair trial if the government can seize lawyers' fees.

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They also worry that if the government applies asset-forfeiture laws broadly, the best defense lawyers will be unwilling to take criminal cases unless they are assured of being paid.