

Treasury Forfeiture Fund

FY 2015

President's Budget

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Section 1 – Purpose

1A – Mission Statement

To affirmatively influence the consistent and strategic use of asset forfeiture by our participating agencies to disrupt and dismantle criminal enterprises.

The Treasury Executive Office for Asset Forfeiture (TEOAF) administers the Treasury Forfeiture Fund. The Treasury Forfeiture Fund (the Fund) is the receipt account for deposit of non-tax forfeitures made pursuant to laws enforced or administered by it participating Treasury and Department of Homeland Security agencies. The Fund was established in 1992 as the successor to what was then the Customs Forfeiture Fund.

1.1 – Resource Detail Table

Dollars in Thousands

Treasury Forfeiture Fund Budgetary Resources	FY 2013		FY 2014		FY 2015		FY 2014 to FY 2015			
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
Revenue/Offsetting Collections										
Interest		1,768		1,000		1,000		0		N/A
Restoration of sequestration reduction		0		87,459		0		(87,459)		-100.00%
Restoration of temporary rescission		950,000		950,000		836,000		(114,000)		-12.00%
Forfeiture Revenue		1,713,113		607,716		412,000		(195,716)		-32.21%
Recovery from Prior Years		23,887		30,000		30,000		0		N/A
Unobligated Balances from Prior Years		144,913		888,109		94,174		(793,935)		-89.40%
Total Revenue/Offsetting Collections		2,833,681		2,564,284		1,373,174		(1,191,110)		-46.45%
Expenses/Obligations										
Asset Forfeiture										
Mandatory Obligations	22	856,604	25	560,922	25	367,000	0	(193,922)	N/A	-34.57%
Secretary's Enforcement Fund	0	8,032	0	19,315	0	0	0	(19,315)	N/A	-100.00%
Super Surplus Obligations	0	43,477	0	143,045	0	0	0	(143,045)	N/A	-100.00%
Total Expenses/Obligations	22	908,113	25	723,282	25	367,000	0	(356,282)	N/A	-49.26%
Rescissions/Cancellations										
Sequestration Reduction		(87,459)		(43,828)		0		43,828		-100.00%
Temporary Rescission		(950,000)		(836,000)		0		(114,000)		13.46%
Permanent Cancellation		0		(867,000)		(950,000)		867,000		-100.00%
Total Rescissions/Cancellations		(1,037,459)		(1,746,828)		(950,000)		796,828		-45.62%
Net Results		888,109		94,174		56,174		5,828		6.19%

1B – Vision, 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 Fund. This Fund is a special fund. Special funds are federal fund collections that are earmarked by law for a specific purpose. The enabling legislation for the Treasury Forfeiture Fund (Title 31 U.S.C. 9703) defines those purposes for which Treasury forfeiture revenue may be used. In addition to the agencies listed below, the funds can be allocated to other law enforcement entities that do not have forfeiture authority, such as financial Crimes Enforcement Network (FinCEN), Federal Law Enforcement Training Center (FLETC), and Tax and Trade Bureau.

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 longstanding 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."

Vision: As the administrator for the Treasury Forfeiture Fund, TEOAF performs the following functions:

- Promotes the use of proceeds from asset forfeitures to fund programs and activities aimed at disrupting criminal enterprises and enhancing forfeiture capabilities;
- Manages Treasury Forfeiture Fund revenues to cover the cost of asset forfeiture program;
- Promotes financial stability and vitality of the Fund;
- Identifies and addresses program risks.

TEOAF focuses on supporting 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.

Goals and Relationship to Departmental Goal: The goal of the Fund is to support the asset forfeiture programs of member law enforcement bureaus in a manner that results in federal law enforcement's continued and effective use of asset forfeiture as a high-impact law enforcement sanction to punish and deter criminal activity. "High impact" is defined as a cash forfeiture equal to or greater than \$100,000 in value.

The Goal of the Fund relates to Treasury's strategic goal to safeguard the financial system and use financial measures to counter national security threats. A primary feature of asset forfeiture as a criminal sanction is that it disrupts and dismantles criminal syndicates by removing their financial assets and, thereby, interfering with and disabling their viability. This strategic feature of asset forfeiture relates to the Treasury's strategic objective to develop, implement, and enforce sanctions and other targeted financial measures.

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 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 Fund continued in its capacity as a multi-Departmental Fund representing the forfeiture interests of law enforcement components of the Department of the Treasury and the Department of Homeland Security. In the midst of the budget constraints as well as new growth and changes of the program, 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 2013: FY 2013 was the highest revenue year since the inception of the Fund in 1993 with revenues of over \$1.7 billion from forfeitures and recoveries. Among these forfeitures, three major cases alone accounted for more than \$1.2 billion in gross revenues; and the remaining \$500 million were from direct forfeitures, equitable shares received from the Department of Justice (DOJ), recoveries, and interest.

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 2014 Plans and Changed Projections since the President's 2014 Budget Submission:

TEOAF forecasts a continued successful forfeiture program for FY 2014 with forfeiture revenue from cases and prior year obligation recoveries estimated at \$608 million, an increase over the revenue projection included in the FY 2014 President's Budget of \$593 million. The updated FY 2014 estimate reflects the net of adjustments for major cases projected for FY 2014 and nonrecurring cases in FY 2013.

In addition, the FY 2014 Financial Plan reflects a permanent cancellation of \$867 million enacted in the Bipartisan Budget Act of 2013 (P.L. 113-067) and a temporary rescission of \$836 million in unobligated balances enacted in the Consolidated Appropriations Act of 2014 (P.L. 113-076) from the Fund. In addition, the Fund is subject to a sequestration reduction estimated at \$43.8 million, or 7.2 percent of estimated FY 2014 revenue.

FY 2015 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 Fund estimates \$443 million in revenue from forfeiture deposits and recoveries. Treasury is proposing a permanent cancellation of unobligated balance in FY 2015 of \$950 million.

Challenges facing the Fund in FY 2014 and FY 2015 from the larger operating environment: Challenges facing the Fund in FY 2014 and FY 2015 include appropriations decisions for our member bureaus and any related impact on their ability to maintain focus on this type of high-impact investigation. In addition, the continuing budget cuts have an impact on the overall operations of all bureaus.

Section 2 – Budget Adjustments and Appropriation Language

2.2 – Operating Levels Table

Dollars in Thousands

Treasury Forfeiture Fund Object Classification	FY 2013 Actual	FY 2014 Estimated	FY 2015 Estimated
25.2 - Other services	63,191	50,630	25,690
25.3 - Other purchases of goods & serv frm Govt accounts	182,447	144,656	73,400
41.0 - Grants, subsidies, and contributions	662,475	527,996	267,910
Total Non-Personnel	908,113	723,282	367,000
Total Budgetary Resources	\$908,113	\$723,282	\$367,000
Budget Activities:			
Asset Forfeiture Fund	908,113	723,282	367,000
Total Budgetary Resources	\$908,113	\$723,282	\$367,000
FTE	25	25	25

2B – Appropriations Language and Explanation of Changes

Appropriations Language	Explanation of Changes
<p>DEPARTMENT OF THE TREASURY TREASURY FORFEITURE FUND</p> <p>Of the unobligated balances available under this heading, [\$736,000,000]<i>\$950,000,000</i> are [rescinded]<i>hereby permanently cancelled not later than September 30, 2015.</i> <i>(Department of the Treasury Appropriations Act, 2014.)</i></p>	<p>The Budget proposes to add “not later than September 15, 2015” to the cancellation language. This change is consistent with the long-standing language in the Justice Forfeiture Fund.</p>

2C – Legislative Proposals

The Fund has no legislative proposals for FY 2015.

Section 3 – Budget and Performance Plan

3A – Asset Forfeiture Fund

(\$367,000,000 in obligations from revenue/offsetting collections):

The function 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 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 TEOAF.

Summary of The Fund Authorities: The Fund is a special permanent fund with 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 Fund (31 U.S.C. § 9703) defines those purposes for which the Fund's revenue may be used. Revenues deposited to 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 composes the 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.

Type of spending authority of the Fund:

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

Super Surplus (SS) 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. This balance can be used for any federal law enforcement purpose.

3.1.1 – Asset Forfeiture Fund Budget and Performance Plan

Dollars in thousands

Asset Forfeiture Fund Budget Activity								
Resource Level	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	Actual	Actual	Actual	Actual	Actual	Actual	Estimated	Estimated
Obligations from Revenue/Offsetting Collections	\$597,287	\$483,586	\$852,078	\$590,415	\$527,417	\$908,113	\$723,282	\$367,000
Budget Activity Total	\$597,287	\$483,586	\$852,078	\$590,415	\$527,417	\$908,113	\$723,282	\$367,000

Performance Measure	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	Actual	Actual	Actual	Actual	Actual	Actual	Estimated	Estimated
Percent of Forfeited Cash Proceeds Resulting from High-Impact Cases (%)	86.91	87.65	93.11	91.44	76.38	95.01	80.0	80.0

Key: DISC - Discontinued; B – Baseline

Description of Performance Measure:

The Fund continues 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.

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. Member law enforcement bureaus participating in the Fund have met or exceeded the performance target in nine of the eleven fiscal years since inception of the measure in FY 2002. For this reason, the target was increased from 75 percent through FY 2010 to 80 percent beginning in FY 2011. 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.

For FY 2013, the member bureaus achieved a record high of 95.01 percent high impact performance level. For FY 2014, it is anticipated that member bureaus will also exceed the target of 80 percent as the result of large major cases. See Section 1B for a discussion of these issues. For FY 2015, a target of 80 percent has also been set for this performance measure.

Section 4 – Supplemental Information

4A – Summary of Capital Investments

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

A summary of capital investment resources, including major information technology and non-technology investments, can be viewed/downloaded at: <http://www.treasury.gov/about/budget-performance/Pages/summary-of-capital-investments.aspx>