

Treasury Forfeiture Fund

Program Summary by Budget Activity

Dollars in Thousands

Budgetary Resources	FY 2024 Actual	FY 2025 Estimate	FY 2026 Estimate	FY 2025 to FY 2026 \$ Change	FY 2025 to FY 2026 % Change
Revenue/Offsetting Collections					
Interest	\$267,586	\$200,000	\$183,000	(\$17,000)	-8.50%
Restored Prior Year Sequestration Reduction	\$88,224	\$133,005	\$133,624	\$619	0.47%
Forfeited Revenue	\$2,065,831	\$2,144,072	\$645,710	(\$1,498,362)	-69.88%
Recovery from Prior Years Unpaid	\$74,522	\$40,000	\$40,000	\$0	0.00%
Recovery from Prior Years Paid	\$7	\$0	\$0	\$0	NA
Unobligated Balances from Prior Years	\$1,635,357	\$2,150,313	\$3,518,346	\$1,368,033	63.62%
Total Revenue/Offsetting Collections	\$4,131,527	\$4,667,390	\$4,520,680	(\$146,710)	-3.14%
Expenses/Obligations					
Mandatory Obligations	(\$1,039,028)	(\$480,420)	(\$490,028)	(\$9,608)	2.00%
Secretary's Enforcement	(\$33,907)	(\$35,000)	(\$35,000)	\$0	0.00%
Strategic Support	(\$126,774)	(\$100,000)	(\$100,000)	\$0	0.00%
Total Expenses/Obligations	(\$1,199,709)	(\$615,420)	(\$625,028)	(\$9,608)	1.56%
Rescissions/Cancellations					
Sequestration Reduction	(\$133,005)	(\$133,624)	(\$47,433)	\$86,191	-64.50%
Permanent Cancellation	(\$647,500)	(\$400,000)	(\$500,000)	(\$100,000)	25.00%
Total Rescission/Cancellations	(\$780,505)	(\$533,624)	(\$547,433)	(\$13,809)	2.59%
Net Results	\$2,151,313	\$3,518,346	\$3,348,219	(\$170,127)	-4.84%
Contingent Liabilities	(\$1,742,666)	(\$2,800,000)	(\$2,800,000)	\$0	0%
Total Full -time Equivalent	33	33	33	0	0%

* The Treasury Forfeiture Fund is staffed by Departmental Offices employees and positions are funded via reimbursable agreement. The FTE are shown here for clarity but are also reflected in the Departmental Offices chapter in the reimbursable FTE total.

Summary

The Treasury Executive Office for Asset Forfeiture (TEOAF) administers the Treasury Forfeiture Fund (the Fund), which is the receipt account for deposit of non-tax forfeitures made pursuant to laws enforced or administered by participating Department of the Treasury and Department of Homeland Security agencies. The Fund was established in 1992. The enabling legislation for the Fund (31 U.S.C. 9705) defines the purposes for which Treasury forfeiture revenue may be used.

Explanation of TEOAF Spending Categories

Mandatory Obligations (\$490,028,000 from revenue/offsetting collections)

Mandatory Obligations are incurred 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, remissions, victim restoration, and certain costs of local police agencies incurred in joint law enforcement operations. Following seizure, equitable shares may be paid to state and local law enforcement agencies that contributed to the seizure activity at a level proportionate to their involvement.

TEOAF allocates significant resources to supporting seizure cases in which the seized assets represent the proceeds of fraud schemes. The resulting forfeiture deposits are used to compensate the victims (entities or individuals) defrauded by the violators. Supporting these cases is particularly important now due to the volume of COVID-19 related financial fraud, network

intrusion, phishing and sales of counterfeit vaccines online and via Darknet marketplaces. TEOAF remains committed to supporting continuously significant volume of COVID-19 related crimes, to ensure that the agencies have the resources to target and intercept these massive schemes and return the money to the defrauded government agencies, private entities, and individuals.

Secretary's Enforcement Fund (\$35,000,000 from revenue/offsetting collections)

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

Strategic Support (\$100,000,000 from revenue/offsetting collections)

Strategic Support authority, established in 31 U.S.C. 9705(g)(4)(B), allows TEOAF to fund priority Federal law enforcement initiatives with remaining unobligated balances at the close of the fiscal year, after an amount is reserved for the next fiscal year's operations.

Contingent Liabilities (\$2,800,000,000 revenue/offsetting collections)

Contingent liabilities represent the known future equitable sharing, remission, refund, and mitigation payments. TEOAF tracks future remission payments to third parties as contingent liabilities. However, these amounts are not recorded as obligations from the Fund until the Department of Justice grants the petition for remission. The third parties are predominantly victims of crimes that triggered the forfeiture (e.g., Ponzi scheme or kleptocracy victims). Amounts recorded are significant because remission payments from multiple years are recorded and carried forward. The amounts change constantly as payments are made and amounts for new remission cases are added. Future/anticipated equitable sharing expenses/payments are also recorded as contingent liabilities. TEOAF considers the amounts recorded as contingent liabilities as unavailable and consideration of contingent liabilities provides a more accurate representation of the financial position of the Fund.

Legislative Proposals

TEOAF has no legislative proposals.