

Department of the Treasury
Treasury Executive Office of
Asset Forfeiture

Congressional Budget
Justification and Annual
Performance Report and Plan

FY 2022

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Section I – Purpose

A – Mission Statement

To affirmatively influence the consistent and strategic use of asset forfeiture by law enforcement bureaus that participate in the Treasury Forfeiture Fund (TFF or the Fund) to disrupt and dismantle criminal enterprises.

B – Summary of the Request

The Treasury Executive Office for Asset Forfeiture (TEOAF) administers the Fund, which is the receipt account for deposit of non-tax forfeitures made pursuant to laws enforced or administered by participating Treasury and Department of Homeland Security (DHS) bureaus. Principal revenue-producing bureaus include U.S. Customs and Border Protection (CBP), U.S. Immigration and Customs Enforcement (ICE), the Internal Revenue Service (IRS), the U.S. Secret Service (USSS), the U.S. Coast Guard (USCG), and Alcohol and Tobacco Tax and Trade Bureau (TTB), among others. The Fund is a special fund, defined as a Federal fund account for receipts earmarked for specific purposes and the expenditure of those receipts. The law (31 U.S.C. 9705) allows TEOAF to use the funds for payment of all proper expenses of seizure or the proceedings of forfeiture and sale.

Revenues deposited in 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 represents 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.

- **Mandatory** expenses represent operating costs of the Fund, including 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.
- **Secretary's Enforcement Fund (SEF)** expenses are funded from revenue from equitable shares received from Department of Justice (DOJ) or U.S. Postal Service (USPS) forfeitures. These shares are proportionate 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 bureau participating in the Fund.
- **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.

FY 2020-2021 Case Highlights: The following case highlights are intended to provide examples of the types of investigative cases worked by the Fund's law enforcement bureaus during

FY 2020-2021 that resulted in the seizure and forfeiture of assets. Such cases as those profiled below are consistent with the strategic mission and vision of the Fund, which seeks to use high-impact asset forfeiture in investigative cases to disrupt and dismantle criminal enterprises.

- **Airbus Has Entered into a Three-year Deferred Prosecution Agreement (DPA) with DOJ Resulting in a \$55 million Forfeiture in a Foreign Bribery and ITAR Case**

Airbus, a France based aerospace company, entered into a three year DPA with the U.S. Department of Justice. As part of the DPA, Airbus agreed to pay the U.S. Government \$527 million dollars for Foreign Corrupt Practice Act (FCPA) and International Traffic in Arms Regulation (ITAR) violations. They also agreed to a civil forfeiture of approximately \$55 million dollars for violations tied to ITAR related conduct. The DPA was a part of a \$4 billion-dollar global settlement with the US, France, and the UK to resolve charges that Airbus violated the anti-bribery provisions of the FCPA. Additionally, Airbus was charged with conspiracy to violate the Arms Export Control Act and the ITAR. The investigation was conducted by ICE's Homeland Security Investigations (HSI).

- **HSBC pays penalty and forfeits \$71.850 million after helping to hide over \$1 billion in U.S. clients' assets from the IRS**

HSBC Switzerland, a private bank headquartered in Geneva, entered into a DPA with the U.S. Department of Justice, admitting to conspiring with their U.S. accountholders to hide their assets abroad to evade U.S. taxes. According to the DPA, HSBC Switzerland agreed to pay \$192.35 million in three parts. The first part was \$60.6 million to the IRS as restitution for unpaid taxes on the undeclared assets. Secondly, the bank forfeited \$71.850 million, which represented gross fees it charged clients, and finally, it agreed to pay a \$59.9 million penalty. The investigation was conducted by IRS Criminal Investigations.

- **Border Patrol Bike Unit Arrests Two Men Smuggling 165 Pounds of Methamphetamine through Drainage Tunnel**

In January 2020, agents from the Nogales Border Patrol Bike Unit received intelligence that narcotics were being smuggled through storm drains that originate in Mexico and extend approximately 20 miles into the United States. Based off the intelligence, agents dropped into the tunnel and located two suspects floating 70 packages through the storm drain. Agents observed them pulling the packages through grates on the Mexico side into the United States and stuffing the packages into duffle bags. After apprehending the two men, agents determined through interviews that there was another individual waiting for the narcotics in a car, which they quickly located.

COVID 19 Related Case Highlights

- **Homeland Security Investigations Operation Stolen Promise Targets Counterfeit Vaccines and Treatments for COVID-19**

Since April 2020, ICE's HSI Cyber Crimes Center (C3) and Intellectual Property Rights (IPR) Center have been successfully targeting online fraud schemes and the sale of illicit COVID 19 vaccines and treatments using illicit websites and dark net marketplaces. As of March 1, 2021, using advanced analytical tools, attribution tools, cyber threat intelligence tools, and online undercover activities, ICE agents have initiated 123 criminal investigations, disrupted 378 COVID-19 fraud websites and 11 COVID-19 counterfeit vaccines and treatments websites. Case highlights include:

- In December 2020, HSI New York and HSI Baltimore, with assistance from C3 and the IPR Center, executed seizure orders for websites GRASSEPHARM[.]COM,

mordernatx.com and regeneronmedicals.com. These sites purported to belong to biotech companies developing treatments for COVID-19 virus but in reality, were spoof/phishing sites designed to collect personal identifiable information (PII) of individuals visiting the site. Currently, the site visitors see a message informing them that these sites have been seized by the federal government;

- In February 2021, HSI Baltimore agents arrested three subjects for violations of Wire Fraud in connection to the creation of spoof/fraudulent COVID-19 vaccine website and the illegal sale of a COVID-19 vaccine. They also seized Modernatx[.]shop, a spoof/fraudulent website offering the sale of COVID-19 vaccines. A search warrant was also executed at a residence of a subject who accepted payment for fraudulent COVID-19 vaccines. The subject agreed to cooperate with HSI and identified other individuals who orchestrated the fraud;
- In March 2021, HSI Baltimore seized another spoof/ phishing website “remdesivirmx.com,” which purported to sell and distribute Remdesivir, an antiviral drug approved for COVID-19 treatment.
- **USSS San Antonio obtains \$5.250 million in a COVID-19 fraud investigation**
In April 2020, USSS San Antonio Field Office initiated an investigation involving the \$5.25 million deposit related to the purchase of 3M N95 Masks by a medical supply company Med Tech LLC. The agents have determined that the suspect supplier was not a verified distributor of N95 masks and had no association with 3M. After receiving the \$5.25 million deposit, subjects of the investigation transferred out \$520,000 to an account that supposedly belonged to a “mask supplier”; but in reality, belonged to another suspect recruited online to convert these funds into Bitcoins. Additional investigation revealed that the targets used various counterfeit certificates to portray themselves as legitimate suppliers. The \$5.250million was forfeited for violations of Title 18 USC 1342, Wire Fraud. A Petition for Remission or Mitigation of Forfeiture for the loss has been submitted by the defrauded party, Med Tech, LLC.

Priorities: In FY 2022, TEOAF will continue to support the investigations and activities of the participating law enforcement bureaus. The bulk of TEOAF expenses include supporting seizures and forfeitures and funds are expended for seizure, storage, maintenance, disposition, and destruction and all costs associated with those activities.

TEOAF focuses on supporting cases and investigations that meet the mission of disrupting and dismantling criminal enterprises. To this end, TEOAF prioritizes major case¹ initiatives when allocating funding to member agencies, including the purchase of evidence and information, joint operations expenses, investigative expenses leading to seizure as well as software tools used for computer forensics and analysis of financial data. Major case initiatives are aligned directly to the National Money Laundering and Southwest Border strategies.

Often, the assets identified in these investigations are proceeds of fraud schemes with multiple victims. TEOAF allocates significant resources to ensure that such investigations are adequately

¹ A major case refers to a case where the forfeiture results in a deposit greater than \$5 million, or a case that disrupts, dismantles, or interrupts money laundering networks or other financial activities that threaten the financial stability, financial system, or financial interests of the United States.

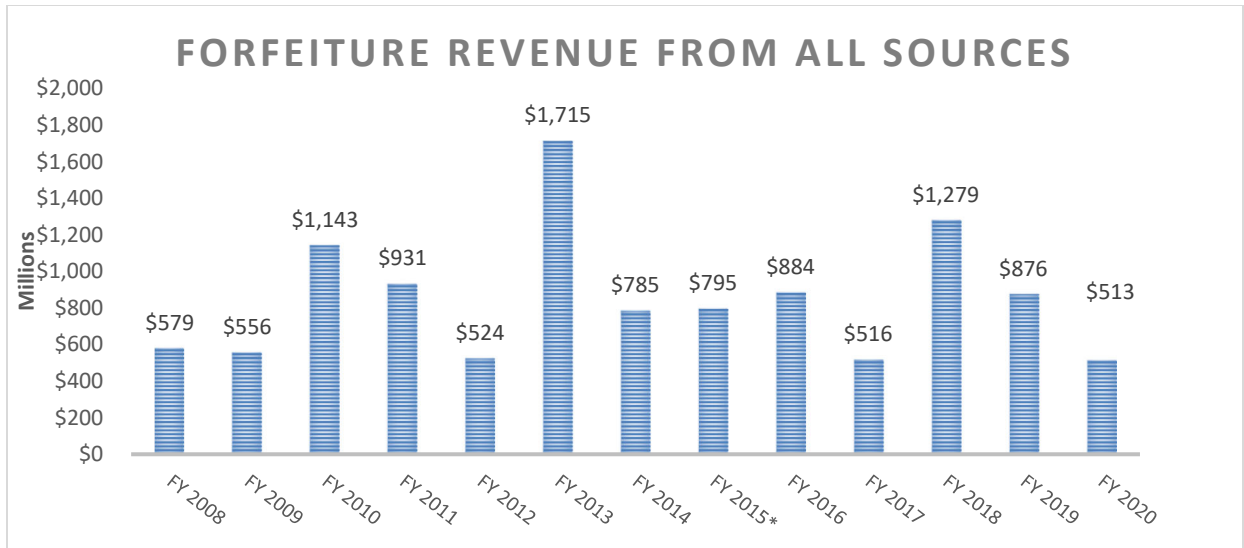
funded to yield successful prosecutions and forfeitures. The resulting forfeiture deposits are used to compensate the victims defrauded by the violators.

One of TEOAF's highest immediate priorities now is supporting TFF participating law enforcement agencies' response to COVID-19 related crimes. Our agencies are facing formidable challenges dealing with massive COVID-19 related fraud schemes such the use of PII obtained via network intrusion or phishing schemes or the sales of counterfeit vaccines and COVID treatments online and via Darknet marketplaces. Many of these investigations require analytical and cyber-investigative tools and services that are currently not available or insufficient. From the start of the pandemic, TEOAF has made it a priority to support our agencies' efforts aimed at intercepting, disrupting and dismantling multi-million-dollar COVID fraud schemes and returning the money to the victims. It will remain a TEOAF high priority in FY 2021-2022, as the number of COVID-19 crimes is still growing, and the new financial assistance programs on federal and state levels will likely generate a significant number of fraud cases.

The most notable financial investigations conducted by the TFF agencies involve professional money launderers who utilize highly sophisticated money laundering methods, global trade and finance, and emerging technologies such as cryptocurrencies. They launder illicit funds derived from many criminal violations, including drug trafficking, human smuggling and COVID-19 fraud. This type of investigation requires extraordinary law enforcement efforts, manpower, and resources. TEOAF prioritizes the support of such investigations, including their ongoing operation's needs and cutting-edge technology capabilities required for big data analytics, dark net investigations, block chain analysis, and mobile forensics necessary for these operations. These investments buttress the anti-money laundering and countering the financing of terrorism (AML/CFT) strategy of DHS and Treasury and uncertainty about future funding for investigations and forfeitures

Challenges: Large rescissions enacted in prior years have resulted in inconsistent Strategic Support allocations and have led to uncertainty about future funding for financial investigations and forfeitures.

The table below reflects forfeiture revenue from all sources including direct revenue, reverse asset sharing, and interest earned.



*FY 2015 data does not include the BNP Paribas S.A. forfeiture in the amount of \$3,839 million. Of that amount, \$3,800 million was permanently rescinded and transferred by Congress under the Consolidated Appropriations Act of 2016, Pub. L. 114-113, Div. O, Tit. IV, §404(e) and §405(b). The remainder was returned to the General Fund in FY 2018.

For operational support of TFF agencies’ investigations, both Mandatory and SEF are critical funding sources. The Mandatory funding supports investigative expenses only for seizure cases, but the vast majority of seizure cases do not initially start as financial cases. They grow out of other cases pursuing specified unlawful activities such as drug trafficking, human smuggling, or cybercrime, which are all dependent on SEF funding for operational support. The nature of revenue and expenses for both Mandatory and SEF funding is equally dynamic, requiring adjustments during the fiscal year.

In addition, TEOAF tracks future remission payments to third parties as contingent liabilities. However, these amounts are not recorded as Fund obligations 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. TEOAF considers the amounts recorded as contingent liabilities as unavailable and consideration of contingent liabilities provides a more accurate representation of the Fund’s financial position.

1.1 – Appropriations Detail Table

Dollars in Thousands

Treasury Forfeiture Fund Budgetary Resources	FY 2020		FY 2021		FY 2022		FY 2021 to FY 2022				
	FTE ¹	Actual AMOUNT	FTE	Estimated AMOUNT	FTE	Estimated AMOUNT	FTE	\$ Change AMOUNT	FTE	% Change AMOUNT	
Revenue/Offsetting Collections											
Interest		\$18,565		\$25,000		\$25,000		\$0	NA	0%	
Restored Prior Year Sequestration Reduction		\$54,340		\$30,294		\$32,609		\$2,315	NA	8%	
Forfeited Revenue		\$494,893		\$547,096		\$547,096		\$0	NA	0%	
Recovery from Prior Years		\$32,358		\$12,000		\$12,000		\$0	NA	0%	
Unobligated Balances from Prior Years		\$609,632		\$691,453		\$717,902		\$26,449	NA	4%	
Total Revenue/Offsetting Collections		\$1,209,788		\$1,305,843		\$1,334,607		0	\$28,764	NA	2%
Expenses/Obligations											
Mandatory Obligations	27	(\$465,205)	27	(\$445,332)	27	(\$445,332)		\$0	0.00%	0%	
Secretary's Enforcement		(\$22,836)		(\$35,000)		(\$35,700)		(\$700)	NA	2%	
Strategic Support ²		\$0		TBD		TBD		NA	NA	NA	
Total Expenses/Obligations	27	(\$488,041)	27	(\$480,332)	27	(\$481,032)		0	(\$700)	0.00%	0%
Rescissions/Cancellations											
Sequestration Reduction	0	(\$30,294)		(\$32,609)		(\$32,609)		NA	NA	NA	
Permanent Cancellation	0	\$0		(\$75,000)		\$0		\$75,000	NA	-100%	
Total Rescission/Cancellations		(\$30,294)		(\$107,609)		(\$32,609)		\$75,000	NA	-70%	
Net Results	27	\$691,453	27	\$717,902	27	\$820,966		0	\$103,064	0.00%	14%
Contingent Liabilities		(\$512,764)		(\$465,000)		(\$465,000)		\$0	NA	0%	

1/ 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.

2/ For FY 2021 and FY 2022, Treasury will revise Strategic Support based on enacted appropriations and may submit a plan to Congress if funding is available, once more is known about collections and expenses.

1.2 – Obligations Detail Table

Dollars in Thousands

Treasury Forfeiture Fund Obligations	FY 2020 Actual	FY 2021 Estimated	FY 2022 Estimated	% Change FY 2021 to FY 2022
Mandatory				
CBP	\$41,687	\$42,110	\$42,110	0.0%
ICE	\$162,302	\$123,195	\$123,195	0.0%
IRS	\$98,569	\$124,484	\$124,484	0.0%
USSS	\$49,258	\$43,829	\$43,829	0.0%
USCG	\$1,124	\$1,428	\$1,428	0.0%
TEOAF	\$81,799	\$91,180	\$91,180	0.0%
TTB	\$774	\$1,058	\$1,058	0.0%
DOJ	\$29,692	\$18,048	\$18,048	0.0%
Total Mandatory	\$465,205	\$445,332	\$445,332	
SEF				
CBP	\$4,370	\$4,400	\$4,488	2.0%
ICE	\$7,034	\$12,123	\$12,365	2.0%
IRS	\$6,734	\$12,001	\$12,241	2.0%
USSS	\$4,348	\$6,126	\$6,249	2.0%
TTB	\$350	\$350	\$357	2.0%
Total SEF	\$22,836	\$35,000	\$35,700	
Strategic Support				
Total Strategic Support	\$0	TBD	TBD	NA
Total Expenses/Obligations	\$488,041	\$480,332	\$481,032	0.1%

1.3 – Object Classification (Schedule O) Obligations

Dollars in Thousands

Object Classification	FY 2020 Actual	FY 2021 Estimated	FY 2022 Estimated
25.2 - Other services from non-Federal sources	12,412	46,532	46,532
25.3 - Other goods and services from Federal sources	246,657	140,546	140,546
26.0 - Supplies and materials	1	1	1
41.0 - Grants, subsidies, and contributions	131,218	115,502	115,502
43.0 - Interest and dividends	170	19	20
44.0 - Refunds	73,133	142,032	142,731
94.0 - Financial Transfers	24,450	35,700	35,700
Total Non-Personnel	\$488,041	\$480,332	\$481,032
Total Budgetary Resources	\$488,041	\$480,332	\$481,032
FTE ¹	27	27	27

1/ 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.

E – Legislative Proposals

TEOAF has no legislative proposals.

Section II – Annual Performance Plan and Report

A – Strategic Alignment

In accordance with the *Government Performance and Results Act Modernization Act (GPRAMA)* of 2010, the Department of the Treasury is currently developing the FY 2022 – 2026 Departmental Strategic Plan. The Strategic Plan is scheduled for publication in 2022. The Annual Performance Plan will be updated in the FY 2023 President’s Budget to reflect new departmental strategic goals and objectives.

The purpose 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 seizure or the proceedings of forfeiture and sale, including the expenses of detention, inventory, security, maintenance, advertisement, or disposal of the property. Additionally, the Fund is used to support law enforcement priorities, financial investigative capabilities, and the seizure of physical and financial resources to disrupt and dismantle criminal enterprises.

B – Budget and Performance by Budget Activity

2.1.1 Treasury Forfeiture Fund Resources and Measures

Dollars in Thousands

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Resource Level	Actual	Actual	Actual	Actual	Actual	Estimated	Estimated
Expenses/Obligations	\$508,746	\$526,228	\$1,007,426	\$1,022,684	\$488,041	\$480,332	\$481,032
Budget Activity Total	\$508,746	\$526,228	\$1,007,426	\$1,022,684	\$488,041	\$480,332	\$481,032
FTE	25	25	25	26	27	27	27

Measure	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Target	FY 2020 Actual	FY 2021 Target	FY 2022 Target
Percent of Forfeited Cash Proceeds Resulting from High-Impact Cases	81.79	80	94.19	90.8	80	82.87	80	80

Treasury Forfeiture Fund Budget and Performance

(\$481,032,000 in obligations from revenue/offsetting collections):

The Fund continues to measure the performance of the participating law enforcement bureaus through the “percent of forfeited cash proceeds resulting from high-impact cases, “which are cases that yield a cash forfeiture deposit equal to or greater than \$100,000.”

The high-impact cases are cases that pursue major criminal targets and their financial networks, and therefore, central to disrupting and dismantling criminal enterprises. At the same time, these cases are heavily dependent on TEOAF’s funding due to their high operational costs and reliance on sophisticated technologies and analytical tools that are not adequately covered by the appropriated funds. The dominant share of high-impact forfeitures reflects TEOAF’s effectiveness in supporting such major investigations.

While the specific numbers shown in the chart fluctuate due to the unusually big forfeitures, the consistently dominant (80 percent or more) share of major forfeiture year after year demonstrates

TEOAF's consistent commitment to supporting high-impact cases. Member law enforcement bureaus participating in the Fund have met or exceeded the performance target since FY 2014.

For FY 2021 and FY 2022, the target will remain at 80 percent. 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.

D– Evidence-Building Activity

In FY 2020 TEOAF has conducted various analyses related to the TFF member agencies' investigative capabilities, resource needs and funding requests to determine the most effective ways to allocate TEOAF's funds.

For example, TEOAF also have been actively analyzing over 100 cases designated for TEOAF's support through the Third-Party Money Laundering (3PML) Program. The 3PML Program is a TEOAF-led collaborative effort with the TFF member agencies. It is focused on identifying and supporting TFF agencies' most important and complex cases targeting professional money launderers (individuals or entities), and performing analyses of the associated money laundering typologies, emerging trends and investigative needs. This includes analysis of deficiencies and emerging needs related to the TFF agencies' investigative capabilities and infrastructure, and possible ways to use TFF funds to facilitate improvements. For instance, TEOAF has identified a growing need for IT tools to support analyses of large volumes of email data in foreign languages, and with agency assistance formulated a plan to fund and build the required solutions. Additionally, TEOAF has been conducting outreach and exploratory discussions with TFF agencies about the creation/enhancement of joint financial taskforces aimed at increasing the efficiency of TFF funding support through the shared use of TEOAF-funded resources.

TEOAF plans to continue its high-impact work in FY 2021 and 2022. For example, a newly launched effort is the upgrade of technology for member agencies for scanning and analysis of financial records funded by TEOAF and utilized jointly by TFF agencies.

Section III – Additional Information

A – Summary of Capital Investments

A summary of capital investments, including major information technology and non-technology investments, can be accessed at: <https://www.treasury.gov/about/budget-performance/Pages/summary-of-capitalinvestments.aspx>.