

Treasury Forfeiture Fund

Program Summary by Budget Activity

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 | 0.00% |
| Restored Prior Year Sequestration Reduction | | \$54,340 | | \$30,294 | | \$32,609 | | \$2,315 | NA | 7.64% |
| Forfeited Revenue | | \$494,893 | | \$547,096 | | \$547,096 | | \$0 | NA | 0.00% |
| Recovery from Prior Years | | \$32,358 | | \$12,000 | | \$12,000 | | \$0 | NA | 0.00% |
| Unobligated Balances from Prior Years | | \$609,632 | | \$691,453 | | \$717,902 | | \$26,449 | NA | 3.83% |
| Total Revenue/Offsetting Collections | | \$1,209,788 | | \$1,305,843 | | \$1,334,607 | 0 | \$28,764 | NA | 2.20% |
| Expenses/Obligations | | | | | | | | | | |
| Mandatory Obligations | 27 | (\$465,205) | 27 | (\$445,332) | 27 | (\$445,332) | 0 | \$0 | 0.00% | 0.00% |
| Secretary's Enforcement | | (\$22,836) | | (\$35,000) | | (\$35,700) | | (\$700) | NA | 2.00% |
| 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% | 0.15% |
| Rescissions/Cancellations | | | | | | | | | | |
| Sequestration Reduction | | (\$30,294) | | (\$32,609) | | (\$32,609) | | NA | NA | NA |
| Permanent Cancellation | | \$0 | | (\$75,000) | | \$0 | | \$75,000 | NA | -100.00% |
| Total Rescission/Cancellations | | (\$30,294) | | (\$107,609) | | (\$32,609) | | \$75,000 | NA | -69.69% |
| Net Results | 27 | \$691,453 | 27 | \$717,902 | 27 | \$820,966 | 0 | \$103,064 | 0.0% | 14.36% |
| Contingent Liabilities | | (\$512,764) | | (\$465,000) | | (\$465,000) | | \$0 | NA | 0.00% |

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.

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 (Title 31 U.S.C. 9705) defines the purposes for which Treasury forfeiture revenue may be used.

Explanation of TEOAF Spending Categories

Mandatory Obligations (\$445,332,000 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. Prioritizing support of these cases is particularly important now due to the volume of COVID-19 related financial fraud, network intrusion, phishing and sales of counterfeit vaccines and COVID treatments online and via Darknet marketplaces. TEOAF provides funding to allow its participating agencies to meet unanticipated needs created by 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 (\$35,700,000 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 (TBD 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 (\$465,000,000 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. 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.

Performance Highlights

| Budget Activity | Performance Measure | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|-----------------------|---|---------|---------|---------|---------|---------|
| | | Actual | Actual | Actual | Target | Target |
| Asset Forfeiture Fund | Percent of Forfeited Cash Proceeds Resulting from High-Impact Cases | 94.19 | 90.8 | 82.87 | 80 | 80 |

Description of Performance

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

The TEOAF 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 resulting in 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 are central to the mission of 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 funds appropriated for operations. 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 as an appropriate measure of the effectiveness of the Fund support of the participating law enforcement agencies efforts to meet TEOAF's mission to disrupt and dismantle criminal enterprises.