

Congressional Submission

U.S. Department of Justice

Assets Forfeiture Fund

FY 2013 PERFORMANCE BUDGET

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*N/A = Not Applicable

I. Overview for the Assets Forfeiture Fund

A. Introduction

The FY 2013 President's Budget includes \$20,948,000 in definite authority for expenses of the Assets Forfeiture Fund (AFF) to support the Department's Strategic Goal 2: prevent crime, protect the rights of the American people, and enforce Federal law.

The Assets Forfeiture Fund was created by the Comprehensive Crime Control Act of 1984 (P.L. 98-473, dated October 12, 1984) to be a repository of the proceeds of forfeitures under any law enforced and administered by the Department of Justice (see 28 U.S.C. 524(c)).

The primary purpose of the Fund is to provide a stable source of resources to cover the costs of an effective Asset Forfeiture Program (AFP), including the costs of seizing, evaluating, inventorying, maintaining, protecting, advertising, forfeiting, and disposing of property seized for forfeiture. Prior to the creation of the Fund in 1985, the costs of these activities had to be diverted from agency operational funds. The more effective an agency was in seizing property, the greater the drain on its appropriated funds. The creation of the Fund is responsible, in large measure, for the growth in the Department's forfeiture program over the past decade. A secondary benefit of an aggressive and well-managed forfeiture program is the production of surplus revenues to assist in financing important law enforcement programs. If the forfeiture program ceases to function effectively in its primary role, these surplus revenues will not be generated.

The AFF's mission has as its primary strategic goal to enforce Federal laws and prevent and reduce crime by disrupting, damaging and dismantling criminal organizations through the use of civil and criminal forfeiture. The program attempts to remove those assets that are essential to the operation of those criminal organizations and punish the criminals involved by denying them the use of the proceeds of their crimes.

Table 1 on page 2 displays the functional activities of the participating agencies. For the full names of the participating agencies, see footnote 1. These agencies investigate or prosecute criminal activity under statutes, such as the Comprehensive Drug Abuse Prevention and Control Act of 1970, the Racketeer Influenced and Corrupt Organizations statute, the Controlled Substances Act, and the Money Laundering Control Act, or provide administrative support services to the program.

Table 1: Asset Forfeiture Program Participants by Function¹

Function	OCDETF	AFMLS	AFMS	ATF	DCIS	DEA	DS	EOUSA	FBI	FDA	USDA	USMS	USPS
Investigation	X			X	X	X	X		X	X	X		X
Litigation		X						X					
Custody of Assets				X		X			X			X	
Management of Assets		X	X										

As an outcome of the Homeland Security Act of 2002, the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) joined the Fund on January 25, 2003. In addition, the Act transferred the forfeiture functions of the Immigration and Naturalization Service to the Department of Homeland Security (DHS) on March 31, 2003. On October 1, 2004, the Bureau of Diplomatic Security, Department of State (DS), joined the AFF. The Fund subsequently includes seizures and forfeitures resulting from investigations of passport and visa fraud. In 2007, the Defense Criminal Investigative Service (DCIS) became a participant. DCIS is the criminal investigative arm of the Inspector General of the Department of Defense and devotes investigative resources to terrorism, product substitution, computer crimes, illegal technology transfers, and public corruption.

It is increasingly important to recognize that the benefits to be achieved through inter-departmental cooperation and standardization of policies and procedures are enormous, not only from a program management perspective, but also from the perspective of preserving the due process rights of citizens. The significant effect of a less than aggressive forfeiture program is that criminal organizations have hundreds of millions of dollars more in their coffers to support their illicit operations each year.

In summary, the AFP not only represents an effective law enforcement tool against criminal organizations but also provides financial support to other federal law enforcement efforts. Without this resource, agency funds would be seriously taxed to maintain and preserve seized assets, and liquidate forfeited assets. Law enforcement projects supported by the Fund could not be undertaken or would have to await the possibility of funding through other avenues. Continuing to support aggressive training, case evaluations, funds management, and contract support is the key to extracting the greatest benefit to our society from the application of the asset forfeiture sanction.

¹ The participants include the Asset Forfeiture and Money Laundering Section, Criminal Division (AFMLS), Organized Crime Drug Enforcement Task Force (OCDETF); Asset Forfeiture Management Staff, Justice Management Division (AFMS); Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF); Defense Criminal Investigative Service (DCIS); Drug Enforcement Administration (DEA); Bureau of Diplomatic Security, Department of State (DS); Executive Office for United States Attorneys (EOUSA); Federal Bureau of Investigation (FBI); Food and Drug Administration (FDA); United States Department of Agriculture (USDA); United States Marshals Service (USMS); and United States Postal Service (USPS).

B. Trends, Issues, and Outcomes

Although the Fund's mission and objectives will not change in FY 2013, the challenges it faces will. The Fund's budget is integrated with the Department's Strategic Goals and Objectives.

Over the past six years, there has been a significant growth in the value of deposits into the AFF fueled by several large fraud and economic crime forfeiture cases. Given the focus on forfeitures in corporate fraud and other financial crime cases as well as on increasing the amount of money returned to crime victims, the Fund expects deposits to continue to increase. It is anticipated that a significant amount of these additional deposits will be returned to the victims of the underlying offenses.

Following is a brief summary of the Department's Strategic Goals and Objectives, in which the Fund plays a role.

DOJ Strategic Goal 2: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law:

- Combat the threat, incidence, and prevalence of violent crime (2.1)
- Combat the threat, trafficking, and use of illegal drugs and the diversion of licit drugs (2.3)
- Combat corruption, economic crimes, and international organized crime (2.4)

C. Full Program Costs

The Fund is a fee-based program. Receipts are available to pay program operation expenses, e.g., mandatory expenses of the forfeiture program, such as the equity of innocent third parties and lien holders; program investigative expenses, such as the efforts of state and local law enforcement agencies that helped produce the forfeitures; and other authorized expenses of the Fund.

For FY 2013, the Department is estimating \$1.408 billion for mandatory and investigative expenses. Included in this amount, providing net receipts support this expense level is \$147.3 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 Fund. The Department's authority to incur program operations expenses, including recognition of the equity interests of others and the efforts of law enforcement agencies, is limited only by the level of receipts deposited into the Fund. To the extent that receipts exceed the amounts necessary for mandatory program expenses, the Fund may be used for discretionary investigative expenses in support of the forfeiture program.

Full program costs are identified in Section III by decision unit. Mandatory expenses increase or decrease relative to seizure and forfeiture activity, and the program is executed by its member agencies.

D. Performance Challenges

The challenges that impact achievement of Fund goals are complex and dynamic. New legislation and case law, technological developments, changing demographics, political decisions, and the internationalization of criminal organizations are only a few factors that impact the assets

forfeiture program and pose challenges that demand attention. The following situations are challenges that the Fund is facing.

External Challenges

- International money laundering and forfeiture investigations continue to target millions of dollars in illegal proceeds that have been secreted overseas. Indeed, every major forfeiture case has had international aspects to it as criminals increasingly seek to hide their criminal proceeds by placing them off-shore. Often times, prosecutors are able to negotiate agreements in which criminals or account holders are willing to repatriate foreign based criminal wealth. Additionally, the enforcement of US forfeiture judgments by foreign courts and the reverse sharing of assets is potentially a significant source of the Fund's receipts as demonstrated by the deposit of approximately \$9.4 million dollars received from Hong Kong Special Administrative Region, the People's Republic of China in March 2011 relating to the investigation and prosecution of the Law Kin-Man Drug Trafficking Organization (DTO). The United States Attorney's Office for the Eastern District of New York successfully prosecuted Law Kin-Man (Law) on drug trafficking charges. With Law Kin-Man's guilty plea to the drug trafficking, a forfeiture judgment was entered against a number of his assets held in the name of nominees or straw owners in a related civil forfeiture proceeding. A request was submitted to the government of Hong Kong requesting enforcement of the United States Final Order of Forfeiture secured in the civil forfeiture proceeding and the subsequent sharing with the United States of the forfeited proceeds located in Hong Kong. While the international sharing process in the Law Kin-Man case entailed a longer time frame than usual due to Hong Kong's relevant sharing procedures, as more countries enact legislation authorizing forfeiture cooperation and asset sharing, there will be more successful examples of these types of cases, which will increase deposits to the Fund.

The United States currently has a Mutual Legal Assistance Treaty (MLAT), which facilitates forfeiture cooperation, with 68 countries. In addition, more than 185 countries are parties to the Vienna Drug Convention, 165 countries are parties to the United Nations Convention against Transnational Organized Crime, and 159 countries are parties to the U.N. Convention Against Corruption. The U.S. is a party to all of these conventions, which contain forfeiture cooperation provisions and encourage jurisdictions to have mechanisms for asset sharing and/or asset repatriation. The Department recognizes asset sharing with other jurisdictions that facilitate successful forfeiture cases will foster greater cooperation with these countries in the future. Since 1989, the United States has shared more than \$235.9 million with 38 jurisdictions and countries, and several more sharing cases are in the pipeline.”

- The financial mid- and long-term projections for deposits and expenses are difficult to quantify. Revenue estimates in FY 2012 and FY 2013 are projected to be less than the FY 2011 level for regular deposits; although revenue estimates are lower, it still indicates a large stream of revenue flowing into the AFF. Revenue from extraordinary deposits (i.e. deposits greater than \$25.0 million and generally related to a specific case) in FY 2012 are estimated to be higher from prior year levels primarily because of a single \$2.2 billion deposit associated with the Bernard Madoff case. Revenue from extraordinary deposits in FY 2013 are estimated to be less than FY 2011, primarily because of the natural

uncertainties associated with extraordinary deposits from fraud and financial crime cases; which generally are of unknown quantity and timing. The fiscal resources of the AFF must first cover the business or operational expenses of the asset forfeiture program. The Fund is not allowed to operate at a deficit.

Internal Challenges

The Fund faces many internal challenges in FY 2013, primarily in enhancing its financial and property management capabilities.

- **Data Quality:** The FY 2011 AFF/Seized Asset Deposit Fund (SADF) financial statements received an unqualified opinion as there were no significant deficiencies; however, the independent auditors noted a Notice of Findings and Recommendations (NFR) which has been downgraded from a significant deficiency in the seized and forfeited property environment. The Assets Forfeiture Management Staff (AFMS) is working with AFP participants to establish and enforce corrective actions in a timely manner. AFMS will enforce procedures among participating agencies to ensure that data in the property and financial management systems are updated in a timely manner as changes in status and valuations occur.

The AFMS is implementing the Unified Financial Management System (UFMS). UFMS is a financial system that incorporates standard capabilities, business processes, business rules, reference data, interfaces, and reports that will be used throughout the department. UFMS will benefit the Department of Justice by addressing material weaknesses in the Department's financial system and accounting operations and enhance system security. In FY 2013, when fully implemented, it will be a major step in supporting the departments' mission, objective and strategic goals.

II. Appropriations Language and Analysis of Appropriations Language

Appropriations Language

For expenses authorized by 28 U.S.C. 524(c) (1) (B), (F), and (G), \$20,948,000 to be derived from the Department of Justice Assets Forfeiture Fund.

(including cancellation)

Of the unobligated balances available under this heading, \$675,000,000 are hereby permanently cancelled.

Analysis of Appropriations Language

No substantive changes are proposed.

**III. Decision Unit Justification
Assets Forfeiture Fund**

Assets Forfeiture Fund TOTAL	Perm. Pos.	FTE	Amount
2011 Enacted	23	23	1,674,819
2012 Enacted	23	23	3,486,158
Adjustments to Base and Technical Adjustments	0	0	0
2013 Current Services	23	23	1,390,000
2013 Request	23	23	1,390,000
Total Change 2012-2013	0	0	2,096,158

Mandatory, Indefinite Authority Total	Perm. Pos.	FTE	Amount
2011 Enacted	23	23	1,653,871
2012 Enacted	23	23	3,465,210
Adjustments to Base and Technical Adjustments	0	0	0
2013 Current Services	23	23	1,369,052
2013 Request	23	23	1,369,052
Total Change 2012-2013	0	0	(2,096,158)

Appropriated, Definite Authority Total	Perm. Pos.	FTE	Amount
2011 Enacted	0	0	20,948
2012 Enacted	0	0	20,948
Adjustments to Base and Technical Adjustments	0	0	0
2013 Current Services	0	0	20,948
2013 Request	0	0	20,948
Total Change 2012-2013	0	0	0

IV. FY 2013 Assets Forfeiture Program Esitmates

Assets Forfeiture Fund

1. Summary of Requirements by Financing (Dollars in Thousands)

<u>Financing</u>	FY 2011 Actual Amount	FY 2012 Appropriation Enacted with Rescission & Supplementals	FY 2013 Current Services and Request	2012 - 2013 Total Change
Unobligated balance of receipts, start-of-year				
Retention of Unobligated Balances to maintain AFF Solvency	289,500	169,189	142,873	-26,316
Unavailable unobligated balances; rescissions	340,138	180,000	0	-180,000
Major Equitable Sharing & Third Party Payment Reserves	345,000	675,000	640,000	-35,000
Unappropriated balance of receipts, start-of-year	974,638	1,024,189	782,873	-241,316
Collections/deposits/receipts/recoveries:				
Regular receipts	963,760	920,000	940,000	20,000
Extraordinary Receipts	733,582	2,706,158	410,000	-2,296,158
Prior year rescissions restored	387,200	495,000	675,000	180,000
Recovery/Refunds of prior year obligations	85,277	40,000	40,000	0
Current year rescissions	-495,000	-675,000	0	675,000
Proposed rescission	0	0	-675,000	-675,000
Collections/deposits/receipts/recoveries:	1,674,819	3,486,158	1,390,000	-2,096,158
Total resources available	2,649,457	4,510,347	2,172,873	-2,337,474
Less: Unappropriated balance of receipts, end-of-year				
Retention of Unobligated Balances to maintain AFF Solvency	-169,189	-142,873	-129,430	13,443
Unavailable unobligated balances	-180,000	0	0	0
Major Equitable Sharing & Third Party Payments	-675,000	-640,000	-635,000	5,000
Unappropriated balance of receipts, end-of-year	-1,024,189	-782,873	-764,430	18,443
Total obligations	1,625,268	3,727,474	1,408,443	-2,319,031

Assets Forfeiture Fund
2. Obligations by Type of Expense
(Dollars in Thousands)

	FY 2011 Actual Amount	FY 2012 Appropriation Enacted with Rescission & Supplementals	FY 2013 Current Services and Request	2012-2013 Change
<i>Mandatory expenses: (indefinite authority)</i>				
Case support expenses:				
Asset Management and Disposal	68,186	79,000	73,000	-6,000
Third Party Payments	533,933	2,603,859	350,000	-2,253,859
Case Related Expenses	46,749	40,000	40,000	0
Special Contract Services	133,529	141,000	124,495	-16,505
Investigative Expenses Leading to Seizure	71,851	71,000	56,000	-15,000
Contracts to Identify Assets	53,187	55,000	45,000	-10,000
Awards for Information Leading to a Forfeiture	13,320	10,000	9,000	-1,000
Program support expenses:				
Automated Data Processing	33,178	44,000	36,000	-8,000
Training and Printing	15,016	15,000	12,000	-3,000
Other Program Management	46,729	59,000	55,000	-4,000
Other authorized expenses:				
Storage, Protection & Destruction of Controlled Substances	12,138	11,000	9,000	-2,000
Equitable Sharing Payments Joint Federal/State and Local Law Enforcement Operations	445,026	430,000	430,701	701
	<u>132,899</u>	<u>147,299</u>	<u>147,299</u>	<u>0</u>
Subtotal: Mandatory Expenses	1,605,741	3,706,158	1,387,495	-2,318,663
<i>Investigative expenses: (definite authority)</i>				
Awards for Information	10,803	11,316	11,316	0
Purchase of Evidence	8,432	8,763	8,763	0
Equipping of Conveyances	<u>290</u>	<u>869</u>	<u>869</u>	<u>0</u>
Subtotal: Investigative Expenses	19,525	20,948	20,948	0
Total, Mandatory and Investigative Expenses	1,625,266	3,727,106	1,408,443	-2,318,663
Super Surplus amounts obligated	<u>2</u>	<u>368</u>	<u>0</u>	<u>-368</u>
Total Gross Obligations	1,625,268	3,727,474	1,408,443	-2,319,031

3. Program Expense Description

A. Mandatory Expenses, Indefinite Authority

1. Management and Disposal of Seized Assets

<u>FY 2012 Estimate</u>	<u>FY 2013 Estimate</u>	<u>Increase/Decrease</u>
\$79,000,000	\$73,000,000	-\$6,000,000

While seizures are increasing and there may be some accompanying increases in the costs of asset management and disposal, efficiencies will be sought to contain costs. The primary purpose of the Fund is to ensure an adequate and appropriate source of funding for the management and disposal of property seized for forfeiture, as well as forfeited assets, activities which would otherwise be paid from agencies' operating budgets. The Fund puts criminals' money to work for the taxpayer. Other costs may also increase because of higher rates for services and the movement to more comprehensive management and maintenance services. Also, funding is required for the assessment, containment, removal and destruction of hazardous materials seized for forfeiture, and hazardous waste contaminated property seized for forfeiture. The USMS, DEA, and ATF will continue to utilize the Fund for disposal of toxic and hazardous substances when necessary for forfeiture or the disposition of forfeited property. Under this category and Other Program Management, approximately \$27.76 million are provided to the USMS for the cost of administrative personnel associated with the forfeiture program and \$13.37 million for non-personnel administrative costs.

2. Other Asset Specific Expenses

<u>FY 2012 Estimate</u>	<u>FY 2013 Estimate</u>	<u>Increase/Decrease</u>
\$2,643,859,000	\$390,000,000	-\$2,253,859,000

This category includes both third party payments and case related expenses. Third party payments are payments to satisfy third-party interests, including lien holders and other innocent parties, pursuant to 28 U.S.C. § 524(c)(1)(D); payments in connection with the remission and mitigation of forfeitures, pursuant to 28 U.S.C. § 524(c)(1)(E); and direct expenses incurred in perfecting the forfeiture. Case related expenses are expenses associated with the prosecution of a forfeiture case or execution of a forfeiture judgment, such as advertising, travel and subsistence, court and deposition reporting, courtroom exhibit services, and expert witness costs. In appropriate cases, the services of foreign counsel may be necessary. In this area, the costs of advertising are a major expense. Under current law, the Department must advertise each seizure three consecutive weeks in a newspaper of general circulation in the area of the seizure. In addition, the Department must also incur the cost of providing personal notice, by certified mail or other means, to all individuals or entities identified as having a potential legal interest in the property. If a claim is filed and the forfeiture process is converted from an administrative process to a judicial process, the entire notice and advertising process is repeated--doubling the cost. This expense is directly related to the volume of seizures and claims. It is essential that these expenses be met in order that the asset title conveys properly, while ensuring due process rights of citizens. The decline in expenses is tied,

primarily, to expenses associated with the Madoff forfeiture. Like the Madoff case, major fraud and financial crimes cases are very difficult to negotiate and often take years to come to fruition.

3. Special Contract Services

<u>FY 2012 Estimate</u>	<u>FY 2013 Estimate</u>	<u>Increase/Decrease</u>
\$141,000,000	\$124,495,000	-\$16,505,000

The Department of Justice asset forfeiture program is extensively using contract personnel to manage the massive paper flow associated with forfeiture, including data entry, data analysis, word processing, file control, file review, quality control, case file preparation and other process support functions. These workers have become an integral part of the asset forfeiture program. Without this contract support, it would be impossible to maintain the automated databases, process the tens of thousands of equitable sharing requests, and maintain the tens of thousands of forfeiture case files.

4. Investigative Expenses Leading to Seizure

<u>FY 2012 Estimate</u>	<u>FY 2013 Estimate</u>	<u>Increase/Decrease</u>
\$71,000,000	\$56,000,000	-\$15,000,000

Investigative expenses are those normally incurred in the identification, location, and seizure of property subject to forfeiture. These include payments to reimburse any Federal agency participating in the Fund for investigative costs leading to seizures.

5. Contracts to Identify Assets

<u>FY 2012 Estimate</u>	<u>FY 2013 Estimate</u>	<u>Increase/Decrease</u>
\$55,000,000	\$45,000,000	-\$10,000,000

Investigative agencies use these funds for subscription services to nationwide public record data systems, and for acquisition of specialized assistance, such as reconstruction of seized financial records. Demand for these services will increase as more agents use the asset forfeiture sanctions in their cases; however, it is anticipated that costs will be controlled through volume economies. Resources requested will be used to identify assets during the investigative stage of the case, where such research will enhance effective use of the asset forfeiture sanction. If the government can improve upon the identification of ill-gotten assets, the insidious nature of the criminal wrongdoing can be better demonstrated and reinforced before the jury. Such evidence results in stiffer penalties for hard-core criminals who may have dodged such penalties in the past by successfully concealing such assets, only to be released to finance further criminal activities with such assets. It is this kind of "criminal financing" that the forfeiture laws are intended to derail.

6.	Awards for Information Leading to Forfeiture		
	<u>FY 2012 Estimate</u>	<u>FY 2013 Estimate</u>	<u>Increase/Decrease</u>
	\$10,000,000	\$9,000,000	-\$1,000,000

Section 114 of Public Law 104-208, dated September 30, 1996, amended the Justice Fund statute to treat payments of awards based on the amount of the forfeiture the same as other costs of forfeiture.

7.	Automated Data Processing (ADP)		
	<u>FY 2012 Estimate</u>	<u>FY 2013 Estimate</u>	<u>Increase/Decrease</u>
	\$44,000,000	\$36,000,000	-\$8,000,000

CATS (Consolidated Asset Tracking System) was initiated in 1990 and fully implemented in 1997. The year 1997 was a major milestone for the asset forfeiture program. CATS began providing nationwide processing capabilities that tied together all agencies involved in the Department of Justice asset forfeiture program. Agency legacy databases were converted to CATS, operating procedures updated, and system users retrained. For the first time, on a full-year basis in 1997, the Department of Justice prepared complete reports on all asset forfeiture activity on a real time basis; investigative and judicial agencies had available the actual results of their efforts; and office, agency and Department managers were able to assess the efficiency of the forfeiture program and estimate future program results in a more informed manner.

CATS enables access for more than a thousand locations to a central database to perform full asset forfeiture lifecycle tasks more efficiently. It eliminates redundant data capture and provides consistency and standardization for agencies performing similar functions. The system provides current information to field personnel on the status of cases, integrates financial analysis capabilities into the inventory management process, provides the estimation of program income and expenses, and provides the capability for agency and Department managers to review and assess program activity.

Recurring costs include telecommunications support, recurring costs for system and equipment maintenance, costs for user support and help desk, data center charges in support of CATS, software maintenance, user training, and equipment.

8.	Training and Printing		
	<u>FY 2012 Estimate</u>	<u>FY 2013 Estimate</u>	<u>Increase/Decrease</u>
	\$15,000,000	\$12,000,000	-\$3,000,000

This category funds expenses for training personnel on aspects of the federal forfeiture program as well as other training necessary to maintain the competency of federal and contractor personnel dedicated to performing federal forfeiture functions. Printing costs reflect the continuing need to provide current legal advice and support. Expenses include updating and distributing manuals and pamphlets directly related to forfeiture issues, policies, and procedures.

9.	Other Program Management Expenses		
	<u>FY 2012 Estimate</u>	<u>FY 2013 Estimate</u>	<u>Increase/Decrease</u>
	\$59,000,000	\$55,000,000	-\$4,000,000

This category includes several types of expenses that are important to the overall management of the asset forfeiture program: management analysis, performance assessment, problem analysis, requirements analyses, policy development, and other special projects designed to improve program performance. This funding will provide travel and per diem funds for temporary duty assignments needed to correct program deficiencies. Other activities funded under this heading include the annual audit of financial statements of the Assets Forfeiture Fund and the Seized Asset Deposit Fund by an independent accounting firm and special assessments and reviews. This category also finances the AFMLS, AFMS, and, since 2001, USMS headquarters administrative personnel and non-personnel costs associated with the forfeiture program. In addition, the AFF funds Deputy U.S. Marshal (DUSMs) salaries to enhance the legal and fiduciary responsibilities that are inherent in the seizure of personal and real property during the pendency of a forfeiture action.

10.	Storage, Protection, and Destruction of Controlled Substances		
	<u>FY 2012 Estimate</u>	<u>FY 2013 Estimate</u>	<u>Increase/Decrease</u>
	\$11,000,000	\$9,000,000	-\$2,000,000

These expenses are incurred to store, protect and/or destroy controlled substances. In 2013, provided sufficient receipts are available, \$9.0 million per year are proposed for this expense category.

11.	Equitable Sharing Payments		
	<u>FY 2012 Estimate</u>	<u>FY 2013 Estimate</u>	<u>Increase/Decrease</u>
	\$430,000,000	\$430,701,000	+\$701,000

The equitable sharing activity in 2013 is expected to decrease slightly from 2012. These funds are reserved until the receipt of the final forfeiture orders that result in distributions to the participants. 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. Most task force cases, for example, result in property forfeitures whose proceeds are shared among the participating agencies.

12.	Joint Federal/State and Local Law Enforcement Operations		
	<u>FY 2012 Estimate</u>	<u>FY 2013 Estimate</u>	<u>Increase/Decrease</u>
	\$147,299,000	\$147,299,000	+\$0

Public Law 102-393, referred to as the 1993 Treasury Appropriations Act, amended Title 28 U.S.C. 524(c), enacted new authority for the Fund to pay for "overtime, travel, fuel, training, equipment, and other similar costs of state or local law enforcement officers that are incurred in a joint law enforcement operation with a federal law enforcement agency participating in the Fund." Such cooperative efforts have significant potential to benefit federal, state, and local law enforcement efforts.

B. INVESTIGATIVE EXPENSES

Definite, Appropriated (discretionary) Authority

1.	Awards for Information and Purchase of Evidence		
	<u>FY 2012 Estimate</u>	<u>FY 2013 Estimate</u>	<u>Increase/Decrease</u>
	\$20,079,000	\$20,079,000	+\$0

Awards payable from the Fund directly support law enforcement efforts by encouraging the cooperation and assistance of informants. The Fund may also be used to purchase evidence of violations of drug laws, Racketeering Influenced and Corrupt Organizations (RICO), and criminal money laundering laws. Payment of awards to sources of information creates tremendous motivation for individuals to assist the government in the investigation of criminal activity and the seizure of assets. Many cases would be impossible to bring to trial without the information from cooperating individuals. Even when the government has reason to believe criminal activity is occurring, an inside informant can facilitate the cost-effective deployment of investigative resources to obtain the greatest results. These expense categories are used in support of the Attorney General's highest priority programs, and represent resources that become increasingly precious as law enforcement budgets are curtailed to meet deficit reduction goals.

2.	Equipping of Conveyances		
	<u>FY 2012 Estimate</u>	<u>FY 2013 Estimate</u>	<u>Increase/Decrease</u>
	\$869,000	\$869,000	+\$0

This category provides funding to equip vehicles, vessels or aircraft for law enforcement functions, but not to acquire them. Purchased equipment must be affixed to and used integrally with the conveyance. This funding is used for emergency and communications equipment, voice privacy and surveillance equipment, armoring, and engine upgrades and avionic equipment for aircraft. It is only through Fund resources that many of these surveillance vehicles are available to the field districts that need them. DEA uses surveillance vans as stationary and mobile platforms to conduct surveillance and gather intelligence, the cornerstone of cases against most major drug violators. In addition, evidence obtained through the use of such surveillance often provides the audio and video documentation necessary for conviction.

PERFORMANCE AND RESOURCES TABLE											
Decision Unit: Assets Forfeiture Fund											
DOJ Strategic Goal/Objective: Goal 2: Prevent Crime, Protect the Rights of the American People and Enforce Federal Law. ^A											
TYPE/ STRATEGIC OBJECTIVE	PERFORMANCE ^B	FY 2011		FY 2011		2012 Requirements		Current Services Adjustments and FY 2012 Program		FY 2013 Request	
		FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000	FTE	\$000
Program Activity	Management of the AFF Provide financial support, control, and guidance to Fund participants in accordance with the Attorney General's Guidelines on Seized and Forfeited Property, July 1990.		[]		[]		[]		[]		[]
Performance Measure	Percent of time CATS is accessible in support of forfeiture agency operations.	99.8%		99.9%		99.8%				99.8%	
Performance Measure	Percent of time Business Objects is accessible in support of forfeiture agency operations.	99.8%		100.0%		99.8%				99.8%	
Performance Measure	Percent of time Sharepoint Services are accessible in support of forfeiture agency operations.	99.8%		99.9%		99.8%				99.8%	
OUTCOME	Achieve effective funds control as corroborated by an unqualified opinion on the AFF financial statements.	100%		100%		100%				100%	

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

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

PERFORMANCE MEASURE TABLE

Decision Unit: Assets Forfeiture Fund

Performance Report and Performance Plan Targets		FY 2008	FY 2009	FY 2010	FY 2011		FY 2012
		Actual	Actual	Actual	Target	Actual	Target
Performance Measure	Percent of time CATS is accessible in support of forfeiture agency operations.	99.9%	99.9%	100.0%	99.8%	99.9%	99.8%
Performance Measure	Percent of time Business Objects is accessible in support of forfeiture agency operations.	N/A	N/A	N/A	99.8%	100.0%	99.8%
Performance Measure	Percent of time Sharepoint Services are accessible in support of forfeiture agency operations.	N/A	N/A	N/A	99.8%	99.9%	99.8%
OUTCOME Measure	Achieve effective funds control as corroborated by an unqualified opinion on the AFF financial statements.	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Data Definitions

FTE. The AFF reimburses the USMS for the salaries of administrative personnel responsible for the AFF's property custodial functions, but their associated FTE's reside in the USMS accounts. Similarly, the AFF reimburses the Criminal Division for AFMLS FTE. AFMS is authorized 23 FTE, which are paid directly from the AFF's mandatory account.

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

Performance. One of the tasks of the Fund managers is to project Fund activities. As a result of a reevaluation of the Fund's performance measures, in 2001 the indicators were changed to more accurately reflect the activities of the Fund administrators rather than the Fund participants.

Performance Measure 1, 2 and 3. CATS, Business Objects, and Sharepoint services are available to participating AFF 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 each performance measures availability to its customer base. For fiscal years 2012 and 2013, the total number of core supported hours is approximately 3,000. The goal is to provide 99.8 percent availability to customers.

2013 Performance Plan. The 2013 plan entails supporting law enforcement authorities in the application of specific forfeiture statutes to prevent and reduce crime by the efficient and timely allocation of resources to cover the costs of an effective asset forfeiture program.

2. Performance, Resources, and Strategies

The Fund contributes to the Department's Strategic Goal 2: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law.

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 creative ways to use the proceeds of asset forfeiture, in conjunction with other funds available to our investigative and prosecutive offices, to support operations that focus on the disruption and destruction of criminal organizations and not merely on the conviction of individuals and forfeiture of their personal property.

a. Performance Plan and Report for Outcomes

As illustrated in the preceding Performance and Resources Table, the performance measure addresses performance only by the AFMS. While the performance measure is internal to the AFMS, Strategic Goal 2 is the Fund's supra-objective. Through stakeholder meetings, employee

meetings and internal reviews, the Fund has identified many of the issues that must be addressed to enable it and the Nation's law enforcement community to meet the challenges of the war on drugs. Continued progress towards implementation will enable the Fund to improve the Nation's effectiveness in the war on drugs.

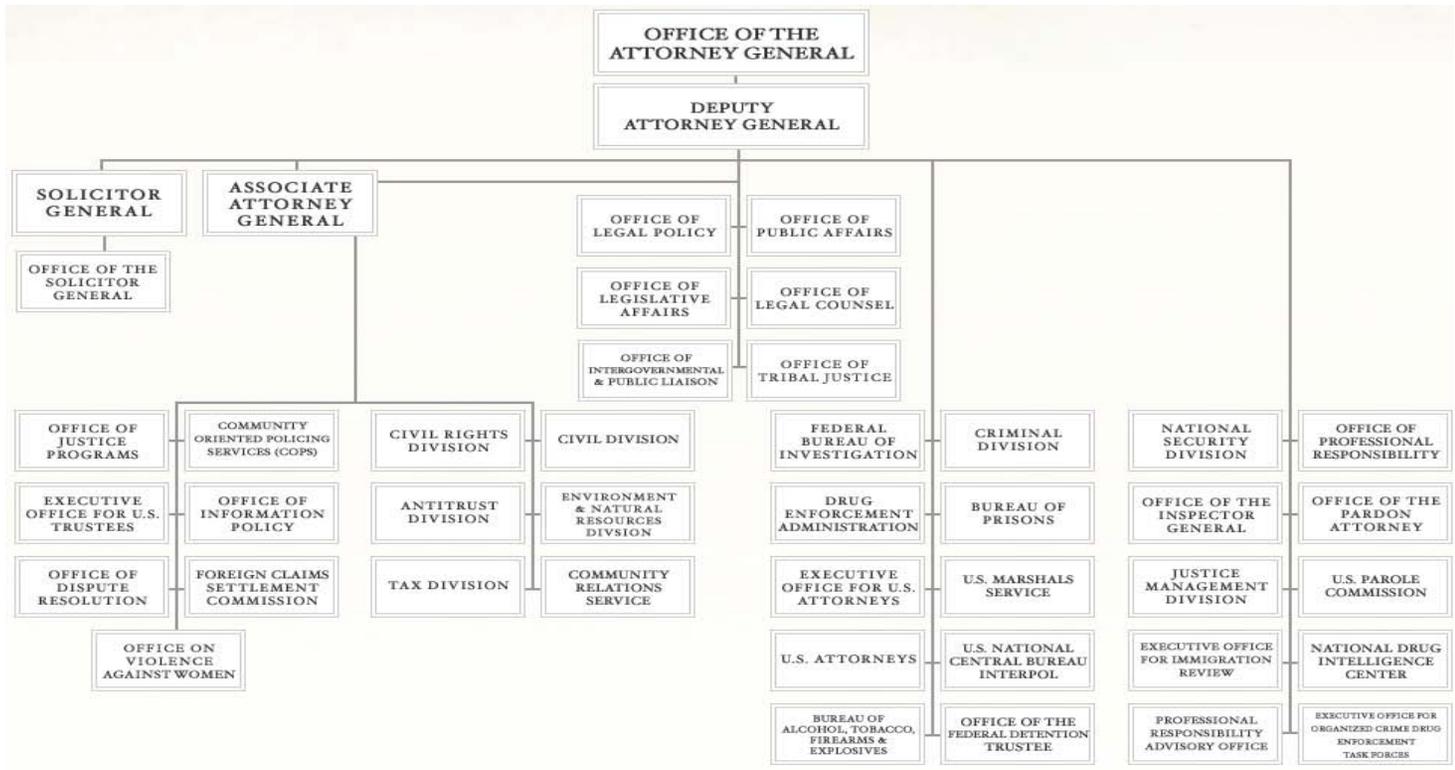
The challenge of using the asset forfeiture sanction more fully requires the dedication of greater human resources to the development of the financial aspects of criminal operations. Continuing education in conducting financial investigations, tracing assets, presenting financial evidence in court, and managing and disposing of sophisticated properties is needed to develop and support experienced law enforcement professionals capable of dismantling criminal enterprises. The increasing use of sophisticated technology by criminals and the relative ease of operating across international boundaries also present special challenges for law enforcement that must be met if the power of the asset forfeiture sanction is to be realized. The Department will continue to seek opportunities to use asset forfeiture funds to advance the ability of our investigators, prosecutors, and other professionals to meet these challenges successfully.

b. Strategies to Accomplish Outcomes

The performance indicators are for the 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.

V. EXHIBITS

A: Organizational Chart



APPROVED BY:  DATE: Apr. 30, 2010

ERIC H. HOLDER, JR.
ATTORNEY GENERAL

D: Resources by DOJ Strategic Goal and Strategic Objective

**Resources by Department of Justice Strategic Goal/Objective
Assets Forfeiture Fund
(Dollars in Thousands)**

Strategic Goal and Strategic Objective	2011 Appropriation Enacted		2012 Enacted		2013 Current Services		2013				2013 Request	
	Direct, Reimb. Other FTE	Direct Amount \$000s	Direct, Reimb. Other FTE	Direct Amount \$000s	Direct, Reimb. Other FTE	Direct Amount \$000s	Increases		Offsets		Direct, Reimb. Other FTE	Direct Amount \$000s
							Direct, Reimb. Other FTE	Direct Amount \$000s	Direct, Reimb. Other FTE	Direct Amount \$000s		
Goal 2: Prevent Crime, Protect the Rights of the American People, and Enforce Federal Law												
2.1 Combat the threat, incidence, and prevalence of violent crime	0	50,245	1	104,585	1	41,700	0	0	0	0	1	41,700
2.3 Combat the threat, trafficking, and use of illegal drugs and the diversion of licit drugs	0	1,122,129	15	2,335,726	15	931,300	0	0	0	0	15	931,300
2.4 Combat corruption, economic crimes, and international organized crime	0	502,446	7	1,045,847	7	417,000	0	0	0	0	7	417,000
Subtotal, Goal 2	0	1,674,819	23	3,486,158	23	1,390,000	0	0	0	0	23	1,390,000
GRAND TOTAL	0	\$1,674,819	23	\$3,486,158	23	\$1,390,000	0	\$0	0	\$0	23	\$1,390,000

The AFF distributes its resources annually at the rate of 3, 67 and 30 percent among objectives 2.1, 2.3 and 2.4, respectively.

F: Crosswalk of 2011 Availability

Crosswalk of 2011 Availability

Assets Forfeiture Fund

Salaries and Expenses

(Dollars in Thousands)

Decision Unit	FY 2011 Enacted Without Rescissions			Rescissions			Reprogrammings / Transfers			Carryover Amount	Recoveries Amount	2011 Availability		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount			Pos.	FTE	Amount
Mandatory Expenses, Indef Auth			2,063,594							974,638	85,277	0	0	3,123,509
Investigative Expenses, Def Auth			20,990			(42)						0	0	20,948
Unobligated Balance Rescission						(495,000)						0	0	(495,000)
TOTAL	0	0	\$2,084,584	0	0	(\$495,042)	0	0	\$0	\$974,638	\$85,277	0	0	\$2,649,457
Reimbursable FTE														0
Total FTE			0			0			0					0
Other FTE														
LEAP														0
Overtime														0
Total Compensable FTE			0			0			0					0

Enacted Rescissions. Funds rescinded as required by the Revised Continuing Appropriations Resolution, 2011 (P.L. 112-10).

Unobligated Balances. Funds in the amount of \$974,638 were carried over from FY 2010 from the 15X5042 account. The carried forward balances consist primarily of restricted and balances for specific ongoing expenses. In addition, \$85,277 in recoveries and refunds have been realized through September 30, 2011.

G: Crosswalk of 2012 Availability

Crosswalk of 2012 Availability

Assets Forfeiture Fund
Salaries and Expenses
(Dollars in Thousands)

Decision Unit	FY 2012 Enacted Without Rescissions			Rescissions			Reprogrammings / Transfers			Carryover Amount	Recoveries Amount	2012 Availability		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount			Pos.	FTE	Amount
Mandatory Expenses, Indef Auth	[23]	23	4,100,210							1,024,189	40,000	[23]	23	5,164,399
Investigative Expenses, Def Auth			20,948									0	0	20,948
Unobligated Balance Rescission						(675,000)						0	0	(675,000)
TOTAL	[23]	23	\$4,121,158	0	0	(\$675,000)	0	0	\$0	\$1,024,189	\$40,000	[23]	23	\$4,510,347
Reimbursable FTE														0
Total FTE	[23]	23			0			0				[23]	23	
Other FTE														
LEAP		0			0			0						0
Overtime		0			0			0						0
Total Compensable FTE	[23]	23			0			0				[23]	23	

Enacted Rescissions. Funds rescinded as required by the Revised Continuing Appropriations Resolution, 2012 (P.L. 112-55).

Unobligated Balances. Funds in the amount of \$1,024,189 were carried over from FY 2011 from the 15X5042 account. The carried forward balances consist primarily of restricted funds and balances for balances for specific ongoing expenses. In addition, \$40,000 in recoveries and refunds are estimated in Fiscal Year 2012. These monies will be used to pay for the operating expenses associated with forfeiture.

All FTE numbers in this table reflect authorized FTE, which is the total number of FTE available to a component. Because the FY 2013 President’s Budget Appendix builds the FTE request using actual FTE rather than authorized, it may not match the FY 2012 FTE enacted and FY 2013 FTE request reflected in this table.

H: Summary of Reimbursable Resources

Summary of Reimbursable Resources

Assets Forfeiture Fund

Salaries and Expenses

(Dollars in Thousands)

Collections by Source	2011 Enacted			2012 Planned			2013 Request			Increase/Decrease		
	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount	Pos.	FTE	Amount
Treasury Executive Office for Asset Forfeiture	0	0	12,309	0	0	13,259	0	0	13,500	0	0	241
Budgetary Resources:	0	0	\$12,309	0	0	\$13,259	0	0	\$13,500	0	0	\$241

I: Detail of Permanent Positions by Category

Detail of Permanent Positions by Category
 Assets Forfeiture Fund
 Salaries and Expenses

Category	2011 Enacted	2012 Enacted	2013 Request					
	Total Authorized	Total Authorized	ATBs	Program Increases	Program Decreases	Total Pr. Changes	Total Authorized	Total Reimbursable
Personnel Management (200-299)		12					12	
Clerical and Office Services (300-399)		1					1	
Accounting and Budget (500-599)		4					4	
Information Technology Mgmt (2210)		6					6	
Total	0	23	0	0	0	0	23	0
Headquarters (Washington, D.C.)	0	23				0	23	0
Total	0	23	0	0	0	0	23	0

K: Summary of Requirements by Grade

Summary of Requirements by Grade

Assets Forfeiture Fund
Salaries and Expenses

	2011 Enacted w/Rescissions		2012 Enacted		2013 Request		Increase/Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
Grades and Salary Ranges								
SES, \$119,554 - 179,700			1	166,865	1	167,699	0	
GS-15, \$123,758 - 155,500			4	595,735	4	598,714	0	
GS-14, \$105,211 - 136,771			10	1,153,797	10	1,159,566	0	
GS-13, \$89,033 - 115,742			7	685,616	7	689,044	0	
GS-12, \$74,872 - 97,333							0	
GS-11, \$62,467 - 81,204							0	
GS-10, \$56,857 - 73,917							0	
GS-9, \$51,630 - 67,114							0	
GS-8, \$46,745 - 60,765							0	
GS-7, \$42,209 - 54,875			1	43,616	1	43,834	0	
GS-6, \$37,983 - 49,375							0	
GS-5, \$34,075 - 44,293							0	
GS-4, \$30,456 - 39,590							0	
GS-3, \$27,130 - 35,269							0	
GS-2, \$24,865 - 31,292							0	
GS-1, \$22,115 - 27,663							0	
Total, Appropriated Positions	0		23		23		0	
Average SES Salary		\$0		\$166,865		\$166,865		
Average GS Salary		\$0		\$112,671		\$113,234		
Average GS Grade		0		14		14		

L: Summary of Requirements by Object Class

Summary of Requirements by Object Class

Assets Forfeiture Fund

Salaries and Expenses

(Dollars in Thousands)

Object Classes	2011 Actuals		2012 Enacted		2013 Request		Increase/Decrease	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
11.1 Direct FTE & personnel compensation		\$10,298	23	\$10,000	23	\$10,050	0	\$50
11.3 Other than full-time permanent		2,965		2,000		2,000	0	0
11.5 Total, Other personnel compensation	0	0	0	0	0	0	0	0
<i>Overtime</i>							0	0
<i>Other Compensation</i>							0	0
11.8 Special personal services payments							0	0
Total	0	13,263	23	12,000	23	12,050	0	50
Other Object Classes:								
12.0 Personnel benefits		3,717		4,000		4,000		0
21.0 Travel and transportation of persons		11,423		13,000		14,000		1,000
22.0 Transportation of things		3,117		4,000		4,000		0
23.1 GSA rent		17,625		20,000		21,000		1,000
23.2 Moving/Lease Expirations/Contract Parking		438		1,000		1,000		0
23.3 Comm., util., & other misc. charges		10,427		9,000		10,000		1,000
24.0 Printing and reproduction		3,480		4,000		4,000		0
25.1 Advisory and assistance services		94,255		96,000		98,000		2,000
25.2 Other services		1,352,777		3,439,215		1,114,893		(2,324,322)
25.3 Purchases of goods & services from Government accounts (Antennas, DHS Sec. Etc.)		66,255		70,000		70,000		0
25.4 Operation and maintenance of facilities		8,769		10,000		10,000		0
25.7 Operation and maintenance of equipment		12,654		18,000		18,000		0
26.0 Supplies and materials		7,907		6,000		6,000		0
31.0 Equipment		6,227		8,000		8,000		0
32.0 Land and Structures		625		0		0		0
Total obligations		\$1,612,959		\$3,714,215		\$1,394,943		(\$2,319,272)
Unobligated balance, start of year		(974,638)		(1,024,189)		(782,873)		
Unobligated balance, end of year		1,024,189		782,873		764,430		
Recoveries of prior year obligations		(85,277)		(40,000)		(40,000)		
Total DIRECT requirements		1,577,233		3,432,899		1,336,500		
Reimbursable FTE:								
Full-time permanent	0	\$12,309	0	\$13,259	0	\$13,500		
23.1 GSA rent (Reimbursable)		\$0		\$0		\$0		
25.3 DHS Security (Reimbursable)		\$0		\$0		\$0		