

# Treasury Forfeiture Fund

FY 2016

President's Budget

February 2, 2015

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## Section 1 – Purpose

### 1A – Mission Statement

To affirmatively influence the consistent and strategic use of asset forfeiture by our participating agencies to disrupt and dismantle criminal enterprises.

The Treasury Executive Office for Asset Forfeiture (TEOAF) administers the Treasury Forfeiture Fund. The Treasury Forfeiture Fund (the Fund) is the account for deposit of non-tax forfeitures made pursuant to laws enforced or administered by participating Treasury and Department of Homeland Security agencies. The Fund was established in 1992 as the successor to what was then the Customs Forfeiture Fund.

### 1.1 Resource Detail Table

Dollars in thousands

Treasury Forfeiture Fund Budgetary Resources	FY 2014		FY 2015		FY 2016		FY 2015 to FY 2016			
	FTE	Actual AMOUNT	FTE	Estimated AMOUNT	FTE	Estimated AMOUNT	FTE	\$ Change AMOUNT	FTE	% Change AMOUNT
<b>Revenue/Offsetting Collections:</b>										
Interest		806		1,000		1,000		0		0.0%
Restoration of sequestration reduction		87,459		124,923		94,603		-30,320		-24.3%
Restoration of temporary rescission		950,000		836,000		869,000		33,000		3.9%
Forfeited Revenue		784,221		460,000		413,000		-47,000		-10.2%
Recovery from prior years		49,309		30,000		30,000		0		0.0%
Unobligated balances from prior years		888,109		144,132		152,180		8,048		5.6%
<b>Total Revenue/Offsetting Collections</b>		<b>\$2,759,904</b>		<b>\$1,596,055</b>		<b>\$1,559,783</b>		<b>-36,272</b>		<b>-2.3%</b>
<b>Expenses/Obligations</b>										
Mandatory Obligations	25 <sup>1</sup>	638,583	25	452,272	25	450,000	0	-2,272	0	-0.5%
Secretary's Enforcement Fund	0	16,082	0	28,000	0	30,000	0	2,000	0	7.1%
Super Surplus Obligations	0	133,184	0	0	0	0	0	0	0	0.0%
<b>Total Expenses/Obligations</b>	<b>25</b>	<b>787,849</b>	<b>25</b>	<b>480,272</b>	<b>25</b>	<b>480,000</b>	<b>0</b>	<b>-272</b>	<b>0.0%</b>	<b>-0.1%</b>
Sequestration Reduction		-124,923		-94,603		0		94,603		-100%
Temporary Rescission		-836,000		-869,000		0		869,000		-100%
Permanent Cancellation		-867,000		0		-875,000		-875,000		N/A
<b>Total Rescissions/Cancellations</b>		<b>-1,827,923</b>		<b>-963,603</b>		<b>-875,000</b>		<b>88,603</b>		<b>-9.2%</b>
<b>Net Results</b>	<b>25</b>	<b>\$144,132</b>	<b>25</b>	<b>\$152,180</b>	<b>25</b>	<b>\$204,783</b>	<b>0</b>	<b>52,603</b>	<b>0.0%</b>	<b>34.6%</b>

1. TEOAF is staffed by Departmental Offices (DO) employees and positions are funded by reimbursable agreement with the Treasury Forfeiture Fund

### 1B – Vision, Priorities and Context

The Treasury Forfeiture Fund (the Fund) is the account for the deposit of non-tax forfeitures made pursuant to laws enforced or administered by bureaus participating in the Fund.

This Fund is a “special fund.” Special funds are federal fund collections that are earmarked by law for a specific purpose. The enabling legislation for the Treasury Forfeiture Fund (Title 31 U.S.C. 9703) defines those purposes for which Treasury forfeiture revenue may be used. In addition to the agencies listed below, the funds can be allocated to other law enforcement entities that do not have forfeiture authority, such as the Financial Crimes Enforcement Network (FinCEN), Federal Law Enforcement Training Center (FLETC), and Alcohol & Tobacco Tax and Trade Bureau (TTB).

The principal revenue-producing member bureaus include the Internal Revenue Service's Criminal Investigation (IRS-CI), Customs and Border Protection (CBP), Immigration and Customs Enforcement (ICE), and the U.S. Secret Service (Secret Service). The latter three bureaus are part of the Department of Homeland Security, transferred as part of the Homeland Security Act of 2002. These member bureaus are joined by the U.S. Coast Guard, Department of Homeland Security, as the result of a longstanding close law enforcement relationship with CBP and ICE. The Treasury Forfeiture Fund supports the Department's strategic goal to "protect our national security through targeted financial actions."

**Vision:** As the administrator for the Treasury Forfeiture Fund, TEOAF performs the following functions:

- Promotes the use of proceeds from asset forfeitures to fund programs and activities aimed at disrupting criminal enterprises and enhancing forfeiture capabilities;
- Manages Treasury Forfeiture Fund revenues to cover the cost of asset forfeiture program;
- Promotes financial stability and vitality of the Fund;
- Identifies and addresses program risks.

TEOAF focuses on supporting cases and investigations that result in "high impact" forfeitures. "High impact" is defined as a cash forfeiture equal to or greater than \$100,000 in value. High impact forfeitures are those that have the greatest impact on criminal organizations and will help to disrupt and dismantle criminal enterprises, which is the Fund's primary mission. Longer, more in-depth investigations are critical to enhancing the impact of forfeiture activity. To this end, TEOAF focuses on using mandatory funding authorities to support large case initiatives including the purchase of evidence and information, joint operations expenses, investigative expenses leading to seizure, and asset identification and removal teams. It is also a priority to fund revenue-enhancing projects such as major case initiatives, database development, and computer forensics through the use of the Secretary's Enforcement Fund or Super Surplus funds when available.

**Goals and Relationship to Departmental Goal:** The goal of the Fund is to support the asset forfeiture programs of member law enforcement bureaus in a manner that results in federal law enforcement's continued and effective use of asset forfeiture as a high-impact law enforcement sanction to punish and deter criminal activity.

The goal of the Fund relates to Treasury's strategic goal to safeguard the financial system and use financial measures to counter national security threats. A primary feature of asset forfeiture as a criminal sanction is that it disrupts and dismantles criminal syndicates by removing their financial assets and, thereby, interfering with and disabling their viability. This strategic feature of asset forfeiture relates to the Treasury's strategic objective to develop, implement, and enforce sanctions and other targeted financial measures.

**Priorities:** Asset seizure and forfeiture is a priority for the Fund's participating law enforcement organizations, as well as the Department of the Treasury, and is linked directly to the National Money Laundering and Southwest Border strategies. In this regard, TEOAF has identified the

following priorities for mission success:

- Continue to educate and focus stakeholders, and others, on the vision and mission of Treasury's multi-Departmental asset forfeiture program (i.e., affirmatively influence the consistent and strategic use of asset forfeiture by law enforcement bureaus participating in the Fund to disrupt and dismantle criminal enterprises);
- Focus resources in a manner that enhances support of law enforcement's National Money Laundering Strategy, Southwest Border Strategy and anti-terrorism financing efforts;
- Foster and support the investment of forfeiture resources in the needs of our participating law enforcement bureaus in order to promote program excellence and strengthen the overall quality of criminal investigations; and
- Develop and modify forfeiture training and awareness programs that are responsive to today's needs and continually re-evaluate such training initiatives for best practices.

**Context:** The Fund continued in its capacity as a multi-Departmental Fund representing the forfeiture interests of law enforcement components of the Department of the Treasury and the Department of Homeland Security. In the midst of the budget constraints as well as new growth and changes of the program, the Fund's law enforcement bureaus continued their hard work of federal law enforcement and the application of asset forfeiture as a sanction to bring criminals to justice.

**FY 2014:** FY 2014 was one of the more challenging years since the inception of the Fund in 1992 with the first-ever cancellation of fund balances in the amount of \$867 million as a result of the Bipartisan Budget Act of 2013 (P.L. 113-067). In addition, as part of the Consolidated Appropriations Act of 2014 (P.L. 113-076), the Fund implemented a rescission of \$836 million. Finally, \$125 million was sequestered from the Fund as part of the government-wide sequestration order. In terms of overall revenue, the Fund experienced an above-average year with income of over \$784 million from forfeitures.

**FY 2015 Plans and Changed Projections since the President's 2015 Budget Submission:** TEOAF forecasts another successful forfeiture program in FY 2015 with forfeiture revenue estimated at \$460 million. This estimate does not account for several major cases in which TEOAF lacks sufficient detail and/or data to project an outcome or expected revenue at this time.

The FY 2015 Financial Plan reflects a rescission of \$869 million in unobligated balances; Division E (Financial Services and General Government) of P.L. 113-235 rescinded \$769 million in unobligated balances and TEOAF has assumed an additional \$100 million rescission as a term and condition of Division L (Homeland Security) of P.L. 113-235. A reduction for sequestration is estimated at \$95 million (\$34 million from 7.3 percent of estimated FY 2015 revenue and \$61 million from 7.3 percent of the prior year rescission of \$836 million).

**FY 2016 Plans:** TEOAF intends to maintain a dynamic and evolving asset forfeiture program that is responsive to the needs of member law enforcement bureaus. At this time, the Fund estimates \$413 million in revenue from forfeitures. Treasury is proposing a permanent cancellation of unobligated balances in FY 2016 of \$875 million and will continue to provide regular updates to Congress on the Fund's balances prior to enactment of the FY 2016 cancellation.

## **Section 2 – Budget Adjustments and Appropriation Language**

### **2.2 – Operating Levels Table**

Dollars in thousands

Treasury Forfeiture Fund		FY 2014	FY 2015	FY 2016
Object Classification		Actual	Estimated	Estimated
25.2	Other services from non-Federal Sources	55,149	33,619	33,600
25.3	Other goods and services from Federal Sources	157,570	96,054	96,000
41.0	Grants, subsidies, and contributions	575,130	350,599	350,400
<b>Total Non-Personnel</b>		<b>787,849</b>	<b>480,272</b>	<b>480,000</b>
<b>Total Budgetary Resources</b>		<b>\$787,849</b>	<b>\$480,272</b>	<b>\$480,000</b>
<b>Budget Activities:</b>				
	Asset Forfeiture	787,849	480,272	480,000
<b>Total Budgetary Resources</b>		<b>\$787,849</b>	<b>\$480,272</b>	<b>\$480,000</b>

FTE*	25	25	25
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\*TEOAF is staffed by Departmental Offices (DO) employees and funded by reimbursable agreement with the Treasury Forfeiture Fund

### **2B – Appropriations Language and Explanation of Changes**

Appropriations Language	Explanation of Changes
<p>TREASURY FORFEITURE FUND                      [(RESCISSION)] (CANCELLATION)                      Of the unobligated balances available under this heading, [\$769,000,000] \$875,000,000 are [rescinded] <i>hereby permanently cancelled not later than September 30, 2016.</i> (Department of the Treasury Appropriations Act, 2015.)</p>	<p>The Budget proposes to add “not later than September 30, 2016” to the cancellation language to allow flexibility on the timing of the cancellation and help prevent disruptions to cash flow.</p>

### **2C – Legislative Proposals**

The Fund has no legislative proposals.

## **Section 3 – Budget and Performance Plan**

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### **3A – Asset Forfeiture Fund**

*(\$480,000,000 in obligations from revenue/offsetting collections)*

The function of the Fund is to ensure resources are managed to cover the costs of an effective asset seizure and forfeiture program, including the costs of seizing, evaluating, inventorying, maintaining, protecting, advertising, forfeiting, and disposing of property. Asset forfeiture is used by federal law enforcement to disrupt and dismantle criminal enterprises. The goal owner for this budget activity is the Director of TEOAF.

#### **Summary of Authorities**

The Fund is a special permanent fund with indefinite authority. Special funds are federal fund collections that are earmarked by law for a specific purpose, and which consist of separate receipt and expenditure accounts. The enabling legislation for the Fund (31 U.S.C. § 9703) defines those purposes for which the Fund's revenue may be used. Revenue deposited to the Fund can be allocated and used as the result of a permanent indefinite appropriation provided by Congress.

A forfeiture process begins once currency or property is seized. Seized currency is deposited into a suspense account (holding account) until forfeited. At that time, the forfeited amount is transferred (deposited) to the Fund as revenue. Forfeited properties are usually sold and the proceeds are also deposited into the Fund as revenue. This revenue composes the budget authority for meeting obligations and expenses of the program.

Expenses of the Fund are set in a relative priority so that operating costs are met first and may not exceed revenues.

#### **Spending Authority**

**Mandatory authority** items are generally used to meet the operating costs of the Fund, including expenses of storing and maintaining seized and forfeited assets, valid liens and mortgages, investigative expenses incurred in pursuing a seizure, information and inventory systems, and certain costs of local police agencies incurred in joint law enforcement operations. Following seizure, equitable shares are paid to state and local law enforcement agencies that contributed to the seizure activity at a level proportionate to their involvement.

**Secretary's Enforcement Fund (SEF)** is derived from equitable shares received from the DOJ or U.S. Postal Service (USPS) forfeitures. These shares represent Treasury's participation in the overall investigative effort that led to a DOJ or USPS forfeiture. SEF revenue is available for federal law enforcement purposes of any law enforcement organization participating in the Fund.

**Super Surplus (SS)** represents the remaining unobligated balance at the close of the fiscal year after an amount is reserved for Fund operations in the next fiscal year. This balance can be used for any federal law enforcement purpose.

### 3.1.1 – Asset Forfeiture Fund Budget Activity Budget and Performance Plan

Dollars in thousands

Asset Forfeiture Fund Budget Activity								
Resource Level	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
	Actual	Actual	Actual	Actual	Actual	Actual	Estimated	Estimated
Obligations from Revenue/Offsetting Collections	\$483,586	\$852,078	\$590,415	\$527,417	\$908,113	\$787,849	\$480,272	\$480,000
<b>Budget Activity Total</b>	<b>\$483,586</b>	<b>\$852,078</b>	<b>\$590,415</b>	<b>\$527,417</b>	<b>\$908,113</b>	<b>\$787,849</b>	<b>\$480,272</b>	<b>\$480,000</b>

Measure	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
	Actual	Actual	Actual	Actual	Actual	Actual	Target	Target
Percent of Forfeited Cash Proceeds Resulting from High-impact Cases (%)	87.65	93.11	91.44	76.38	95.01	86.73	80.00	80.00

Key: DISC - Discontinued and B – Baseline

#### Description of Performance:

The Fund continues to measure the performance of the participating law enforcement bureaus through the use of the performance measure: percent of forfeited cash proceeds resulting from high impact cases. This measures the percentage of forfeited cash proceeds resulting from high impact cases, which are cases resulting in a cash forfeiture deposit equal to or greater than \$100,000.

Focusing on strategic cases and investigations that result in high impact forfeitures will do the greatest damage to criminal organizations while accomplishing the Fund’s ultimate objective, which is to disrupt and dismantle criminal activity. Member law enforcement bureaus participating in the Fund have met or exceeded the performance target in nine of the eleven fiscal years since inception of the measure in FY 2002. For this reason, the target was increased from 75 percent through FY 2010 to 80 percent beginning in FY 2011. The Fund maintains a target of 80 percent because some cases may be important to pursue, even if they are not high-impact cases and result in deposits of less than \$100,000.

For FY 2013, the member bureaus achieved a record high of 95.01 percent high impact performance level. For FY 2014, the performance level was achieved at 86.73 percent. For FY 2015 and FY 2016, a target of 80 percent has also been set for this performance measure.



## **Section 4 – Supplemental Information**

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### **4A – Summary of Capital Investments**

TEOAF uses Departmental Office's (DO) IT infrastructure and is part of DO's capital investment strategy.

A summary of capital investment resources, including major information technology and non-technology investments, can be viewed/downloaded at:

<http://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx>.

This website also contains a digital copy of this document.