Treasury Forfeiture Fund

Mission Statement

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.

Program Summary by Budget Activity

Dollars in Thousands

	FY 2009	FY 2010	FY 2011		
	Actual	Estimated	Estimated	$ Change	% Change
Asset Forfeiture Fund	$483,586	$600,000	$526,000	($74,000)	(12.3%)
Total Resources	**$483,586**	**$600,000**	**$526,000**	**($74,000)**	**(12.3%)**
Total FTE	**20**	**22**	**22**	**-**	**-**

FY 2011 Priorities

Use of high impact forfeiture to dismantle criminal enterprise:

- Continue to cultivate and strengthen relationships at the federal and state and local levels to use high impact asset forfeiture to disrupt and dismantle criminal enterprise.

- Educate and focus stakeholders and others on the vision and mission of Treasury's multi-Departmental asset forfeiture program.

- Focus resources in a high impact manner that enhances enforcement against: terrorist financing, illegal immigration, bulk cash smuggling, and money laundering, providing support to the National Money Laundering Strategy.

- Foster and support the investment of forfeiture resources in the needs of our participating law enforcement bureaus, including new technologies and data collection, in order to promote program excellence and strengthen the overall quality of high impact criminal investigations.

- Reinforce relationships with member bureaus that extend across Departmental boundaries and with state, local and foreign law enforcement agencies that extend the reach of federal law enforcement.

- 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.

Table of Contents

Section 1 – Purpose

1A – Description of Bureau Vision and Priorities

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 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 legacy Customs.

Vision: The focus of Fund management is on 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, Fund management 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 Strategies. In this regard, management 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 and anti-terrorism financing efforts; and
- 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.

1B – Program History and Future Outlook

Program History: The Treasury Forfeiture Fund continued in its capacity as a multi-Departmental Fund in FY 2009, representing the forfeiture interests of law enforcement components of the Departments of the Treasury and 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 2009 continued a pattern of robust revenue years with income from forfeitures and recoveries totaling $600 million. Among the forfeiture deposits during FY 2009 was $175 million forfeited by Lloyds TSB Bank ("Lloyds") as part of a Deferred Prosecution Agreement. Lloyds, a financial institution registered and organized under the laws of England and Wales, agreed to forfeit $350 million as a settlement with the U.S. Government ($175 Million) and the State of New York ($175 Million) after U.S. investigators found that it falsified information on electronic fund transfers from Iranian and Sudanese banks to U.S. banks.

Future Outlook: Management forecasts a continued robust program for FY 2010 and FY 2011 with forfeiture revenue and recoveries estimated at $502 million, respectively. In FY 2009, the Forfeiture Fund continued to experience higher-than-anticipated revenues as a result of some unusually large forfeiture cases. While estimates for FY 2010 and FY 2011 reflect a higher level of revenue than that set by historical patterns; generally, it is difficult to predict forfeiture revenue into the future. Much depends on the staffing and workload priorities of member bureaus. Fund Management continues to monitor the status of high impact cases through performance measurement and monthly reporting by member bureaus.

FY 2010: For FY 2010, Fund management will remain focused on support for 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. Fund management plans to continue investment in technologies and data collection and to further develop and modify forfeiture training and forfeiture awareness programs that are responsive to today's needs and designed to foster the understanding and application of asset forfeiture; and to continually re-evaluate our basic method of operation to ensure that this methodology is the best one. Fund management will continue its work to reinforce relationships with member bureaus that extend across Departmental boundaries to ensure that the vision, mission, and operating strategies and policies of the Treasury Forfeiture Fund continue to be recognized by the various Departments.

FY 2011: The Treasury Forfeiture Fund is a vital, continuing, business enterprise that is essential in its importance to our member law enforcement bureaus. Given the priorities of the National Money Laundering Strategy and the law enforcement priorities of our member bureaus, the outlook for FY 2011 is similar to FY 2010; management intends to maintain a dynamic and evolving asset forfeiture program that is responsive to the needs of our member law enforcement bureaus. At this time, Fund management projects a Super Surplus of $42 million for FY 2011. Because it is difficult to project forfeiture revenue into the future, this estimate is contingent upon the actual performance of member bureaus during FY 2010.

The FY2011 President's Budget proposes to return $62 million from the Treasury Forfeiture Fund to the Treasury's General Fund in order to reduce the need for Federal borrowing to finance government operations. In the last two appropriations bills, Congress has elected to enact a temporary rescission of Treasury Forfeiture Fund balances, rather than a permanent cancellation of balances. This budget treatment does not allow the rescinded amount to be deposited into the General Fund, but rather simply delays spending for one year. The Forfeiture Fund will not be able to return the money to the Treasury's General Fund thereby reducing budget deficit, unless the Congress enacts a permanent cancellation of balances.

Section 2 – Budget Adjustments and Appropriation Language

2.2 – Operating Levels Table

Treasury Forfeiture Fund	FY 2009 Obligated	FY 2010 Estimated	FY 2011 Estimated
FTE	**20**	**22**	**22**
Object Classification:			
25.2 - Other services	144,137	215,000	215,000
25.3 - Other purchases of goods and services from Govt. accounts	155,669	235,000	161,000
41 - Grants, subsidies, and contributions	183,780	150,000	150,000
Total Budget Authority	**$483,586**	**$600,000**	**$526,000**
Budget Activities:			
Asset Forfeiture Fund	483,586	600,000	526,000
Total Budget Authority	**$483,586**	**$600,000**	**$526,000**

2.3 – Resource Detail Table

Table 2.3 Resource Detail Table

Dollars in thousands

The Fund has no direct FTE.	FY 2009 Actual	FY 2010 Estimated	FY 2011 Estimated	% Change FY 2010 to FY 2011
Revenue:				
Sources:				
Carryover from prior year	$183,082	$299,970	$141,970	-52.67%
Restoration of temporary rescission		$30,000	$90,000	
Current year forfeiture revenue	630,474	502,000	502,000	0.00%
Total Revenue	813,556	831,970	733,970	-11.78%
Uses:				
Permanent Authority (Obligations)	483,586	600,000	526,000	-12.33%
Total Obligations	483,586	600,000	526,000	-12.33%
Rescission of Unobligated Balances: [1/]				
1. Public Law 111-8 Omnnibus Appropriatons Act, 2009	-30,000			
2. Public Law 111-117 Consolidated Appropriations Act, 2010		-90,000		
Cancellation of Unobligated Balances:				
1. Proposed Cancellation of Unobligated Balances			-62,000	
Subtotal, Reduction to Unobligated Balances	-30,000	-90,000	-62,000	-31.11%
Carryover to next year [2/]	299,970	141,970	145,970	2.82%

[1/] In both FY 2009 and FY 2010, the Administration proposed a permanent cancellation of a portion of the Fund's unobligated balances. In both of these years, Congress enacted appropriations legislation that made the rescissions temporary.

[2/] The Fund incurs expenses immediately upon the start of the new year, including costs of an extensive array of property contracts which must be funded without delay. Therefore, a carryover is required each year.

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, [$90,000,000] *$62,000,000* are [rescinded] *hereby permanently cancelled*.	For FY 2011, $62,000,000 of unobligated balances is proposed for permanent cancellation.

2C – Legislative Proposals

The Treasury Forfeiture Fund has no legislative proposals for FY 2011.

Section 3 – Budget and Performance Plan

This table lists all FY 2011 resources by strategic goal, objective and outcome outlined in the FY 2007-2012 Treasury Department Strategic Plan. The Treasury Strategic Plan is a corporate level plan for the Department that provides a description of what the agency intends to accomplish over the next five years.

For detailed information about the FY 2007-2012 Treasury Strategic Plan, please go to:
http://www.treasury.gov/offices/management/budget/strategic_plan.shtml

3.1 – Budget by Strategic Outcome

Dollars in Thousands

Treasury Strategic Outcome	FY 2010 Estimated	FY 2011 Estimated	Percent Change
National security	600,000	526,000	**-12.33%**
Total	**$600,000**	**$526,000**	**-12.33%**

3A – Asset Forfeiture Fund *($526,000,000 from reimbursable programs):* The function of the Treasury Forfeiture Fund (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.

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 lead 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.

3.2.1 – Asset Forfeiture Fund Budget and Performance Plan

Asset Forfeiture Fund Budget Activity Resource Level	FY 2007 Obligated	FY 2008 Obligated	FY 2009 Obligated	FY 2010 Estimated	FY 2011 Estimated
Appropriated Resources	$0	$0	$0	$0	$0
Reimbursable Resources	$391,512	$597,287	$483,586	$600,000	$526,000
Total Resources	**$391,512**	**$597,287**	**$483,586**	**$600,000**	**$526,000**
Budget Activity Total	**$391,512**	**$597,287**	**$483,586**	**$600,000**	**$526,000**

Asset Forfeiture Fund Performance Measure	FY 2007	FY 2008	FY 2009		FY 2010	FY 2011
	Actual	Actual	Target	Actual	Target	Target
Percent of forfeited cash proceeds resulting from high-impact cases (%) (Oe)	84.18	86.91	75	87.65	75	80

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure

Description of Performance: For FY 2011, 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 includes those with currency forfeitures in excess of $100,000. Focusing on strategic case 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.

Target: A target of 80 percent has been set for this performance measure. The target allows for those cases that may not be high impact in nature but are important to the exercise of law enforcement. The measure is calculated by dividing the total amount of forfeited cash proceeds from cases that are equal to or greater than $100,000 by the total amount of cash proceeds from all cash forfeiture cases. The data is regularly available to Fund management and provided through accounting systems that record the data and is audited annually as part of the annual financial statement audit process.

Performance Exceeds Target: Member law enforcement bureaus participating in the Treasury Forfeiture Fund have met or exceeded the performance target in five of the last six fiscal years.

For detailed information about each performance measure, including definition, verification and validation, please go to:
http://treas.gov/offices/management/budget/

Section 4 – Supporting Materials

4A – Human Capital Strategy Description

The Treasury Forfeiture Fund is managed by the Treasury Executive Office for Asset Forfeiture (TEOAF), a policy office that reports to the Assistant Secretary for Terrorist Financing. TEOAF will reimburse Treasury's Departmental Offices covering the salaries and benefits of TEOAF staff, General Counsel positions, and Procurement Services Division staff.

The Departmental Offices (DO) Office of Human Resources (OHR) ensures the availability of tools required to manage the human capital that supports accomplishment of DO's strategic goals and mission. OHR does this through the provision of sound advice and guidance to managers and execution of processes related to staff employment, retention, recognition, employee and labor relations, benefits, performance management and development.

4B – Information Technology Strategy

The Treasury Forfeiture Fund uses Departmental Offices systems and is part of their information technology strategy. The Department is extremely reliant on its Information Technology infrastructure. The cost associated with this infrastructure represents one of the greatest opportunities the Department has for parlaying the savings from greater efficiency to the deployment of new capabilities. In light of this, the Treasury E-Board has endorsed the following multi-faceted strategy for assessing and executing against the opportunities that exist for reducing the cost of the Department's IT infrastructure:

- Converge our voice and data networks to a more capable and cost effective platform;
- Expand the usage of virtualization technologies to further improve the cost efficiency of our computing centers;
- Promote greater leverage of either Department-wide or multi-bureau IT capabilities (i.e., data centers, enterprise content management, etc.); and
- Ensure the usage of cross enterprise licensing for commodity software and hardware.