

Treasury Forfeiture Fund

FY 2013

President's Budget
Submission

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Section 1 – Purpose

1A – Mission Statement

The mission of the Treasury Forfeiture Fund is to affirmatively influence the consistent and strategic use of asset forfeiture by law enforcement bureaus participating in the Treasury Forfeiture Fund to disrupt and dismantle criminal enterprises.

1.1 – Resource Detail Table

Dollars in Thousands

	FY 2011 Actual		FY 2012 Estimated		FY 2013 Estimated		% Change FY 2012 to FY 2013	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Budgetary Resources:								
Revenue/Offsetting Collections								
Interest		\$1,425		\$1,000		\$1,000		N/A
Other Income		\$929,746		\$532,000		\$552,000		3.8%
Total Revenue/Offsetting Collections		\$931,171		\$533,000		\$553,000		3.8%
Unobligated balances, Start of year		\$580,785		\$646,405		\$103,762		(83.9%)
Recoveries of prior year obligations		\$57,464		\$30,000		\$30,000		N/A
Restoration of temporary rescission		\$90,000		\$422,600		\$950,000		124.8%
Total Budgetary Resources Available		\$1,659,420		\$1,632,005		\$1,636,762		0.3%
Expenses/Obligations								
Mandatory Obligations	24	\$461,676	24	\$517,238	24	\$541,000	N/A	4.6%
Secretary's Enforcement Fund	0	\$0	0	\$42,000	0	\$42,000	N/A	N/A
Super Surplus Obligations	0	\$128,739	0	\$19,005	0	\$123,762	N/A	551.2%
Total Expenses/Obligations	24	\$590,415	24	\$578,243	24	\$706,762	N/A	22.2%
Rescissions/Cancellations								
Rescission of Unobligated Balances		\$(422,600)		\$(950,000)		\$0		(100%)
Cancellation of Unobligated Balances		\$0		\$0		\$(830,000)		N/A
Total Rescissions/Cancellations		\$(422,600)		\$(950,000)		\$(830,000)		(12.6%)
Net Results		\$646,405		\$103,762		\$100,000		(3.6%)

1B – Mission Priorities and Context

The Treasury Forfeiture Fund (the Fund) is the receipt account for the deposit of non-tax forfeitures made pursuant to laws enforced or administered by bureaus participating in the Treasury Forfeiture Fund. 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 long-standing 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." The Treasury Executive Office for Asset Forfeiture (TEOAF) manages the Treasury Forfeiture Fund.

Vision: TEOAF focuses on supporting strategic cases and investigations that result in high impact forfeitures. This approach will have the greatest impact on criminal organizations and thus will accomplish the ultimate mission of the Fund to disrupt and dismantle criminal enterprises. The enhancement of forfeiture activity requires longer, more in-depth investigations.

To this end, TEOAF emphasizes the use of mandatory funding authorities that 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. In addition, it is also a priority to fund revenue-enhancing projects such as major case funding, database development and computer forensics through the use of the Secretary's Enforcement Fund or Super Surplus funds when available.

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 Treasury Forfeiture 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 Treasury Forfeiture Fund continued in its capacity as a multi-Departmental Fund in FY 2011, representing the forfeiture interests of law enforcement components of the Department of the Treasury and the Department of Homeland Security. In the midst of this period of growth and change, 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 2011: FY 2011 was another robust revenue year for the Treasury Forfeiture Fund with income from forfeitures and recoveries of \$988.6 million. Among these forfeitures, the Deutsche Bank AG (Deutsche Bank) forfeited \$403.8 million in late September 2011. In addition, Deutsche Bank paid a \$149 million penalty, admitting criminal wrongdoing to settle a long-running probe over fraudulent tax shelters that allowed clients to avoid paying billions of dollars in U.S. taxes. Also during FY 2011, the Fund received some large forfeiture deposits in the form of equitable shares from the Department of Justice Assets Forfeiture Fund reflecting a Treasury Forfeiture Fund member bureau's role in those forfeitures. Barclays Bank PLC, a United Kingdom Corporation headquartered in London, agreed to forfeit a combined total of \$298 million to the United States and to the New York County District Attorney's Office in connection with violations of the International Emergency Economic Powers Act (IEEPA) and the Trading with the Enemy Act (TWEA). Barclays publicly admitted its illegal acts and announced implementation of stringent compliance measures. Of the \$149 million forfeited to the Department of Justice Assets Forfeiture Fund, one-half (\$74.5 million) was equitably

shared with the Treasury Forfeiture Fund pursuant to IRS-CI's contributions to the forfeiture.

Forfeiture revenue from these two major cases alone total \$478.3 million in FY 2011. In addition to these major cases, bulk cash interdiction at the Southwest Border continues to bring in millions of dollars in forfeitures as smugglers attempt to take undeclared U.S. currency across the U.S. border into Mexico.

FY 2012 Plans and Changed Projections since the President's Budget Submission: TEOAF forecasts a continued successful forfeiture program for FY 2012 with forfeiture revenue from cases and prior year obligation recoveries estimated at \$563 million. As the result of pending major cases, the Fund was expected to achieve higher than average forfeiture revenue deposits during FY 2012. However, the projected revenue has declined from 1.1 billion, due to uncertainty about the forfeiture status of a \$500 million case. For FY 2012, TEOAF continue to support strategic investigative initiatives that will have the greatest impact on national and international criminal enterprise including valuable training and investigative expense funding that emphasizes high impact forfeiture cases.

In addition, the Consolidated Appropriations Act, 2012 temporarily rescinds \$950 million in unobligated balances from the Treasury Forfeiture Fund.

FY 2013 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 Forfeiture Fund estimates \$583 million in revenue from forfeiture deposits and recoveries in FY 2013. The FY 2013 President's Budget proposes to permanently cancel \$830 million in unobligated balances from the Treasury Forfeiture Fund. |

Section 2 – Budget Adjustments and Appropriation Language

2.2 – Operating Levels Table

Dollars in thousands

Treasury Forfeiture Fund	FY 2011 Actual	FY 2012 Estimated	FY 2013 Estimated
FTE	20	24	24
Object Classification			
25.2 - Other services	157,009	187,060	187,060
25.3 - Other purchases of goods and services from Govt. accounts	226,310	174,883	279,640
41 - Grants, subsidies, and contributions	207,096	216,300	240,062
Total Budget Authority	590,415	578,243	706,762
Budget Activities:			
Asset Forfeiture Fund	590,415	578,243	706,762
Total Budget Authority	590,415	578,243	706,762

2B – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
DEPARTMENT OF THE TREASURY TREASURY FORFEITURE FUND Of the unobligated balances available under this heading, [950,000,000] \$830,000,000 are [rescinded] <i>hereby permanently cancelled. (Department of the Treasury Appropriations Act, 2012.</i>	For FY 2013, \$830,000,000 in unobligated balances is proposed for permanent cancellation.

2C – Legislative Proposals

The Treasury Forfeiture Fund has no legislative proposals for FY 2013.

Section 3 – Budget and Performance Report and Plan

3A - Asset Forfeiture Fund

(\$706,762,000 from revenue/offsetting collections):

The function of the Treasury Forfeiture 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 the Treasury Executive Office for Asset Forfeiture.

Summary of Treasury Forfeiture Fund Authorities: The Treasury Forfeiture Fund is a special fund with permanent, 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 Treasury Forfeiture Fund (31 U.S.C. § 9703) defines those purposes for which the Fund's revenue may be used. Forfeiture revenue on deposit in the Fund can be allocated and used as the result of a permanent indefinite appropriation provided by Congress.

A forfeiture process begins once property or cash is seized. Upon forfeiture, seized currency, initially deposited into a suspense, or holding account, is transferred to the Fund as forfeited revenue. Once forfeited, physical properties are sold and the proceeds are deposited into the Fund as forfeited revenue. It is forfeiture revenue that composes the budget authority for meeting expenses of running the Treasury Forfeiture Fund program.

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

Types of spending authority of the Fund:

The **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 Department of Justice or U.S. Postal Service (USPS) forfeitures. These shares represent Treasury's portion in the overall investigative effort that led to a Justice or USPS forfeiture. SEF revenue is available for federal law enforcement purposes of any law enforcement organization participating in the Treasury Forfeiture Fund.

Super Surplus 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. Super Surplus can be used for any federal law enforcement purpose. |

3.1.1 Asset Forfeiture Fund Budget and Performance Report and Plan

Dollars in Thousands

Asset Forfeiture Fund Budget Activity

Resource Level	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate
Revenue/Offsetting Collections	\$313,957	\$391,512	\$597,287	\$483,586	\$852,078	\$590,415	\$578,243	\$706,762
Total Resources	\$313,957	\$391,512	\$597,287	\$483,586	\$852,078	\$590,415	\$578,243	\$706,762

Budget Activity Total	\$313,957	\$391,512	\$597,287	\$483,586	\$852,078	\$590,415	\$578,243	\$706,762
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Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Target	FY 2013 Target
Percent of Forfeited Cash Proceeds Resulting from High-Impact Cases (%)	72.93	84.18	86.91	87.65	93.11	91.44	80.0	80.0

Key: DISC - Discontinued and B - Baseline

Description of Performance:

For FY 2013, the Fund will continue 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.

A target of 80 percent has been set for this performance measure in FY 2013. Focusing on strategic cases and investigations that result in high impact forfeitures will do the greatest damage to criminal organizations while accomplishing the ultimate objective which is to disrupt and dismantle criminal activity. However, the Forfeiture 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. Member law enforcement bureaus participating in the Treasury Forfeiture Fund have met or exceeded the performance target in seven of the nine fiscal years since inception of the measure in FY 2002.

For detailed information about each performance measure, including definition, verification and validation, please go to: <http://www.treasury.gov/offices/management/dcfo/accountability-reports/>

Section 4 – Supplemental Information

4A – Capital Investment Strategy

[TEOAF uses Departmental Offices' (DO) systems and is part of DO's capital investment strategy.]