

16-601-cr

United States v. Ohle

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3 In the
4 United States Court of Appeals
5 for the Second Circuit
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9 AUGUST TERM 2017

10 No. 16-601-cr

11
12 UNITED STATES OF AMERICA,
13 *Appellee,*

14
15 v.

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17 WILLIAM E. BRADLEY, JOHN B. OHLE, III,
18 *Defendants,*

19
20 PATRICIA DALTON OHLE, FESTIVUS FOR THE REST OF US, INC.,
21 THE MUSEUM OF SPORTS HISTORY, LLC, THE JSJD GRANTOR TRUST,
22 THE DALTON OHLE INVESTMENT PROPERTY TRUST,
23 *Movants-Appellants.*

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26 On Appeal from the United States District Court
27 for the Southern District of New York
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30 ARGUED: JANUARY 23, 2018
31 DECIDED: FEBRUARY 16, 2018
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1 Before: LEVAL, CALABRESI, AND CABRANES, *Circuit Judges*.

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3 This appeal raises two questions pertaining to this Court's
4 jurisdiction. The first question is whether appeals from a 21 U.S.C.
5 § 853(n) proceeding, in which third parties claim an interest in
6 criminally forfeited property, are civil or criminal for purposes of
7 Federal Rule of Appellate Procedure 4. We hold that § 853(n)
8 proceedings are civil and, thus, governed by the time limits in Rule
9 4(a), which are jurisdictional because they implement the
10 requirements of 28 U.S.C. § 2107.

11 The second question is whether the clock starts to run on filing
12 a notice of appeal at time one, when a district court enters an initial
13 order announcing its decision, or at time two, when the district court
14 enters a later order reaffirming its decision and explaining its
15 reasoning. We hold that the clock starts to run at the issuance of the
16 first order and does not reset at the issuance of the second order.

17 Because Appellants did not file their notice of appeal within
18 sixty days of the district court's first order, as required by Rule 4(a),
19 we **DISMISS** the appeal for lack of jurisdiction.

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21 _____
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10 *Appellants*.

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12 CALABRESI, *Circuit Judge*:

13 This appeal presents two questions, not previously settled by
14 this Court, concerning the application of Federal Rule of Appellate
15 Procedure 4. The first question is whether a 21 U.S.C. § 853(n)
16 proceeding, in which third parties claim an interest in criminally
17 forfeited property, is civil or criminal. The second question is whether
18 the clock starts to run on filing a notice of appeal from the court's
19 denial of a motion seeking "Relief from a Judgment of Order" under
20 Federal Rule of Civil Procedure 60 at time one, when a district court
21 enters an initial order announcing its decision, or at time two, when
22 the district court enters a later order reaffirming its decision and
23 explaining its reasoning.

24 I.

1 On June 2, 2010, after a three-week jury trial before the United
2 States District Court for the Southern District of New York, John B.
3 Ohle, III was convicted of tax evasion and of conspiracy to commit
4 fraud. In connection with that conviction, Ohle was required to forfeit
5 both real and personal property, including significant sums of cash.
6 Appellants Patricia Ohle, Festivus for the Rest of Us, Inc., The
7 Museum of Sports History, LLC, The JSJD Grantor Trust, and The
8 Dalton Ohle Investment Property Trust (collectively “Appellants”) all
9 filed petitions under 21 U.S.C. § 853(n) claiming interests in Ohle’s
10 forfeited property. In May 2013, the district court entered a stipulation
11 and order enforcing a settlement agreement between Appellants and
12 the Government which resolved Appellants’ various ownership
13 interests in the property.

14 Two years later, Appellants returned to the district court
15 claiming fraud and misconduct on the part of the Government. On
16 this basis, they filed a motion under Federal Rule of Civil Procedure
17 60 to vacate that settlement agreement.

18 On August 20, 2015, the district court entered an order denying
19 Appellants’ Rule 60 motion. The order stated: “Upon consideration,
20 the Court hereby denies the motion. A Memorandum explaining the
21 reasons for this ruling will issue in due course.” *United States v. Ohle*,
22 No. 08-cr-1109 (S.D.N.Y. Aug. 20, 2015), ECF No. 269.

1 More than four months later, on December 30, 2015, the district
2 court entered a memorandum order explaining its reasoning for
3 denying Appellants' Rule 60 motion. In that order's conclusion, the
4 district court wrote: "Accordingly, for the foregoing reasons, the
5 Court reaffirms its August 20, 2015 Order denying Movants' motion
6 to set aside the forfeiture order. The Clerk of the Court is directed to
7 close the motion at document number 264 of the docket." *United States*
8 *v. Ohle*, No. 08-cr-1109 (S.D.N.Y. Dec. 30, 2015), ECF No. 273, *8.

9 On February 29, 2016, Appellants filed their notice of appeal
10 from the denial of their motion under Rule 60.

11 II.

12 To resolve whether we have jurisdiction over this appeal, we
13 must first determine whether a § 853(n) proceeding ancillary to a
14 criminal conviction is civil or criminal. If it is civil, then Federal Rule
15 of Appellate Procedure 4(a)(1)(B)'s sixty-day time limit to file a notice
16 of appeal applies. A party's failure to meet this time limit deprives
17 this Court of subject-matter jurisdiction. Although the time limits in
18 the Federal Rules are not themselves jurisdictional, "the time limits of
19 FRAP Rule[] 4(a)(1) . . . [are] 'jurisdictional' because . . . these limits
20 were also imposed by Congressional statute[]—28 U.S.C. §[] 2107[]." *Weitzner v. Cynosure, Inc.*, 802 F.3d 307, 310–11 (2d Cir. 2015) (applying
21 *Bowles v. Russell*, 551 U.S. 205 (2007)). If a 21 U.S.C. § 853(n)
22 proceeding is, instead, criminal then Appellants are limited to the
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1 narrower window of time prescribed by Rule 4(b),¹ which they
2 concededly did not meet. Unlike Rule 4(a), however, a party's failure
3 to satisfy Rule 4(b) does not deprive this Court of jurisdiction. *United*
4 *States v. Frias*, 521 F.3d 229, 231 (2d Cir. 2008).

5 To determine whether a § 853(n) proceeding is civil or criminal,
6 it is instructive first to review the nature of such proceedings. Once
7 an order of forfeiture is entered in a criminal prosecution, the
8 Government is obligated to "publish notice of the order and of its
9 intent to dispose of the property." 21 U.S.C. § 853(n)(1). The ensuing
10 § 853(n) proceeding then provides the exclusive means for a third
11 party to "assert[] a legal interest" in the property subject to forfeiture.
12 § 853(n)(2). These proceedings are conducted separately from the
13 underlying criminal proceeding—criminal defendants cannot bring a
14 petition under § 853(n), and third parties are barred from intervening
15 in the underlying criminal forfeiture. *See* § 853(n)(2) (allowing a
16 petition by "[a]ny person, other than the defendant"); § 853(k)
17 (barring third parties from intervening in the criminal case or
18 otherwise bringing a civil action asserting their interests in the
19 property).

20 To prevail in a § 853(n) proceeding, third parties must prove by
21 a preponderance of the evidence one of two things. They can succeed

¹ Rule 4(b) provides a defendant with fourteen days to file a notice of appeal and the Government with thirty days to file a notice of appeal.

1 by showing that they, and not the defendant, held “the right, title, or
2 interest” in the forfeited property (or that their interest “was superior
3 to any right, title, or interest of the defendant” when the defendant
4 committed the crime giving “rise to the forfeiture of the property”).
5 § 853(n)(6)(A). Or, they can prevail by showing that they were “bona
6 fide purchaser[s] for value” and were “reasonably without cause to
7 believe that the property was subject to forfeiture” at the time they
8 purchased their “right, title, or interest.” § 853(n)(6)(B).

9 If no third party files a petition within the prescribed time (or
10 no petitioner prevails), the Government emerges with “clear title to
11 [the forfeited] property . . . and may warrant good title to any
12 subsequent purchaser or transferee.” *Id.* § 853(n)(7).

13 It is clear from this description that appeals from § 853(n)
14 proceedings are to be governed by subsection (a) of Rule 4, the
15 subsection governing civil appeals, rather than subsection (b), the
16 subsection governing criminal appeals. While § 853(n) “appears
17 within a larger Code section dealing with the standards and
18 procedures applicable to criminal forfeiture,” it “bears few if any
19 hallmarks of a criminal proceeding.” *United States v. Moser*, 586 F.3d
20 1089, 1092–93 (8th Cir. 2009). For example, the criminal defendant is
21 not a party to the proceeding, and, unlike the underlying criminal
22 forfeiture, the § 853(n) proceeding has no punitive aim. It merely
23 seeks to settle legal interests in property.

1 In contrast, a § 853(n) proceeding “carries many of the
2 hallmarks of a civil proceeding.” *Id.* at 1093. Both the applicable
3 burden of proof (a preponderance of the evidence) and the
4 underlying legal issue (the allocation of property interests) are civil in
5 nature. And, substantively, a § 853(n) proceeding greatly resembles a
6 quiet title action. *See id.* (collecting cases).

7 Moreover, an appeal from a § 853(n) proceeding is an ill-fit for
8 Rule 4(b), the subsection governing criminal appeals. Subsection (b)
9 establishes separate timelines for appeals brought by “defendant[s]”
10 and those brought by “the government.” Fed. R. App. P. 4(b)(1)(A),
11 (B). Third-party claimants do not fit comfortably into either category.
12 They certainly are not “the government.” And they are not aptly
13 described as the “defendant[s],” both because they are the plaintiffs
14 in the underlying proceeding, and because the government stands in
15 “the defendant’s shoes” in a § 853(n) proceeding. *United States v.*
16 *Lavin*, 942 F.2d 177, 185 (3d Cir. 1991).

17 We, therefore, conclude that appeals from an ancillary
18 proceeding to a criminal forfeiture under § 853(n) are governed by the
19 civil timelines articulated in Rule 4(a). The Ninth and Third Circuits
20 have reached this same conclusion. *United States v. Alcaraz-Garcia*, 79

1 F.3d 769, 772 n. 4 (9th Cir. 1996); *Lavin*, 942 F.2d at 181–82. Today, we
 2 join their holdings.²

3 III.

4 Having determined that Rule 4(a) governs this appeal, we must
 5 determine whether Appellants filed their notice of appeal within sixty
 6 days of the “entry of the judgment or order appealed from.” Fed. R.
 7 App. P. 4(a)(1)(B); *see also* 28 U.S.C. § 2107(b). If they have not, we do
 8 not have jurisdiction to entertain their merits argument. *See Perez v.*
 9 *AC Roosevelt Food Corp.*, 744 F.3d 39, 41 (2d Cir. 2013).

10 It is important to note that Appellants are appealing from a
 11 denial of a Federal Rule of Civil Procedure 60 motion. Federal Rule of
 12 Civil Procedure 58(a)(5) provides that a judgment need not be “set out
 13 in a separate document” if “an order dispos[es] of a motion . . . for

² Various circuits have considered the nature of forfeiture proceedings in different contexts. Thus, the Eighth and Eleventh Circuits have determined that § 853(n) proceedings are civil for the purposes of allowing a successful claimant to collect attorney’s fees under the Civil Asset Forfeiture Reform Act, 28 U.S.C. § 2645(n)(1), *Moser*, 586 F.3d at 1092–94, and the Equal Access to Justice Act, 28 U.S.C. § 2412(d)(1)(A), *United States v. Douglas*, 55 F.3d 584, 588 (11th Cir. 1995). And the First Circuit has held that proceedings involving a criminal forfeiture were criminal in nature for the purpose of applying the adverse spousal testimony privilege. *United States v. Yerardi*, 192 F.3d 14, 18–19 (1st Cir. 1999). None of these issues are before us today.

1 relief under Rule 60.” The district court’s August 20th order expressly
2 “denie[d]” their Rule 60 motion. It follows that the clock to file a notice
3 of appeal began running once the August 20th order was “entered in
4 the civil docket,” Fed. R. App. P. 4(a)(7)(A)(i).

5 The fact that the district court reserved the right to explain its
6 August 20th decision until later, and gave that explanation on
7 December 30, 2015, does nothing to prevent the clock from running.
8 *See Cumberland Mut. Fire Ins. Co. v. Express Prod., Inc.*, 529 F. App’x
9 245, 250 (3d Cir. 2013) (citing *Ludgood v. Apex Marine Corp. Ship Mgmt.*,
10 311 F.3d 364, 369 (5th Cir. 2002)); *In re Se. Bank Corp.*, 97 F.3d 476, 479
11 (11th Cir. 1996)). The December 30th order would only have reset the
12 clock on filing an appeal if it “change[d] matters of substance, or
13 resolve[d] a genuine ambiguity, in a judgment previously rendered.”
14 *Perez*, 744 F.3d at 42 (quoting *Priestley v. Headminder, Inc.*, 647 F.3d 497,
15 502 (2d Cir. 2011)). The order, which merely “reaffirm[ed]” the
16 August 20th order, did nothing of the sort.

17 Because the district court entered its order on August 20th, the
18 time to appeal expired on October 19, 2015. Appellants concededly
19 did not file their appeal by this date. Appellants’ notice of appeal was,
20 therefore, untimely and we dismiss their appeal for lack of
21 jurisdiction.

22 IV.

1 In sum, we hold that the timeliness of this appeal is governed
2 by Federal Rule of Appellate Procedure Rule 4(a). Under that rule,
3 which implements the requirements of 28 U.S.C. § 2107,
4 Appellants' appeal is untimely because it was filed more than sixty
5 days after the district court denied Appellants' Rule 60(d)(3) motion.
6 Accordingly, we **DISMISS** the appeal for lack of jurisdiction.