

**DEPARTMENT OF THE TREASURY
EXECUTIVE OFFICE FOR ASSET FORFEITURE**

DIRECTIVE NO. 20

DATE: February 26, 2025

SUBJECT: Net Equity Requirements for Seized Property

1. **PURPOSE.** This Department of the Treasury Executive Office for Asset Forfeiture (TEOAF) Directive No. 20 establishes Treasury policy for the net equity requirements of seized property.
2. **SCOPE.** This Directive applies to seizures initiated by the federal seizing agencies participating in the Treasury Forfeiture Fund (TFF) as well as to seizures made by state or local law enforcement agencies that are then adopted by a TFF participating agency.
3. **POLICY.** The minimum net equity levels established in this Directive generally shall be met before property is seized unless it would compromise a law enforcement investigation, in which case it shall be established as soon as practicable after seizure. The net equity values are intended to decrease the number of low-value federal seizures, thereby enhancing case quality and expediting processing of the cases initiated. This policy is also intended to reduce unnecessary net losses to the TFF.
4. **SEIZING AGENCY RESPONSIBILITIES.** The seizing agency is responsible for ensuring that the net equity requirements are met as established in this Directive. The seizing agency is also responsible for compiling current and accurate ownership information of property targeted for forfeiture, to include any tax issues, outstanding liens or encumbrances against such property, prior to seizure when practicable, or as soon as possible following the seizure.

In deciding whether to proceed with the seizure or forfeiture of property that is near the minimum equity threshold, the seizing agency must evaluate and consider the forfeitable net equity and the law enforcement purposes to be served in light of the potential liability issues and estimated costs of post-seizure management and disposition. Depending on the circumstances, this evaluation may require consultation with the national seized property contractor and the U.S. Attorney.

5. PROCEDURES.

A. Asset-specific Net Equity Thresholds

In general, the minimum net equity requirements are:

- (1) Residential/Commercial real property and vacant land—minimum net equity must be at least 20 percent of the appraised value or \$30,000, whichever is greater, at the time of the case initiation. No real property with a net equity of less than \$30,000 should be federally forfeited absent compelling law enforcement interests. Note that USAO individual districts may set higher thresholds to account for local

real estate markets; TFF agencies should be aware of and generally adhere to these thresholds prior to making seizures. Contaminated real property should not be seized.¹

(2) Vehicles—minimum net equity must be at least \$5,000 (based on the “trade in” value of a recognized reliable valuation service such as J.D. Power or Black Book). The value of multiple vehicles seized at the same time cannot be aggregated for the purpose of meeting this minimum.

(3) Currency, financial accounts, and financial instruments—minimum amount must be at least \$5,000, unless the person from whom the item was seized either was, or is, being criminally prosecuted by state or federal authorities for criminal activities related to the property, in which case the amount must be at least \$1,000.

(4) Aircraft—minimum net equity must be at least \$30,000. Note that failure to obtain the logbooks for the aircraft will reduce the aircraft’s value significantly.

(5) Vessels— for personal or recreational vessels, the minimum net equity must be at least \$15,000. Commercial vessels, or any vessels worth more than \$500,000, are considered complex assets that require the seizing agency to notify and closely consult with TEOAF prior to seizing, restraining, or otherwise seeking forfeiture of the asset.

(6) All other personal property—minimum net equity must be at least \$1,000, or \$5,000 in the aggregate.

(7) Firearms, ammunition, explosives, devices used in child exploitation, vehicles with after-market hidden compartments, vessels and vehicles used for alien smuggling or narcotics smuggling at an international border—Minimum value and net equity thresholds do not apply to these items because there is a compelling law enforcement interest in forfeiting these items. See Section B.2.

A United States Attorney may institute higher district-wide thresholds for judicial forfeiture cases. Investigative personnel at the seizing agency should be familiar with their judicial district’s thresholds.

B. Exceptions and Deviations from Net Equity Requirements

(1) An exception or deviation may be allowed if practical considerations support a seizure of a group of similar items and the seizure of the group does not materially increase the Government’s costs, risk, or property management burden. For example, 20 items of jewelry, each valued at \$500, might be seized, as the total value of the items is \$10,000 and the cost and risk of storing 20 small items of jewelry is not excessive. However, the seizure of two \$4,000 vehicles cannot be justified solely by their collective value, because the Government’s risk, cost, and property management burden increases materially with each additional vehicle seized.

(2) In some circumstances law, regulation, or an overriding law enforcement interest may require or compel the seizure or forfeiture of an asset that does not meet the net equity criteria. Examples may include a drug house; a conveyance with after-market hidden compartments; a computer or internet domain name seized to disrupt a major fraud scheme; assets connected to child exploitation and pornography, human trafficking, or a terrorism; vessels used in alien smuggling or narcotics smuggling or vessels modified or customized to facilitate illegal activity; international border seizure of vehicles used in

¹ As a general rule, the TFF law enforcement agencies should not seize or adopt contaminated real property. See TEOAF Directive 7, Seizure and Forfeiture of Real Property That Is Potentially Contaminated or Is Contaminated with Hazardous Substances.

alien smuggling or narcotics smuggling or real property used to harbor illegal aliens. Treasury policy does not preclude seizure in such circumstances.

(3) All deviations from the net equity requirements must be approved by the seizing agency's supervisory-level official. Both the name of the approving official and the reason for the deviation must be noted in the case file.

C. Ownership and Encumbrances

The identification of owners and those with a financial interest in property is a critical component of the agency's and the U.S. Attorney's decision to seize property.

(1) The investigative agency is responsible for ensuring that current and accurate information on the ownership of, and any encumbrances against, personal property and conveyances targeted for forfeiture is compiled prior to seizure whenever practicable as this can impact the net equity

(2) In cases where information relating to titles and liens cannot be acquired without compromising an investigation, the investigating agency shall obtain the data as soon as possible following the seizure and shall document this determination within their case file.

These post-seizure inquiries shall also apply to seizures of personal/general property and conveyances at border situations as appropriate.

(3) In instances where real property and businesses are targeted for seizure, the investigating agency will have primary responsibility for ensuring that a title search, a fair market appraisal, a business valuation, if applicable, and an environmental study are performed prior to seizure, as appropriate in individual cases.

See TEOAF Directive No. 29, "Seizure and Disposition of Properties Subject to Title Restrictions," for additional details on ownership and encumbrances.

6. AUTHORITY. 31 U.S.C. § 9705; Treasury Directive 15-04, "Delegations Relating to the Treasury Forfeiture Fund"; and Treasury Order 102-14, October 18, 2021, "Delegation of Authority with Respect to the Department of the Treasury Forfeiture Fund."

7. INFORMATION CONTACT. Any inquiries pertaining to this Directive should be directed to TEOAF's Seized Property Team at (202) 622-9600.

8. CANCELLATION. TEOAF Directive No. 20, "Net Equity Requirements for Seized Property" (7/09/2015), is hereby superseded.

9. EFFECTIVE DATE. February 26, 2025

/S/
John Farley
Director
TEOAF