The Treasury Executive Office for Asset Forfeiture (TEOAF) issued its “Blue Book” in 2008, and your diligence in following the processes set forth in that document has enabled our program to accurately identify liabilities associated with forfeiture cases for several years. Recently, however, as a result of a
recent audit finding, our program has been tasked with amending the process by which obligations are recorded. That is, we must revise the Blue Book. To that end, TEOAF has been working with the Treasury Forfeiture Fund (TFF) member agencies and others at Treasury to determine the best method for identifying victim liabilities and to change the current process for recording financial obligations while still ensuring that sufficient funds are set aside to meet our victim payment liabilities.

Beginning in FY 2016, refund obligations will not be recorded by TEOAF until sufficient obligation evidence is received, such as a ruling letter on a petition or restoration, or a court order or other pleading requiring payment from the TFF. Rather, these previously labeled obligations will be accounted for by TEOAF as contingent liabilities using new forms. The criteria that we previously used for recording an obligation will now be the criteria used to find that a contingent liability exists. The new contingent liability form should be used as soon as practicable once a forfeiture is final so that TEOAF can properly account for the funds. Later, if a petition for remission or restoration request is granted, that ruling letter will serve as the legal basis for recording an obligation of the funds, using the new obligation form. In essence, this will add a step to the processes that the TFF agencies use to identify future victim payments, but will enable the TFF to better comply with strict accounting principles.

The exact details of the new processes are still being worked out and a revised Blue Book will be forthcoming. The new processes may also result in changes to monthly reconciliations and other activities we have become accustomed to and we are working to develop as smooth a transition as possible. However, in order to become compliant as soon as possible, we respectfully request that your agencies begin using the new forms immediately. If you have further questions, please contact your designated agency representative who has been working with TEOAF on this project, or the TEOAF Refund Team at 202-622-9600.

We appreciate your patience and cooperation as our program develops the new processes, and we thank you for your continued diligence in identifying victim liabilities as soon as practicable. Asset forfeiture is a powerful legal tool that is often used to return ill-gotten gains to crime victims, and we remain committed to ensuring that this is able to continue in a fiscally responsible manner.

Attachments

(* New contingent liability forms and new obligation forms for each agency; the attachments will be made available electronically to each of your offices.)

---

1 The finding stated that Treasury did not have sufficient evidence to support the recording of a $3.6 billion amount by the Treasury Forfeiture Fund (TFF) as an obligation (for a pending petition for remission) in accordance with OMB Circular No. A-11, Preparation, Submission and Execution of the Budget.