

U.S. Department of Justice

Asset Forfeiture Program

FY 2020 PERFORMANCE BUDGET

Congressional Justification

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I. Overview

A. Introduction

The Asset Forfeiture Program (AFP or the Program) touches every federal, state, tribal, and local law enforcement agency in the country and the related cases are handled by all 94 U.S. Attorney's Offices and the Department of Justice's (DOJ or the Department) Criminal Division. Through joint partnerships among law enforcement at all levels, domestically and internationally, the AFP's mission is to use asset forfeiture consistently and strategically in order to deter, disrupt, and dismantle criminal enterprises by depriving wrongdoers of the fruits and instrumentalities of criminal activity. Whenever possible, the program seeks to restore property to innocent victims of crime.

For FY 2020, the Department estimates expenses totaling \$1,249,551,000 for the Program, which includes \$3,866,000 for 28 direct FTEs assigned to the Justice Management Division's Asset Forfeiture Management Staff.

Electronic copies of the Department's Congressional Budget Justifications and Capital Asset Plan and Business Case exhibits can be viewed or downloaded from the Internet using the Internet address: <http://www.justice.gov/02organizations/bpp.htm>.

B. Explanation of the Assets Forfeiture Fund

The Assets Forfeiture Fund (AFF or the Fund) has a unique role and statutory authority in supporting and expanding the use of the forfeiture sanction throughout the federal law enforcement community. The Comprehensive Crime Control Act of 1984 (P.L. 98-473), codified in 28 U.S.C. § 524(c), established the AFF as a special fund within the Treasury to receive the proceeds of forfeitures pursuant to any law enforced or administered by the Department. The law authorizes the Attorney General to use the Fund to finance expenses associated with the execution of asset forfeiture functions and, with specific limitations, certain general investigative costs. Prior to the Fund, forfeiture was widely recognized as a powerful law enforcement tool for disrupting and dismantling well-funded criminal enterprises, but many agencies were reluctant to commit scarce appropriated monies to an expensive and often uncertain forfeiture process, where achieving success in seizing assets also meant increased costs for storing, maintaining, and perfecting the Government's interest in the seized property. As a self-funded resource, the AFF ensured that law enforcement effectiveness remained the paramount consideration of agents and prosecutors in choosing to pursue forfeiture under a national program framework. Today, the AFF is what makes the multibillion dollar Asset Forfeiture Program possible.

The AFF uses its statutory authority to support a wide variety of law enforcement programs that would not exist but for the Fund. For instance, the AFF provides funding for state and local police operating as part of a joint law enforcement task force with federal agencies. These state and local officers, often deputized as federal agents, act as a critical force multiplier in helping to achieve the law enforcement mission of our federal agencies. The AFF pays for officer overtime and a variety of critical equipment needs, including life-saving ballistic shields and helmets necessary to ensure officer safety.

In addition to directly funding state and local participation in joint task forces, the federal government also invests in these same agencies through the Equitable Sharing Program. Equitable sharing payments to state and local law enforcement partners are strictly dependent on the level of participation they had in the joint law enforcement operations that resulted in forfeitures. There are over 6,800 state and local law enforcement agencies that participate in the Equitable Sharing Program, which allows those agencies to reinvest in law enforcement training and equipment, including body armor and rescue equipment.

Since 2000, DOJ has returned over \$6.8 billion in assets to victims of financial fraud and theft. In 2009, the Department announced a preliminary order of forfeiture against Bernard Madoff for a massive financial fraud and Ponzi scheme orchestrated over several decades. By moving quickly to seize, forfeit, and sell the assets tied to the Madoff Ponzi scheme before they dissipated, the AFP ensured the recovery of more than \$4.1 billion for victims. As of December 31, 2018, \$2.1 billion has been returned to victims of the Ponzi scheme, and remaining payments are expected to be disbursed by the end of FY 2019. The AFP continues to support 100 percent of the costs of seizure, storage, and disposition of assets in the case and is now facilitating the transfer of proceeds to victims.

The Fund has three types of spending authority:

The Mandatory Budget Authority is primarily used to help defray the costs of forfeiture-related activities, compensate victims and other innocent third parties, equitably share proceeds with state and local partners, and support state and local law enforcement participation in joint federal law enforcement operations.

The Discretionary Budget Authority is used to fund certain non-forfeiture related activities. The funding available under this authority is established by annual appropriations and is funded by program receipts. These activities fall under three expense categories: Purchase of Evidence, Equipping of Conveyances, and Awards for Information.

Excess Unobligated Balances represent funds remaining from the prior fiscal year's operations that the Attorney General is authorized to use without fiscal year limitation, subject to Congressional notification, for any federal law enforcement, litigative/prosecutive, and correctional activity, or any other authorized purpose of the Department of Justice.

C. Mission

The Asset Forfeiture Program has four primary goals:

- 1) To punish and deter criminal activity by depriving criminals of property used in or acquired through illegal activities.
- 2) To promote and enhance cooperation among federal, state, local, tribal, and foreign law enforcement agencies.
- 3) To recover assets that may be used to compensate victims when authorized under federal law.
- 4) To ensure the Program is administered professionally, lawfully, and in a manner consistent with sound public policy.

To achieve these goals, the Department of Justice uses asset forfeiture to the fullest extent possible to investigate, identify, seize, and forfeit the assets of criminals and their organizations while ensuring that due process rights of all property owners are protected. Asset forfeiture plays a critical role in disrupting and dismantling illegal enterprises, depriving criminals of the proceeds of illegal activity, deterring crime, and restoring property to victims. The effective use of both criminal and civil asset forfeiture is an essential component of the Department’s efforts to combat the most sophisticated criminal actors and organizations—including terrorist financiers, cyber criminals, fraudsters, human traffickers, and transnational drug cartels.

D. AFF Participants

The Criminal Division’s Money Laundering and Asset Recovery Section (MLARS) has been delegated general policy and oversight functions for the Program, including litigation support to the U.S. Attorneys’ Offices, international asset recovery, and victim compensation. The Justice Management Division’s Asset Forfeiture Management Staff (AFMS) provides the administrative management and oversight of the Fund, including review and evaluation of all AFF-resourced Program activities. AFMS manages all budgeting, financial management, and contracting operations related to the AFF. AFMS oversight and management controls help ensure consistency and transparency of AFF resource allocations across the entire Asset Forfeiture Program. The U.S. Marshals Service (USMS) is the primary custodian of seized property for the Program and manages and disposes of the majority of property seized for forfeiture.

Other DOJ participants include the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), the Drug Enforcement Administration (DEA), the Executive Office for United States Attorneys (EOUSA), the Federal Bureau of Investigation (FBI), and the Organized Crime Drug Enforcement Task Forces (OCDETF).

Non-DOJ participants include the U.S. Department of Agriculture, Office of Inspector General (USDA); the U.S. Department of Defense, Criminal Investigative Service (DCIS); the U.S. Department of State, Bureau of Diplomatic Security (BDS); the U.S. Food and Drug Administration, Office of Criminal Investigations (FDA); and the U.S. Postal Inspection Service (USPIS).

Table 1 displays the functional activities of the participating agencies.

Function	AFMS	ATF	DCIS	DEA	BDS	EOUSA	FBI	FDA	MLARS	OCDETF	USDA	USMS	USPIS
Investigation		X	X	X	X		X	X	X	X	X		X
Litigation						X			X				
Custody of Assets		X		X			X					X	
Mgmt of Assets	X								X				

E. Asset Forfeiture Program Budget

Revenue

The Program’s primary sources of revenue are from cash, financial instruments, and proceeds from the sale of property forfeited by criminals and criminal organizations; the DOJ AFF’s share of forfeitures deposited into the Treasury Forfeiture Fund; and interest earned on the investment of the balances of the AFF and the Seized Asset Deposit Fund.

Expenses

The mandatory expenses of the Fund are set in a relative priority order so that unavoidable or mandatory costs are met first. Payments and reimbursements are permitted in seven general categories of expense that are described in Section V. The categories are listed in order of priority below.

1. Asset Management and Disposal;
2. Case Related Expenses;
3. Victim and Other Third Party Payments;
4. Equitable Sharing Payments;
5. Joint Law Enforcement Operations;
6. Program Management Expenses - expenses incurred in administering a national asset forfeiture program that are not related to any specific asset or to any one specific seizure or forfeiture. These include the following:
 - a. Information Technology Systems and Applications;
 - b. Special Contract Services;
 - c. Training and Printing; and
 - d. Other Program Management.
7. Investigative Expenses (Mandatory) - expenses normally incurred in the identification, location and seizure of property subject to forfeiture. These expenses include:
 - a. Awards Based on Forfeiture;
 - b. Contracts to Identify Assets; and
 - c. Investigative Costs Leading to Seizure.

Table 2 shows participating agencies and their projected spending by cost category.

Table 2: Summary of Full Year Obligations
(Dollars in Thousands)

PROGRAM OPERATIONS EXPENSES	AFMS	ATF	BDS	DCIS	DEA	EOUSA	FBI	FDA	MLARS	OCDETF	USDA	USMS	USPIS	TOTAL
Asset Management and Disposal														
FY 2018	-	2,161	-	-	823	-	60	-	-	-	1	34,452	10	37,507
FY 2019	-	2,626	-	-	1,090	-	60	-	-	-	-	30,100	10	33,886
FY 2020	-	2,626	-	-	1,090	-	60	-	-	-	-	30,100	10	33,886
Victim & Other Third Party Payments														
FY 2018	-	-	-	-	10	-	20	-	-	-	-	534,632	10	534,672
FY 2019	-	10	-	-	24	-	20	-	-	-	-	220,041	-	220,095
FY 2020	-	10	-	-	24	-	20	-	-	-	-	220,041	-	220,095
Equitable Sharing Payments														
FY 2018	-	-	-	-	-	-	-	-	-	-	-	328,659	-	328,659
FY 2019	-	-	-	-	-	-	-	-	-	-	-	315,000	-	315,000
FY 2020	-	-	-	-	-	-	-	-	-	-	-	315,000	-	315,000
Case Related Expenses														
FY 2018	-	146	-	28	445	16,324	975	285	18,878	1,987	5	-	-	39,074
FY 2019	-	140	-	20	395	20,241	975	285	10,000	2,000	5	-	-	34,061
FY 2020	-	140	-	20	395	20,241	975	285	10,000	2,000	5	-	-	34,061
Joint Law Enforcement Task Operations														
FY 2018	-	22,150	-	-	45,272	-	43,146	650	-	30,500	200	29,149	-	171,067
FY 2019	-	22,000	-	-	50,250	-	49,000	400	-	32,150	200	39,000	-	193,000
FY 2020	-	22,000	-	-	46,250	-	45,000	400	-	32,150	200	39,000	-	185,000
Special Contract Services														
FY 2018	-	11,955	-	-	35,031	35,660	11,253	-	5,754	-	449	10,643	1,306	112,052
FY 2019	-	12,210	-	-	34,610	32,239	11,535	-	5,980	-	446	10,500	1,300	108,820
FY 2020	-	12,210	-	-	34,610	32,239	11,535	-	5,980	-	446	10,500	1,300	108,820
Storage, Protection, and Destruction of Controlled Substances														
FY 2018	-	36	-	-	6,356	-	-	-	-	-	-	-	-	6,392
FY 2019	-	30	-	-	7,510	-	-	-	-	-	-	-	-	7,540
FY 2020	-	30	-	-	7,510	-	-	-	-	-	-	-	-	7,540
Information Systems														
FY 2018	29,693	382	-	35	4,622	-	55	650	11	-	-	4,442	-	39,890
FY 2019	32,600	395	-	70	1,460	-	77	500	40	-	-	6,128	-	41,270
FY 2020	32,600	395	-	70	1,460	-	77	500	40	-	-	6,128	-	41,270
Training and Printing														
FY 2018	13	213	-	94	814	727	941	100	332	50	124	474	-	3,882
FY 2019	40	300	-	53	1,254	1,350	1,000	100	520	75	108	1,180	20	6,000
FY 2020	40	300	-	53	1,254	1,350	1,000	100	520	75	108	1,180	20	6,000
Other Program Management														
FY 2018	14,761	1,618	-	-	145	9,982	788	-	30,053	1,856	5	36,643	-	95,852
FY 2019	15,420	2,410	-	-	425	16,000	1,110	-	34,070	1,900	5	39,915	-	111,255
FY 2020	15,375	2,410	-	-	425	16,000	1,110	-	34,070	1,900	5	39,915	-	111,210
Contracts to Identify Assets														
FY 2018	-	11,538	1,738	6,404	14,034	-	20,162	7,600	3,285	11,482	389	-	-	76,632
FY 2019	-	10,000	1,500	5,050	12,619	2,584	20,670	7,790	3,333	9,034	370	-	-	72,950
FY 2020	-	10,000	1,500	5,050	12,619	2,584	20,670	7,790	3,333	9,034	370	-	-	72,950
Awards Based on Forfeiture														
FY 2018	-	50	-	-	13,988	-	4,000	-	-	-	-	50	-	18,088
FY 2019	-	50	-	50	14,000	-	4,000	-	-	-	-	-	-	18,100
FY 2020	-	50	-	50	14,000	-	4,000	-	-	-	-	-	-	18,100

Table 2 Continued

PROGRAM OPERATIONS EXPENSES	AFMS	ATF	BDS	DCIS	DEA	EOUSA	FBI	FDA	MLARS	OCDETF	USDA	USMS	USPIS	TOTAL
Investigative Costs Leading to Seizures														
FY 2018	-	380	-	200	72,915	-	3,000	565	-	-	140	-	-	77,200
FY 2019	-	400	-	200	71,255	-	3,000	150	-	-	100	-	-	75,105
FY 2020	-	400	-	200	71,255	-	3,000	150	-	-	100	-	-	75,105
Obligations Adjustment														
FY 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	(827)
FY 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FY 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal, Program Operations Expenses														
FY 2018	44,468	50,628	1,738	6,761	194,456	62,693	84,400	9,850	58,314	45,875	1,313	979,145	1,326	1,540,139
FY 2019	48,060	50,571	1,500	5,443	194,892	72,414	91,447	9,225	53,943	45,159	1,234	661,864	1,330	1,237,082
FY 2020	48,015	50,571	1,500	5,443	190,892	72,414	87,447	9,225	53,943	45,159	1,234	661,864	1,330	1,229,037
INVESTIGATIVE EXPENSES														
Purchase of Evidence														
FY 2018	-	1,083	-	-	4,818	-	3,182	261	-	-	-	-	-	9,344
FY 2019	-	1,083	-	-	5,074	-	3,218	225	-	-	-	-	-	9,600
FY 2020	-	1,083	-	-	5,074	-	3,218	225	-	-	-	-	-	9,600
Equipping of Conveyances														
FY 2018	-	-	-	-	-	-	30	11	-	-	-	52	-	93
FY 2019	-	-	-	-	-	-	-	10	-	-	-	120	-	130
FY 2020	-	-	-	-	-	-	-	10	-	-	-	120	-	130
Awards for Information														
FY 2018	-	118	-	-	5,807	-	4,729	5	-	-	-	31	-	10,690
FY 2019	-	118	-	-	5,807	-	4,741	15	-	-	-	103	-	10,784
FY 2020	-	118	-	-	5,807	-	4,741	15	-	-	-	103	-	10,784
Subtotal, Investigative Expenses														
FY 2018	-	1,201	-	-	10,625	-	7,941	277	-	-	-	83	-	20,127
FY 2019	-	1,201	-	-	10,881	-	7,959	250	-	-	-	223	-	20,514
FY 2020	-	1,201	-	-	10,881	-	7,959	250	-	-	-	223	-	20,514
TOTAL Regular Obligations														
FY 2018	44,468	51,829	1,738	6,761	205,081	62,693	92,341	10,127	58,314	45,875	1,313	979,227	1,326	1,560,266
FY 2019	48,060	51,772	1,500	5,443	205,773	72,414	99,406	9,475	53,943	45,159	1,234	662,087	1,330	1,257,596
FY 2020	48,015	51,772	1,500	5,443	201,773	72,414	95,406	9,475	53,943	45,159	1,234	662,087	1,330	1,249,551
GRAND TOTAL														
FY 2018	44,468	51,829	1,738	6,761	205,081	62,693	92,341	10,127	58,314	45,875	1,313	979,227	1,326	1,560,266
FY 2019	48,060	51,772	1,500	5,443	205,773	72,414	99,406	9,475	53,943	45,159	1,234	662,087	1,330	1,257,596
FY 2020	48,015	51,772	1,500	5,443	201,773	72,414	95,406	9,475	53,943	45,159	1,234	662,087	1,330	1,249,551

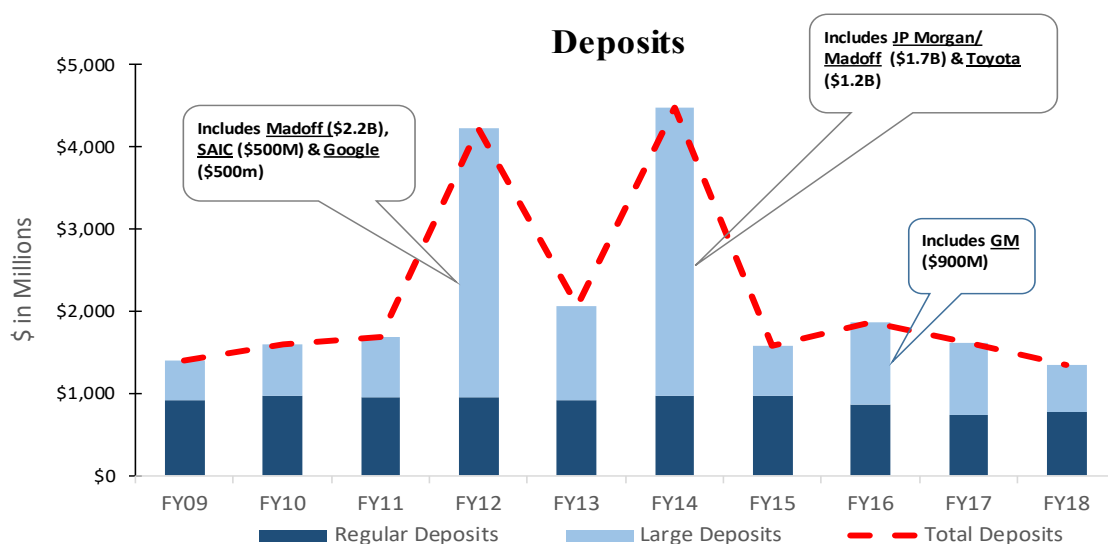
Unobligated Balances

Due to the unpredictable timing of AFF revenue and expenses, unobligated balances are carried over from one fiscal year to the next to maintain the solvency of the AFF and to cover a variety of pending liabilities.¹ The amount of unobligated monies carried forward to maintain a successful transition into each new fiscal year for specific continuity requirements are estimated as follows:

- one quarter of the previous fiscal year’s funding for Program-wide administrative and investigative support contracts;
- full costs of the previous fiscal year’s funding to cover pending expenses with state and local law enforcement agencies that participated in Joint Law Enforcement Operations;
- half of the previous year’s funding for the Consolidated Asset Tracking System (CATS), the Program’s primary information system;
- full costs of the previous year’s expenses for government salaries that have been approved by the Attorney General;
- amounts for reasonably possible contingencies for Equitable Sharing and Victim & Other Third Party Payments to ensure that sufficient funds will be available for liabilities that do not yet meet the criteria for an obligation, but are anticipated to do so in the future based on an analysis of prior year case data.

Trends

Regular deposits into the AFF (defined as deposits of less than \$20 million) were relatively consistent for eight years, but dropped by 14 percent over the past 29 months (August 2016 to December 2018). A handful of very large case settlements (those exceeding \$20 million) accounted for some unusual spikes during the past few years. To put this in perspective, six large case settlements accounted for roughly 50 percent of all AFF revenue during the past seven years.

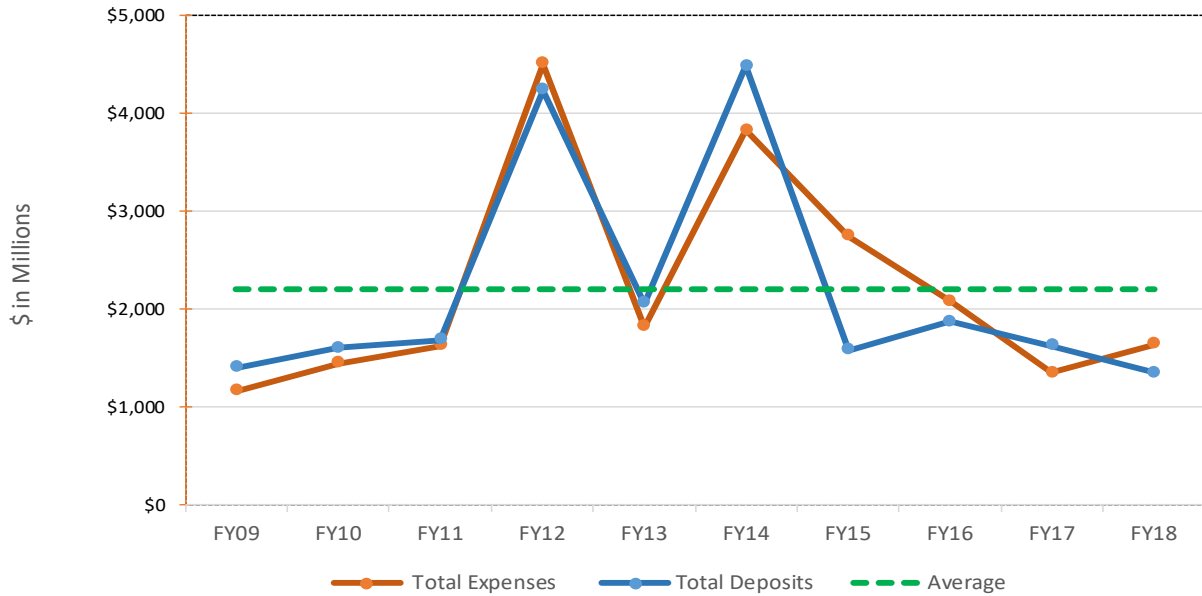


Even though the AFF is a revolving account with continuously changing balances, annual deposits and expenses generally mirror each other. As illustrated in the chart below, most often these large case deposits are offset by corresponding victim liabilities and equitable sharing payments. The

¹ See 28 U.S.C. 524(c)(8)(D)

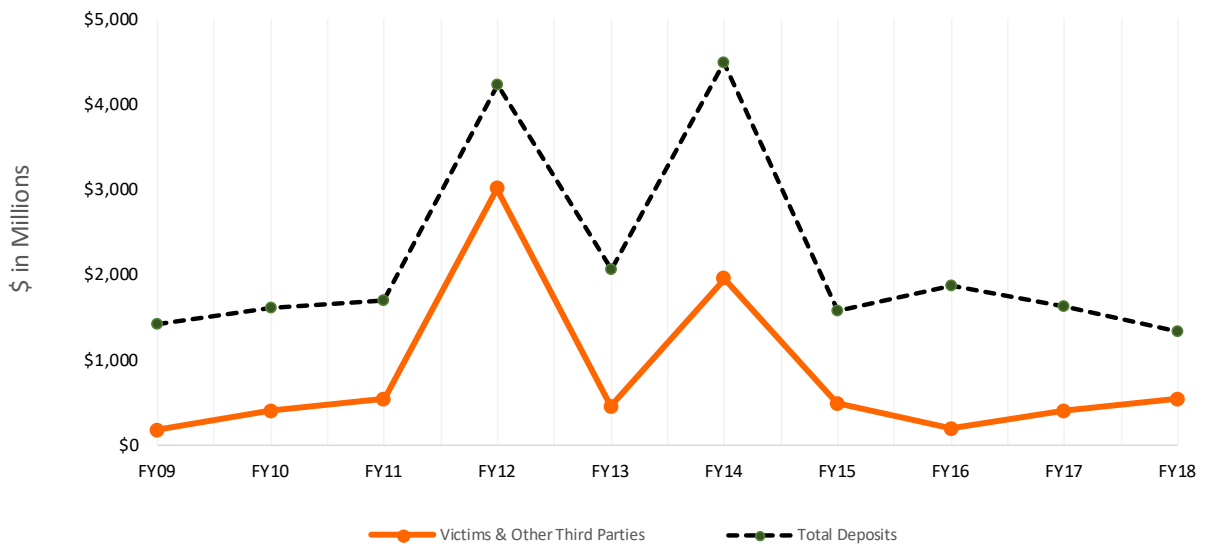
ten-year average of Fund activity is roughly \$2.2 billion dollars per year in deposits and associated expenses. However, the average for the past two years is only \$1.59 billion per year, essentially the same as it was a decade ago if the dollar amounts are adjusted for inflation.

Total Deposits & Expenses



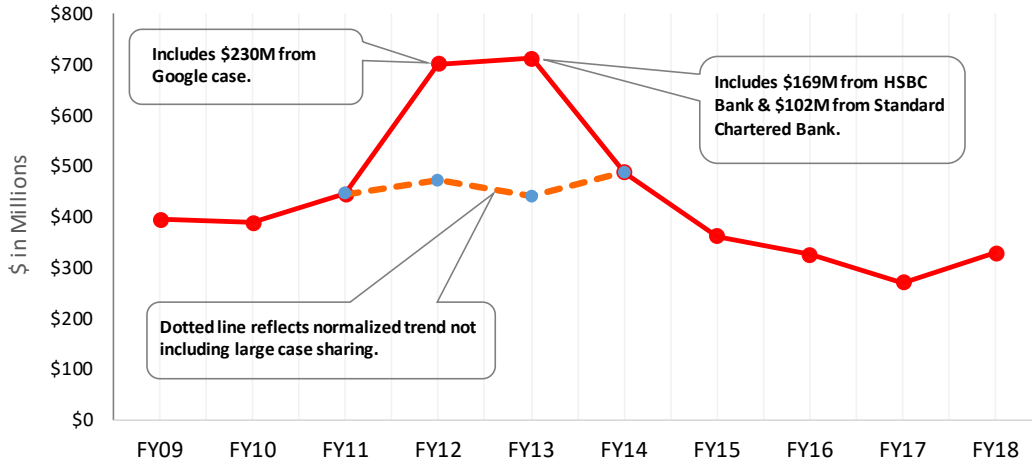
Payments to help compensate victims and other innocent third parties directly correlate with forfeitures where those parties have suffered financial loss. Victims payments represent 36 percent of all Program expenses incurred over the last 10 years.

Victims' & Other Innocent Third Parties' Expenses



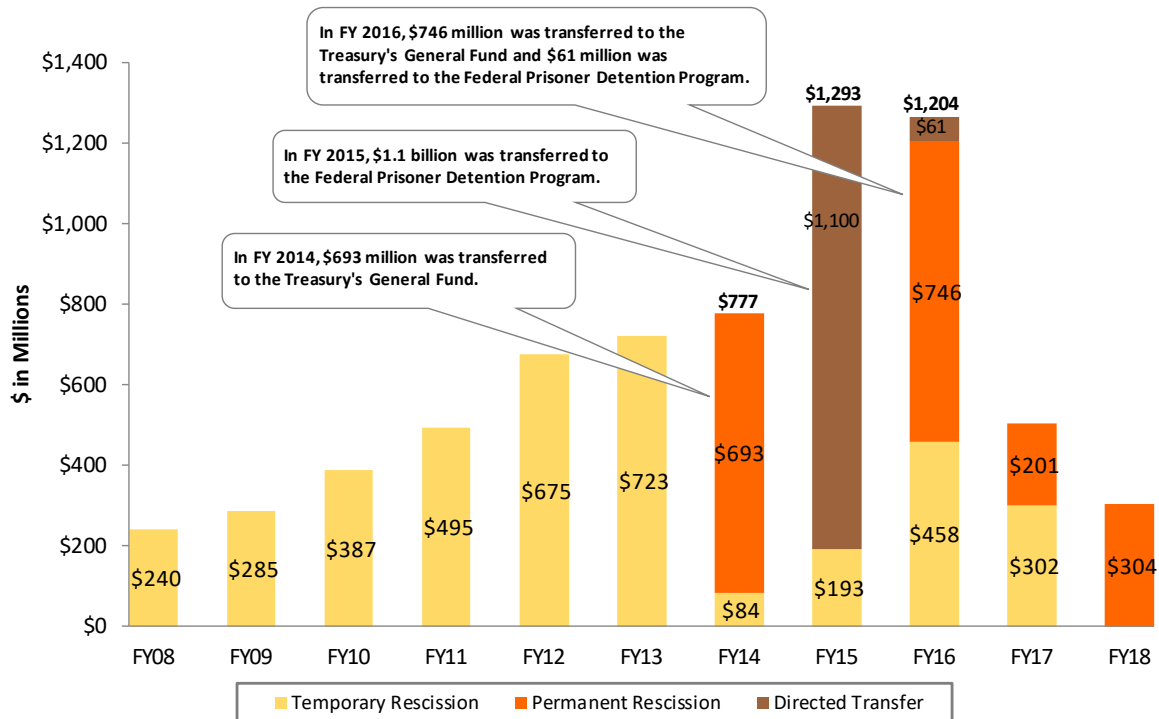
Equitable sharing payments represent another 20 percent of total Program expenses over the same 10-year period.

Equitable Sharing Expenses



After victim claims and other normal operating expenses are paid, any large surplus balances may be spent to help fund other law enforcement-related priorities. More recently, Congress has directed some surplus balances be deposited into the United States Treasury General Fund and also directed certain amounts be transferred to support the costs of federal prisoner detention operations. Once it became apparent there would be potential excess balances caused by large case deposits during fiscal years 2012 and 2014, Congress directed those surpluses be used to fund prisoner detention expenses in fiscal year 2015.

Permanent & Temporary Rescissions and Directed Transfers Out



FY 2018 Highlights: Forfeiture revenue from cases, reimbursable earnings, and prior year obligation recoveries totaled \$1.42 billion in FY 2018, a decrease of \$635 million from the previous fiscal year. In comparison, AFP had several extraordinary receipts in FY 2017, including:

\$293 million for Western Union, \$146 million for Tenet Healthcare, \$143 million for ING bank, and \$97 million for Banamex. FY 2018 revenue was \$226 million above the estimates provided in the FY 2018 President's Budget. The increase in FY 2018 was largely driven by the receipt of \$293 million (of a total of \$586 million) from a settlement with Western Union on behalf of the victims of financial fraud schemes.

Mandatory and discretionary expenses in FY 2018 totaled \$1.56 billion, an increase of \$212 million from FY 2017. FY 2018 expenses were \$159 million above the estimates provided in the FY 2018 President's Budget. The increase reflects funds set aside for victims of the Western Union fraud schemes noted above. The Consolidated Appropriations Act, 2018 (P.L. 115-141) enacted in March 2018 included a \$304 million permanent rescission of Program funds.

FY 2019 Highlights: The Department forecasts revenue of \$1.149 billion in FY 2019 from forfeiture deposits, reimbursable earnings, and recoveries. This is \$3 million above the estimates provided in the FY 2019 President's Budget. The Program is estimating \$1.258 billion for mandatory and discretionary expenses in FY 2019, an increase of \$52 million above the projection included in the FY 2019 President's Budget of \$1.206 billion. The increase reflects a revised estimate for equitable sharing payments based on recent trends.

FY 2020 Highlights: Given the focus on forfeitures in corporate fraud and other financial crime cases, the Program expects deposits due to these crimes to continue into FY 2020. It is anticipated that a significant amount of these deposits will be returned to the victims of the underlying offenses. At this time, the Department estimates \$1.149 billion in revenue from forfeiture deposits, reimbursable earnings, and recoveries.

For FY 2020, the Department is estimating \$1.250 billion for mandatory and discretionary expenses, including \$220 million for victim and other third party payments and \$315 million for equitable sharing payments. Also included, provided that net receipts support this expense level, is \$185 million to pay overtime expenses and other costs of state and local law enforcement officers engaged in joint operations with federal law enforcement agencies participating in the Program.

The Fund is subject to a sequestration reduction currently estimated at \$64.1 million for FY 2020.

G. Issues and Challenges

The challenges that impact achievement of Program goals are complex and dynamic. New legislation and case law, technological developments, changing demographics, and the internationalization of criminal organizations are only a few factors that impact the AFP and pose challenges that demand attention.

External

The globalization of economic and financial systems, the rapidly changing nature of technology, and the growing sophistication of criminal organizations have increased the prevalence of economic crime. When foreign governments, terrorists, or well-established international criminals are involved, the investigative techniques often require specialist teams, as well as analytical tools and methods to evaluate many variations of highly complex, technical, and data-intensive crimes.

In recent years, the Program has focused increasing attention on building technical and operational capacity to investigate complex economic crime.

Internal

As discussed above, regular case receipts have declined by 14 percent in the last 29 months (August 2016 through December 2018). This drop in regular deposits has made the Program increasingly reliant on sporadic and unpredictable revenues from large forfeiture cases to cover normal operating expenses. As noted earlier, six large case settlements accounted for roughly 50 percent of all asset forfeiture revenue during the past seven years. With this in mind, AFMS is working with partner agencies to align the Program's "core" annualized program expenses to a level that can be more fully supported by predictable "normal" case receipts. The Program is also evolving towards a more agile AFF budget execution model in order to make strategic reductions, and investments in new areas where forfeiture is expected to play a major role in the future.

II. Summary of Program Changes

No program changes.

III. Appropriations Language and Analysis of Appropriations Language

Appropriations Language

For expenses authorized by subparagraphs (B), (F), and (G) of section 524(c)(1) of title 28, United States Code, \$20,514,000, to be derived from the Department of Justice Assets Forfeiture Fund.

Analysis of Appropriations Language

No substantive changes are proposed.

IV. Program Activity Justification

Asset Forfeiture Program TOTAL	Direct Pos.	Estimate FTE	Amount
2018 Enacted	28	23	1,560,266
2019 Continuing Resolution	422	403	1,257,596
Adjustments to Base and Technical Adjustments	0	0	64,138
2020 Current Services	422	403	1,321,734
2020 Program Increases	0	0	0
2020 Program Offsets	0	0	(72,183)
2020 Request	422	403	1,249,551
Total Change 2019-2020	0	0	(8,045)

Mandatory, Indefinite Authority Total	Direct Pos.	Estimate FTE	Amount
2018 Enacted	28	23	1,539,752
2019 Continuing Resolution	422	403	1,237,082
Adjustments to Base and Technical Adjustments	0	0	64,138
2020 Current Services	422	403	1,301,220
2020 Program Increases	0	0	0
2020 Program Offsets	0	0	(72,183)
2020 Request	422	403	1,229,037
Total Change 2019-2020	0	0	(8,045)

Appropriated, Definite Authority Total	Direct Pos.	Estimate FTE	Amount
2018 Enacted	0	0	20,514
2019 Continuing Resolution	0	0	20,514
Adjustments to Base and Technical Adjustments	0	0	0
2020 Current Services	0	0	20,514
2020 Program Increases	0	0	0
2020 Program Offsets	0	0	0
2020 Request	0	0	20,514
Total Change 2019-2020	0	0	0

V. FY 2020 Asset Forfeiture Program Estimates

Asset Forfeiture Program

1. Summary of Requirements by Financing

(Dollars in Thousands)

Financing	FY 2018 Actuals	FY 2019 Annualized Continuing Resolution	FY 2020 Estimate	2019 - 2020 Total Change
Unobligated balance of receipts, start-of-year				
Retention of Unobligated Balances to maintain AFF Solvency	288,809	294,686	295,523	837
Set aside for Rescission Impact	573,196	674,000	0	(674,000)
RP Contingencies for Victims & Other Third Parties *	39,480	0	0	0
RP Contingencies for Equitable Sharing *	47,985	0	0	0
Prior Surplus Balances Carried Forward	295,304	65,116	64,279	(837)
FY 2018 Operations	58,055	0	0	0
FY 2019 Operations	0	108,096	0	(108,096)
FY 2020 Operations	0	58,968	100,496	41,528
Unobligated balance of receipts, start-of-year	1,302,829	1,200,866	460,298	(740,568)
Collections/deposits/receipts/recoveries:				
Regular receipts	822,719	780,000	780,000	0
Extraordinary Receipts	504,231	275,000	275,000	0
<i>Total Receipts</i>	<i>1,326,950</i>	<i>1,055,000</i>	<i>1,055,000</i>	0
Reimbursable Earnings/Receipts	9,423	19,500	19,055	(445)
Prior year rescissions restored	302,000	0	0	0
Prior year sequestration restored	142,003	105,666	64,138	(41,528)
Recovery/Refunds of prior year obligations	87,594	75,000	75,000	0
Proposed Rescission - Permanent	0	(674,000)	0	674,000
Permanent Rescission	(304,000)	0	0	0
Sequestration	(105,666)	(64,138)	(64,138)	0
Collections/deposits/receipts/recoveries:	1,458,303	517,028	1,149,055	632,027
Total Direct resources available	2,751,709	1,698,394	1,590,298	(108,096)
Total resources available	2,761,132	1,717,894	1,609,353	(108,541)
Less: Unobligated balance of receipts, end-of-year				
Retention of Unobligated Balances to maintain AFF Solvency	(294,686)	(295,523)	(310,109)	(14,587)
Set aside for Rescission Impact	(674,000)	0	0	0
Surplus Balances Realized in Prior Years Carried Forward	(65,116)	(64,279)	(49,693)	14,587
FY 2019 Operations	(108,096)	0	0	0
FY 2020 Operations	(58,968)	(100,496)	0	100,496
Unobligated balance of receipts, end-of-year	(1,200,866)	(460,298)	(359,802)	100,496
Total Direct Obligations	1,550,843	1,238,096	1,230,496	(7,600)
Total Obligations	1,560,266	1,257,596	1,249,551	(8,045)

* See Federal Accounting Standards Advisory Board Handbook, SFFAS No. 12: Recognition of Contingent Liabilities Arising from Litigation: An Amendment of SFFAS No. 5, Accounting for Liabilities of the Federal Government, June 2013, p. 7 for Reasonably Possible (RP) Contingencies.

Asset Forfeiture Program
2. Obligations by Type of Expense*
(Dollars in Thousands)

	FY 2018 Actuals	FY 2019 Annualized Continuing Resolution	FY 2020 Estimate	2019 - 2020 Total Change
Mandatory expenses: (indefinite authority)				
Case support expenses:				
Asset Management and Disposal	37,507	33,886	33,886	0
Victim & Other Third Party Payments	534,672	220,095	220,095	0
Case Related Expenses	39,074	34,061	34,061	0
Special Contract Services	112,052	108,820	108,820	0
Investigative Costs Leading to Seizures	77,200	75,105	75,105	0
Contracts to Identify Assets	76,632	72,950	72,950	0
Awards Based on Forfeiture	18,088	18,100	18,100	0
Program support expenses:				
Information Systems	39,890	41,270	41,270	0
Training and Printing	3,882	6,000	6,000	0
Other Program Management	95,852	111,255	111,210	(45)
Other authorized expenses:				
Storage, Protection & Destruction of Controlled Substances	6,392	7,540	7,540	0
Equitable Sharing Payments	328,659	315,000	315,000	0
Joint Law Enforcement Operations	171,067	193,000	185,000	(8,000)
Obligations Adjustment	(827)	0	0	0
Subtotal: Mandatory Expenses	1,540,139	1,237,082	1,229,037	(8,045)
Investigative expenses				
Awards for Information	10,690	10,784	10,784	0
Purchase of Evidence	9,344	9,600	9,600	0
Equipping of Conveyances	93	130	130	0
Subtotal: Investigative Expenses	20,127	20,514	20,514	0
Total, Mandatory and Investigative Expenses	1,560,266	1,257,596	1,249,551	(8,045)
Surplus amounts obligated	0	0	0	0
Total Direct Obligations	1,550,843	1,238,096	1,230,496	(7,600)
Total Obligations	1,560,266	1,257,596	1,249,551	(8,045)

* The estimated revenue and expenses for FY 2019 and FY 2020 reflected in this document will change significantly over the next several months as the result of ongoing analysis into the impact of recent policy changes in the Asset Forfeiture Program as well as trends in seizure and forfeiture activity.

3. Program Expense Descriptions

A. MANDATORY EXPENSES, INDEFINITE AUTHORITY

1. Asset Management and Disposal

FY 2018 <u>Actual</u>	FY 2019 <u>Estimate</u>	FY 2020 <u>Estimate</u>	Increase/Decrease <u>FY 2019 to FY 2020</u>
\$37,507,000	\$33,886,000	\$33,886,000	\$0

Asset management and disposal expenses are incurred in connection with the seizure, inventory, appraisal, packaging, movement, storage, maintenance, security, and disposition of seized and forfeited assets located domestically and abroad, including the destruction of contraband. Asset management expenses may also include payment of contract services to operate and manage properties, or provide other specialized services as necessary to manage and/or dispose of such properties.

2. Victim & Other Third Party Payments

FY 2018 <u>Actual</u>	FY 2019 <u>Estimate</u>	FY 2020 <u>Estimate</u>	Increase/Decrease <u>FY 2019 to FY 2020</u>
\$534,672,000	\$220,095,000	\$220,095,000	\$0

This category of expense is primarily used to return property interest to qualifying victims. Other qualified third party interests are those expenses incurred in the payment of valid liens, secured mortgages, and debts owed to qualified general creditors pursuant to court orders or favorable rulings on petitions for forfeiture remission or mitigation. This includes the restoration of proceeds of sales pursuant to court orders or administrative determinations.

The decrease in FY 2019 reflects the obligation of \$293 million in FY 2018 for victims in the Western Union fraud case.

3. Equitable Sharing Payments

FY 2018 <u>Actual</u>	FY 2019 <u>Estimate</u>	FY 2020 <u>Estimate</u>	Increase/Decrease <u>FY 2019 to FY 2020</u>
\$328,659,000	\$315,000,000	\$315,000,000	\$0

Equitable sharing payments represent the transfer of portions of federally forfeited cash and proceeds from the sale of forfeited property to state and local law enforcement agencies and foreign governments that directly assisted in targeting or seizing the property. These amounts reflect the relative degree of participation in the law enforcement effort resulting in the forfeiture, taking into account the total value of all property forfeited and the total law enforcement effort with respect to the violation of law on which the forfeiture is based. No equitable sharing payments are made until after victims or other innocent third party claims are satisfied.

4. Case Related Expenses

FY 2018 <u>Actual</u>	FY 2019 <u>Estimate</u>	FY 2020 <u>Estimate</u>	Increase/Decrease <u>FY 2019 to FY 2020</u>
\$39,074,000	\$34,061,000	\$34,061,000	\$0

Case related expenses are those expenses that are incurred in connection with normal proceedings undertaken to perfect the United States' interest in seized property through forfeiture. This includes fees and other costs of advertising, translation, court and deposition reporting, expert witness, courtroom exhibit services, employment of attorneys or other specialists in state real estate law by the U.S. Marshals Service, travel and subsistence related to a specific proceeding, and other related items. In addition, the Deputy Attorney General may approve expenses for the retention of foreign counsel.

5. Joint Law Enforcement Operations

FY 2018 <u>Actual</u>	FY 2019 <u>Estimate</u>	FY 2020 <u>Estimate</u>	Increase/Decrease <u>FY 2019 to FY 2020</u>
\$171,067,000	\$193,000,000	\$185,000,000	-\$8,000,000

Under Joint Law Enforcement Operations (JLEO), the Fund pays for costs incurred by state and local law enforcement officers while directly involved in a joint law enforcement operation with the federal government, as authorized by 28 U.S.C. 524(c)(1)(I).

The growth in FY 2019/FY 2020 reflects investments in law enforcement efforts, including the establishment of new task forces, to (1) combat violent crime, (2) curb opioid and other illicit drug use, and (3) enhance immigration enforcement.

6. Special Contract Services

FY 2018 <u>Actual</u>	FY 2019 <u>Estimate</u>	FY 2020 <u>Estimate</u>	Increase/Decrease <u>FY 2019 to FY 2020</u>
\$112,052,000	\$108,820,000	\$108,820,000	\$0

This expense category finances contract personnel to manage the administrative aspects of the Program, including data entry and analysis, file control and review, quality control, case file preparation, and other process support functions. In addition to administrative functions, Special Contract Services also supports the technical aspects of the asset forfeiture process, including the seizure, management, disposition, and post-disposition of assets; and case closure.

The decrease in FY 2019 reflects anticipated efficiencies from an analysis of agency workload trends.

7. Storage, Protection, and Destruction of Controlled Substances

FY 2018 <u>Actual</u>	FY 2019 <u>Estimate</u>	FY 2020 <u>Estimate</u>	Increase/Decrease <u>FY 2019 to FY 2020</u>
\$6,392,000	\$7,540,000	\$7,540,000	\$0

These resources fund DEA in the storage, protection, and destruction of controlled substances. These activities include the incineration of bulk quantities of marijuana, the security and transportation of evidence from DEA storage sites to approved incineration facilities, the storage of seized drug evidence in secured leased warehouses until the evidence can be destroyed, and support of the Domestic Cannabis Eradication/Suppression Program. The fund also supports the phased repair and replacement of aging narcotics safes in ATF field offices.

8. Information Systems

FY 2018 <u>Actual</u>	FY 2019 <u>Estimate</u>	FY 2020 <u>Estimate</u>	Increase/Decrease <u>FY 2019 to FY 2020</u>
\$39,890,000	\$41,270,000	\$41,270,000	\$0

These resources primarily support the centralized operations and development of forfeiture-related systems and applications used by law enforcement officers and prosecutors to account for assets seized from criminal enterprises. The core business application is the Consolidated Asset Tracking System (CATS), along with approximately 20 separate applications that integrate with CATS, use CATS data, or function as an external application supporting CATS.

9. Training and Printing

FY 2018 <u>Actual</u>	FY 2019 <u>Estimate</u>	FY 2020 <u>Estimate</u>	Increase/Decrease <u>FY 2019 to FY 2020</u>
\$3,882,000	\$6,000,000	\$6,000,000	\$0

This category is used to finance necessary training expenses directly related to the AFP. Generally, this will include any training necessary to maintain the competency of federal and contract personnel dedicated to performing federal forfeiture functions (e.g., trial advocacy for asset forfeiture attorneys, training on agency computers for contract employees); any exclusively asset forfeiture training program that is conducted for other personnel, for whom asset forfeiture is an ancillary duty, to enable them to be more effective in performing asset forfeiture program functions; and that portion of a broader law enforcement training program that is directly related to the identification, tracking, evaluation, seizing, processing, accounting for, management or disposition of property subject to forfeiture. It also funds printing expenses associated with forfeiture training and the performance of forfeiture functions.

10. Other Program Management

FY 2018 <u>Actual</u>	FY 2019 <u>Estimate</u>	FY 2020 <u>Estimate</u>	Increase/Decrease <u>FY 2019 to FY 2020</u>
\$95,852,000	\$111,255,000	\$111,210,000	\$-45,000

This category includes several types of expenses that are important to the overall management of the Program including program review and evaluation, requirements analysis, policy development, the annual audit of the Fund's financial statements by an independent accounting firm, and special assessments and reviews designed to improve program performance. This category also finances the salaries and expenses of the government employees assigned to AFMS, litigation and program oversight units of MLARS, and government personnel in member agencies who provide core asset forfeiture program management functions.

Funded exclusively by the AFF under this cost category, the Asset Forfeiture Financial Investigator (AFFI) program empowers 54 Deputy U.S. Marshals to investigate and satisfy outstanding court-ordered forfeiture money judgments, which in the past often went uncollected. By enforcing these judicial forfeiture orders, the AFFI program recovers millions of dollars of ill-gotten gains each year and ensures that crime does not pay.

11. Contracts to Identify Assets

FY 2018 <u>Actual</u>	FY 2019 <u>Estimate</u>	FY 2020 <u>Estimate</u>	Increase/Decrease <u>FY 2019 to FY 2020</u>
\$76,632,000	\$72,950,000	\$72,950,000	\$0

This category funds the costs of contracting for a cadre of Senior Financial Investigators to support complex financial investigations within the Investigative Agencies to trace the proceeds of crime into assets subject to seizure. It also provides related support such as commercial database subscription services to nationwide public record data systems and the acquisition of specialized assistance to reconstruct seized financial records.

12. Awards Based on Forfeiture

FY 2018 <u>Actual</u>	FY 2019 <u>Estimate</u>	FY 2020 <u>Estimate</u>	Increase/Decrease <u>FY 2019 to FY 2020</u>
\$18,088,000	\$18,100,000	\$18,100,000	\$0

These expenses are for the payment of awards for information or assistance leading to a civil or criminal forfeiture involving any federal agency participating in the Fund. For instance, award payments to Confidential Sources (CS) are critical to fulfillment of the primary DEA mission – to disrupt and dismantle drug trafficking organizations. CS award payments provide a tremendous incentive to individuals to assist in drug trafficking investigations that result in the seizure and forfeiture of drug-related assets. Over the past several years, the FBI has pursued more substantial forfeitures due to the increased size and scope of criminal schemes in

white collar crime, organized crime, and narcotics trafficking. The realization of these forfeitures was greatly assisted by informants.

13. Investigative Costs Leading to Seizures

FY 2018 <u>Actual</u>	FY 2019 <u>Estimate</u>	FY 2020 <u>Estimate</u>	Increase/Decrease <u>FY 2019 to FY 2020</u>
\$77,200,000	\$75,105,000	\$75,105,000	\$0

Investigative costs leading to seizure (ICLS) are incurred in the identification, location, and seizure of property to be forfeited. ICLS expenses typically fall into three main categories: (1) investigative expenses in specific cases in which the agency has a reasonable belief will lead to forfeitures, (2) investigative techniques that are a substantial factor in asset seizures, and (3) equipment that has a similarly substantial and measurable nexus to seizures.

B. INVESTIGATIVE EXPENSES

Definite, Appropriated (discretionary) Authority

1. Purchase of Evidence

FY 2018 <u>Actual</u>	FY 2019 <u>Estimate</u>	FY 2020 <u>Estimate</u>	Increase/Decrease <u>FY 2019 to FY 2020</u>
\$9,344,000	\$9,600,000	\$9,600,000	\$0

Funding in this category is limited to the purchase of evidence directly related to violations of the Controlled Substances Act, the Controlled Substances Import and Export Act, the Racketeer Influenced and Corrupt Organizations Act, and criminal money laundering laws.

2. Equipping of Conveyances

FY 2018 <u>Actual</u>	FY 2019 <u>Estimate</u>	FY 2020 <u>Estimate</u>	Increase/Decrease <u>FY 2019 to FY 2020</u>
\$93,000	\$130,000	\$130,000	\$0

This category provides funding to equip government-owned or leased vehicles, vessels, or aircraft for law enforcement purposes.

3. Awards for Information

FY 2018 <u>Actual</u>	FY 2019 <u>Estimate</u>	FY 2020 <u>Estimate</u>	Increase/Decrease <u>FY 2019 to FY 2020</u>
\$10,690,000	\$10,784,000	\$10,784,000	\$0

These expenses are for awards for information or assistance directly relating to violations of the criminal drug laws of the United States or of 18 U.S.C. chapter 77, 18 U.S.C. § § 1956 and 1957, 31 U.S.C. § § 5313 and 5324, and section 6050I of the Internal Revenue Code of 1986. The Justice for Victims of Trafficking Act of 2015 (P.L. 114–22) also authorized the use of this funding for human trafficking investigations as defined by 18 U.S.C. chapter 77.

There is no requirement that the information provided has any relationship to a civil or criminal forfeiture under federal law. Awards payable from the Fund directly support law enforcement efforts by furthering the cooperation and assistance of informants.

VI. Performance, Resources, and Strategies

To better manage resources, the Asset Forfeiture Program's strategic approach will continue to: (1) require a strong intelligence function that provides all-source information on target organizations to permit the assessment of vulnerabilities and the identification of key structural assets; (2) transcend specific cases to coordinate and target enforcement actions against the vulnerabilities of the underlying criminal organization; and (3) focus on removal of the assets that are key to the functionality and viability of the criminal organization. Special emphasis is placed on innovative ways to use the proceeds of asset forfeiture, in conjunction with other funds available to DOJ's investigative and prosecutive offices, to support operations that focus on the disruption and dismantling of high priority criminal organizations and not merely on the conviction of individuals and forfeiture of their personal property.

A. Performance Plan and Report for Outcomes

The FY 2020 Performance Plan reflects performance measures that have been identified through stakeholder meetings and internal reviews as being critical to the Program's continued success in helping the Nation's law enforcement community to disrupt and dismantle criminal organizations. The performance indicators outlined in the following tables are internal to the performance of AFMS in its support of DOJ's Strategic Goal 1, Enhance National Security and Counter the Threat of Terrorism; Strategic Goal 3, Reduce Violent Crime and Promote Public Safety; and Strategic Goal 4, Promote Rule of Law, Integrity, and Good Government.

B. Strategies to Accomplish Outcomes

The performance indicators are for AFMS, the participant with management control of the Fund. In its role, AFMS supports law enforcement authorities in their seizure and forfeiture activities by providing funding for their accessibility to CATS. The Asset Forfeiture Program is executed by its member agencies, and their performance is reported under their leadership's guidance.

C. Data Definitions

FTE - The AFP reimburses the USMS for the salaries of administrative personnel responsible for the AFP's property custodial functions. Similarly, the AFP reimburses the Criminal Division for FTEs associated with the litigation and program oversight units of MLARS, and reimburses various DOJ member agencies for government personnel who provide core asset forfeiture program management functions. AFMS has 28 FTEs, which are paid directly from the AFP's mandatory account.

Funding - The source of AFP funds is from the receipts realized by the AFF in the respective years. As the AFF is a permanent indefinite fund, it may fund Program activities from the unobligated balances carried forward from prior years.

Performance - One of the tasks of the Program's managers is to provide administrative and management support of Program activities. As a result of a reevaluation of the Program's performance measures, the indicators were changed in 2001 to reflect more accurately the activities of the Program administrators rather than the Program participants.

Performance Measures 1, 2 and 3 - CATS, Business Objects, and SharePoint services are available to participating AFP customers from 8:00 a.m. to 8:00 p.m., Eastern Standard Time,

Monday through Friday, excluding all federal holidays and/or local government closures. Normally scheduled maintenance outages are conducted during non-operational hours (weekends, holidays, and off-hours). Emergency outages and system failures occurring during the core operational hours will impact availability to its customer base, affecting all three performance measures. For fiscal years 2019 and 2020, the estimated total number of core supported hours is approximately 3,000. The goal is to provide 99.8 percent availability to customers.

PERFORMANCE AND RESOURCES TABLE

Decision Unit: Asset Forfeiture Program^A

RESOURCES			Target		Actual		Projected		Changes		Requested (Total)	
			FY 2018		FY 2018		FY 2019		Current Services Adjustments and FY 2020 Program Changes		FY 2020 Request	
Total Costs and FTE (reimbursable FTE are included, but reimbursable costs are bracketed and not included in the total)			FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000
				[]		[]		[]		[]		[]
TYPE	STRATEGIC OBJECTIVE	PERFORMANCE^B	FY 2018		FY 2018		FY 2019^C		Current Services Adjustments and FY		FY 2020 Request^C	
		Management of the AFF	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000
Program Activity	1.1, 3.1, 3.2, 4.1, 4.4	Provide financial support, control, and guidance to Fund participants in accordance with the Attorney General's Guidelines on the Asset Forfeiture Program, July 2018.	28	\$1,623,579	23	\$1,550,843	403	\$1,238,096		[]	403	\$1,230,496
Performance Measure: Output	1.1, 3.1, 3.2, 4.1, 4.4	Percent of time CATS is accessible in support of forfeiture agency operations.	99.8%			99.9%	99.8%				99.8%	
Performance Measure: Output	1.1, 3.1, 3.2, 4.1, 4.4	Percent of time Business Objects is accessible in support of forfeiture agency operations.	99.8%			99.9%	99.8%				99.8%	
Performance Measure: Output	1.1, 3.1, 3.2, 4.1, 4.4	Percent of time Sharepoint Services are accessible in support of forfeiture agency operations.	99.8%			99.9%	99.8%				99.8%	
Performance Measure: Outcome	1.1, 3.1, 3.2, 4.1, 4.4	Achieve effective funds control as corroborated by an unmodified opinion on the AFF financial statements.	100%			100%	100%				100%	

^A The performance by and resources allocated to the AFP participants are indicated in their respective budgets.

^B Only the performance by the AFMS in the financial management of the AFF is indicated.

^C In addition to the 403 direct FTE, AFF participating agencies provide 3 law enforcement detailees, who assist the management of the AFF.

PERFORMANCE MEASURE TABLE											
Decision Unit: Asset Forfeiture Program											
Strategic Objective	Performance Report and Performance Plan Targets		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018		FY 2019	FY 2020	FY 2021
			Actual	Actual	Actual	Actual	Target	Actual	Target	Target	Target
1.1 ,3.1, 3.2, 4.1, 4.4	Performance Measure	Percent of time CATS is accessible in support of forfeiture agency operations.	99.9%	99.6%	99.8%	99.8%	99.8%	99.9%	99.8%	99.8%	99.8%
1.1, 3.1, 3.2, 4.1, 4.4	Performance Measure	Percent of time Business Objects is accessible in support of forfeiture agency operations.	99.9%	99.5%	99.8%	99.8%	99.8%	99.9%	99.8%	99.8%	99.8%
1.1, 3.1, 3.2, 4.1, 4.4	Performance Measure	Percent of time Sharepoint Services are accessible in support of forfeiture agency operations.	99.9%	99.6%	99.8%	99.8%	99.8%	99.9%	99.8%	99.8%	99.8%
1.1, 3.1, 3.2, 4.1, 4.4	OUTCOME Measure	Achieve effective funds control as corroborated by an unmodified opinion on the AFF financial statements.	100%	100%	100%	100%	100%	100%	100%	100%	100%

VII. Glossary of Terms

Administrative Forfeiture - Process by which property may be forfeited to the United States by the seizing investigative agency or bureau without judicial involvement. Seizures must be based on probable cause. The authority for a seizing agency to start an administrative forfeiture action is found in 19 U.S.C. 1607.

Adoption - Federal forfeiture of property originally seized by a state or local law enforcement agency.

Civil Forfeiture - In rem proceeding brought against the property itself, rather than against the wrongdoer personally. The property is forfeitable because of its connection to the offense, and any person with a legal interest in the property may contest the forfeiture.

Criminal Forfeiture - In personam proceeding seeking forfeiture of property instituted in conjunction with a criminal charge against a particular defendant. Criminal forfeiture must be alleged in the indictment or other charging document.

Controlled Substance - Drug, other substance, or immediate precursor, included in Schedule I, II, III, IV, or V of the federal Controlled Substances Act or corresponding scheduling scheme of a state. Does not include alcoholic beverages or tobacco.

Conveyance - An aircraft, a vehicle, or a vessel.

Disposition of Property - Sale, transfer, retention, or destruction of property.

Equitable Sharing - Transfer of a share of federally forfeited property to a requesting state or local law enforcement agency or foreign government that has participated directly in any of the acts that led to the seizure or forfeiture of the property.

Equitable Sharing Program - Asset forfeiture has become one of the most powerful tools to combat and dismantle criminal enterprises by removing the proceeds and instrumentalities of the crime. The Equitable Sharing Program enhances cooperation among federal, state, and local law enforcement agencies by sharing a portion of these proceeds with state and local partners in direct relation with their participation to the total law enforcement effort resulting in forfeiture. The Equitable Sharing Program was created in 1984, and continues to grow with more than 7,200 participating state and local law enforcement agencies nationwide.

Forfeiture - Involuntary relinquishment of property without compensation as a consequence for such property's use in a manner contrary to the law. A forfeiture may be either administrative or judicial.

Informant - An undisclosed person who confidentially discloses material information of a law violation, thereby supplying a lead to officers for their investigation of a crime. This does not include individuals who supply information only after being interviewed by police officers, or who give information as witnesses during the course of an investigation. Also known as "confidential informant" or "CI," or "confidential source" or "CS."

Judicial Forfeiture - Forfeiture action adjudicated in the courts (civil or criminal), not processed administratively.

Kleptocracy - High-level, large-scale corruption, extortion, and theft of public money by or for public officials.

Kleptocracy Asset Recovery Initiative - The goal of KARI is to use the tools of the U.S. Government to identify and forfeit property derived from or involved in kleptocracy, and, when appropriate, return those assets to benefit the people of the countries harmed by the underlying corruption.

Lien - Claim upon the property of another as security for a debt.

Money Laundering - Term used to describe the conversion of illegally earned or otherwise tainted cash to one or more alternative forms that conceal its origin or ownership, often accomplished through steps taken to hide direct links to illegal activity and to allow the use of proceeds of illegal activity.

Net Proceeds - In the context of forfeiture, forfeited cash or gross receipts from the sale of forfeited property, less allowable asset management and case related expenses, third party interests, and any award based on the value of the forfeiture.

Proceeds - The Fraud Enforcement and Recovery Act (FERA), effective May 20, 2009, amended 18 U.S.C. 1956(c) by defining “proceeds” as “any property derived from or obtained or retained, directly or indirectly, through some form of unlawful activity, including the gross receipts of such activity.”

Property - Assets of any kind capable of being owned or possessed. May include a controlled substance, raw material, product, container, equipment, money, real property, vessel, vehicle, or aircraft. In the context of equitable sharing, tangible personal and real property, other than cash.

Racketeer Influenced and Corrupt Organizations (RICO) Act - Law codified at 18 U.S.C. 1961 et seq. that provides for criminal and civil penalties for those who engage in a “pattern of racketeering activity” or “collection of an unlawful debt” that has a special relationship to an “enterprise” affecting interstate commerce.

Real Property - Land, and generally whatever is erected, growing upon, or affixed to land. Also, rights issuing out of, annexed to, and exercisable within or about land. Real or immovable property consists of: land, that which is affixed to land, that which is incidental or appurtenant to land, and that which is immovable by law; except that for the purposes of sale, emblements, industrial growing crops, and things attached to or forming part of the land, which are agreed to be severed before sale or under the contract of sale, shall be treated as goods and be governed by regulating the sales of goods.

Seized Asset Deposit Fund (SADF) - Holding account administered by the U.S. Marshals Service for seized cash pending the resolution of forfeiture cases.

Seizure - Taking possession of property by legal process. A Fourth Amendment “seizure” occurs when there is some meaningful law enforcement interference with an individual’s possessory interest in his property.

Third Party Interest - Interest belonging to an individual or entity that is not a direct party to a matter between two other parties (primary parties). For example, in a forfeiture action, a lienholder has a third party interest.

Victim - Person who is the object of a crime or tort; for example, the victim of a robbery is the person robbed. The victim may be an individual, public or private corporation, government, partnership, or unincorporated association. For purposes of remission, any person who has suffered a pecuniary loss as a result of the defendant’s criminal activities.

VIII. EXHIBITS