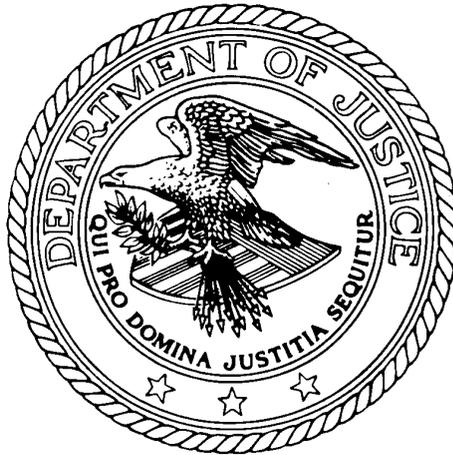


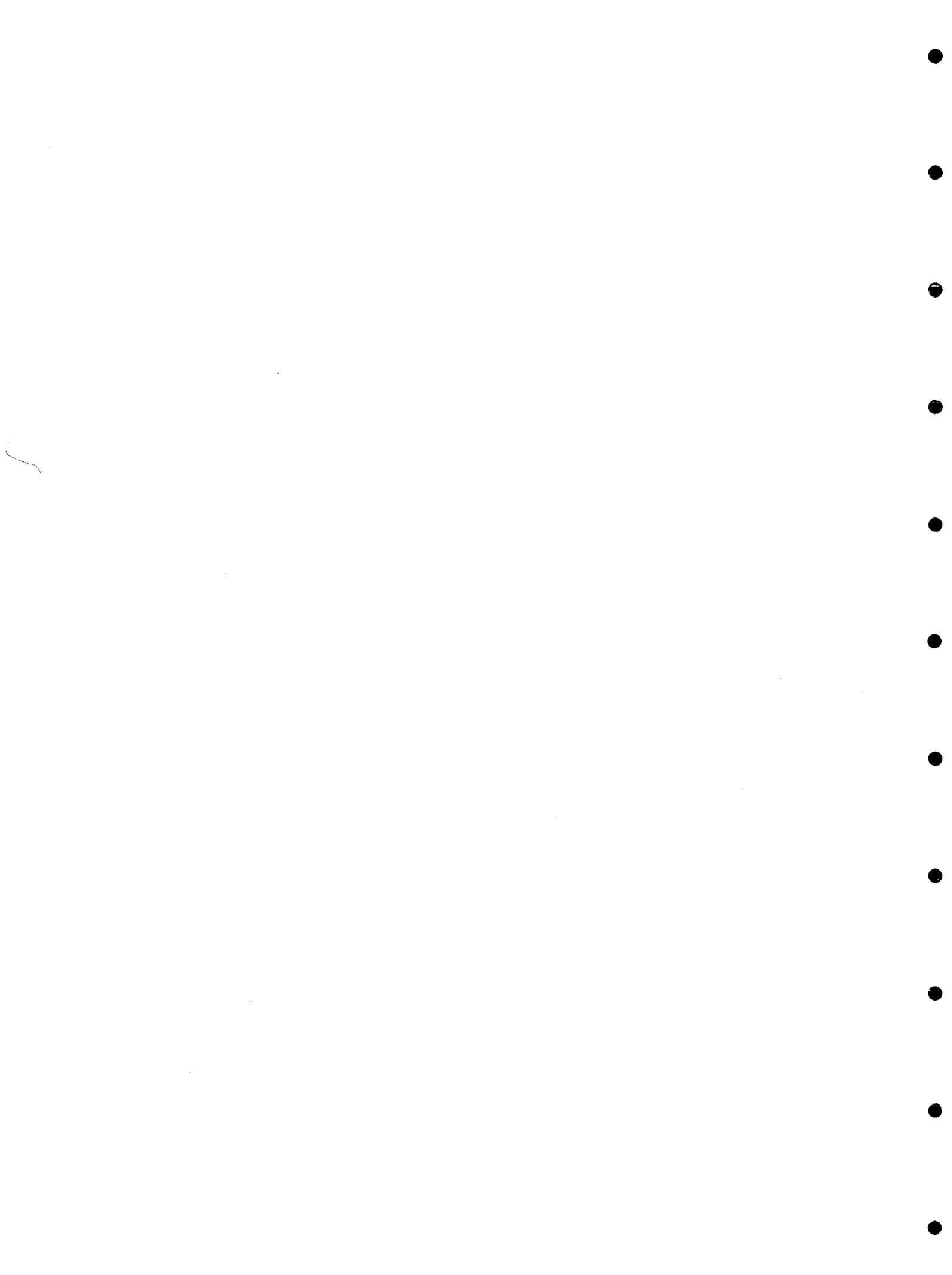
U.S. Department of Justice  
Office of the Attorney General



# Annual Report of the Department of Justice Asset Forfeiture Program 1991



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# Annual Report of the Department of Justice Asset Forfeiture Program

NCJRS

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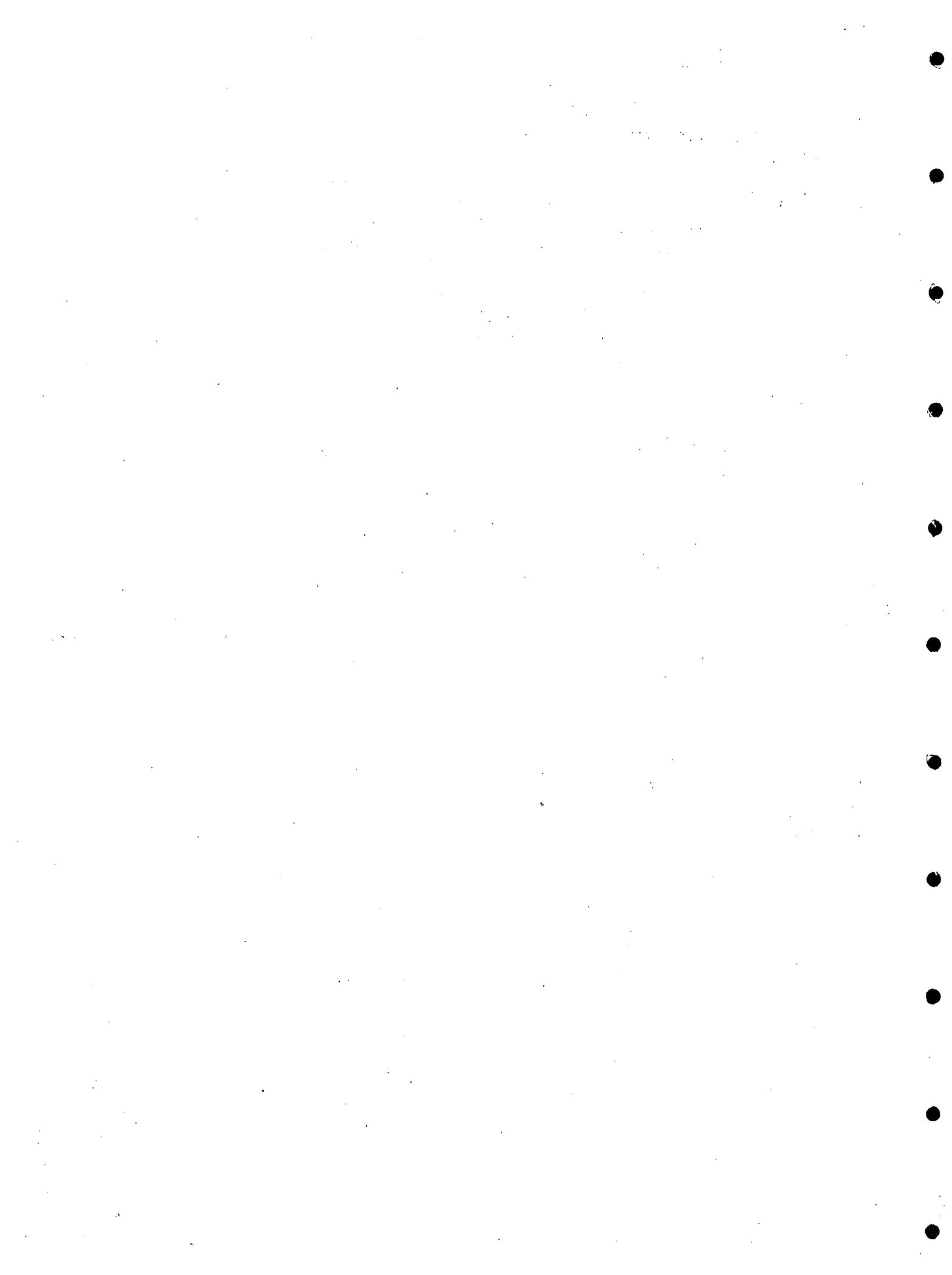
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**Prepared by the Executive Office for Asset Forfeiture  
Office of the Deputy Attorney General**

**Fiscal Year 1991**

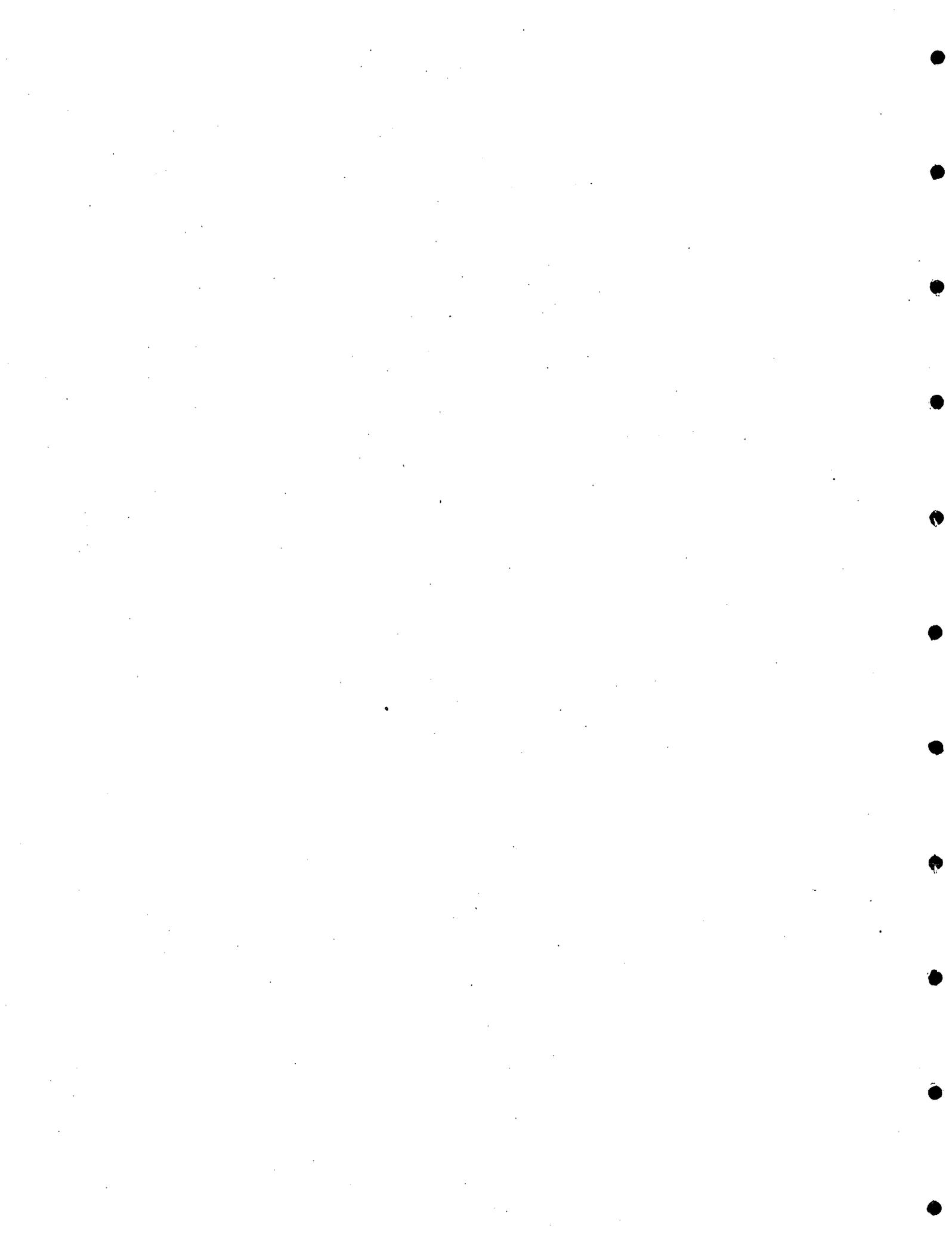


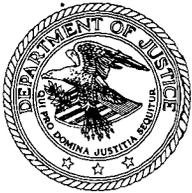
*The Annual Report of the Department of Justice  
Forfeiture Program 1991 is dedicated to the memory of  
Drug Enforcement Administration Special Agent*

*Eugene T. McCarthy*

*who died in service to his country in the  
Persian Gulf War.*

*Special Agent McCarthy flew surveillance missions  
over Peru for Operation Snowcap in our  
nation's war against drugs.*





## Office of the Attorney General

Washington, D.C. 20530

### FOREWORD

To the Senate and the House of Representatives  
of the United States of America in Congress Assembled:

To tell the story of the Department of Justice Asset Forfeiture Program is to report not only its significant law enforcement impact but also the multitude of other benefits that flow to society when drug traffickers and criminals are stripped of their ill-gotten gains.

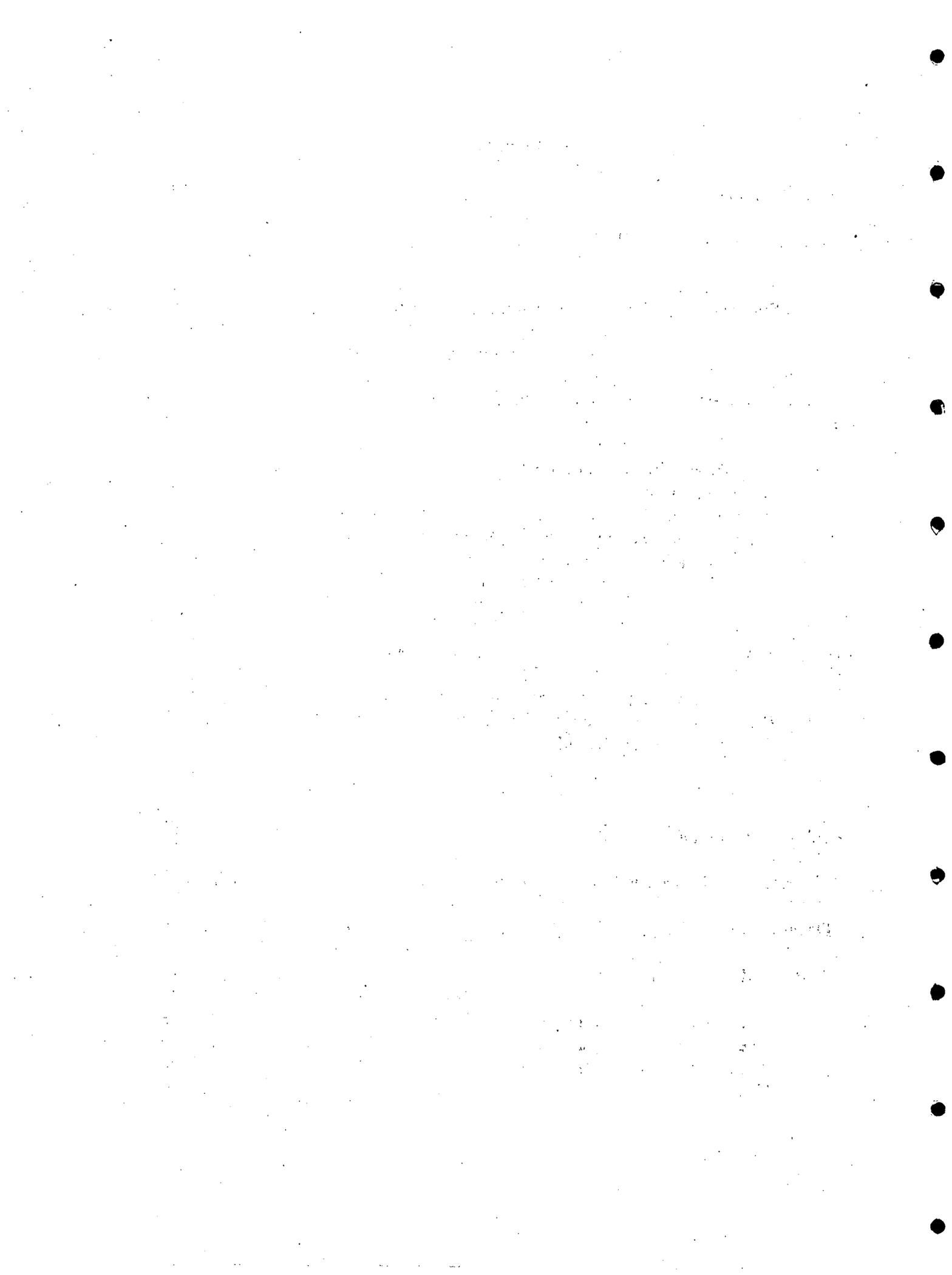
The Asset Forfeiture Program is first and foremost a law enforcement program. Since Fiscal Year 1985 more than \$2.4 billion in cash and property has been stripped from drug traffickers and other criminals. Most of these forfeiture proceeds have been reinvested in law enforcement. Over \$830 million in forfeited cash and property has been shared with state and local law enforcement agencies which participated in cases resulting in federal forfeitures. In Fiscal Year 1991 alone, \$289 million was shared. Almost a half-billion dollars in forfeiture proceeds have been used to finance federal prison construction. Over \$350 million has helped finance federal investigations and prosecutions. These successes are the result of unprecedented law enforcement cooperation at all levels of government both domestically and abroad. Through asset forfeiture, we are able to give effect to the maxim: "crime does not pay."

Forfeited property has not only been reinvested in law enforcement. The victims of financial institution fraud receive restitution from forfeited assets. The environmental hazards caused by clandestine drug laboratories have been removed. Forfeiture also benefits victims of crime as assets can be "frozen" before they can be dissipated.

The Asset Forfeiture Program is a top priority of the Department of Justice and has my strong personal support. The success of the program comes from the hard work done on a day-to-day basis by dedicated investigators, prosecutors, and marshals across this nation. This year's Annual Report highlights their outstanding contributions.

Respectfully submitted,

William P. Barr  
Attorney General



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# EXECUTIVE SUMMARY

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This Annual Report provides detailed information about the Department of Justice Asset Forfeiture Program. This Program continues to be a law enforcement success story and is meeting its objectives as set forth in The Attorney General's Guidelines for Seized and Forfeited Property (July, 1990):

- 1) Law enforcement: to punish and deter criminal activity.
- 2) Cooperation: to enhance law enforcement cooperation at all levels of government both domestically and internationally.
- 3) Revenue: as a by-product of the first two objectives, to be reinvested into federal, State, local and international law enforcement.

This Report highlights the outstanding work done by the thousands of federal prosecutors, investigators, property managers and support staff across the country.

Asset forfeiture is an ancient legal concept, with a new vitality in the war against drugs and organized crime. The Department's Program is aimed at dismantling criminal organizations by attacking them at all levels. Wealth is power and illicit organizations — large and small — are fueled by their tainted money and property. By seizing their assets, their operations can be sharply curtailed or eliminated.

Civil forfeiture has been a part of Anglo-American law since the earliest days of our Nation. Civil proceedings have historically been used for determining property rights. The legal theory behind civil forfeiture is that

property involved in illegal activity can be "prosecuted" in a civil proceeding.

Criminal forfeiture — whereby an individual and his or her property are indicted — is a relatively recent legal development. Laymen often think that forfeiture of tainted assets without criminal conviction is unusual, but it is criminal forfeiture — not civil forfeiture — that is relatively new.

Both the administrative and judicial forfeiture processes contain safeguards to protect individuals' rights. In addition to due process protections, the Department, by policy, provides additional safeguards. Most significantly, in 1991 the Department established a new expedited settlement procedure for qualified mortgage holders to ensure that their "innocent ownership" interest is acknowledged early in the forfeiture process and that agreement can be reached on the amount owed to the mortgagee at the end of the case.

The laws affecting the Program continue to evolve. In 1991, the Department of Justice Assets Forfeiture Fund (28 U.S.C. 524(c)) authority was amended. These amendments made the benefits from the Fund equally available to all Program components. The Department is pursuing further expansion of federal forfeiture laws in the areas of fraud, counterfeiting, explosives, and firearms offenses.

On the state level, the Department continues to encourage the adoption of the Model Asset Seizure and Forfeiture Act which was jointly developed by the Department of Justice and State and local prosecutors.

There are a myriad of management challenges in the Department's complex and far-flung forfeiture program. In 1991, Congress approved the reorganization of the Executive Office for Asset Forfeiture (EOAF), which will enable the Department to better meet those challenges. The Office has responsibility for policy, management oversight and strategic planning for all aspects of the domestic and international forfeiture program, as well as for the development of a consolidated asset tracking system.

Asset forfeiture is one of the most examined programs in the federal government. In this past year numerous studies, inspections and audits have been done of the Program. In addition to internal inspections conducted by agencies participating in the Program, the General Accounting Office, the Department's Office of Inspector General, the Management and Planning Staff of the Justice Management Division and the EOAF have all initiated reviews of various aspects of the Program.

Recognizing that asset forfeiture is a powerful law enforcement tool, high priority has been placed on management and policy initiatives to further improve the integrity of the Program. The Department has proposed the adoption of a series of "Quality Assurance Standards" by all federal, State and local law enforcement agencies.

In 1991, the U.S. Park Police of the Department of the Interior became the newest member of the Department of Justice Asset Forfeiture Program. There are a total of 10 components that participate — six Justice and four non-Justice — in the Program. This year's Annual Report features the accomplishments of these organizations' field units.

The Department is placing priority emphasis on two aspects of the Program. First is the expansion of the international effort to find and seize the foreign assets of drug traffickers, money launderers and other criminals. For law enforcement, the world has truly become a global village. The increasing international cooperation is reflected by the growing numbers of bilateral and multinational agreements providing for the identification, immobilization and forfeiture of criminal proceeds. The Attorney General has authorized the transfer of over \$19 million in federal forfeiture proceeds to nine different countries in recognition of their participation in the forfeiture effort. Second, increased use of criminal forfeiture provisions enables the United States to reach criminal wealth located overseas — in one case, even after the death of the drug kingpin.

Domestically, the equitable sharing program continues to serve its primary purposes. First, it supplements the resources of State and local law enforcement agencies without further taxing the public weal. Second, it removes impediments to their efforts to strip criminals of their criminal profits and tools by recompensing their investigative and seizure efforts. And third, it encourages enhanced cooperation of federal, State and local law enforcement efforts. A study done by the Department in March, 1991, affirmed that equitable sharing is meeting its goals.

Revenue for the Department of Justice Assets Forfeiture Fund reached an all-time high in FY 1991. Over \$643.6 million was deposited into the Fund. While revenue is important to the Program, it is only a tertiary objective. As criminals become even more sophisticated at hiding their assets, both here and abroad, tracking and seizing their wealth becomes more difficult and time consuming. Without revenue from federal forfeitures, law enforcement agencies simply will not

have the resources to identify, seize and forfeit the proceeds and instrumentation of crime.

Not long ago, forfeiture was but a minor feature in federal, State and local law enforcement. Today it is an essential component of the Department of Justice anti-crime strategy. The Department of Justice is committed to aggressively pursuing the lifeblood of criminal enterprises while being true to its responsibility to defend and uphold the rights of our citizens.



# INTRODUCTION: FISCAL YEAR 1991 ANNUAL REPORT

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## Methodology

This Annual Report draws on information provided by the agencies that participate in the Department of Justice Asset Forfeiture Program and the Department's Assets Forfeiture Fund (Fund). In addition to the Justice components (the Drug Enforcement Administration, the Federal Bureau of Investigation, the Immigration and Naturalization Service, the United States Attorneys, the U.S. Marshals Service and the Asset Forfeiture Office, Criminal Division), five non-Justice agencies participate in the Program: the U.S. Postal Inspection Service, the Internal Revenue Service, the Bureau of Alcohol, Tobacco and Firearms, the U.S. Secret Service\* and the U.S. Park Police. This Report also contains illustrative cases drawn from information submitted by various field offices.

Statistical information provided by the participating agencies is also included in this Report. Analysis of various aspects of the program was done by the Executive Office for Asset Forfeiture, Office of the Deputy Attorney General.

\* The U.S. Secret Service joined the Program in FY 1992

## Statutory Reporting Requirement

Pursuant to 28 U.S.C. 524(c)(6), the Attorney General shall transmit to the Congress, not later than four months after the end of each fiscal year, detailed reports as follows:

- (A) A report on —
  - (1) The estimated total value of property forfeited under any law enforced or administered by the Department of Justice with respect to which funds were not deposited in the Fund; and
  - (2) The estimated total value of all such property transferred to any State or local law enforcement agency;
- (B) A report on —
  - (1) The Fund's beginning balance;
  - (2) Sources of receipts (seized cash, conveyances, and others);
  - (3) Liens and mortgages paid and amount of money shared with State and local law enforcement agencies;

- (4) The net amount realized from the year's operations, the amount of seized cash being held as evidence, and the amount of money legally allowed to be carried over to next year;
  - (5) Any defendant's equity in property valued at \$1 million or more; and
  - (6) Year-end Fund balance.
- (C) A report for such fiscal year, containing audited financial statements, in the form prescribed by the Attorney General in consultation with the Comptroller General, including profit and loss information with respect to forfeited property (by category), and financial information on forfeited property transactions (by type of disposition).

Note: Audited Financial Statements for the Assets Forfeiture Fund and the Seized Asset Deposit Fund for the years ended September 30, 1989 and 1990 are attached to this report as Appendices D and E respectively. Preparation of audited financial statements of these accounts for FY 1991 are underway.

# CHAPTER I

## THE HISTORY OF FORFEITURE

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Governments long ago recognized the need to protect their citizens against persons outside their borders who smuggled contraband into their territory. For example, simply arresting the captain and crew of a foreign smuggling ship was ineffective if the ship was returned to its foreign owner. The owner would merely hire a new crew and send the ship back on another smuggling run. There are obvious parallels between age-old smuggling and modern drug trafficking; both require methods to protect our citizens from criminals inside and outside our borders.

### Legal Standard for Seizure

No property may be seized unless the government has probable cause to believe that it is subject to forfeiture. Probable cause exists when the facts and circumstances, based on trustworthy information, are such that a person of reasonable caution would believe that the property was involved in the illegal activity. The determination of probable cause must be made on a case-by-case basis by the field office of the seizing agency. The facts and circumstances that form the basis of the probable cause determination are reviewed once again by the Headquarters office of the federal agency when the case is initially submitted for forfeiture processing. Further investigation of the facts and circumstances can continue throughout the administrative process.

Probable cause is the same legal standard that the United States Constitution requires for the arrest and jailing of a person prior to trial;

the search of a person's home; or the indictment of a person by a Grand Jury.

### Criminal vs. Civil Forfeiture

Anglo-American law has traditionally provided two basic forms of legal procedure: a criminal procedure for determining liberty rights and a civil procedure for determining property rights.

Thus, before a person can be deprived of his liberty or stigmatized as a criminal, he is entitled to a criminal trial where the government's burden of proof is "beyond a reasonable doubt." Criminal defendants have a right to counsel and an attorney will be provided for defendants who cannot afford one. Criminal forfeiture is instituted in conjunction with the criminal charges against a particular defendant. The criminal indictment must contain allegations that the property was used illegally and those allegations must be proven at trial beyond a reasonable doubt.

Before a person can be deprived of his property, he is entitled to a civil trial where the burden of proof is "preponderance of the evidence." Civil litigants may be represented by counsel but generally must hire their own attorneys.

Civil forfeiture involves property rights and is, therefore, entirely consistent with centuries of Anglo-American legal practice. Civil judicial forfeiture proceedings are brought against the property itself, not the individual

defendant. The legal theory of civil forfeiture is that property which violates the law can be prosecuted. Because of the rule known as the relation back doctrine, the ownership of property is considered to have transferred to the sovereign at the time the alleged criminal act was committed. Ensuing court proceedings merely perfect the government's interest in the property. In the smuggling ship example, therefore, the forfeiture action might be styled "The Government vs. One Sailing Ship, Smuggler's Delight." If the government can show in a civil trial that the ship was involved in violation of American laws, it can be forfeited.

### **Safeguards in the Process**

Although law does not mandate it, Department of Justice policy provides that seizures should not be executed until a neutral and detached magistrate has made an independent finding of probable cause and has issued a federal seizure warrant. Exceptions are allowed, of course, for exigent circumstances where the property might be removed, hidden, or destroyed before a warrant can be obtained. Department policy permits no exception to the warrant requirement for the seizure of any parcel of real estate.

Once property is seized, either by a federal investigative agency or by a State or local law enforcement agency in a case that is adopted for federal forfeiture, various safeguards come into play to protect the rights of any claimants to the property. By statute, if property is seized for a violation involving personal use quantities of a controlled substance, and in all cases where a conveyance is seized, the person in possession of the property at the time of seizure is given a notice explaining the procedures whereby he

or she may petition for an expedited release of the property.

The government must mail written notices of the seizure to any owner or lienholder of the property and must publish a notice of the seizure in a newspaper of general circulation for three consecutive weeks. Anyone claiming a legal interest in the seized property may file a claim for it upon the posting of a bond of \$5,000 or 10 percent of the value of the property, whichever is less.

If a bond is posted the government must file a civil forfeiture complaint in the United States District Court in order to continue a forfeiture action. The civil judicial forfeiture process is like other civil trials. Rules of procedure exist by which each side can discover the other side's case and compel attendance of needed witnesses. As noted above, the standard of proof is "preponderance of the evidence." Claimants may demand a trial by jury except where the property was seized on the high seas in which case admiralty laws apply.

### **Protections for Innocent Owners**

Federal forfeiture law expressly provides protection to the innocent owner, a party with an interest in the property subject to forfeiture who can demonstrate that, as the law requires, he or she had no knowledge of the illegal activity giving rise to the forfeiture, did not consent to the activity, and/or took all reasonable steps to prevent the activity.

Even after forfeiture of the property, federal law authorizes the Attorney General to "remit" or mitigate the forfeiture if it would be unduly harsh. The Department of Justice routinely grants petitions for remission or mitigation of forfeiture, primarily to innocent lienholders and innocent family members. It is the

Department's policy to liberally grant such petitions as a means of avoiding harsh results. This exercise of administrative authority affords innocent claimants a means of recovering property without incurring the expense of attorneys' fees.

In addition, the Department of Justice has historically maintained a policy whereby a forfeiture of assets claimed as attorneys' fees are carefully reviewed in advance by Headquarters to ensure fair and uniform application of the forfeiture laws.

### **Expedited Settlement Process for Mortgage Holders**

In July 1991, the Department of Justice issued an expedited forfeiture settlement policy for mortgage holders. This policy provides nation-wide procedures for qualifying mortgage holders to address their innocent owner interest in real property seized for federal forfeiture early in the forfeiture action. Under the terms of the policy, qualifying financial institutions will receive, upon final order of forfeiture:

- 1) The unpaid balance;
- 2) The accrued interest to the date of payment;
- 3) Qualified unpaid casualty insurance premiums; and in exceptional circumstances
- 4) Attorneys' fees.

Wide distribution of the new policy was made by the Department. The American Banking Association will publish the policy and make copies of the legal forms, developed by the Department available to the banking community. The response of the financial community to this new policy has been very favorable.

### **Forfeiture and the War Against Crime**

Forfeiture is an old remedy with a new vitality. It has proven to be a highly effective weapon against drug trafficking, money laundering, racketeering, and other forms of organized criminal activity. Forfeiture is particularly important in curbing international crime. While criminal forfeiture is an available sanction in many cases, it requires that the government have custody of the defendant whose property is being forfeited. Many drug lords and other international criminals reside outside the jurisdiction of the United States.

Even when criminals are within our borders, they are often able to elude law enforcement and remain fugitives from justice. Civil forfeiture is an invaluable weapon in stripping fugitives of their ill-gotten gains.

Without civil forfeiture, the United States would be virtually powerless to act when the criminal profits and other property of foreign criminals are found within our own borders and when criminal operatives are able to evade arrest. Without civil forfeiture, our ability to fight international crime would be crippled.

Civil forfeiture is proving to be dramatically effective in attacking modern crime. While convicted drug kingpins are quickly replaced by their subordinates, the seizure and forfeiture of their airplanes, vessels, automobiles, stash houses, and cash hoards can greatly weaken a drug syndicate.

In crimes for profit, forfeiture is often the single most effective deterrent to crime. The cost of imprisonment limits incarceration as a remedy: it now costs over \$60,000 to build prison space for a single federal prisoner and over \$18,000 a year to keep that prisoner

incarcerated. The potential of asset forfeiture, however, is virtually unlimited. Additionally, forfeiture hurts criminals in the same place it helps taxpayers: in the pocket-book. Over the past seven years, more than \$2 billion in criminal assets have been forfeited through the Department of Justice Asset Forfeiture Program and reinvested in law enforcement at the federal, State, and local levels.

# CHAPTER II

## FORFEITURE LAW

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Asset forfeiture is a legal concept which has been a part of American jurisprudence since the Colonial period. The First Session of the First Congress enacted laws subjecting vessels and cargoes to *in rem* civil forfeiture for violation of the Customs laws (*i.e.* Act of July 31, 1789, Secs. 12 and 36, 1 Stat. 39 and 47.) This was the same First Congress that drafted the Bill of Rights. Over the years since the founding of this Nation more than 200 different civil forfeiture laws have been enacted by the Congress.

### Significant Changes to Federal Forfeiture Authority

The Racketeer Influenced and Corrupt Organizations Act of 1970 and the Controlled Substances Act of 1970 were the first federal laws to authorize criminal forfeitures for racketeering and Continuing Criminal Enterprise or "drug kingpin" offenses respectively.

Since then, the Comprehensive Crime Control Act (CCCA) of 1984, the Anti-Drug Abuse Act of 1986, and the Anti-Drug Abuse Act of 1988 have made significant changes to federal forfeiture law. Among other things, the CCCA established the Department of Justice Assets Forfeiture Fund to hold proceeds of Department of Justice program forfeitures and to fund certain forfeiture related expenses and law enforcement activities. This change removed the budgetary disincentive to the aggressive use of forfeiture as a weapon in the war against crime.

In addition, the CCCA authorized the Attorney General to equitably share forfeited property with State and local law enforcement agencies.

Sharing of federal forfeiture proceeds with participating State and local law enforcement agencies has resulted in a dramatic increase in law enforcement cooperation among law enforcement at all levels of government. Over \$830 million in forfeited cash and tangible property has been shared by Justice with State and local law enforcement agencies in recognition of their law enforcement contributions in specific cases.

Among other changes to forfeiture law, the Anti-Drug Abuse Act of 1986 authorized the use of forfeiture in money laundering cases and authorized sharing of forfeited property with cooperating foreign governments pursuant to a formal treaty.

The Anti-Drug Abuse Act of 1988 eased the way for international sharing by authorizing transfers pursuant to international agreements rather than treaties. In addition, the 1988 law created the "Special Forfeiture Fund", which is financed by surpluses of up to \$150 million per year from the The Department of Justice Forfeiture Fund for use by the Director of the Office of National Drug Control Policy.

In 1989, the Financial Institution Reform, Recovery and Enforcement Act authorized civil and criminal forfeiture for bank-related crime to help recover monies looted from savings and loan institutions.

The Customs and Trade Act of 1990 raised the dollar caps on administrative forfeitures.

## Recent Legislative Changes to the Assets Forfeiture Fund

In October 1991, the Assets Forfeiture Fund ("Fund") statutory authority was amended by the Department of Justice and Related Agencies Appropriations Act, 1992, Pub. L. 102-140, 105 Stat. 782, dated October 28, 1991. In general, these amendments "level the playing field" for all federal agencies participating in the Department of Justice Assets Forfeiture Fund. A number of beneficial fiscal changes were also enacted. The Department of Justice continues to pursue further changes in federal forfeiture laws, particularly to expand forfeiture authority in the areas of fraud, counterfeiting, and explosives and firearms offenses.

## Model Asset Seizure and Forfeiture Act

The Model Asset Seizure and Forfeiture Act (MASFA) is a self-contained model State forfeiture statute developed jointly by the Department of Justice, the National Association of Attorneys General, and the National District Attorneys Association. MASFA provides for both *in rem* and *in personam* forfeitures and sets forth a comprehensive set of procedures to ensure fair and efficient enforcement.

An effective State asset forfeiture law is a potent prosecutorial weapon in the war on drugs. The States are urged to amend their asset forfeiture laws to conform to the MASFA. State asset forfeiture laws should achieve the following objectives:

- They should allow the use of civil proceedings, so that prosecutors need not wait for the conclusion of an often lengthy criminal trial before forfeiting assets obviously derived from or connected with the drug trade. Civil forfeiture is also essential where a property owner is a fugitive from justice or outside the jurisdiction of the seizing agency.
- They should recognize a *prima facie* case for the forfeiture of property if:
  - 1) The defendant engaged in drug related conduct;
  - 2) The property was acquired during the period of time he engaged in such conduct; or
  - 3) There was no other likely source of income for the property.
- They should permit the authorities to seize and forfeit real property owned by drug traffickers.
- They should ensure that State asset seizure laws confer *in personam* jurisdiction over the defendant to permit prosecutors to seize *all* of his assets, including assets that are located out-of-state.
- They should authorize forfeiture of substitute assets of an equal value belonging to the trafficker when drug-related assets are leased or mortgaged.
- They should preserve the interests of innocent owners of seized assets by protecting the value and assuring the speedy return of such assets.
- They should provide for the expense of conducting future asset forfeiture programs by returning at least 90 percent of the proceeds derived from the sale of forfeited assets to law enforcement activities.

- They should specify time limits within which a State must initiate forfeiture and require that the State give notice of any pending forfeiture, thereby protecting potential purchasers of seized property.
- They should permit forfeiture of proceeds derived directly or indirectly from drug transactions. They should permit forfeiture of interests (e.g. stock ownership) that afford a source of influence over an enterprise established, controlled, or participated in to facilitate drug-related activities.
- They should provide that inchoate or preparatory offenses in furtherance of a drug operation which are punishable by more than one year in jail (e.g. an attempt or conspiracy to sell drugs).
- They should include a rebuttable presumption that money or negotiable instruments found in close proximity to drugs or an instrumentality of a drug offense are proceeds of a drug transaction.
- They should include lien procedures that permit the State to establish its interest in real property without removing residents from the property.



# CHAPTER III

## PROGRAM IMPROVEMENTS

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### **The Executive Office for Asset Forfeiture**

On July 31, 1991, the Congress approved the reorganization of the Executive Office for Asset Forfeiture (EOAF). The EOAF, as originally established in October 1989, consisted of the Director and three support positions. Three attorneys on detail from the Executive Office for United States Attorneys (EOUSA), the Federal Bureau of Investigation (FBI) and the Justice Management Division (JMD) made up the balance of the professional staff.

The backdrop against which the EOAF was created included the forfeiture program being designated as a material weakness in the 1989 Annual Report to the President and Congress pursuant to the Federal Managers' Financial Integrity Act. The Office of Management and Budget (OMB) had designated the federal asset forfeiture program as one of its one hundred "high risk" programs requiring close OMB oversight. The General Accounting Office designated the management of seized and forfeited assets, including both the Department of Justice and the U.S. Customs Service operations, as one of the fourteen program areas in the Executive Branch warranting special audit and review.

Under the July 1991 reorganization plan, the EOAF was expanded to 13 permanent positions. The EOAF's responsibilities include policy, management, oversight and strategic planning for all aspects of the domestic and

international forfeiture programs and for development of the Consolidated Asset Tracking system. In addition, the EOAF assumed responsibility from the U.S. Marshals Service for development of the annual budget submission for the Assets Forfeiture Fund (Fund).

The EOAF was created to manage the tremendous potential of forfeiture as a weapon to combat drug trafficking and organized crime. Since 1985, the number of asset forfeitures has grown at an average annual rate of 99 percent. Receipts to the Fund have increased dramatically — from \$27 million in FY 1985 to \$643.6 million in FY 1991.

In the past, each participating component had its own separate forfeiture program. The Department enjoyed considerable success in forfeiture even with this loose confederation of programs. However, the explosive growth in the number and value of asset seizures and forfeitures made it essential to enhance the coordination of federal forfeiture efforts.

Forfeiture has become an integral part of the Department's overall law enforcement strategy in all areas of crime for profit. The Asset Forfeiture Program (Program) has become extremely high profile, presenting the Department with new and difficult management challenges. Numerous management initiatives are underway to meet those challenges and to facilitate coordination of forfeiture activities at the highest levels of the Department. In addition, numerous management improvements were implemented by the EOAF this year.

## **Development of the Consolidated Asset Tracking System (CATS)**

In October of 1990, the Deputy Attorney General chartered the design, development and implementation of an integrated information system to support the asset forfeiture personnel within all federal agencies participating in the Department of Justice Asset Forfeiture Program. This system, the Consolidated Asset Tracking System (CATS), is targeted for implementation nationwide in FY 1993. Once in place, CATS will tie together asset forfeiture personnel in over 640 locations throughout the United States.

The system will avoid the necessity of duplicate data entry which presently occurs because the incompatible asset forfeiture data systems of the various components cannot now communicate. The system will also have form generation and other capabilities to reduce human resources necessary to process asset forfeiture cases. CATS will also enable Department and agency managers to better manage and audit forfeiture performance. The importance of CATS to the paperwork-intensive Asset Forfeiture Program cannot be overstated. During 1991, substantial progress was made in three areas:

### **(1) Software Development**

Building on the requirements analysis, completed in 1990, and using the Yourdan methodology for system development, both the proposed Logical and Physical Models were completed. These models describe all of the information that will be processed in CATS; the origin of the data, and the resulting outputs. The models are organized according to the business functions of the Asset Forfeiture Program at all levels.

A two-week conference was held in November, 1991, to review and validate the Physical Model. Representatives from field offices and headquarters of the participating agencies attended the conference. At the conclusion of the conference it was affirmed that the system which will result from the proposed Physical Model meets the components' information needs and supports the Program.

### **(2) Telecommunications Support**

CATS requires a nationwide telecommunications network to provide an operational link between all Program participants. Recognizing that such a network crosses traditional departmental and agency boundaries, the Justice Management Division's Telecommunications Staff was enlisted to take the lead in developing this network. With CATS as the first significant user of the network, this Program's telecommunications requirements will serve as the baseline requirements for a new Justice network. The telecommunications requirements study began in October, 1991 and is scheduled for completion in February, 1992.

### **(3) Standard Asset Identifier and Forms**

One of the recommendations coming out of the requirements analysis phase of CATS was that standardizing the forfeiture program forms and asset identifier would have many benefits, not the least of which would be to provide the common and standard information which would be entered into and flow through the system. During 1991, a group of representatives from the participating agencies, supported by the CATS contractor team, started with more than 600 agency forms, selected those that fell into functional areas ap-

appropriate for standardization, and developed drafts of 50 standard forms which will replace the majority of the 600. CATS will have the capability to generate all of these forms automatically. Additionally, all components reached agreement on the format and usage of a standard asset identifier number which also will be automatically generated and entered into CATS for each individual asset seized.

CATS development and testing will continue throughout 1992. Workstations and telecommunications hardware and services will be acquired and installed. A CATS prototype will be developed and demonstrated to facilitate further user participation in the system design and approach. A CATS training program will be developed and tested. Issues related to conversion of existing databases will be addressed. Implementation is expected to begin early in 1993 and to be completed by the end of FY 1993.

## **Audits and Evaluations**

Asset forfeiture is one of the most examined programs in the United States government. This past year, the General Accounting Office (GAO) has completed two audits on asset forfeiture and has begun another. The Department of Justice Office of Inspector General (OIG) has devoted more resources to asset forfeiture than any other Justice program. During 1991, the OIG completed one inspection and two audits on asset forfeiture matters and initiated two additional inspections and three additional audits. In 1992, the OIG is expected to complete the two inspections and three audits started in 1991 and to complete at least two additional audits. The EOAF has encouraged and financed audits of the Seized Asset Deposit Fund and the Assets Forfeiture Fund by Brown and Co., a private

accounting firm, under the supervision of the Inspector General.

To supplement these efforts, the EOAF had the Management Planning Staff, Justice Management Division conduct two reviews of selected aspects of the Program. Recognizing that the multi-million dollar project to develop CATS for the forfeiture program had reached a critical decision point, the EOAF engaged the Office of Technical Assistance of the Federal Systems Integration Management Center to participate in the in-depth, two-week validation conference on the proposed CATS Physical Model and to provide an independent judgment of the degree to which the proposed Physical Model and validation conference met their objectives. The EOAF has also contracted with Systems Flow, a private industrial engineering firm, to examine the use of support personnel in the forfeiture program and to develop staffing standards for support personnel to handle the extraordinary volume of paperwork within this program. The EOAF has also contracted with a private training evaluation firm, HumRRO International, to examine asset forfeiture training and to recommend methods for improving the quality and delivery of asset forfeiture training.

The participating components have also directed various program reviews. For example, reviews of asset forfeiture activities were conducted in 34 United States Attorneys' offices (USAO) as part of the review of legal management. The Executive Office for United States Attorneys (EOUSA) recruited and trained 55 additional Assistant United States Attorneys to serve as legal management evaluators. A three-day evaluation training conference, which included instruction on the review of asset forfeiture activities in USAOs, was conducted for the new evaluators. In preparation for the training, EOUSA revised

the Legal Management Evaluation Manual, including the portion that covers the review of asset forfeiture. The FBI conducted four audits of forfeiture operations both at Headquarters and in the field. The U.S. Marshals Service (USMS) conducted 42 program management reviews in various district offices to assure compliance with asset forfeiture policies, procedures and practices. The USMS also entered into an agreement with Unified System Approach, under "Project U.S.A." sponsored by the Financial Management Service of the Treasury Department, to conduct an internal control review of its Seized Assets Division. Finally, the Asset Forfeiture Office, Criminal Division, conducted a survey of over 700 State and local law enforcement agencies to assess the effectiveness of the Department's equitable sharing program.

In sum, the EOAF and the participating components continue to embrace an open approach to independent review of all aspects of the forfeiture program in an effort to ensure that the Program is conducted and managed efficiently and effectively, taking full advantage of the latest in management and technological development. These audits, reviews, evaluations, and inspections have served two important functions: 1) They have assisted the EOAF and the participants in identifying potential problem areas and fashioning appropriate responses; 2) They have also served to publicize that the Department of Justice Asset Forfeiture Program is generally well managed at all levels.

The Department of Justice recognizes that asset forfeiture is a powerful law enforcement weapon and that it must be employed prudently. In an effort to improve the quality of asset forfeiture at every level of government, the Department has proposed adoption by all federal, State and local law enforcement agencies of a series of eight

"quality assurance standards." These standards are already in effect for the Department of Justice Program.

This proposal is under review by federal agencies and by the National Association of Attorneys General, the National District Attorneys Association, the International Association of Chiefs of Police, the National Sheriffs Association, the National Troopers Coalition, and the Fraternal Order of Police.

### **Quality Assurance Standards:**

- Law enforcement is the principal objective of asset forfeiture. Potential forfeiture revenues must not be allowed to override fundamental law enforcement considerations such as officer safety or the security of ongoing investigations.
- No prosecutor's or sworn law enforcement officer's employment or salary shall be made to depend solely upon the level of seizures or forfeitures he/she achieves.
- Whenever practicable, and in all cases involving real property, seizures shall be pursuant to a warrant based upon a judicial finding of probable cause.
- Where a judicial seizure warrant is not secured, probable cause supporting the seizure shall promptly be reviewed by an accountable prosecutor or agency attorney.
- Every seizing entity shall have policies and procedures for the quick release of seized property where appropriate and to ensure expeditious resolution of ownership claims.

- Every entity retaining forfeited property for official law enforcement use shall ensure that the property is subject to controls consistent with those applicable to property acquired through the normal appropriations process.
- Every entity receiving forfeiture proceeds shall maintain such monies in a special fund which is subject to accounting controls and annual financial audits.
- Every seizing and forfeiting entity shall prohibit its employees from purchasing forfeited property.
- Reports to the EOAF on forfeited property retained for official use by federal agencies are now required on a quarterly basis.
- At the request of the EOAF, the Asset Forfeiture Office, Criminal Division conducted a voluntary survey of State and local law enforcement agencies regarding their use of equitably shared property and funds. (See Chapter VI for detailed findings.)
- The Department conducted financial reviews of several State and local law enforcement agencies use and accounting of equitable sharing monies. Additional reviews are anticipated.

### **Oversight of the Program**

A number of significant oversight initiatives were undertaken in 1991.

- The first phase of a physical inventory of all seized assets in the custody of the U.S. Marshals Service (USMS) and the Department of Justice investigative agencies was conducted. The second phase, which involves data base reconciliation between the agencies and the USMS, is underway.
- Cash seized as evidence is monitored on an ongoing basis. The seizing agencies report to the EOAF on a periodic basis regarding the location and amounts of cash being held.
- Consolidated, detailed policy and procedural guidance was issued in June, 1991 by the EOAF.
- The EOAF established a tracking system of internal control matters, including planned projects and audit recommendations.
- The EOAF served as an advisor to the Office of Justice Programs regarding grants for funding of State and local asset forfeiture projects and forfeiture training.
- EOAF provides general oversight of agency domestic asset forfeiture training. The EOAF has contracted with HumRRO International for a training analysis and development study of the forfeiture training conducted by all components of the Program.
- The EOAF assumed an oversight and coordination role for international asset forfeiture training conducted by the program components and other sections of the Department of Justice. International training courses paid for by the Assets Forfeiture Fund are approved on a case-by-case basis by the EOAF.

## Policy and Procedure Improvements

The EOAF is responsible for issuing Program-wide policies and procedures. In 1991, the EOAF:

- Revised forfeiture procedures pursuant to the increased administrative forfeiture authority. The monetary caps for administrative forfeiture were raised to "unlimited" for uncontested cases involving monetary instruments and to \$500,000 for other property. By Department of Justice policy, all real property is forfeited judicially.
- Enhanced policy and procedural guidance relating to the use of contract employees for asset forfeiture support work.
- Issued a policy restatement which clarified the prohibition upon the use of seized property until the court order or decree of forfeiture is obtained.
- Established policy and procedures for expedited settlement of qualified mortgagees' innocent interests in real property. Early in the forfeiture action the government will recognize a qualified mortgagees' interest in real property that is seized for forfeiture. The principal and accrued interest will be paid promptly after the court order of forfeiture.
- Issued policy and procedures for implementing the Attorney General's new authority to warrant title. Warranting title by the government, in appropriate cases, will protect the fiscal interests of the United States.

## Use of Contract Employees

Asset forfeiture is an information-intensive program, involving the capture of a broad range of information on each asset, the research and collection of supplementary data from disparate sources, the preparation of public and private notices and a broad range of other documentation, as well as the generation and collection of financial data regarding the valuation, maintenance and disposition of assets. The forfeiture process could not be completed without the collection, capture, retrieval, analysis, and maintenance of this information.

As the Department's heightened emphasis upon asset seizure and forfeiture began to show significant results, it became apparent that the Department did not have sufficient administrative support personnel to keep up with the information management workload being generated by the massive growth in seizures and forfeitures. In response, the Congress amended the authorizing statute for the Assets Forfeiture Fund to permit use of the Fund to contract for services directly related to processing of and accounting for forfeitures.

In July 1988, the Department of Justice entered into a contract, through the Small Business Administration, with EBON Research Systems, Inc., a minority owned small business, to perform information management services in support of the Program. Components using the contract include the Federal Bureau Investigation, the Drug Enforcement Administration, the Immigration and Naturalization Service, the Criminal Division, the U.S. Marshals Service and the United States Attorneys. The contract provides for data entry, word processing, data analysis, and legal clerk personnel, as well as contractor su-

pervisory personnel to direct the work. At the end of FY 1991, EBON employed over 800 personnel in 140 cities in 49 states and three territories in support of the Program. Each of these contractor personnel have undergone background investigations and been granted appropriate security clearances.

While specific functions vary from location to location, contract personnel review forfeiture case files to ensure accuracy and completeness, perform data entry, conduct research on commercial data bases, collect public records on assets from court houses and other sources, perform word processing tasks, and assist in inventory functions. Pursuant to Office of Personnel Management regulations, EBON recruits, tests, hires, trains, assigns, pays, supervises, evaluates, and, if necessary, terminates its employees. For FY 1991, the Department spent about \$31 million on these contract services and related costs.

The EBON contract expires in 1993. During 1992, the Department plans to execute a competitive procurement to establish a successor contract. Without these services, the Department's forfeiture program would be overwhelmed by the massive amount of paperwork now being processed by contract employees.



# Chapter IV

## Asset Forfeiture Program Components

The Department of Justice Asset Forfeiture Program is a nationwide law enforcement program that involves hundreds of federal and contract employees full-time. Thousands of investigators, litigators, property managers and support staff are occasionally involved in the seizure and forfeiture process as a part of their work. In addition, thousands of State and local law enforcement officials work cooperatively with their federal counterparts in the investigation and prosecution of criminal cases including the effort to strip criminals of their ill-gotten gains.

There are six Department of Justice components that participate in the Forfeiture Program: the Drug Enforcement Administration, the Federal Bureau of Investigation, the Immigration and Naturalization Service, the U.S. Marshals Service, the United States Attorneys and the Asset Forfeiture Office, Criminal Division. The U.S. Postal Inspection Service, the Internal Revenue Service, the Bureau of Alcohol, Tobacco and Firearms and the U.S. Park Police are the non-Justice Department participants in the Program. Note: The U.S. Secret Service joined the Program in FY 1992.

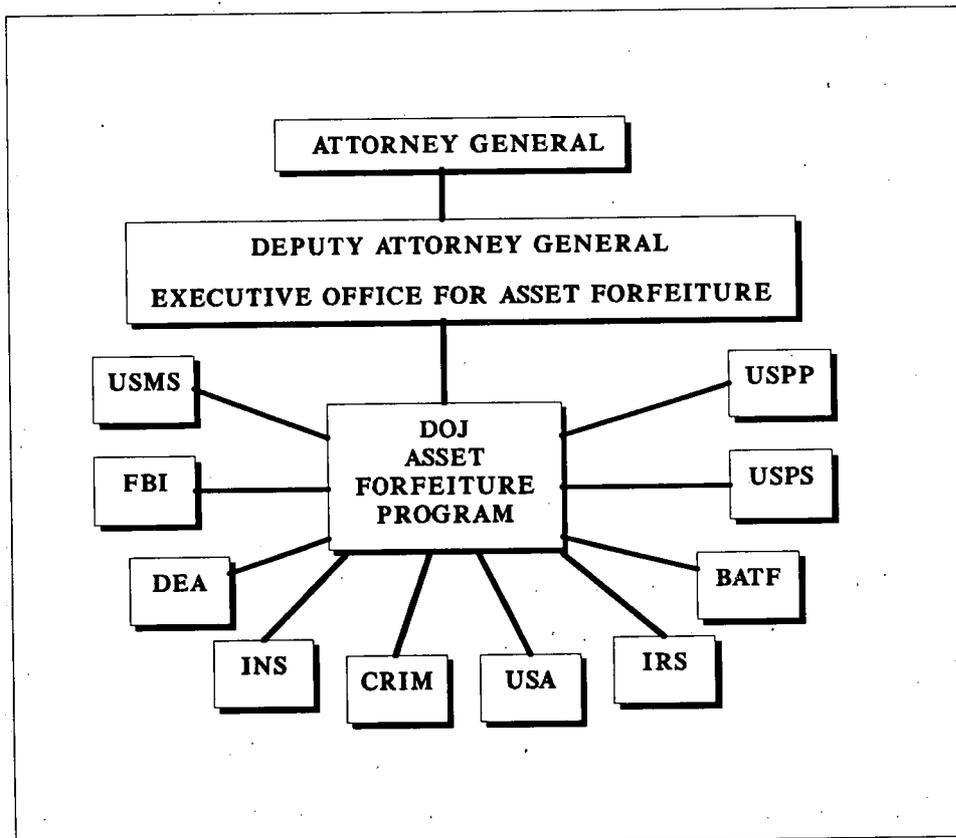


Figure 1

## Drug Enforcement Administration

The Drug Enforcement Administration (DEA) continues to place a high priority on asset forfeiture as an integral part of its drug law enforcement work. The Asset Forfeiture Section, Office of Chief Counsel (CCF), is the Headquarters component that manages the DEA program and is responsible for the processing of administrative forfeitures and the rulings on both petitions for remission and mitigation and equitable sharing requests. In addition, it provides administrative, computer and legal support to DEA's field divisions and their asset removal groups.

### Headquarters Enhancements

During 1991, the CCF further partitioned its work flow to increase productivity. Numerous quality improvement efforts have been implemented which have successfully reduced the average processing time of asset forfeiture actions to 90 days. Legal support of the asset removal program has also been enhanced by increasing the number of attorneys in CCF from nine to 14.

### Training

The DEA is dedicated to continuing a vigorous asset forfeiture training program. It includes training not only DEA Special Agents, intelligence analysts, diversion investigators and contract employees, but also DEA's counterparts in State, local and foreign law enforcement agencies. CCF staff are actively involved in providing this training. Individuals trained are directly involved in the identification, tracking, evaluation, seizing, and processing of assets subject to forfeiture. In 1991, DEA Headquarters,

along with DEA's Office of Training in Quantico, VA was able to provide asset forfeiture training to 375 DEA Special Agents, 130 Supervisory Special Agents, 185 EBON contract employees and 76 intelligence analysts with funds provided through the Department's Assets Forfeiture Fund. In addition, all of DEA's field divisions conducted asset forfeiture training. Under the direction of the 19 Asset Removal Supervisors, the DEA Phoenix and Newark Divisions hosted regional conferences at which staff from the Executive Office for Asset Forfeiture, United States Attorneys' offices and U.S. Marshals Service were present.

DEA held six international forfeiture seminars in 1991 and in 1992. DEA has requests from six foreign governments to conduct seminars on American forfeiture law, regulations and procedures and to assist them in their asset forfeiture programs.

*"If the nations of the world are to break the grip of the traffickers, we must identify and seize their assets and ill-gotten wealth. We must disrupt the flow of their money. If we are successful in doing this, the drug trafficking organizations will wither and die."*

*Robert C. Bonner  
Administrator  
Drug Enforcement Administration*

### Field Operations

In the field, there are 19 Divisional Asset Removal Groups (DARGs). The DARGs support all forfeiture activities for offices in their respective Divisions. In forming the DARGs, DEA centralized the management of each Division's asset removal program into one operating unit. The DARGs have been formed to support both pre-seizure analysis and post-seizure administrative processing

and are responsible for the identification and seizure of forfeitable property. Each of these DARGs is supervised by a DEA Special Agent Group-Supervisor and staffed by DEA Special Agents, intelligence analysts and contact personnel.

### DEA Seizures

In 1991, DEA made a record number of seizures. A total of 16,057 seizures were made of property valued at over \$686 million. DEA also participated in cooperative investigations that resulted in 2,559 domestic seizures valued at \$254.1 million and 450 foreign seizures valued at \$147.9 million. DEA processed 11,539 administrative forfeitures valued at over \$151 million. Overall, in 1991, DEA working alone or working in conjunction with other federal, State and local agencies was responsible for 19,066 seizures valued at over \$1.08 billion.

### Field Investigations

In 1991, numerous investigations resulted in significant asset seizures. The following is a representative sample of several of the investigations:

DEA developed a storefront operation that provided vehicle services to interested violators. Information generated during this undercover operation resulted in seizures of foreign bank accounts, approximately \$250,000 in currency and 30 vehicles, in addition to multi-kilograms of cocaine.

One of DEA's objective is to rid inner city neighborhoods of crack distribution points and to restore properties to be occupied by responsible law abiding citizens. In September 1991, four crack houses were seized for forfeiture as a part of one investigation.

Another significant case began with the arrest of an defendant on charges of conspiracy to possess with intent to distribute five kilograms of cocaine. Further investigation revealed that the defendant had been involved in cocaine trafficking from early 1977 until the day of his arrest in July 1990. Based upon information obtained from the investigation, agents were able to seize in excess of \$4 million in assets.

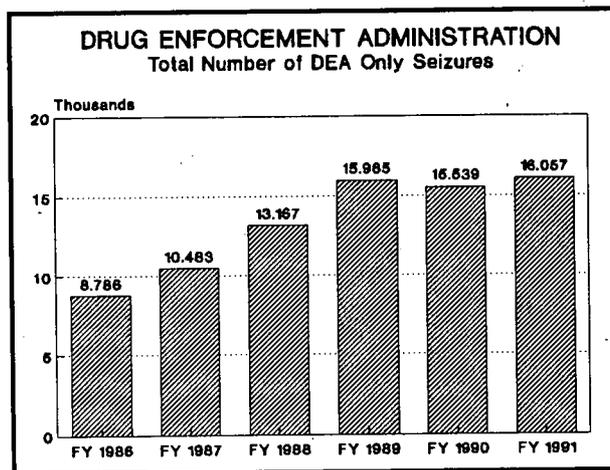


Figure 2

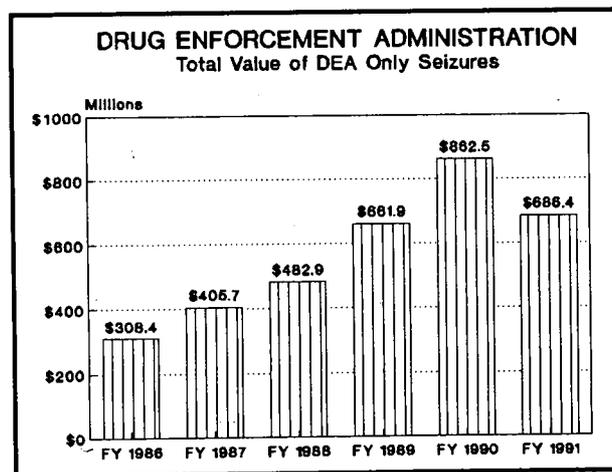


Figure 3

In a joint case involving agents from U.S. Customs, DEA and the Internal Revenue Service, a random search of a container that had arrived on a vessel from Taiwan revealed approximately 486 kilograms of heroin, the largest seizure of heroin ever recorded in the United States. The wholesale value of the confiscated heroin was approximately \$100 million. Further investigation led to the seizure of two residences and several vehicles owned by the traffickers.

Another investigation culminated with the arrest of two defendants involved in money laundering for a major narcotics trafficking organization. Following the arrest of the defendants, over 45 vehicles valued at approximately \$600,000, and a total of over \$100,000 in several bank accounts were seized. This ongoing investigation also produced the seizure of real property valued in excess of \$2 million and three vessels valued at approximately \$750,000.

### **Operation Royal Flush**

DEA's Operation Royal Flush concentrates United States law enforcement agencies, Department of Defense and intelligence community resources to accomplish one goal — the disruption of the Colombian Cartels through a relentless attack on their financial network. Recently, key financial targets were selected for searches in Colombia. The Colombian National Police and DEA have conducted raids in Cali, Barranquilla and Bogota. Significant financial records were seized and three Cartel comptrollers were arrested. It is believed that these defendants are responsible for laundering more than \$9 billion in drug proceeds over the past three years. A review of the seized records by an interagency team in Washington, D.C. resulted in the indictments of Cartel money launderers and the seizure of related bank

accounts in the United States, Europe, Panama, and Colombia. Another 150 bank accounts have been identified in Colombia and 42 of these have been frozen by Colombian authorities. This investigation has reduced the ability of the Cartel to transfer funds to Colombia. Additional raids are anticipated in Colombia to coincide with seizures and arrests in the United States.

### **Clandestine Lab Sources and Hazardous Waste Disposal**

In 1991, DEA seized 317 operational clandestine drug laboratories and 86 non-operational labs. These seizures involved large quantities of hazardous chemicals and waste. DEA's Hazardous Waste Disposal Unit is responsible for providing technical support and guidance pertaining to the proper management of the hazardous waste generated at seized drug labs. The Unit also provides for assistance and guidance on the environmentally sound disposal of bulk seizures of marijuana, cocaine and other smaller quantities of controlled substances.

### **State and Local Cooperation and Equitable Sharing**

In 1991, the DEA had 60 funded State and local task forces and another 33 provisional task forces that were being studied for possible funding. DEA had over 499 Special Agents committed to the task force program along with 1,322 State and local police officers. Much of the equitable sharing is done with these cooperative task forces.

Equitable sharing allows each participating law enforcement agency to receive an equitable share of the proceeds of the forfeited assets based upon its degree of participation in a particular investigation. DEA made over 15,000 recommendations on equitable shar-

ing requests valued at over \$230 million during FY 1991. This sharing greatly enhanced the cooperation among federal, State and local law enforcement agencies.

## Federal Bureau of Investigation

### General Information

The Federal Bureau of Investigation (FBI) placed increased emphasis on the use of forfeiture sanctions in investigations during 1991. FBI seizures increased approximately 25 percent and seizures as of October 1991 exceeded \$1 billion. Much of this success resulted from greater emphasis being placed on the program by management, as well as restructured training and the implementation of specialized field office program reviews. A working group comprised of numerous FBI Headquarters Divisions has been established to ensure that forfeiture sanctions are applied at every opportunity.

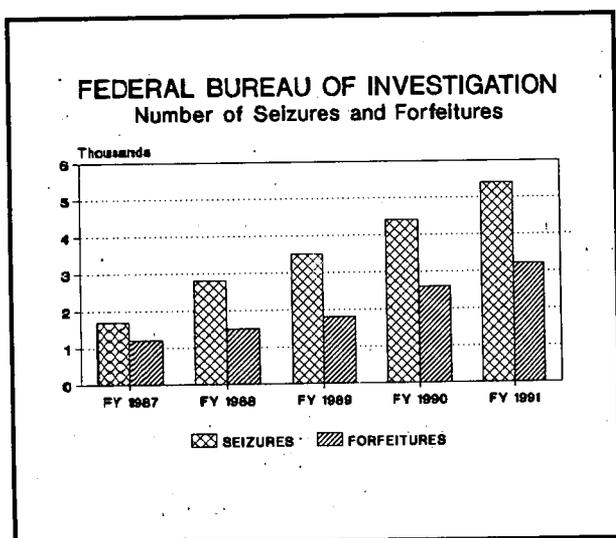


Figure 4

During 1991, the FBI maintained its aggressive drug-related seizures while placing increased emphasis on white collar crime violations involving fraud and money laundering. Particular emphasis is being placed on the seizure of property in Financial Institution Reform Recovery and Enforcement Act (FIRREA) matters. As an indication of the success of the FBI's forfeiture initiatives, in one office alone, during a three-month period, property valued in excess of \$135 million was identified for seizure in FIRREA cases. In 1991 the FBI processed 1,264 adoptive seizures for state and local police agencies valued at over \$30 million and shared property valued at over \$18 million.

### Headquarters Activities

During 1991 the FBI continued to reduce the time necessary for processing forfeiture actions and additional streamlining of this process will continue. FBI forfeiture operations continue to serve as a model for local, State, federal and international law enforcement agencies. The FBI continues to assist in the establishment of forfeiture operations in other domestic and international agencies. Additional workyears are being assigned to forfeiture activities to provide the resources necessary for the processing of increasing numbers of seizures. It is anticipated that seizures will increase by approximately 25 percent each year for the next three years.

### Training

During 1991 the FBI provided forfeiture-related training to approximately 700 Special Agents and Professional support employees. Training concentrated on money laundering violations and the seizure of property in FIRREA cases. In addition, a new training concept was initiated in 1991. Large regional training sessions were eliminated and con-

centrated "in-office" training was implemented. In-office sessions consist of a two-day review of pending investigations followed by a three-day seminar which specifically addresses pending investigations. These sessions are attended by FBI Special Agents as well as prosecutors from the United States Attorneys offices and attendees from the Internal Revenue Service, U.S. Marshals Service and participating police departments. In 1991, the FBI also initiated a review of new agent training in an effort to integrate forfeiture into every aspect of the curriculum. This initiative will be completed in 1992 and will result in increased classroom forfeiture instruction, as well as forfeiture-related practical problems.

*"The goal is to identify as much of the organization as possible, identify and seize their assets, prosecute them all and forfeit their assets."*

*William S. Sessions  
Director  
Federal Bureau of Investigation*

## Field Operations

The FBI currently has 14 Forfeiture Asset Seizure Teams (FAST) in place in its largest offices. Fourteen additional teams will be added in 1992. These teams consist of Special Agents, paralegal specialists, financial analysts, and investigative assistants. A team typically consists of four Special Agents and nine professional support employees. These teams assist in the forfeiture aspects of all major investigations and provide the expertise necessary to obtain the maximum use of forfeiture sanctions. In addition to FAST, each of the FBI's 58 Field Offices has at least two paralegal specialists who are responsible for assisting investigative personnel in the

identification and processing of forfeitable property. Many FBI offices also use personnel to assist in the processing of forfeiture actions. All forfeiture and FAST personnel must attend at least one forfeiture-related training session each year.

## Field Investigations

In 1991 there were many significant investigations which resulted in the seizure and forfeiture of millions of dollars in property. The following are a representative sample of several of these investigations:

### FIRREA Investigations

The FBI successfully concluded a major investigation designated "TEXCON". This investigation lasted approximately six years and involved a multi-million dollar scheme which resulted in losses in excess of \$500 million and the failure of seven thrift institutions. Prosecution of the case in 1991 resulted in a forfeiture order of \$100 million.

### Narcotics Investigations

The FBI concluded a joint investigation involving one of Broward County, Florida's largest drug dealers in May 1991. FBI and sheriff's officers seized a family real estate empire including 58 parcels of real property valued in excess of \$3.5 million and 67 vehicles and items of personal property valued at over \$300,000.

### Gambling and Public Corruption

In June 1991, over 140 agents executed search warrants on 61 bars and other business establishments involved in illegal gambling. These searches resulted in 142 seizures of property with a total appraised value of over \$4 million.

Over two hundred electronic gambling machines were also seized during the raids.

### **Illegal Toxic Waste**

The FBI has initiated a number of environmental investigations. One case concluded in 1991 with the conviction of all defendants and the forfeiture of their business holdings. The original appraised value of the forfeited enterprise was \$20 million. However, the company's holdings may bring as much as \$30 million. This matter was a joint investigation with the New York City Department of Environmental Conservation.

### **Immigration and Naturalization Service**

In FY 1991, the U.S. Immigration and Naturalization Service (INS) forfeiture program continued to seize and forfeit more assets than any other federal agency. Currently, INS officers have authority to seize only conveyances. A legislative proposal is pending which will enable the agency to seize real property used in connection with immigration violations.

INS seized approximately 20,000 conveyances in FY 1991, most of them vehicles. Combined with FY 1990 seizures, INS has seized almost 44,000 conveyances over the past two years. Most of these cases involved attempts to enter the United States illegally, a violation that frequently involves drug smuggling as well as alien smuggling. Many INS cases also resulted from the transportation of illegal aliens from one job site to another. While the dollar value of INS vehicle seizures is relatively low, the volume of activity is a tribute to approximately 7,000 Border Patrol Agents, Immigration Inspec-

tors, and Special Agents, who work hard to enforce Immigration laws.

The Commissioner has placed a high priority on the INS forfeiture program and has mandated greater centralized program control. In FY 1991, he established the Headquarters Asset Forfeiture Office (HQAFO) as a discrete program, elevated it into the Office of Enforcement, and created a new Director position. Three new positions will be added to the Headquarters staff in FY 1992 and three more in FY 1993.

This new management structure will enable HQAFO to promote greater uniformity and control over the service-wide forfeiture program in FY 1992 and beyond. This effort will include the publication of standard guidelines, development of new methods to measure performance, institution of compliance inspections, better tracking of statistics, and improved fiscal controls.

In FY 1991, INS also initiated a national asset forfeiture training program. Two training conferences were held during the year, each composed of vehicle seizure officers, asset forfeiture managers, and attorneys. In FY 1992, the program will continue and be expanded and will include training for data entry personnel.

## United States Attorneys

The 93 United State Attorneys' offices play a significant role in the Department's Asset Forfeiture Program. The United States Attorneys are responsible for the prosecution of both criminal defendants and actions against property used or acquired during illegal activity. Pursuant to Departmental policy, all forfeitures of real property are handled judicially by the United States Attorneys' offices in federal District Court. Any case involving the seizure of personal property or cash in which a claimant files a claim and cost bond must also proceed judicially. Non-cash cases involving personal property valued at greater than \$500,000 are also generally handled by the courts.

In April 1991, the Deputy Attorney General requested that the United States Attorneys' offices put a greater emphasis on the use of criminal forfeiture. Cases where it is possible and practicable to prosecute both the defendant and his or her tainted assets in the same proceedings save court time and send a strong law enforcement message. When tainted assets are identified but unreachable, criminal forfeiture allows the government to satisfy its forfeiture judgment through execution against substitute assets.

In addition, the United States Attorneys are frequently finding that the cases they prosecute involve wealth secreted abroad. Foreign courts are increasingly cooperative in assisting the United States in enforcing federal criminal judicial orders against assets located within their jurisdiction. Criminal prosecutors have been instructed to carefully review all cases for potentially forfeitable assets. Assistant United States Attorneys expert in forfeiture law are increasingly becoming involved early in the criminal investigative stage of criminal cases.

The United States Attorneys have an unwavering commitment to the vigorous pursuit of financial institution fraud, and there is an increasing emphasis on finding looted assets. Financial institution fraud is the number one white collar crime priority of the Department of Justice. While the Department has enjoyed some great successes, great frustrations are also encountered. The frauds charged are very often based on inflated values of collateral, pyramid loan schemes and crashing real estate markets. Where available, bank accounts, homes, cars, jewelry, and even art work have been seized for forfeiture. In one case, \$10 million in life insurance proceeds that were paid on a policy on the life of a deceased accomplice of a savings and loan defendant were seized.

### Organized Crime Drug Enforcement Task Forces

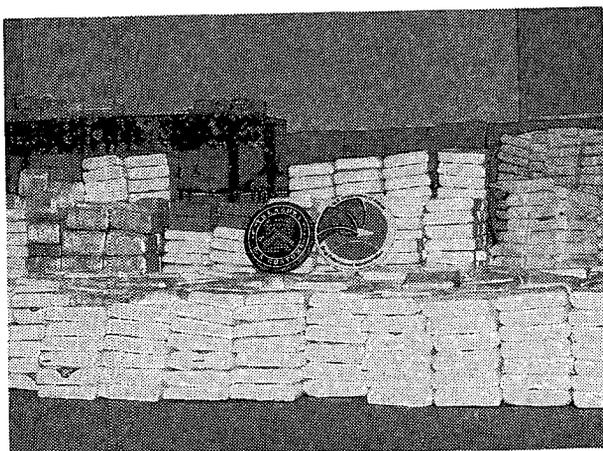
As the chief federal law enforcement officer in the judicial district, the United States Attorneys, in 13 regions of the country, serve as the head of the Organized Crime Drug Enforcement Task Force (OCDETF). The OCDETF core cities for the regions are: Boston, New York City, Baltimore, Atlanta, Miami, Detroit, Chicago, St. Louis, Houston, Denver, San Francisco, San Diego and Los Angeles.

OCDETF was created in 1982 to identify, investigate, and prosecute members of high-level drug trafficking enterprises and related criminal groups (e.g.; money laundering syndicates) and to destroy the operations of those organizations. OCDETF has been a major influence in the success of the asset seizure and forfeiture effort.

OCDETF has become the first totally successful ongoing, multi-agency law enforcement and prosecution team in the his-

tory of American law enforcement. Comprised of 4200 men and women from the DEA, the FBI, the INS, the U.S Marshals Service, the United States Attorneys' offices, the Department of Justice Criminal and Tax Divisions, the Internal Revenue Service, the Bureau of Alcohol, Tobacco and Firearms, the U.S. Customs Service and the U.S. Coast Guard. In addition, over 15,000 men and women from 5,000 State and local law enforcement agencies have joined OCDETF's efforts to destroy criminal organizations.

The coordination of investigative and prosecutorial resources and the sharing of information are at the heart of the OCDETF approach. In an environment in which large-scale drug trafficking networks involve multinational suppliers, sophisticated money launderers, and multiple domestic distribution organizations, an approach based on coordinated activity and shared information is imperative. This approach of cooperation and shared information has been nurtured in the context of a concerted effort to develop a consensual and cooperative relationship among participating agencies.



*The seizure of 5000 pounds of cocaine and over \$600,000 in cash resulted from this investigation.*

The criteria for selection of Task Force cases are designed to assure that each case chosen is of a type and magnitude that will derive maximum benefit from utilization of the Task Force approach and which merits commitment of Task Force resources.

Cases that involve major drug trafficking figures or organizations, activity in more than one jurisdiction, and that require the expertise of more than one investigative agency to convict and to remove illegally obtained assets are prime candidates for consideration as OCDETF cases.

Many of the asset seizure and forfeiture accomplishments reported by the agencies would not have been possible without the support and team-work afforded through the OCDETF.

During the first nine years of operation, OCDETF has recorded impressive results. Since 1982, 4,215 investigations have been initiated resulting in 2,821 indictments and informations. Over 22,000 individuals have been convicted and 18,346 or 83.3 percent have been incarcerated with an average sentence of eight years.

During this same period, the OCDETF federal, State and local components working together on these major investigations seized \$807 million in cash and \$1.297 billion in property.

### **Law Enforcement Coordinating Committees**

The United States Attorney also serves as the chairperson of the Law Enforcement Coordinating Committee (LECC) in his or her judicial district. The LECC coordinator is a member of the United States Attorney's staff and works to identify and facilitate the resolu-

tion of interagency law enforcement problems and to assure the cooperation and sharing of information and resources to maximize law enforcement effectiveness.

Based upon assessments of law enforcement needs, priorities and capabilities, the LECC coordinators organize and participate on task forces aimed at attacking certain types of crimes (e.g.; drug trafficking, financial crimes and pornography). The LECC Coordinators have been tasked by the Deputy Attorney General to be the primary local federal liaison with State and local law enforcement agencies on matters related to equitable sharing of federally forfeited property.

## U.S. Marshals Service

The U.S. Marshals Service (USMS) is the primary custodian of seized property for the Department of Justice Asset Forfeiture Program. Because it maintains and disposes of the vast majority of properties seized for forfeiture, it is in a very real sense the "hub" of the program. The functions of the USMS are perhaps the most challenging of any component. Certainly, the Marshals' role is critical in protecting the taxpayers and government's fiscal interests.

The Department's Asset Forfeiture Program is a law enforcement program that requires a business-like approach. Careful coordination among the components in the program is necessary to achieve the maximum law enforcement impact as well as the maximum monetary return for the taxpayer.

Even before taking custody of seized property, the USMS works closely with the seizing agencies and the United States Attorneys. Pre-seizure planning during which decisions are made with respect to the scope and targets of the seizure is a critical step in the forfeiture process.

The USMS must procure and administer a myriad of contracts for necessary property management services for seized property as well as for goods and services. During FY 1991, nine district-wide real property management contracts were awarded increasing the number of districts covered by these contracts from 13 to 24. An additional 20 contracts were also awarded for the towing, storage and disposal of vehicles. A national contract for the appraisal and liquidation of jewelry was also awarded. Contracts for the transportation, storage, maintenance and disposal of seized aircraft are handled on a regional basis. Comprehensive contracts are in place along the Southwest border area where the USMS is responsible for the custody of thousands of motor vehicles seized by the INS at the Mexican border.



*Deputy U.S. Marshals seize a crack house in New York.*

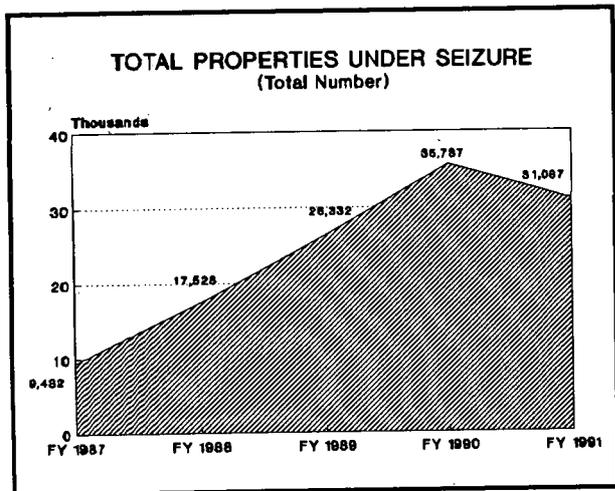


Figure 7

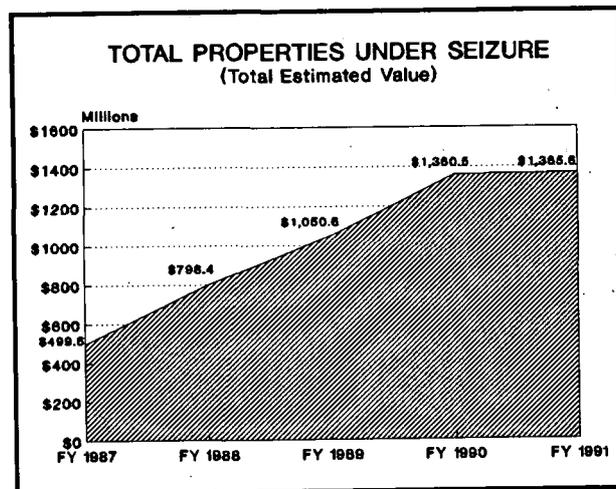


Figure 8

Ongoing businesses seized for forfeiture are managed or monitored by the Marshals Service. This responsibility frequently requires acquisition of contract services on a case-by-case basis.

The USMS is also responsible for accounting for the vast inventory of property under seizure. Following the forfeiture of property, either administratively by the investigative agency or judicially through the efforts of the United States Attorney, the USMS sells or otherwise disposes of the property.

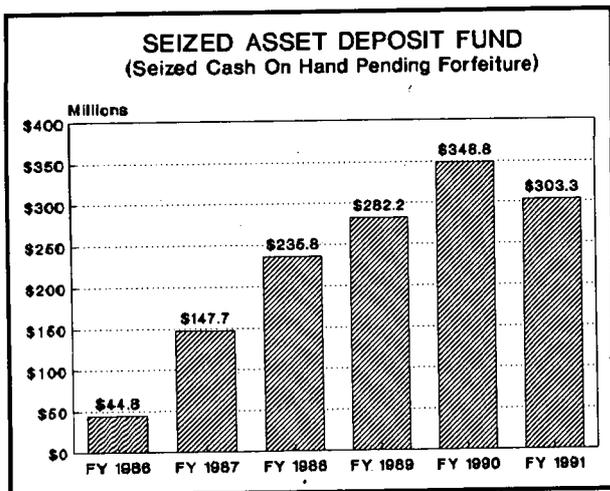


Figure 9

Real property appraised at over \$765 million is currently in USMS custody. This represents over half of the total value of the seized assets inventory of approximately \$1.4 billion. Real property seizures often pose a variety of legal and practical problems including environmental contamination concerns; historic preservation and other use restrictions; title insurance issues; and safety concerns both for law enforcement officials and the public.

The USMS is also responsible for the accounting and deposit of seized and forfeited cash into the Seized Asset Deposit Fund. Almost one-third of all seizures, both in number and in value, involve currency. Cash forfeitures account for almost three times as much income to the Assets Forfeiture Fund as do the proceeds of property sales.

In 1991, \$266.8 million in forfeited cash and \$21 million in tangible property (primarily vehicles, aircraft, vessels, and radios) were transferred to State and local law enforcement agencies that assisted in targeting and seizing the property. In addition, another \$9.4 million worth of conveyances and personal property were retained for official use by the DEA, FBI, INS, USMS, and U.S. Postal Inspection Service. Sales of forfeited property by the USMS produced \$102.8 million in FY 1991 -- \$14.9 million more than in FY 1990.

Property under seizure and pending forfeiture shall not, in accordance with the Departmental policy, be used for any reason by Department personnel, including for official use until such time as the final order or decree of forfeiture is issued.

### Sales of Forfeited Property

Forfeited real estate is usually listed with a private real estate brokerage firm in the area where it is located. Forfeited aircraft are sold through two private aircraft sales firms which operate on contract to the USMS. Motor vehicles are usually sold at auction, often along with surplus government vehicles being disposed of by the General Services Administration. Most such auctions are held in locations along the Southwest border and in large metropolitan areas where the majority of seizures occur. Forfeited jewelry is marketed at sales held periodically in large metropolitan areas by a national contractor.

Pursuant to Department of Justice regulations, Department employees are prohibited from purchasing property or using property purchased by a spouse or dependent child that was forfeited and sold by the Department of Justice or its agents.

Citizens can learn of significant USMS sales of forfeited property through the classified advertisement that runs in USA TODAY, on the third Wednesday of each month. Forfeited properties usually sell for prices at or near their fair market value. Stories of incredible bargains are usually just that -- incredible. Prices paid for forfeited property at USMS auctions are comparable to those paid in similar settings such as estate sales and bank auctions or auctions of repossessed property.

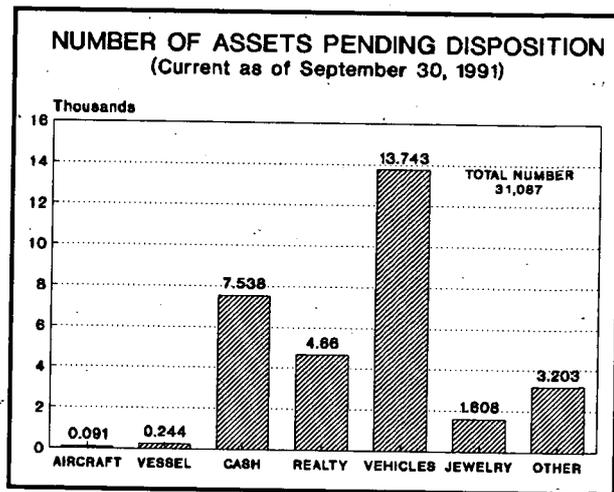


Figure 10

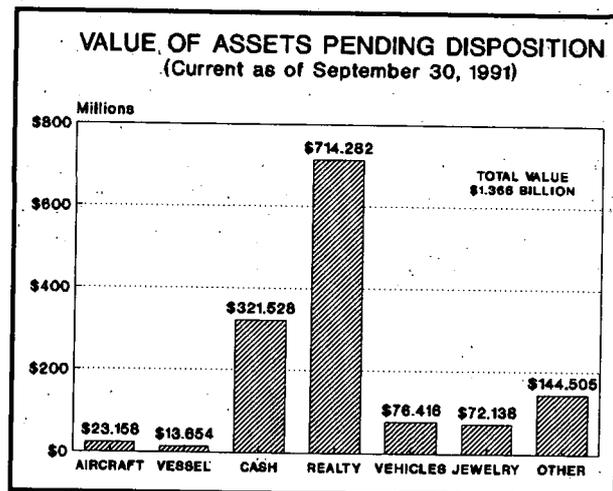


Figure 11

## **Asset Forfeiture Office Criminal Division**

The Asset Forfeiture Office (AFO) is responsible for providing legal advice and litigation support to the United States Attorneys' offices throughout the country. In addition, AFO serves as the general counsel to the EOAF. AFO coordinates forfeiture matters and advises other sections of the Criminal Division on forfeiture litigation strategies related to narcotics, organized crime and racketeering, obscenity, fraud, money laundering and international cases.

During FY 1991, AFO attorneys were involved in several significant cases. In conjunction with the United States Attorney's office for the District of Nevada, AFO successfully completed the forfeiture of \$7.6 million. Undercover FBI agents, posing as money launderers, conducted an investigation in Reno, Nevada. They received the monies from six defendants who have since pled guilty and been sentenced to prison.

AFO provided legal assistance to the United States Attorney's office in the Eastern District of Virginia in a major defense procurement fraud case, United States v. Unisys Corporation. Unisys pled guilty to conspiring to defraud the United States. The settlement included, among other amounts paid to the government, an amount of \$18 million in lieu of property subject to forfeiture under various federal forfeiture statutes. This case represents the third largest forfeiture settlement ever obtained.

AFO assisted the United States Attorney's office in the Middle District of Florida in preparing an indictment in United States v. Gerardo Moncada, in which various individuals are charged with violations of the

Racketeer Influenced and Corrupt Organizations Act (RICO) and other offenses based on their use of the Bank of Credit and Commerce International (BCCI) to launder millions of dollars of proceeds from the trafficking of cocaine by the Medellin Cartel. The indictment seeks more than \$14 million in narcotics proceeds laundered by the Cartel.

### **International Forfeiture Support**

Expanding the law enforcement reach to criminal assets located abroad is one of the highest priorities of the Department of Justice Asset Forfeiture Program. In support of this objective, AFO has two attorneys who serve as Special Counsel for international forfeiture matters. They act as AFO's liaison with other components in the Departments of Justice, Treasury and State and with foreign officials. In addition, they are responsible for planning and presenting programs on domestic and foreign forfeiture laws. In 1991, the U.S. Justice Department and the Canadian Department of Justice participated in the first bi-national conference for forfeiture involving these two countries. Thirty prosecutors from each country discussed their forfeiture laws and established a framework for enhanced international cooperation in the seizure and forfeiture of criminals' assets. AFO is currently developing similar conferences with other countries.

### **Training**

Training of personnel at the federal, State and local levels is a critical component of the forfeiture program. In FY 1991, AFO in conjunction with the Executive Office for United States Attorneys, held nine conferences and trained a total of 985 attorneys, law enforcement agents and support staff. In addition to basic and advanced forfeiture training, specialized training in the areas of financial

institution fraud and money laundering was also provided.

## **Office of Justice Programs**

While not a Program component, the Office of Justice Programs (OJP) supports the Asset Forfeiture Program.

OJP through its components, the Bureau of Justice Assistance (BJA) and the Bureau of Justice Statistics, provides financial support as well as training and technical assistance to public and private agencies in the area of asset forfeiture.

### **Police Executive Research Forum**

One recipient, the Police Executive Research Forum (PERF) receives BJA funds to train police in forfeiture law and to develop asset forfeiture reference materials for State and local law enforcement. PERF closely coordinates these training activities with the EOAF and United States Attorneys. Much of the training is co-sponsored by the United States Attorney in the federal judicial district where the training occurs. PERF provides training to over 800 State and local investigators and prosecutors annually.

### **Model Asset Seizure and Forfeiture Act**

BJA also supports the dissemination and implementation of comprehensive forfeiture materials to state police officials and local prosecutors, including information on the Model Asset Seizure and Forfeiture Act (MASFA). This innovative model statute is the product of a long-term task force representing the National Association of Attorneys General, the National District Attorneys' Association and the Department of Justice. The

model act includes the most effective language from federal and State forfeiture laws. The model act allows prosecutors to aggressively attack the economic underpinnings of crime syndicates while protecting the legitimate interests of third parties.

Further, the American Prosecutors Research Institute (APRI), with BJA support, assisted the Uniform Law Commissioners in drafting amendments to the Uniform Controlled Substances Act, the primary drug law in over 40 jurisdictions.

The APRI also receives BJA support to disseminate State drug prosecution curricula and to coordinate further development of the MSAFS.

Effective legislation is meaningless unless implemented. As States enact complicated asset seizure and forfeiture provisions, prosecutors must learn how to use these statutory tools. To complement the MASFA, BJA is providing support to APRI to assist in the development of a sophisticated and comprehensive "hands-on" training course for prosecutors.

BJS is also supporting APRI's national survey of prosecutors to determine the extent of their use of the RICO and asset forfeiture laws as well as to identify successful strategies for their use.

The Jefferson Institute for Justice Studies receives support from BJA to provide a directory of federal and national resources to aid State and local asset forfeiture programs.

## Postal Inspection Service

The U.S. Postal Inspection Service has made a strong commitment to the use of forfeiture as a part of their enforcement programs. In FY 1991, the Inspection Service made 646 seizures and secured 236 forfeitures. Over the past five years, the number of seizures and forfeitures has risen significantly. On a percentage basis, the number of seizures rose by 2,860 percent and the number of forfeitures increased by 2,791 percent over the past five years. Sixty-seven percent of the Inspection Service civil forfeitures are related to money laundering violations and the balance are related to narcotics violations.

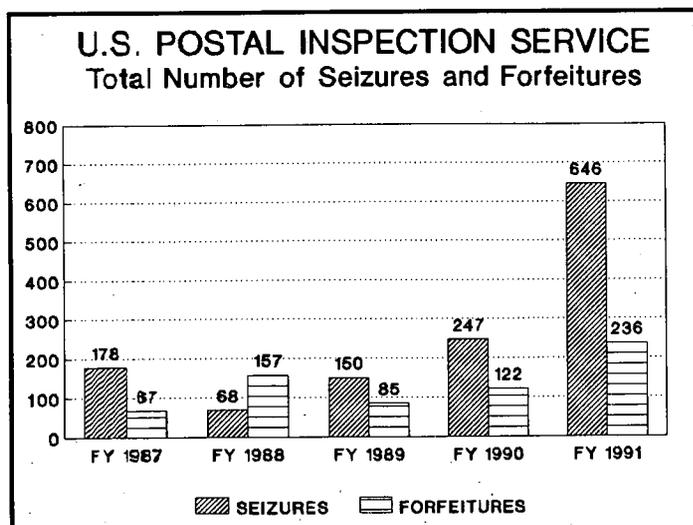


Figure 12

### Information Management

One of the major improvements made in the Inspection Service forfeiture program has been the development of a seizure locator computer program. With this management tool, the Inspection Service can track and identify the status of a seizure at any time or at any point in the forfeiture process. Inspection Service managers, specialists and

analysts can get seizure status information on line and generate timely reports on the system.

Contract employees, funded through the Justice Department Assets Forfeiture Fund, have been invaluable to the Inspection Service program. Because of Postal Service budgetary constraints, law enforcement efforts in the area of forfeiture would be crippled if contract personnel paid for by the Fund were not available.

### Training

Since 1986, approximately 1700 Inspection Service managers, inspectors, forfeiture support persons and other personnel have been trained in asset seizure and forfeiture. The Inspection Service established Asset Forfeiture Offices within Headquarters, the five regional offices and in each of the 38 divisional offices. Each student-inspector receives training in asset seizure and forfeiture as a part of basic training at the National Training Academy for Inspectors.

During FY 1991, a national forfeiture specialist basic training course was held in Denver, CO. The Inspection Service has also trained Secret Service agents responsible for establishing a forfeiture program for that agency. Planning is underway for an advanced forfeiture training course in 1992.

### Significant Cases

The Inspection Service increasingly handles complex cases involving mail fraud, money laundering, and RICO offenses.

In Minnesota, the defendant-owner of a rare coin company pled guilty to RICO and mail

fraud charges. Assets valued at \$6.8 million were forfeited as part of the plea agreement. Additional forfeitures in this case included \$750,000 derived from the sale of his previous residence and proceeds from the sales of coins which totaled in excess of \$15 million. Through his company, the defendant pursued an aggressive telemarketing operation involving the sale of foreign gold coins represented to be an excellent, profitable low-risk investment with anticipated returns of 200 percent to 850 percent. The defendant employed over 100 telemarketers and generated sales of foreign gold coins in excess of \$7 million to approximately 5,000 customers. The defendant was sentenced to six years in prison, the maximum allowed under the plea agreement, and was ordered to pay restitution to the victims of the scheme, and forfeited his residence valued at \$6.8 million and additional assets valued at over \$15 million.

In the largest single federal civil forfeiture in Oregon, the Inspection Service, the FBI and the USMS seized numerous houses, cars, and boats valued at \$1.8 million. This action was the result of a 12-month investigation of a real estate investment scheme. Over 170 victims who were induced to invest more than \$6 million in fraudulent real estate joint venture partnerships were identified. The operator of the company was indicted on mail fraud charges.

In New York, a former Assistant United States Attorney was indicted on money laundering charges related to the receipt of cocaine by express mail for distribution. The indictment seeks to forfeit over \$3.3 million from bank accounts in Hong Kong. This indictment was based on a joint investigation between the Inspection Service, U.S. Customs, DEA and the Department of Justice.

In California, a federal grand jury returned a 175-count indictment against twelve individuals for violations of RICO, money laundering, mail fraud and other offenses stemming from their involvement in a \$1 billion medical insurance fraud scheme. The indictment included criminal forfeiture provisions under the RICO and money laundering laws, including a substitute assets provision of \$50 million. The indictment charges that the defendants owned and operated numerous medical diagnostic testing facilities in several California cities through which they solicited members of the public to come to the clinics for free preventative services. Bills were then fabricated and mailed to insurance companies making it appear that the tests had been prescribed by a doctor as medically necessary to treat illness or injury, when in fact the patients were healthy. The scheme resulted in \$1 billion in fraudulent claims and more than \$50 million in insurance company payments for unnecessary tests.

Eight defendants have been arrested in this medical insurance fraud scheme. The principal in the scheme is in custody in Amsterdam awaiting extradition. The investigation was conducted by a task force led by the Inspection Service and included the Defense Criminal Investigative Service, California Department of Insurance Fraud, Internal Revenue Service, and the Ontario, California Police Department. The Los Angeles County Sheriff's Department also provided several hundred deputies for the execution of 25 federal search warrants during the investigation.

### **Cooperation with Other Departments**

The Inspection Service works closely with agencies of the Department of Justice and the Treasury pursuant to a memorandum of understanding executed to ensure coordinated

efforts in the investigation of money laundering offenses.

In FY 1991, the Inspection Service also entered into a memorandum of understanding with the Department of Justice providing for reciprocal sharing of forfeiture proceeds to ensure an equitable distribution between the Department of Justice Assets Forfeiture Fund and the Postal Service Fund.

## **Internal Revenue Service**

The Internal Revenue Service (IRS) has been a participant in the Department of Justice Asset Forfeiture program since 1987.

### **Headquarters Field Operations**

The IRS is a highly decentralized organization with a Headquarters located in Washington, D.C. and over 900 offices in cities across the United States. The IRS operates seven regional offices, 63 district offices, ten service centers, a data center and a national computer center.

The National Office develops broad nationwide policies and programs for the laws and regulations administered and enforced by the IRS. The seven regional offices execute the National Office plans and policies as well as coordinate, direct and review operations of the district offices and service centers within the region.

The district offices conduct the examination, collection, criminal investigation and other functions of the IRS. It is in these offices that Special Agents of the IRS conduct investigations of violations of tax, currency and money laundering statutes.

## **Seizures**

During 1991, over 40 percent of the IRS Criminal Investigation Division casework was devoted to money laundering and currency crimes. The volume of seizures has grown substantially since the IRS was given authority to seize and forfeit property traceable to money laundering and currency crimes. In the past five years, the number of seizures has grown from two in 1986 to over 2,000 in 1991. The cumulative value of these seizures is over \$300 million.

## **Training**

The IRS conducted significant training during 1991. All seven regional offices held asset forfeiture training sessions. Over 500 criminal investigators were trained as well as significant numbers of other regional and district personnel involved in the forfeiture program. As IRS personnel increase their skills in this area, the number of forfeitures is expected to continue to increase.

## **Significant Investigations**

During 1991, the IRS was involved in an investigation of a major money laundering operation based in New Jersey. The operation had been established for approximately two and a half years and is believed to have laundered over \$200 million. Money from the operation was funneled into accounts in Colombia, Panama and Aruba. The investigation led to the arrest of 17 dependents and seizures ranging from \$4 million in bank accounts to a tailor shop in Coral Gables, Florida.

In another investigation, two dependents were convicted of laundering \$96 million in drug proceeds. The proceeds were from an international narcotics ring sent to the two

defendants by a New York City businessman. The money was sent in cardboard boxes and was used to buy gold bullion. The two defendants were ordered to forfeit \$7.3 million derived from the money laundering operation between September 1988 and March 1990.

In another case, the IRS seized a gun shop in Pennsylvania and charged the owner with tax evasion and structuring violations designed to avoid filing Currency Transaction Reports. The indictment culminated an 18 month investigation during which the IRS seized \$2.4 million in currency and coins. The IRS is also seeking the forfeiture of the entire business because it represents proceeds of the above violations. The amount sought in the forfeiture is approximately \$10 million.

## **The Bureau of Alcohol, Tobacco And Firearms**

The Bureau of Alcohol, Tobacco and Firearms (ATF), United States Department of the Treasury, became a participant in the Department of Justice Asset Forfeiture Program in August 1990. ATF is responsible for enforcing the federal laws relating to firearms, explosives, arson, alcohol and tobacco. ATF is also actively involved in combatting narcotics trafficking and violent crime through enforcement of the federal firearms laws. During FY 1991, 52 percent of ATF's law enforcement budget was drug related. The primary statute used by ATF in combatting drug trafficking is 18 U.S.C. 924(c), which prohibits the use or the carrying of a firearm during a drug trafficking crime. This statute carries a mandatory sentence of five years imprisonment. ATF has authority to seize and forfeit firearms, ammunition, explosives, alcohol, tobacco, currency, and conveyances involved in violations of law.

Currently ATF has 1,896 Special Agents assigned to field offices nationwide. In FY 1991, 1079 positions were dedicated to the Armed Career Criminal Project, which targets drug traffickers who use firearms in the commission of crimes as well as armed career criminals. Currently all of ATF's 22 law enforcement field divisions participate in task forces across the nation. This includes 16 formal task forces established by ATF in major metropolitan areas.

Forfeitures initiated by ATF Special Agents in the field are processed at the headquarters level by the Seized Property Section. This office is responsible for initiating forfeiture proceedings (including the notification of claimants and placement of advertisements), processing of claims and petitions, and coordinating with the Office of Chief Counsel within ATF. In addition to a staff at headquarters, the Office of Chief Counsel has seven field offices. These offices provide legal support on forfeiture matters, particularly petitions and claims. Management and oversight of ATF's forfeiture program is the responsibility of the Planning and Analysis Division.

### **Implementing the Program**

ATF has proposed legislation that would authorize it to forfeit assets that are involved in or constitute proceeds from violations of the federal arson and explosives laws. The legislation would also allow all of the proceeds of ATF's administrative forfeitures to be deposited into the Department of Justice Assets Forfeiture Fund.

ATF is an active participant in the OCDETF program. As ATF does not currently have authority to forfeit other assets identified during drug trafficking investigations, the assets

are referred to the DEA or the FBI for forfeiture processing.

## U. S. Park Police

The U.S. Park Police of the Department of the Interior joined the Department of Justice Asset Forfeiture Program in 1991. Established in 1791 as the "Park Watchmen," the Park Police are the law enforcement officers charged with protection of visitors, resources and facilities in designated areas of the National Park Service system.

The Park Police have 621 sworn officers, the majority of whom are assigned to the Washington, D.C., New York and San Francisco. In Washington, D.C., the Park Police have concurrent jurisdiction with the Metropolitan Police Department of the District of Columbia. In FY 1991, the Park Service made 58 seizures with a total value of \$638,469. All Park Police seizures were made in the Washington Metropolitan Area.

Officers from the Park Police assisted in a marijuana eradication effort in the Pacific Northwest. This joint operation which involved the U.S. Forest Service, the Bureau of Land Management, the Oregon State Police, several county sheriffs' offices, and the Park Police, resulted in the seizure of thousands of marijuana plants along with houses, vehicles and numerous weapons.

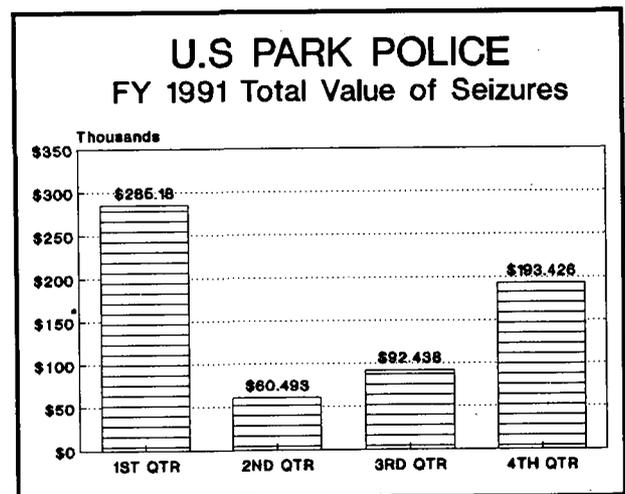


Figure 13



# CHAPTER V

## INTERNATIONAL COOPERATION

For law enforcement, the world has truly become a global village. The fight against crime is increasingly an international battle. Drug traffickers, money launderers and other criminals respect no country's borders and the effort to bring them to justice must be international in scope.



*Massive amounts of wealth are moved globally by drug traffickers.*

Major drug traffickers and other organized criminals often hide illicit proceeds outside the United States. Similarly, foreign drug dealers and criminals invest their wealth in this country. Thus, United States forfeiture efforts alone, however effective and comprehensive, are not enough to take the profit out of transnational crime. For forfeiture laws to work, the United States and its international partners must increasingly apply and enforce their domestic confiscation measures in multinational settings.

Anticipating this development, the Department of Justice forfeiture program has become truly international. The Executive

Office for Asset Forfeiture (EOAF) has been tasked with developing policies fostering global forfeiture enforcement and cooperation. The Criminal Division's Asset Forfeiture Office (AFO) and Office of International Affairs (OIA), working closely with the EOAF, have operational responsibilities in this field, involving the development of general and case-specific approaches to the confiscation of illicit wealth found abroad.

### Treaties and Agreements

In recent years, the United States and its overseas partners have placed forfeiture high on the list of international law enforcement priorities. This is reflected in the number of bilateral and multinational agreements which the United States has signed and ratified providing for the

identification, immobilization, and forfeiture of criminal proceeds.

Currently, the United States has mutual legal assistance treaties in effect with Anguilla, the Bahamas, the British Virgin Islands, Canada, the Cayman Islands, Italy, Mexico, Montserrat, the Netherlands, Switzerland, Turkey, and the Turks and Caicos Islands. The United States also has operative executive agreements limited to narcotics matters with the United Kingdom and Hong Kong. Generally, these bilateral arrangements allow the United States to obtain documentary evidence and other forms of law enforcement assistance, including forfeiture cooperation.

Two recent cases illustrate the benefits accruing to United States law enforcement from treaties and other similar agreements containing forfeiture provisions.

In the case against Jose Rodriguez Gacha, a deceased Colombian drug lord, the United States sought and obtained the cooperation of Colombia, Switzerland, the United Kingdom, Hong Kong and others in identifying, freezing, and, in the case of Switzerland, repatriating Rodriguez Gacha's drug wealth to the United States for forfeiture. Switzerland restrained over \$12 million of Rodriguez Gacha's money and assisted the United States in transferring the bank accounts to the Middle District of Florida for civil forfeiture in Jacksonville. Both Switzerland and Colombia received a portion of these forfeiture proceeds.

In Operation Isle of Man, the British Virgin Islands restrained over \$3.6 million and later lifted the restraint at our request so that a cooperating defendant could transfer the money to Boston and Miami for commencement of civil forfeiture actions. A portion of the forfeiture proceeds will be returned to the British Virgin Islands.

The Department has also participated in negotiations which culminated in ratification of the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (Vienna Convention) by the United States Senate. This multinational treaty, which went into effect on November 11, 1990, has been ratified by over 60 countries. It requires each signatory to enact the legislation necessary to carry out the treaty's domestic and international provisions. The Vienna Convention also requires each member nation, upon the request of another member, to identify, immobilize, or forfeit assets located in the requested country if they were derived from, or used in,

a violation of the drug or drug-related money laundering laws of the requesting country.

The United States was among the first signatories to invoke the Vienna Convention's forfeiture provisions. In April 1991, pursuant to a request under the treaty, the Department provided evidence to Spanish authorities establishing that Dennis Howard Marks, a British subject convicted of drug trafficking offenses in the United States, had purchased a villa in the Balearic Islands with drug proceeds. Spain was requested to initiate forfeiture proceedings under its laws against the property. Spain granted the request, imposing a restraining order against the sale of the property and entering a preliminary forfeiture decree, which, as this is written, is being appealed in the Spanish court system.

The Department also participated in drafting the forfeiture provisions in the Inter-American Drug Abuse Control Commission's Model Legislation for the Group of Experts Responsible For Preparing Model Regulations on the Laundering of Property and Proceeds Related to Drug Trafficking which is sponsored by the Organization of American States. The Model Legislation contains a number of articles providing for the freezing and forfeiture of drug and drug-related money laundering proceeds. Article eight specifically provides for the confiscation of such assets derived from a foreign drug offense.

### **Approaches to International Forfeiture**

Federal prosecutors have developed varied approaches for achieving the forfeiture of property located abroad. On the civil forfeiture side, the key is to bring the forfeitable property within the jurisdiction of a United States court. To do so, for example, cooperating witnesses or

plea-bargaining defendants, at the request or direction of Assistant United States Attorneys, frequently repatriate funds to the United States to allow those funds to be civilly forfeited here. Similarly, a cooperating witness or defendant may agree to liquidate forfeitable real property and personalty held outside the United States, transferring the proceeds back to this country for forfeiture.

When such cooperation is not available, prosecutors have sought relief under Rule (C)(5) of the Supplemental Rules for Certain Admiralty and Maritime Claims. Rule (C)(5) allows district courts to order persons having possession or control over property otherwise subject to forfeiture to deliver such property into the custody of the U.S. Marshals. Prosecutors are increasingly relying on criminal forfeiture statutes, recognizing that *in personam* forfeiture is more familiar abroad than *in rem* forfeiture and more likely to result in cooperation from overseas. Indeed, some countries, for example, Japan, have signalled that they will only respond to our criminal forfeiture requests. As an additional advantage, our criminal forfeiture statutes contain substitute asset provisions (18 U.S.C. 982(b)(1), 1963(m), and 21 U.S.C. 853(p)), which provide for the forfeiture of alternative property where the owner is charged in the United States with certain crimes but his forfeitable property has been placed outside the United States and is not otherwise obtainable.

Of course, where criminal forfeiture is not feasible because the property owner is outside United States jurisdiction or is a fugitive, the Department must rely upon civil forfeiture. To enhance its civil forfeiture potential in the international arena, the Department has proposed to Congress that it enact legislation clarifying our authority to civilly forfeit overseas assets with the concurrence of the pertinent foreign government. This legislative initiative is a high priority of the Department

of Justice and prospects appear favorable for enactment in 1992.

The United States District Court for the Eastern District of New York has, during the prior year, issued several default judgment orders on behalf of the government against funds on deposit in Hong Kong banks. However, other United States district courts are directly addressing the issue of whether *in rem* jurisdiction extends to assets located outside the United States. One court has ruled that it lacked such jurisdiction (see United States v. U.S. Funds in the Amount of \$3,035,648.50 held in Hong Kong and Shanghai Banking Corp. etc., CIV-91-217E (W. D. N. Y. Nov. 4, 1991), and the United States District Court for the Middle District of Florida is now considering the same issue. In both cases, prosecutors argued that United States district courts gain constructive control (*i.e.*, jurisdiction, over property located abroad when the host country restrains such property pursuant to a request by the United States under an international agreement). These cases highlight the need for legislation to clarify the reach of civil forfeiture.

The primary objective of international forfeiture is to divest criminals of their illicit gains, regardless of which country actually enforces the forfeiture. Therefore, whenever forfeiture under United States law is not feasible, we provide the foreign country where the property is located with the pertinent evidence so that the foreign country may proceed under its own laws. As additional countries ratify the Vienna Convention and enact domestic forfeiture measures, we expect to receive an increasing number of foreign requests for forfeiture assistance.

## International Asset Sharing

In 1986 and 1988, at the Department's request, Congress enacted legislation (*see* 18 U.S.C. 981(a)(1)(B), 21 U.S.C. 881(e)(1)(E)), authorizing the United States to transfer forfeited assets to foreign countries that assisted in bringing about successful forfeiture actions under United States law.

From July 1989 to December 1991, the Attorney General has authorized the transfer of over \$19 million in federal forfeiture proceeds to nine different cooperating countries, including the British Virgin Islands, Canada, the Channel Islands, Colombia, Guatemala, Switzerland, the United Kingdom, Venezuela, and the Cayman Islands.

*"If there is one thing we have learned about fighting crime, it is success depends on one essential ingredient -- 'cooperation'. Cooperation among all law enforcement agencies -- federal, State, and local. Cooperation internationally among the law enforcement agencies of different countries."*

*William P. Barr  
Attorney General  
Boys and Girls Clubs of America  
Recognition Luncheon  
New York City*

The types of assistance warranting sharing in these cases have included: 1) production of crucial banking records demonstrating the illicit origin of funds; 2) the repatriation of cash and other personalty to the United States for civil forfeiture here; 3) the extradition of fugitives along with their foreign assets; and 4) the allocation of personnel by foreign governments to conduct joint investigations with United States law enforcement authorities working in the United States and abroad.

The Department vigorously promotes the concept of reciprocal international asset sharing. During discussions with foreign representatives, the United States has also maintained that forfeited wealth should be used to reimburse law enforcement agencies for the expenses associated with conducting forfeiture-related activities. Without such sharing, there would be a disincentive for international task forces to spend their own resources for the ultimate benefit of only one nation represented among them.

In sum, we have rejected a "finder's keepers" approach, holding that asset sharing should take place regardless of where the property is found or which country ultimately enforces the forfeiture decree.

## Personnel and Training

The Department of Justice has committed significant personnel and training resources to the rapidly developing international forfeiture effort. To use these resources fully, prosecutors and investigators must evaluate the international aspects of their forfeiture cases from the inception of the investigations involving forfeitable assets abroad. Moreover, during the prior year, the Department has issued guidelines to prosecutors to ensure that plea agreements reach foreign as well as domestic-based assets.

At the outset of the international forfeiture process, prosecutors must first contact the AFO and the OIA. AFO has designated two attorneys to specialize in the forfeiture of assets located abroad. OIA, as the designated central authority for the United States under recent international criminal assistance agreements, has teams of attorneys divided along geographic lines who assist prosecutors to make requests designed to produce the most timely and useful responses.

The format and content of these requests reflect whether the United States and the foreign country in question have entered into a forfeiture-specific assistance treaty or agreement, whether the foreign country has the ability to forfeit property under its own laws, or whether it can enforce a forfeiture order issued by a United States court.

In October 1991, the Departments of Justice of the United States and Canada held the first binational forfeiture seminar for prosecutors in Ottawa, Canada. The purpose of the conference was to promote greater forfeiture cooperation between the two countries through a deeper understanding of each other's forfeiture laws and procedures. As a result of the success of the United States-Canada forfeiture conference, the Department plans to schedule similar seminars in the future with other countries.

### **Future of the Program**

Our prosecutors are now, more than ever, able to pursue assets outside the United States. More needs to be done, however, for our international forfeiture gains to keep pace with our forfeiture goals.

We expect that the next fiscal year will show even greater growth in the international field than in the last twelve months. These advances will be reflected in the negotiation and ratification of additional forfeiture-specific mutual legal assistance treaties and agreements, frequent invocation of the Vienna Convention in forfeiture requests by the United States and its overseas partners, wider acceptance and application of reciprocal asset sharing, additional binational training seminars modeled after the seminar in Ottawa, and the legal and diplomatic creativity which thus far have characterized this program.



# CHAPTER VI

## EQUITABLE SHARING

The overarching goal of the Department of Justice Asset Forfeiture Program is a law enforcement one: to strip criminals of their ill-gotten gains and the instrumentalities of their trade. The equitable sharing component of the program serves to enhance the law enforcement cooperation and effectiveness by investing some of the proceeds into enhanced law enforcement efforts at the State and local levels.

Equitable sharing serves two main purposes:

- It supplements the resources of the receiving agencies to fight crime without further taxing the public weal; and,
- It removes the impediment to State and local agencies' work to secure seizures by providing a means to recompense and reward agencies for the expenditure of their resources in pursuit of criminals and their assets.

By all accounts, equitable sharing has been a dramatic success.

The Department of Justice originally proposed the concept of sharing federal forfeiture proceeds with State and local agencies which assist in investigations resulting in federal forfeitures. This proposal was enacted into law in the Comprehensive Crime Control Act of 1984.

By law, the Department can equitably share federal forfeiture proceeds with participating law enforcement agencies to the extent that the share reflects "the degree of direct participation of the State or local agency 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." (21 U.S.C. 881(e)(3)).

The Department of Justice's first equitable sharing occurred in FY1986. That year Justice agencies shared \$22.5 million in federally forfeited cash and tangible property with State and local law enforcement agencies. Sharing has increased more than 12-fold in the past five years. Total equitable sharing in FY 1991 exceeded \$287.8 million. In August 1991, a significant

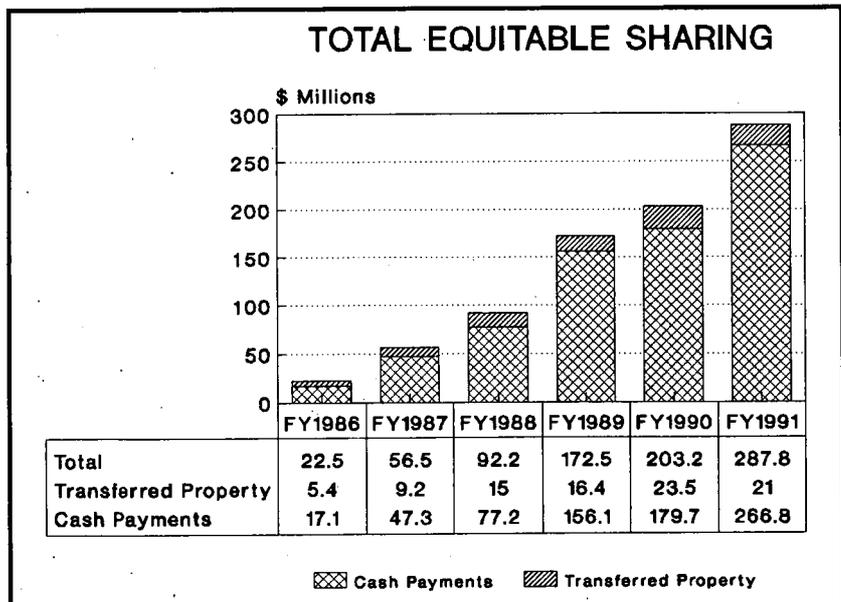


Figure 15

milestone in the program was reached when total sharing of cash and property (since equitable sharing began) surpassed the \$800 million mark.

These equitable sharing transfers have helped agencies expand the number of criminal investigations; modernize their motor fleets; purchase computers and other high technology equipment, weapons and protective equipment; pay overtime; and meet the myriad of other expenses encountered by law enforcement agencies.

*"This program has provided funds to support our narcotics investigations and has resulted in significant increases in drug arrests and convictions. Without this program a small department such as ours would not have been as effective as we have in working the drug problem in our area. Many thanks for your help!"*

*Morrow County Sheriff  
Oregon*

## Report on the Equitable Sharing Program

In FY 1991, the Department of Justice conducted a voluntary survey of State and local law enforcement agencies to determine the effectiveness of the equitable sharing program. The Department has generally relied on the recipient agencies' assurances regarding how monies or property shared would be used. Unlike a grant, these monies represent a share earned by the agency. The survey resulted in findings concerning six key aspects of the program.

**First**, it is clear that recipient agencies are complying with the spirit of the program by applying the share received to law enforcement purpose. Over 69 percent of recipients

applied the shared asset to the purchase of equipment, with about 26 percent using the share to increase fleet size. The survey did not attempt to compare actual use to intended use because the requirements on identifying intended use are not specific.

**Second**, the survey provided clear evidence that the program is successful in meeting its primary goal of increasing cooperation between federal agencies and State and local law enforcement agencies. Fifty-one percent of recipients indicated that the program has a "great" impact on cooperation. Further, over 95 percent said they plan to cooperate in joint investigations with federal agencies in the future.

**Third**, the survey indicated that the shares received are in fact having a strong impact on the ability of recipients to fight crime in their communities. Overall, nearly 94 percent of all respondents reported that the shares received had a "moderate" to "great" impact on fighting crime.

**Fourth**, the survey determined that the majority of non-cash property items transferred for official use are still retained by the agency which received the property. The average value of the shared non-cash property in this survey was \$9,339.10, most of the items being cars or trucks. The non-retained shared property items had often been sold or had become non-operational.

**Fifth**, the survey provided empirical data indicating that the Department is experiencing increased difficulty in expeditiously processing sharing requests regardless of whether the request is for cash or property, and most decision-makers are taking longer to decide on requests. However, the Department is aware of this problem and has taken action to expedite processing.

Sixth, it is unclear from the data collected whether or not the program is meeting its intended purpose of increasing resources for State and local law enforcement agencies. With some modifications, more meaningful data can be collected in the next survey, or a separate study of this issue can be undertaken. It is clear, however, that the Department needs to continue its efforts to assist recipient agencies by intervening when necessary to remind governing bodies that Congressional intent and Department policy are to provide shares directly to agencies which participated in the seizure or forfeiture. It is also recommended that increased efforts be made to inform State and local law enforcement agencies about the existence of narcotics control grants.

Overall, this survey made clear that the program is continuing to effectively meet its goals. As the program continues to grow, the Department can be confident the sharing of forfeited assets is playing a critical role in the war on crime in this country.



Attorney General William Barr presents equitable sharing check to Massachusetts' law enforcement agencies.

## Real Property Transfers

Pursuant to The Attorney General's Guidelines on Seized and Forfeited Property (July 1990), real property may be transferred to other federal agencies where it will serve a continuing federal purpose. In FY 1991, the Department transferred several real properties under this authority.

*"The task we face together in law enforcement is to deepen and strengthen the cooperative relationships between federal, State and local law enforcement. No level of government can do the job of fighting violent crime alone."*

*William P. Barr  
Attorney General*

Based upon a joint investigation by the San Miguel County Sheriff's Office and Bureau of Land Management, Department of the Interior, it was found that real property adjacent to land owned by the Department of the Interior was being used in support of an illegal marijuana cultivation operation. The property was seized and forfeited to the United States. It was subsequently transferred to the Interior Department and is being used for a public recreation facility.

Real property located in Saint Augustine, FL was seized as a result of a criminal investigation by the Internal Revenue Service. KS&W Engineering, the boat equipping and repair business that owned and occupied the property, was forfeited by the Department of Justice. Justice transferred ownership of the business facilities and real property to the U.S. Customs Service to be used in the maintenance of the Customs Service's interceptor vessels used throughout the Atlantic and Gulf of Mexico. Having this facility will result in substantial savings to the U.S. Customs Service.

# CHAPTER VII

## THE ASSETS FORFEITURE FUND

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FY 1991 proved to be another banner year for the Asset Forfeiture Program. Net deposits to the Assets Forfeiture Fund reached an all-time high of \$643.6 million. Total deposits to the Fund consisted of forfeited cash of \$344.3 million; proceeds from sales of forfeited property of \$102.8 million; payments in lieu of forfeiture of \$208.7 million; investment income of \$13.5 million; recovery of asset management costs of \$4.1 million; and refunds of \$30 million.

The U.S. Postal Inspection Service investigation of Michael Milken and prosecution by the United States Attorney's office in the Southern District of New York resulted in a single forfeiture of \$198.5 million, of which \$176.3 million was deposited into the Fund.

The ten judicial districts with the highest deposits to the Assets Forfeiture Fund are:

<u>JUDICIAL DISTRICT</u>	<u>FY 1991 AFF NET DEPOSITS</u>
1. Southern District of New York . . . . .	\$186,323,647 *
2. Eastern of New York . . . . .	50,585,611
3. Central District of California . . . . .	46,029,836
4. Southern District of Florida . . . . .	38,734,761
5. Southern District of California . . . . .	25,314,707
6. Southern District of Texas . . . . .	24,232,872
7. District of Puerto Rico . . . . .	17,503,615
8. Western District of Texas . . . . .	16,637,563
9. Middle District of Florida . . . . .	16,026,042
10. Eastern District of Virginia . . . . .	9,351,011

\* Excluding \$176.3 million from the settlement in the Michael Milken case, the Southern District of New York ranked ninth on the above list with total deposits of \$10,014,647.

For the first time ever, the U.S. Marshals Service exceeded \$100 million in proceeds from sales of forfeited property.

The top ten judicial districts were:

JUDICIAL DISTRICT

FY 1991 PROCEEDS FROM SALES OF FORFEITED PROPERTY

1.	Southern District of Florida . . . . .	\$8,255,168
2.	Southern District of California . . . . .	6,892,844
3.	Central District of California . . . . .	5,108,679
4.	Eastern District of New York . . . . .	4,588,732
5.	Eastern District of Virginia . . . . .	4,157,320
6.	Western District of Texas . . . . .	4,129,582
7.	Southern District of New York . . . . .	4,066,761
8.	Northern District of California . . . . .	3,756,488
9.	Southern District of Texas . . . . .	3,364,274
10.	Eastern District of Michigan . . . . .	2,563,892

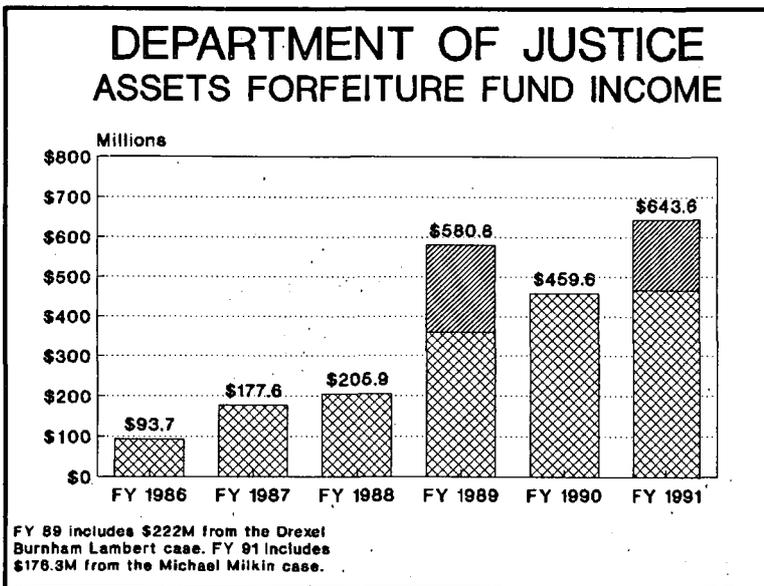


Figure 17

Creative use of Fund monies in 1991 produced impressive results in law enforcement. For example:

- Procuring financial analysis by a Certified Public Accountant for less than \$10,000 assisted in forfeiture of \$17 million in seized bank accounts.

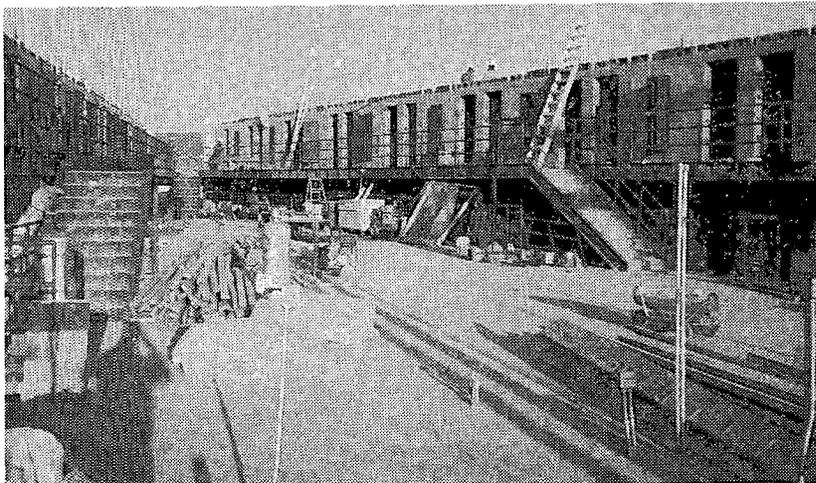
- Expending less than \$10,000 on travel to complete paperwork to obtain seizure warrants allowed the seizure of over \$4.2 million.
- Retention of an accounting firm for \$22,500 to perform financial analysis of business records and bank accounts resulted in the identification, seizure and forfeiture of vehicles, vessels, money and real property worth \$8 million.
- Use of \$1,876 for travel to interview witnesses and defendants resulted in the identification of \$6 million in potentially forfeitable real property.

- The Bureau of Alcohol, Tobacco and Firearms used approximately \$16,000 in Fund monies to pay awards and to purchase evidence in connection with an ongoing investigation of a Chicago street gang involved in narcotics trafficking. To date, criminal charges have been brought

against approximately 120 defendants for violation of federal firearms and narcotics laws. Over \$4 million in property has been identified as potentially forfeitable.

- The Drug Enforcement Administration (DEA) used Fund monies to enlist a cooperating individual whose efforts contributed to the most significant dangerous drug investigation in DEA's history. The information provided resulted in the seizure of 31 methamphetamine laboratories and over \$1 million in forfeitable assets. A total of 115 persons were indicted, 113 were arrested, and 100 pled guilty.
- For relatively small award payments by the DEA and the U.S. Customs Service, DEA received assistance that led to the arrest of a major marijuana smuggling organization that had operated for 15 years. The major figures in the case pled guilty and over \$5 million in properties were forfeited.

The investment of Fund monies in targeted training programs has also been effective. For example, in December 1990, an on-site review of white collar crime cases was con-



*Over \$491 million in asset forfeiture surpluses have been used to build federal prisons.*

ducted in the Federal Bureau of Investigation (FBI) Dallas field office. The review established that the office had not identified or seized any property for forfeiture in white collar crime cases. Following the review, the FBI conducted a training seminar for agents and support personnel. In the three months from January to March, the office identified property valued at approximately \$127 million in these cases, and completed forfeiture of approximately \$730,000 in a Financial Institution Reform Recovery and Enforcement Act investigation. Similar results have been reported in Newark, Los Angeles, Miami, and Louisville.

In FY 1991, a record total of \$266.8 million in forfeited cash was equitably shared with State and local law enforcement agencies. In addition, tangible property valued at \$21.2 million was transferred to State and local law enforcement agencies. Another \$150 million was transferred to the Drug Czar's Special Forfeiture Fund for implementation of the National Drug Control Strategy. Still another \$98.2 million has helped finance the program management and investigative expenses associated with the anti-crime efforts of the federal law enforcement agencies participating in the program. The remaining funds, approximately \$68 million, were expended for the business costs of the forfeiture program associated with the management and disposal of seized and forfeited assets, case related expenses and innocent third party payments.

The ten judicial districts with the highest level of equitable sharing payments were:

<u>JUDICIAL DISTRICT</u>	<u>FY 1991 EQUITABLE SHARING PAYMENTS</u>
1. Eastern District of New York . . . . .	\$27,867,737
2. Central District of California . . . . .	25,221,464
3. Southern District of California . . . . .	10,704,483
4. Southern District of Texas . . . . .	10,150,761
5. Southern District of Florida . . . . .	8,861,226
6. Northern District of California . . . . .	8,440,610
7. Western District of Texas . . . . .	8,417,561
8. Southern District of New York . . . . .	6,477,615
9. Northern District of Texas . . . . .	5,385,521
10. Eastern District of Virginia . . . . .	5,298,439

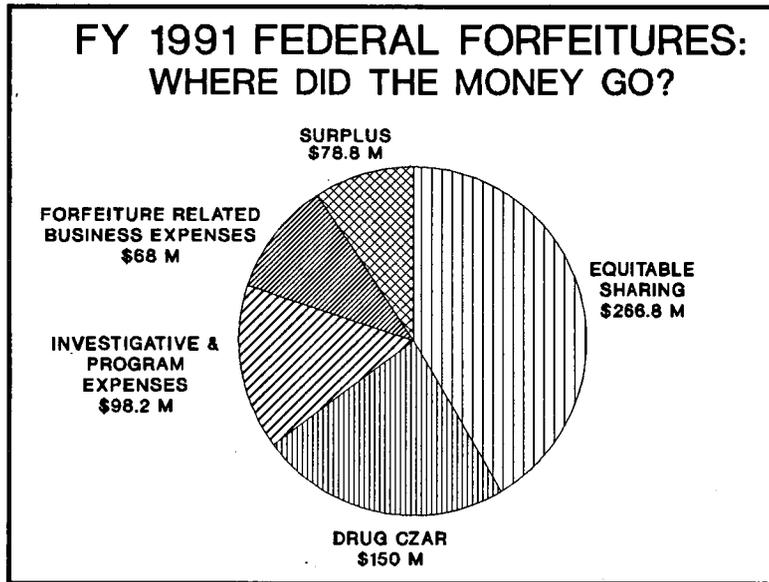


Figure 19

enforcement, prosecution, and correctional activities, of both Justice and non-justice agencies, pursuant to the Dire Emergency Supplement Appropriations Act of 1991, P.L. 102-27 dated April 10, 1991, as amended by the 1992 Department of Justice Appropriations Act, P.L. 102-140 dated October 28, 1991.

The high level of Fund deposits in FY 1991 has given the Department an opportunity to fund capital investment items that would not have been otherwise funded if there was no capital surplus. Thus, an additional \$78.8 million is being put back into law enforcement. In sum, \$643.6 million in forfeiture proceeds confiscated from criminals was reinvested into law enforcement at all levels of government in FY 1991 at no cost to taxpayers.

After paying out all expenses and adding in prior year adjustments, the Assets Forfeiture Fund successfully ended the Fiscal Year with a surplus balance of \$87.5 million. A portion of this amount was retained in the Fund to cover initial expenses of FY 1992. The remaining balance, more commonly referred to as the "capital surplus," in the amount of \$78.8 million, remains available to the Attorney General to procure vehicles, equipment and other capital investment items for the law

Asset forfeiture continues to hold great potential. At the end of FY 1991, the inventory of seized assets being held pending forfeiture consisted of over 31,000 properties valued at approximately \$1.4 billion. This

inventory of seized property included over 4,700 real properties and businesses valued at \$764 million as well as over 7,500 cash cases valued at \$321.5 million. Seized cash is deposited into the Seized Asset Deposit Fund, a special holding account at the U.S. Treasury, which ended the Fiscal Year with a balance of \$303.3 million for 1991. The remaining seized inventory in the Department's custody includes aircraft, vessels, vehicles, jewelry and other forms of personal property.

### **Special Forfeiture Fund**

In November 1988, the Congress enacted P.L. 100-690, the Anti-Drug Abuse Act of 1988, which directed the Department of Justice to transfer any surplus monies in the Assets Forfeiture Fund, up to \$150 million per year, to a "Special Forfeiture Fund." This Special Fund is distinct from the Assets Forfeiture Fund: Surplus monies in a non-operating account under the Director of the Office of National Drug Control Policy, are to be used and distributed by Congressional appropriations committees for drug prevention, treatment, education and law enforcement programs. To date, the Department of Justice has transferred \$281.5 million to the Special Forfeiture Fund (\$131.5 million in FY 1990 and \$150 million in FY 1991).



# APPENDIX A

## Department of Justice Assets Forfeiture Fund Statement of Income and Expenses Fiscal Year 1991

(October 1, 1990 through September 30, 1991)

<u>BALANCE, START-OF-YEAR</u>		\$ 15,002,500
<u>TRANSFER IN FROM SPECIAL FORFEITURE FUND</u>	\$78	78
<u>DEPOSITS:</u>		
From forfeited cash	\$344,307,146	
From sale of forfeited property	102,817,862	
From payments in lieu of forfeiture	208,700,966	
From investment of balances	13,526,621	
From recovery of asset management costs	4,090,016	
From other federal agencies	177,061	
Gross deposits	673,619,672	
Less refunds	(30,035,075)	
Net deposits - FY 1991	643,584,597	<u>643,584,597</u>
Total available for appropriation		658,587,175
<u>EXPENSES OF PRODUCTION:</u>		
Asset management and disposal	(42,319,799)	
Payments to third parties	(15,256,117)	
Forfeiture case prosecution	(10,391,331)	
ADP equipment	(12,601,355)	
Special contract services	(31,172,841)	
Forfeiture training and printing	(5,061,359)	
Other program management	(1,529,000)	
Total forfeiture program expenses	(118,331,802)	(118,331,802)

<b><u>EXCESS OF REVENUES OVER EXPENSES:</u></b>	525,252,873	
<b><u>DISTRIBUTION OF EXCESS REVENUES:</u></b>		
Equitable sharing payments	(266,812,926)	
Awards for information	(23,180,000)	
Purchase of evidence		(8,058,952)
Contracts to identify assets	(150,000)	
Equipping of conveyances	(14,985,000)	
Storage, protection & destruction of drugs	(1,448,048)	
Transfer to Special Forfeiture Fund <sup>1</sup>	(150,000,000)	
Total distributions	<u>(464,634,926)</u>	(464,634,926)
Adjustments to prior years - net	<u>11,855,774</u>	<u>11,855,774</u>
Change in Fund balance - FY 1991	72,473,721	
<b>FUND BALANCE, END-OF-YEAR</b>		<b>\$ 87,476,221</b>

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(1) Treasury reflected the 4th quarter transfer of \$37,500,000 in November 1991

# Financial Statement

## Fiscal Year 1991

### Summary of Financial Activity for Fiscal Year 1991

**Source of receipts (\$643,584,597).** Total net deposits to the Assets Forfeiture Fund consisted of forfeited cash of \$344.3 million; proceeds from the sale of forfeited property of \$102.8 million; payments in lieu of forfeiture of \$208.7 million; investment income of \$13.5 million; recovery of asset management costs of \$4.1 million; transfers from other federal agencies of \$.2 million; and refunds of -\$30 million. The single largest case in FY 1991 was the Michael Milkin settlement which netted \$176.3 million to the Assets Forfeiture Fund.

**Liens and mortgages (\$15,256,117).** The total amount of liens and mortgages paid from the Assets Forfeiture Fund may appear low in comparison to total receipts. As a general rule, valid liens or mortgages are deducted from gross sales proceeds before the proceeds are deposited to the Assets Forfeiture Fund. Furthermore, there were no third party interests in the \$176.3 million from the Michael Milkin settlement.

Also included in the amount reported are payments from the Fund in connection with the remission or mitigation of a forfeiture, in accordance with procedures outlined in 28 C.F.R. Part 9.

**Equitable sharing payments (\$266,812,926).** Equitable sharing payments represent the transfer of portions of federally forfeited cash and sale proceeds to State and local law enforcement agencies and foreign governments that 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. In FY 1991, a total of \$266.8 million in forfeited cash was equitably shared with State and local law enforcement agencies.

**Estimated value of property forfeited in FY 1991 with respect to which funds were not deposited in the Fund.** In addition to the authority to sell property forfeited under laws enforced or administered by the Department of Justice, the Attorney General is also authorized to retain forfeited property for official use, and to transfer forfeited property to another federal agency or to any State or local law enforcement agency that participated directly in the seizure or forfeiture of the property.

In FY 1991, federally forfeited conveyances and other tangible property worth approximately \$21 million were transferred to State and local law enforcement agencies that assisted in targeting and seizing the property through equitable sharing.

Approximately \$9.4 million worth of conveyances and personal property were retained for official use by the Drug Enforcement Administration, Federal Bureau of Investigation, Immigration and Naturalization Service, U.S. Marshals Service, and U.S. Postal Inspection Service.

Approximately \$3.8 million in forfeited property was transferred to non-participating federal agencies by the Department of Justice.

**Amount of seized cash held as evidence.** Most of the cash seized by the Department of Justice was used in or derived from violations of the Controlled Substances Act. The Department of Justice has custody of the cash until the seizing agency, through internal administrative procedures, or a federal district court, through a civil or criminal proceeding, determines if the money should be forfeited to the United States or must be returned to the person from whom it was seized or to another innocent party.

Department of Justice policy requires that, unless there are compelling reasons to retain seized cash as evidence in a criminal proceeding, it must be deposited in the Seized Asset Deposit Fund (SADF), a special holding account at the U.S. Treasury Department. The SADF ended the fiscal year with a balance of \$303.3 million.

The amount of seized and forfeited cash not on deposit in the SADF as of September 30, 1991 totaled \$21.1 million, a 33 percent decrease from FY 1990. Of this amount, \$15.8 million was being held by the Internal Revenue Service in judicial forfeiture cases, primarily in separate Treasury accounts. Of the total amount reported, a significant number of these cash cases are in the process of being deposited into the SADF. The Department's efforts, through periodic reviews of seized and forfeited cash not on deposit with the SADF, have resulted in significant progress toward improving the cash management practices among the participating agencies in the asset forfeiture program.

# APPENDIX B

## Properties on Hand as of September 30, 1991 with Net Equity at or Above \$1,000,000.00 U.S. Marshals Service

<u>District</u>	<u>Case Number</u>	<u>Description</u>	<u>Appraised Value</u>	<u>Liens</u>	<u>Status</u>
District of Middle Alabama	91V-689E	Unites States Currency	\$2,357,655	N/A	Pending Forfeiture
District of Arizona	CIV-88-495-TUC	UnitedStates Currency	\$1,257,533	N/A	Pending Forfeiture
	CIV-90-0199	United States Currency	\$1,216,043	N/A	Pending Forfeiture
	CIV-90-0247-PHX	80 Lear 35A Aircraft	\$2,000,000	Unknown	Pending Forfeiture
	MN-90-0079	United States Currency	\$1,348,174	N/A	Pending Forfeiture
	MQ-90-0030	United States Currency	\$1,244,898	N/A	Pending Forfeiture
District of Central California	85-9394-CR	Commercial 3720 Long Beach Blvd. Los Angeles, CA	\$1,000,000	No Liens	Forfeited. Listed for Sale.
	87-879	Bicycle Club 7301 Eastern Ave. Bell Gardens, CA	\$17,000,000	No Liens	U.S. Government has 66% interest in this property.
	88-2183	Misc. Jewelry	\$2,681,352	No Liens	Forfeited 6/12/89. Awaiting sale.
	89-1357	Commercial 411 W. 7th Street Los Angeles, CA	\$15,500,000	\$9,000,000	Pending Forfeiture. This is part of the Polar Cap case.
	89-1694	Detached Residential 36780 Esplanade Ave. San Jacinto, CA	\$4,690,000	\$30,000	Pending Forfeiture
	89-3448	Bank Account	\$1,061,355	N/A	Pending Forfeiture
	89-3449	United States Currency	\$1,061,355	N/A	Pending Forfeiture
	90-0381	Farm/Ranch 82290 Avenue 61 Thermal, CA	\$1,550,000	\$250,000	Forfeited 8/1/90. Listed at \$1,900,000 awaiting offers.
	90-5941	United States Currency	\$1,762,907	N/A	Pending Forfeiture
	90-6703	Multi-Unit Residence 808 North 2nd Alhambra, CA	\$1,850,000	\$600,000	Pending Forfeiture
	91-0767	Jewelry and Gold	\$1,707,352	No Liens	Pending Forfeiture
	91-5148	Lyon's and Children's Trust Account	\$1,740,000	N/A	Pending Forfeiture

<u>District</u>	<u>Case Number</u>	<u>Description</u>	<u>Appraised Value</u>	<u>Liens</u>	<u>Status</u>
	91-5149	Vacant Land 2353 Gloaming Way Beverly Hills, CA	\$1,600,000	Unknown	Pending Forfeiture
	91-5150	Detached Residential 344 Conway Avenue Los Angeles, CA	\$3,250,000	Unknown	Pending Forfeiture
	R1-87-Z009	United States Currency	\$1,548,803	N/A	Pending Forfeiture
	R1-88-Z006	Various Jewelry	\$18,662,987	No Liens	Pending Forfeiture. Polar Cap Case.
		Various Jewelry and Gold	\$4,898,019	No Liens	Pending Forfeiture. Polar Cap Case.
		Jewelry and Gold seized from S&K	\$1,229,095	No Liens	Pending Forfeiture. Polar Cap Case.
		Misc. Jewelry	\$2,529,723	No Liens	Pending Forfeiture. Polar Cap Case.
	R1-90-0060	United States Currency	\$1,286,120	N/A	Pending Forfeiture
	R1-91-0224	United States Currency	\$1,829,589	N/A	Pending Forfeiture
District of Eastern California	89-397-5	Detached Residential 6668 W Lake Blvd. Homewood, CA	\$1,100,000	Unknown	Pending Forfeiture. Being rented with rental payments going toward mortgage.
District of Southern California	89-1069	Vacant Land 9.25 acres Harvest Road	\$1,925,000	No Liens	Pending Forfeiture
	RV-91-0006	Persian rugs, statues, art works	\$1,607,480	No Liens	Pending Forfeiture
District of Colorado	91-Z-720	Multi-Unit Residence Royal Elk Ranch Gunnison, CO	\$1,100,000	Unknown	Pending Forfeiture
District of Connecticut	N-89CV0588	Commercial 470-478 E. Main St. New Haven, CT	\$3,000,000	Unknown	Pending Forfeiture
District of Delaware	CA-88-654	United States Currency	\$1,322,243	N/A	Pending Forfeiture
District of Southern Florida	87-6812-CIV	Commercial 1881 State Road 7 Ft. Lauderdale, FL	\$1,540,000	No Liens. Liens paid by order of the court.	Forfeited 2-27-89. No viable offers have been received. Location to I-95 is making sale difficult.
	88-12081-CIV	Farm/Ranch Rt. 27 N. Lake Placid Highland, FL	\$1,800,000	No Liens	Forfeited 12-21-90. Listed for \$1,950,000.00.
	88-12082-CIV	SJ & W Ranch Moorehaven, FL	\$4,000,000	No Liens	Pending Forfeiture
	89-0341-CIV	Vessel "My 3 Sons" Miami, FL	\$1,283,727	No Liens	Pending Forfeiture
	90-095-CIV	United States Currency	\$1,234,463	N/A	Pending Forfeiture
	90-114-CIV	United States Currency	\$1,137,036	N/A	Pending Forfeiture

<u>District</u>	<u>Case Number</u>	<u>Description</u>	<u>Appraised Value</u>	<u>Liens</u>	<u>Status</u>
	90-1203-CIV	United States Currency	\$3,167,752	N/A	Pending Forfeiture
	90-1250-CIV	Vacant Land Part of Tract C Miami, FL	\$1,190,000	No Liens	Pending Forfeiture
	90-6192-CIV	Detached Residential 7260 Lago Drive, W Coral Gable, FL	\$1,250,000	No Liens	Forfeited 11/26/90. Listed for \$1,200,000
	91-0109-CIV	United States Currency	\$1,111,824	N/A	Pending Forfeiture
	91-0135-CIV	Vacant Land 23300 SW 36 Street Fort Lauderdale, FL	\$1,800,000	No Liens	Pending Forfeiture
	91-0218-CIV	United States Currency	\$1,050,888	N/A	Pending Forfeiture
	91-10111-CIV	United States Currency	\$1,325,817	N/A	Pending Forfeiture
	91-1068-CIV	Vacant Land / 2.5 acres Hialeah Gardens, FL	\$2,665,000	No Liens	Pending Forfeiture
	91-1842-CIV	United States Currency	\$2,695,732	N/A	Pending Forfeiture
	91-6060-CIV	Townhouse 8500 NW 8 Street Miami, FL	\$3,250,000	\$3,500,000 for both properties. (see below)	Pending Forfeiture
		Townhouse 8401-25 NW 8 Street Miami, FL	\$3,200,000	(see above)	Pending Forfeiture
	GS-91-0124	Aircraft 79 Cessna Miami, FL	\$1,500,000	Unknown	Pending Forfeiture
District of Northern Florida	91-10114	Promissory Notes	\$1,795,488	N/A	Pending Forfeiture
District of Middle Florida	82-3-CR-OC	Dovetail Villas Complex Orlando, FL	\$2,700,000	No Liens	Forfeited 5/17/89. Sealed bid sale conducted on 6/8/90. Minimum bid requirement of \$3.2 million was not received. Presently listed for \$3,000,000.
	89-14190-CIV	Vacant Land Kissimmee, FL	\$1,075,000	No Liens	Forfeited 11/15/90. Offer of \$1,400,000 received. Settlement scheduled for 12/27/91.
	90-410-CIV	Farm/Ranch 6490 Erie Road manatee, FL	\$4,510,000	\$1,500,000	Pending Forfeiture
	91-231-CIV	United States Currency	\$2,077,595	N/A	Pending Forfeiture
District of Hawaii	N-89-397	Detached Residential 5132 Hoona Road	\$1,750,000	No Liens	Pending Forfeiture
		Detached Residential 3457 Waikomo Road	\$1,633,000	\$66,000	Pending Forfeiture

<u>District</u>	<u>Case Number</u>	<u>Description</u>	<u>Appraised Value</u>	<u>Liens</u>	<u>Status</u>
	S-90-1031	Vacant Land Main Gov't Road Dowie, HI	\$1,265,000	\$260,000	Pending Forfeiture
District of Northern Illinois	3150-91-0140	United States Currency	\$2,010,894	N/A	Pending Forfeiture
	88-C-5205	Commercial 2216 S. Wentworth Chicago	\$1,800,000	Unknown	Forfeited 01/08/90. Forfeiture is being appealed.
	90-12355N	United States Currency	\$1,009,189	N/A	Pending Forfeiture
District of Northern Indiana	SCR86-091	United States Currency	\$1,177,750	N/A	Pending Forfeiture
District of Massachusetts	87-0459-WF	Office Building 384-390 W. Broadway South Boston, MA	\$1,000,000	Unknown	Forfeited 4/5/90. Case is under appeal. Reevaluation of property requested due to drop in real estate value in the area.
	CA-88-398	Commercial Greene and Wood Pier New Bedford, MA	\$1,100,000	Unknown	Pending Forfeiture. Fish processing plant. Reevaluation of property requested due to drop in real estate value in the area.
	CA-91-11860	Stock Balance Resources Ltd.	\$1,146,000	N/A	Pending Forfeiture
District of Minnesota	4-90-107	Detached Residential 1535 Bohn's Point Road Orono, MN	\$2,250,000	Unknown	Forfeited 9/6/91. Final Order of Forfeiture has not been received.
District of Nevada	87-278(5)(CR)	Pearl Bookstore E 2232 Charleston Las Vegas, NV	\$3,000,000	\$6,611	Pending Forfeiture
	N-88-065	United States Currency	\$7,618,570	N/A	Pending Forfeiture
District of New Jersey	CA-89-1411	Detached Residential 9 Buena Vista Ave. Monmouth, NJ	\$1,100,000	Unknown	Pending Forfeiture
	CA-90-0190	Business-Associated Packaging Inc. & Subsidiary Holly City Graphics	\$8,073,400	Unknown	Pending Forfeiture
	CA-90-2642	Letter of Credit	\$5,000,000	N/A	Pending Forfeiture
	CA-91-0430	Commercial 700 Rhode Island Ave. Atlantic City, NJ	\$1,200,000	Unknown	Pending Forfeiture. Wharves, piers, and offices being operated by USMS.
District of New Mexico	MM-91-X062	United States Currency	\$1,838,695	N/A	Pending Forfeiture
District of Eastern New York	CJ-91-0109	United States Currency	\$1,445,078	N/A	Pending Forfeiture
	CT-91-0128	United States Currency	\$1,000,040	N/A	Pending Forfeiture
	GB-90-X048	United States Currency	\$1,000,040	N/A	Pending Forfeiture

<u>District</u>	<u>Case Number</u>	<u>Description</u>	<u>Appraised Value</u>	<u>Liens</u>	<u>Status</u>
District of Southern New York	89-2370	Four Guys Shopping Plaza Blooming Grove Tnpk New Windsor, NY	\$1,400,000	Unknown	Pending Forfeiture. Temporary Restraining Order.
	89MAG0393	Money Order	\$1,206,164	N/A	Pending Forfeiture
	91-2866	Detached Residential 55 Purchase Street Harrison, NY	\$1,900,000	Unknown	Pending Forfeiture
	C1-91-0268	United States Currency	\$1,621,263	N/A	Pending Forfeiture
District of Western New York	91-0217-C	Hong Kong Bank Account	\$2,881,845	N/A	Pending Forfeiture
District of Western Oklahoma	N4-91-0024	United States Currency	\$1,411,413	N/A	Pending Forfeiture
District of Eastern Pennsylvania	CA-90-0380	Stocks	\$2,296,877	N/A	Pending Forfeiture
	CK-84-Z004	United States Currency	\$1,543,344	N/A	Pending Forfeiture
District of Middle Pennsylvania	CA-90-0120	Detached Residential 2,724 acres	\$3,360,000	Unknown	Pending Forfeiture. A pending settlement agreement will return the property to the prior owner for cash.
	CA-90-1898	Guns and supplies store Lebanon, PA	\$5,280,000	Unknown	Cash settlement pending on this asset.
District of Puerto Rico	S-87-CR-593	Tower Lanes Shopping Plaza	\$5,400,000	\$4,000,000	Forfeited 8-9-91. One count of the sentence is being appealed.
District of Rhode Island	CA-89-0603	Farm/Ranch Block Island, RI	\$1,854,000	Unknown	Forfeited 5/15/91. U.S. was awarded 1/3 of appraised value. Case is on appeal, awaiting reply from Fish and Wildlife regarding Section 7 of the Endangered Species Act.
District of Eastern Texas	4-90-CV-0194	ND-20 Ranch 2701 Preston Road Plano, Texas	\$5,200,000	Unknown	Forfeited 11/18/91. Upon the death of the person who holds a life estate in the property, the U.S. is authorized to seize its interest in the property. An occupancy agreement is presently in place.
District of Northern Texas	75890067R	United States Currency	\$2,455,946	N/A	Pending Forfeiture
District of Southern Texas	CA-B-90-0134	United States Currency	\$2,021,877	N/A	Pending Forfeiture
	M3-91-0251	United States Currency	\$1,005,835	N/A	Pending Forfeiture
District of Western Texas	SA-88-CR-128	United States Currency	\$1,090,831	N/A	Pending Forfeiture
	SA-91-CA-517	United States Currency	\$1,007,611	N/A	Pending Forfeiture
District of Eastern Virginia	CR-90-0361A	United States Currency	\$3,187,000	N/A	Pending Forfeiture

<u>District</u>	<u>Case Number</u>	<u>Description</u>	<u>Appraised Value</u>	<u>Liens</u>	<u>Status</u>
District of Eastern Wisconsin	90-C-1827	DC-3 Turbo Prop Douglas Aircraft	\$1,750,000	Unknown	Pending Forfeiture
		DC-3 Turbo Prop Douglas Aircraft	\$3,600,000	Unknown	Pending Forfeiture
		DC-3 Turbo Prop Douglas Aircraft	\$2,250,000	Unknown	Pending Forfeiture
		DC-3 Turbo Prop Douglas Aircraft	\$1,800,000	Unknown	Pending Forfeiture

# APPENDIX C

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## Estimated Value of Property Forfeited and Not Deposited to the Fund

1.	Equitable Sharing Transfer	\$21,000,000
2.	Transferred to non-participating federal agencies	\$3,824,471
3.	Placed into official use by agency:	
	U.S. Marshals Service	\$515,272
	Drug Enforcement Administration	\$1,431,137
	Immigration and Naturalization Service	\$1,902,624
	Federal Bureau of Investigation	\$5,577,160
	U.S. Postal Service	\$23,373

## Money Seized for Forfeiture being held for Evidence

Drug Enforcement Administration	\$1,686,476
Federal Bureau of Investigation	\$2,569,020
Internal Revenue Service	\$15,775,236
U.S. Postal Service	\$1,070,793
<b>Total</b>	<b>\$21,101,525</b>



# **APPENDIX D**

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**U.S. Department of Justice  
Assets Forfeiture Fund  
Audited Financial Statements  
for the  
Years Ended September 30, 1990 and 1989**

U. S. DEPARTMENT OF JUSTICE  
ASSETS FORFEITURE FUND  
AUDITED FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 1990 AND 1989

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**INDEPENDENT AUDITORS' REPORT**

U.S. Department of Justice  
Washington, D.C. 20530

We have audited the accompanying balance sheets of the Department of Justice Assets Forfeiture Fund (AFF) as of September 30, 1990 and 1989, and the related statements of revenue and expenses, changes in fund balances, and cash flows for the years then ended. These financial statements are the responsibility of the U. S. Department of Justice. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as explained in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards (1988 revision). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Notes 1 and 2, the AFF is managed by the United States Marshals Service which has entered into reimbursable agreements with various component organizations of the Department of Justice as well as the U.S. Postal Service. For the fiscal year ended September 30, 1989, these governmental organizations billed the AFF for expenses totalling approximately \$62,000,000 which are included in the accompanying financial statements. We were unable to examine the underlying documentation which supports the billed expenses for the fiscal year 1989.

In our opinion, except for the effects on the 1989 financial statements of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding the expenses reported pursuant to the 1989 reimbursable agreements, the financial statements referred to in the first<sup>o</sup> paragraph above present fairly in all material respects, the financial position of the Department of Justice Assets Forfeiture Fund as of September 30, 1990 and 1989, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

September 27, 1991  
Arlington, VA

U. S. DEPARTMENT OF JUSTICE  
 ASSETS FORFEITURE FUND  
 BALANCE SHEETS  
 SEPTEMBER 30, 1990 AND 1989

ASSETS

	<u>1990</u>	<u>1989</u>
Fund Balance with U.S. Treasury (Note 2c)	\$ 61,759,190	\$ 68,111,268
Accounts Receivable	2,500	...
Investment, Less Discount (Note 2d)	115,274,995	67,247,511
Advances to Contractors	<u>...</u>	<u>10,413</u>
Total Current Assets	177,036,685	135,369,192
Equipment (Note 2e)	<u>...</u>	<u>3,003,681</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$177,036,685</u></u></b>	<b><u><u>\$138,372,873</u></u></b>

LIABILITIES AND FUND BALANCES

<b>Liabilities:</b>		
Accounts Payable - Public (Note 4a)	\$104,787,886	\$ 66,128,924
Accounts Payable - Federal (Note 4b)	<u>...</u>	<u>420,204</u>
Total Current Liabilities	<u>104,787,886</u>	<u>66,549,128</u>
<b>Fund Balances:</b>		
Undesignated (Note 6)	61,616,817	67,121,232
Designated-Undelivered Orders	<u>10,631,982</u>	<u>1,698,832</u>
	72,248,799	68,820,064
Investment in Equipment	<u>...</u>	<u>3,003,681</u>
Total Fund Balances	<u>72,248,799</u>	<u>71,823,745</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u><u>\$177,036,685</u></u></b>	<b><u><u>\$138,372,873</u></u></b>

The accompanying notes are an integral part  
of the financial statements.

U. S. DEPARTMENT OF JUSTICE  
 ASSETS FORFEITURE FUND  
 STATEMENTS OF REVENUE, EXPENSES  
 AND CHANGES IN FUND BALANCE  
 FOR THE YEARS ENDED SEPTEMBER 30, 1990 AND 1989

REVENUE

	1990	1989
Assets Forfeited to the U.S. Government	\$451,808,592	\$576,139,510
Interest on Investments	<u>8,487,926</u>	<u>4,484,859</u>
Total Revenue	<u>460,296,518</u>	<u>580,624,369</u>

EXPENSES

Operating Program Costs	328,080,189	273,784,738
Interest on Late Payments (Note 3)	<u>12,001</u>	<u>1,180</u>
Total Expenses	<u>328,092,190</u>	<u>273,785,918</u>
Excess Revenue Over Expenses	132,204,328	306,838,451
Transfers (Note 1)	(134,889,232)	(261,232,000)
Adjustment of Accounts Payable (Note 4a)	<u>6,113,639</u>	<u>...</u>
Net Revenue, After Transfers and Adjustment	<u>3,428,735</u>	<u>45,606,451</u>
Fund Balance, September 30, 1989 & 1988	68,820,064	24,579,658
Adjustment of Fiscal Year 1988 Income	<u>...</u>	<u>(1,366,045)</u>
Fund Balance, September 30, 1989 & 1988, restated	<u>68,820,064</u>	<u>23,213,613</u>
<b>FUND BALANCE, SEPTEMBER 30, 1990 &amp; 1989</b>	<b><u><u>\$ 72,248,799</u></u></b>	<b><u><u>\$ 68,820,064</u></u></b>

The accompanying notes are an integral part  
of the financial statements.

U. S. DEPARTMENT OF JUSTICE  
 ASSETS FORFEITURE FUND  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED SEPTEMBER 30, 1990 AND 1989

	<u>1990</u>	<u>1989</u>
Cash Flows from Operating Activities:		
Cash from Forfeited Assets, Net	\$451,808,592	\$574,773,465
Interest Received	8,487,926	4,484,859
Cash Paid to Vendors and Other Agencies	(283,731,881)	(240,753,700)
Cash Transferred to Other Agencies	(137,121,232)	(261,232,000)
Cash Transferred from U.S. Treasury	<u>2,232,000</u>	<u>...</u>
Net Cash provided by Operating Activities	41,675,405	77,272,624
Cash Flows from Investing Activities:		
Purchase of Investment Securities, Net	<u>48,027,483</u>	<u>(67,247,511)</u>
Net (Decrease) Increase in Cash	(6,352,078)	10,025,113
Cash, September 30, 1989 and 1988	<u>68,111,268</u>	<u>58,086,155</u>
CASH, SEPTEMBER 30, 1990 and 1989	<u>\$ 61,759,190</u>	<u>\$ 68,111,268</u>

The accompanying notes are an integral part  
of the financial statements.

U. S. DEPARTMENT OF JUSTICE  
ASSETS FORFEITURE FUND  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1990 AND 1989

NOTE 1    BACKGROUND INFORMATION

The Department of Justice Assets Forfeiture Fund (AFF) was established pursuant to the Comprehensive Crime Control Act of 1984 (Public Law 98-473) and became operational after approval of the Supplemental Appropriation Act of 1985 (Public Law 99-88) on August 15, 1985. The Assets Forfeiture Fund is essentially a revolving fund financed by forfeited cash and forfeited assets seized by the federal government. Its primary purpose is to ensure a source of funding for seizure and forfeiture-related expenses which would otherwise be funded by taxpayer dollars.

Allowable reimbursements of expenses are permitted in two categories: asset-specific expenses and program-related expenses. Asset-specific expenses consist of expenses incurred by the agencies authorized to be reimbursed from the Fund relative to the detention, inventory, safe-guarding, maintenance, or disposal of seized or forfeited property, whether incurred on an asset specific or service contract basis. Program-related expenses consists of expenses incurred for the purchase or lease of ADP equipment and related services, at least ninety percent of whose use will be dedicated to seizure or forfeiture-related record keeping.

Transfers

Title 28 of the United States Code, paragraph 524 provides that at the end of each of the fiscal years 1990 through 1993, unobligated amounts not to exceed \$150,000,000 remaining in the Assets Forfeiture Fund shall be deposited into the Special Forfeiture Fund. Monies in the Special Forfeiture Fund may be used for any purposes necessary for the accomplishment of the National Drug Strategy, as authorized in annual appropriation Acts. At the end of fiscal year 1990, \$85,000,000 was transferred to the Special Forfeiture Fund. Title 28 also provides that the Attorney General may transfer deposits from the AFF to the building and facilities account of the Federal prison system after all reimbursements and program-related expenses have been met for fiscal year 1989. During the first quarter of fiscal year 1990, \$52,121,232 was transferred from the AFF to the Bureau of Prisons.

During fiscal year 1989, \$2.2 million was rescinded under a Department of Treasury appropriation warrant pursuant to Public Law 101.45. These funds were restored to the AFF in fiscal year 1990.

U. S. DEPARTMENT OF JUSTICE  
ASSETS FORFEITURE FUND  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1990 AND 1989

NOTE 2     SIGNIFICANT ACCOUNTING POLICIES

a.     Entity

The accompanying balance sheets and related financial statements of the Department of Justice Assets Forfeiture Fund include the accounts of all forfeited funds under the direct control of the United States Marshals Service. They do not include funds subject to forfeiture currently held in the Seized Asset Deposit Fund.

b.     Revenue and Expenditure Recognition

Revenue is recognized when cash has been forfeited or forfeited property has been sold under (a) any criminal forfeiture proceeding; (b) any civil judicial forfeiture proceeding; or (c) any civil administrative forfeiture proceeding conducted by the Department of Justice. No revenue recognition is given to any cash deposited in the Seized Asset Deposit Fund which is still subject to forfeiture. Expenditures are recognized on the accrual basis of accounting whereby expenses are accrued when goods have been delivered or when services have been rendered.

c.     Fund Balance With U.S. Treasury

This amount represents the cash balance in the Assets Forfeiture Fund (account number 15 x 5042) at September 30, 1990 and 1989.

d.     Marketable Securities

At September 30, 1990 and 1989, this amount represents a 6-day, 5.98 percent and a 13-day, 6.88 percent interest bearing U.S. Treasury bills, held by the U.S. Bureau of Public Debt.

e.     Equipment

In fiscal year 1989, approximately \$3 million of computer equipment was purchased directly from the AFF. The Marshals Service was authorized to acquire the equipment with asset forfeiture funds, but instead of following the reimbursement process, the purchases were charged directly to the AFF resulting in the capitalization of the equipment on the AFF general ledger. Through adjustments to the Marshals Service property inventory, these assets were assigned to the Marshals' appropriation account in 1991.

U. S. DEPARTMENT OF JUSTICE  
ASSETS FORFEITURE FUND  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1990 AND 1989

NOTE 3 INTEREST ON LATE PAYMENTS

This amount represents payments made pursuant to Public Law 97-177, as amended (The Prompt Payment Act), which requires Federal agencies to pay interest on payments for goods and services made to business concerns after the due date.

NOTE 4 ACCOUNTS PAYABLE

a. Accounts Payable - Public

This balance at September 30, 1990 and 1989, includes payments due to vendors contracted to perform services relative to maintaining seized assets, equitable sharing payments due to local law enforcement agencies, and amounts due to contractors which will be reimbursed to the various component organizations of the Department of Justice pursuant to reimbursable agreements.

The 1990 general ledger accounts payable balance has been adjusted in the accompanying financial statements for estimates accrued relative to reimbursable agreements as follows:

U. S. DEPARTMENT OF JUSTICE  
ASSETS FORFEITURE FUND  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1990 AND 1989

NOTE 4      ACCOUNTS PAYABLE      CONTINUED

<u>Year</u>	<u>Organization</u>	<u>Amount</u>	
FY90	FBI	\$2,523,657	*
	SMS	3,000	**
		<u>2,616,657</u>	
FY89	USMS	1,093,967	
	DEA	3,419,040	
	USPS	80	
	CRIM DIV	165,974	
	EOUSA	339,932	
FY88	USMS	923,333	
PRIOR TO FY88	USMS	171,313	
		<u>6,113,639</u>	***
	Total Adjustment to Accounts Payable	<u><u>\$8,730,296</u></u>	

\*      The final FY90 reimbursement request for the Federal Bureau of Investigation was \$2,523,657 less than the amount accrued.

\*\*      An accrual recorded by a USMS district office in January 1990 for unpaid invoices was not properly reversed in February.

\*\*\*      Estimates accrued for expenses classified as training and printing, case specific payments, storage and destruction of drugs, and other areas where it is unlikely that bills for goods and services received by the applicable year-end remain unpaid at September 30, 1990.

The \$8,730,296 adjustment to accounts payable resulted in a decrease of FY90 expenses of \$2,616,657 and an increase in designated fund balance of \$8,637,296.



# APPENDIX E

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**U.S. Department of Justice  
Seized Asset Deposit Fund  
Audited Financial Statements  
for the  
Years Ended September 30, 1990 and 1989**

U.S. DEPARTMENT OF JUSTICE  
SEIZED ASSET DEPOSIT FUND  
AUDITED FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 1990 AND 1989

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**INDEPENDENT AUDITORS' REPORT**

U.S. Department of Justice  
Washington, D.C. 20530

We have audited the accompanying balance sheets of the Seized Asset Deposit Fund as of September 30, 1990 and 1989. The balance sheets are the responsibility of the U.S. Department of Justice. Our responsibility is to express an opinion on the balance sheets based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards (1988 revision). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheets are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall balance sheet presentation. We believe that our audit of the balance sheets provides a reasonable basis for our opinion.

In our opinion, the balance sheets referred to above present fairly, in all material respects, the financial position of the Seized Asset Deposit Fund as of September 30, 1990 and 1989, in conformity with generally accepted accounting principles.

September 27, 1991  
Arlington, VA

U.S. DEPARTMENT OF JUSTICE  
SEIZED ASSET DEPOSIT FUND  
BALANCE SHEETS  
SEPTEMBER 30, 1990 AND 1989

ASSETS

	<u>1990</u>	<u>1989</u>
Fund Balance with U.S. Treasury (Note 2)	\$348,753,606	\$281,245,592
Receivable/In Transit (Note 3)	...	<u>1,002,560</u>
<b>TOTAL ASSETS</b>	<u><u>\$348,753,606</u></u>	<u><u>\$282,248,152</u></u>

LIABILITIES

Funds Held on Deposit (Note 1)	<u>\$348,753,606</u>	<u>\$282,248,152</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$348,753,606</u></u>	<u><u>\$282,248,152</u></u>

The accompanying notes are an integral part  
of the financial statement.

U.S. DEPARTMENT OF JUSTICE  
SEIZED ASSET DEPOSIT FUND  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1990 AND 1989

NOTE 1 BACKGROUND INFORMATION

The Seized Asset Deposit Fund is a holding account established for the temporary storage of nonevidentiary cash subject to forfeiture and includes seized cash, proceeds from pre-forfeiture sales of seized property, and income from property under seizure. The funds are held in this account until the U.S. Marshals Service receives a declaration of forfeiture order or orders from the courts directing the Marshals Service to refund the seized cash to the owner. Upon forfeiture, the funds are transferred to the Assets Forfeiture Fund.

Listed below is a summary of the Seized Asset Deposit Fund balances, by state, at September 30, 1990 and 1989.

State	Seized Cash	
	<u>1990</u>	<u>1989</u>
Alabama	\$ 2,004,730	\$ 2,516,520
Alaska	947,908	525,559
Arizona	11,134,718	5,055,368
Arkansas	939,777	637,784
California	78,997,695	59,549,806
Colorado	1,634,763	1,352,295
Connecticut	1,059,362	1,344,080
Delaware	228,465	1,515,533
District of Columbia	1,252,782	1,462,933
Florida	47,807,357	32,877,553
Georgia	8,799,504	10,502,190
Hawaii	12,977,890	13,156,729
Idaho	456,166	277,970
Illinois	7,578,149	7,034,361
Indiana	1,314,545	1,521,036
Iowa	1,181,806	717,713
Kansas	682,189	642,130
Kentucky	2,563,875	1,820,827
Louisiana	3,232,582	2,848,040
Maine	316,308	156,544
Maryland	1,419,933	2,390,708

U.S. DEPARTMENT OF JUSTICE  
SEIZED ASSET DEPOSIT FUND  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1990 AND 1989

NOTE 1    BACKGROUND INFORMATION    (CONTINUED)

	<u>1990</u>	<u>1989</u>
Massachusetts	3,015,193	2,613,126
Michigan	6,300,738	4,591,067
Minnesota	1,126,859	1,177,759
Mississippi	1,388,457	968,655
Missouri	5,535,705	4,232,940
Montana	25,329	139,280
Nebraska	310,432	327,383
Nevada	9,289,612	9,001,375
New Hampshire	367,612	404,611
New Jersey	3,131,893	1,809,787
New Mexico	2,092,466	1,258,267
New York	50,680,525	46,236,508
North Carolina	5,064,759	4,875,878
North Dakota	10,936	66,033
Ohio	4,990,423	2,194,417
Oklahoma	1,671,020	1,815,119
Oregon	3,490,225	4,212,253
Pennsylvania	6,483,893	6,037,557
Puerto Rico	678,908	167,818
Rhode Island	1,694,763	1,118,081
South Carolina	791,670	620,222
South Dakota	76,458	5,734
Tennessee	4,312,001	3,122,330
Texas	38,197,631	29,277,245
Utah	112,295	318,263
Vermont	525,045	695,342
Virginia	5,813,814	1,613,863
Washington	2,543,384	3,455,820
West Virginia	402,286	450,711
Wisconsin	1,991,332	1,447,692
Wyoming	29,716	77,471
Guam	30,000	5,000
Virgin Islands	47,687	4,861
Unidentified	35	5
	<u>\$348,753,606</u>	<u>\$282,248,152</u>

U.S. DEPARTMENT OF JUSTICE  
SEIZED ASSET DEPOSIT FUND  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 1990 AND 1989.

NOTE 2 FUND BALANCE WITH U.S. TREASURY

This amount represents the cash balance in the Seized Asset Deposit Fund (account number 15 x 6874) at September 30, 1990 and 1989, held by the U.S. Treasury.

Cash transactions for fiscal years 1990 and 1989 were as follows:

	<u>1990</u>	<u>1989</u>
Beginning Balance with Treasury	\$281,245,592	\$234,892,174
Net Receipts (Disbursements):		
October	24,025,497	(20)
November	5,655,725	1,738,449
December	(7,894,118)	17,169,042
January	(2,283,300)	31,188,773
February	9,102,953	(2,502,775)
March	(11,030)	(11,109,572)
April	13,726,704	15,844,632
May	16,975,424	7,829,767
June	7,644,637	19,597,134
July	5,007,597	4,511,365
August	57,118	(11,381,578)
September	<u>(4,499,193)</u>	<u>(26,531,799)</u>
Ending Balance With Treasury	<u>\$348,753,606</u>	<u>\$281,245,592</u>

NOTE 3 RECEIVABLE/IN TRANSIT

At September 30, 1989, Receivable/In Transit items included \$997,000 inadvertently transferred to the Drug Enforcement Administration. This amount was transferred back to the Seized Asset Deposit Fund in October, 1989.

NOTE 4 UNLIQUIDATED PROPERTY

The U.S. Marshals Service estimates the fair market value of seized property other than cash on hand at September 30, 1990, to be \$690,412,143.



# **APPENDIX F**

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**Assets Forfeiture Fund  
Net Deposits  
(By District)  
As of September 30, 1991**

**ASSETS FORFEITURE FUND  
NET DEPOSITS  
(by District)**

as of September 30, 1991

#	JUDICIAL DISTRICT	CITY	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	TOTAL TO DATE	% OF TOTAL
1	ALABAMA	NORTHERN BIRMINGHAM	\$181,161	\$376,655	\$876,853	\$662,509	\$1,786,141	\$1,730,668	\$2,690,306	\$8,298,293	0.38%
2	ALABAMA	MIDDLE MONTGOMERY	0	45,110	162,791	293,470	296,837	693,761	680,842	\$2,172,812	0.10%
3	ALABAMA	SOUTHERN MOBILE	0	187,692	484,467	931,081	1,468,806	2,448,152	1,821,730	\$7,341,928	0.34%
6	ALASKA	ANCHORAGE	0	109,903	188,736	451,742	975,901	3,382,988	3,583,786	\$8,693,056	0.40%
8	ARIZONA	PHOENIX	0	908,196	2,648,239	3,213,638	3,139,616	5,277,016	8,344,335	\$23,531,040	1.07%
9	ARKANSAS	EASTERN LITTLE ROCK	0	73,299	740,833	165,601	354,470	1,021,840	1,258,736	\$3,614,778	0.17%
10	ARKANSAS	WESTERN FORT SMITH	0	30,008	129,460	45,415	43,002	268,552	434,507	\$950,945	0.04%
11	CALIFORNIA	NORTHERN SAN FRANCISCO	360,660	4,001,386	11,951,946	5,742,755	8,960,880	12,136,901	8,678,015	\$51,832,544	2.37%
12	CALIFORNIA	CENTRAL LOS ANGELES	11,882,614	14,932,466	36,239,880	32,033,808	45,896,185	50,973,452	46,029,836	\$237,988,240	10.87%
97	CALIFORNIA	EASTERN SACRAMENTO	4,058	1,588,813	1,095,471	3,272,735	4,109,929	2,822,303	3,719,375	\$16,612,684	0.76%
98	CALIFORNIA	SOUTHERN SAN DIEGO	16,908	3,255,835	5,901,806	12,205,502	18,154,674	19,908,741	25,314,707	\$84,758,174	3.87%
13	COLORADO	DENVER	131,456	2,162,056	1,946,114	1,459,034	2,988,636	3,721,425	1,258,736	\$21,753,508	0.99%
14	CONNECTICUT	NEW HAVEN	0	869,871	2,145,765	6,801,389	4,780,447	3,921,005	3,698,572	\$22,217,047	1.01%
15	DELAWARE	WILMINGTON	0	51,266	240,847	506,641	550,185	1,835,413	908,403	\$4,092,755	0.19%
16	DIST of COLUMBIA	WASH., D.C.	61,323	36,345	587,524	351,466	1,128,655	1,039,130	601,821	\$3,806,264	0.17%
4	FLORIDA	SOUTHERN MIAMI	3,456,770	6,685,078	11,977,141	18,522,599	38,449,461	42,301,793	38,734,761	\$160,127,603	7.31%
17	FLORIDA	NORTHERN PENSACOLA	0	233,157	613,355	520,194	1,488,530	3,124,890	1,952,519	\$7,932,645	0.36%
18	FLORIDA	MIDDLE JACKSONVILLE	0	1,672,798	2,163,973	5,309,135	3,583,805	13,992,325	16,026,042	\$42,748,078	1.95%
19	GEORGIA	NORTHERN ATLANTA	214,715	3,825,806	2,702,265	3,451,819	9,468,941	10,312,511	6,807,017	\$36,783,074	1.68%
20	GEORGIA	MIDDLE MACON	0	282,004	331,560	485,593	1,810,969	1,529,078	1,792,137	\$6,231,341	0.28%
21	GEORGIA	SOUTHERN SAVANNAH	481,200	584,095	1,058,860	1,062,760	1,083,614	1,849,807	1,856,648	\$7,976,984	0.36%
22	HAWAII	HONOLULU	349,550	429,636	1,381,660	645,705	4,674,332	5,910,953	5,403,238	\$18,795,075	0.86%
23	IDAHO	BOISE	0	26,044	24,562	105,086	305,583	315,644	377,819	\$1,154,737	0.05%
24	ILLINOIS	NORTHERN CHICAGO	0	1,637,445	2,828,829	5,793,414	8,688,084	13,141,194	8,603,831	\$40,692,797	1.86%
25	ILLINOIS	SOUTHERN E. ST. LOUIS	0	190,829	601,178	311,970	1,680,392	1,389,843	1,396,377	\$5,570,590	0.25%
26	ILLINOIS	CENTRAL SPRINGFIELD	428	87,029	110,249	392,063	614,214	1,049,188	737,275	\$2,990,447	0.14%
27	INDIANA	NORTHERN SOUTH BEND	41,756	61,019	78,045	390,363	861,642	1,126,906	1,741,310	\$4,301,041	0.20%
28	INDIANA	SOUTHERN INDIANAPOLIS	0	29,395	570,473	741,732	594,105	1,853,339	1,611,220	\$5,400,263	0.25%
29	IOWA	NORTHERN CEDAR RAPIDS	4,162	22,206	22,788	108,196	317,651	569,328	429,454	\$1,473,785	0.07%
30	IOWA	SOUTHERN DES MOINES	109,142	126,215	443,512	141,515	136,227	273,599	1,057,508	\$2,287,718	0.10%
31	KANSAS	TOPEKA	0	186,771	188,045	268,303	392,146	1,184,781	1,508,380	\$3,728,426	0.17%
32	KENTUCKY	EASTERN LEXINGTON	0	30	280,044	323,130	588,197	999,664	1,513,984	\$3,705,048	0.17%
33	KENTUCKY	WESTERN LOUISVILLE	86,857	311,001	454,054	329,209	449,409	905,589	1,819,138	\$4,355,258	0.20%
34	LOUISIANA	EASTERN NEW ORLEANS	0	769,261	560,498	1,261,839	2,504,476	7,497,671	3,823,124	\$16,416,868	0.75%
35	LOUISIANA	WESTERN SHREVEPORT	0	194,898	776,014	259,904	801,194	1,053,431	851,183	\$3,936,625	0.18%
95	LOUISIANA	MIDDLE BATON ROUGE	0	218,992	155,693	558,880	548,970	345,257	1,195,427	\$3,023,219	0.14%
36	MAINE	PORTLAND	0	94,107	155,687	1,152,751	1,200,821	326,212	954,878	\$3,884,457	0.18%
37	MARYLAND	BALTIMORE	0	941,447	931,438	1,444,327	4,808,280	7,589,799	4,577,241	\$20,292,532	0.93%
38	MASSACHUSETTS	BOSTON	0	574,215	2,855,307	3,497,098	5,896,789	6,590,855	4,464,049	\$23,878,312	1.09%
39	MICHIGAN	EASTERN DETROIT	301,364	928,196	1,511,211	10,247,494	10,342,029	6,294,211	8,470,997	\$38,095,502	1.74%
40	MICHIGAN	WESTERN GRAND RAPIDS	0	63,485	975,159	571,611	475,100	1,981,439	1,466,067	\$5,532,861	0.25%
41	MINNESOTA	MINNEAPOLIS	0	133,949	2,560,371	974,600	2,860,195	2,434,831	2,347,029	\$11,310,974	0.52%
42	MISSISSIPPI	NORTHERN OXFORD	0	129	0	0	46,266	845,311	2,286,726	\$3,178,431	0.15%
43	MISSISSIPPI	SOUTHERN JACKSON	0	145,497	320,548	1,689,280	1,278,002	949,528	1,404,495	\$5,787,350	0.26%
44	MISSOURI	EASTERN ST. LOUIS	19,037	310,595	1,270,856	2,107,146	3,331,214	4,959,770	3,057,286	\$15,055,903	0.69%
45	MISSOURI	WESTERN KANSAS CITY	21,900	384,868	514,661	836,821	1,229,120	1,546,577	2,612,563	\$7,146,511	0.33%
46	MONTANA	BILLINGS	0	0	17,871	28,933	720,105	460,159	86,080	\$1,313,148	0.06%
47	NEBRASKA	OMAHA	0	62,202	152,939	102,975	438,320	379,251	503,960	\$1,639,647	0.07%
48	NEVADA	LAS VEGAS	93,022	61,354	1,584,338	1,604,469	1,818,519	1,188,175	4,020,996	\$10,370,874	0.47%
49	NEW HAMPSHIRE	CONCORD	0	47,876	78,826	156,374	579,981	476,524	471,250	\$1,810,831	0.08%
50	NEW JERSEY	NEWARK	38,168	783,200	1,191,255	1,044,107	3,037,309	3,215,120	2,916,482	\$12,225,642	0.56%
51	NEW MEXICO	ALBUQUERQUE	56,380	263,770	1,183,449	1,422,957	2,044,223	2,541,238	2,849,948	\$10,361,965	0.47%
52	NEW YORK	NORTHERN UTICA	1,856	66	309,956	939,593	820,578	3,330,912	2,150,221	\$7,553,183	0.35%
53	NEW YORK	EASTERN BROOKLYN	195,250	1,553,873	13,141,614	9,421,338	45,757,060	34,951,569	50,585,611	\$155,606,314	7.11%
54	NEW YORK	SOUTHERN NEW YORK	2,232,768	5,590,563	10,416,831	12,181,742	235,118,356	25,193,317	186,323,647	\$477,057,224	21.79%
55	NEW YORK	WESTERN BUFFALO	0	210,541	392,877	748,475	3,114,600	2,624,457	3,375,313	\$10,466,263	0.48%
56	N.CAROLINA	EASTERN RALEIGH	532,906	731,018	2,069,878	870,420	2,268,094	3,917,278	4,110,105	\$14,499,700	0.66%
57	N.CAROLINA	MIDDLE GREENSBORO	90,879	949,057	842,982	957,959	1,037,247	2,814,569	1,789,640	\$8,482,334	0.39%
58	N.CAROLINA	WESTERN ASHEVILLE	1,069,687	349,005	27,362	1,102,568	647,433	1,034,788	3,017,942	\$7,248,786	0.33%
59	N.DAKOTA	FARGO	0	16,940	593	3,503	5,541	196,256	102,110	\$324,943	0.01%
60	OHIO	NORTHERN CLEVELAND	35,872	436,370	356,306	900,429	1,183,769	2,140,078	3,047,378	\$8,100,203	0.37%
61	OHIO	SOUTHERN CINCINNATI	911,003	1,124,140	980,414	1,717,837	1,925,004	3,302,822	4,124,147	\$14,085,367	0.64%
62	OKLAHOMA	NORTHERN TULSA	0	33,448	125,141	314,491	505,729	1,064,532	1,604,127	\$3,647,467	0.17%
63	OKLAHOMA	EASTERN MUSKOGEE	0	0	136,000	0	42,436	955,243	197,104	\$1,330,783	0.06%
64	OKLAHOMA	WESTERN OK CITY	6,222	231,098	453,565	1,880,796	1,486,735	1,491,364	1,758,959	\$7,308,738	0.33%
65	OREGON	PORTLAND	54,773	314,911	1,212,217	1,395,650	4,372,751	3,556,687	3,848,957	\$14,755,945	0.67%
66	PENNSYLVANIA	EASTERN PHILADELPHIA	0	325,201	1,901,322	5,205,298	8,663,820	5,912,265	4,912,952	\$26,920,856	1.23%
67	PENNSYLVANIA	MIDDLE SCRANTON	0	93,231	9,261,433	690,424	1,037,088	711,605	981,047	\$12,774,828	0.58%
68	PENNSYLVANIA	WESTERN PITTSBURGH	140,365	108,819	389,434	198,772	949,695	1,057,770	1,178,061	\$4,022,915	0.18%

ASSETS FORFEITURE FUND

NET DEPOSITS

(by District)

as of September 30, 1991

#	JUDICIAL DISTRICT	CITY	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	TOTAL TO DATE	% OF TOTAL
69	PUERTO RICO	SAN JUAN	0	34,247	226,170	1,068,258	1,603,216	8,016,907	17,503,615	\$28,452,413	1.30%
70	RHODE ISLAND	PROVIDENCE	59,776	116,632	402,629	648,854	1,487,391	1,353,181	1,162,147	\$5,230,609	0.24%
71	S.CAROLINA	COLUMBIA	0	1,903,666	326,580	26,824	1,773,993	3,160,481	4,151,276	\$11,342,821	0.52%
73	S.DAKOTA	SIoux FALLS	0	343,542	27,467	771	101,194	126,314	229,093	\$828,382	0.04%
74	TENNESSEE	EASTERN KNOXVILLE	98,663	91,596	361,416	204,708	241,311	1,014,608	1,412,080	\$3,424,383	0.16%
75	TENNESSEE	MIDDLE NASHVILLE	190,059	231,845	431,997	366,344	1,006,726	1,474,183	1,632,733	\$5,333,888	0.24%
76	TENNESSEE	WESTERN MEMPHIS	108,057	511	730,214	1,359,203	1,263,866	1,971,612	1,396,038	\$6,829,502	0.31%
77	TEXAS	NORTHERN DALLAS	258,625	1,498,182	2,505,592	3,479,336	6,533,760	7,474,677	8,230,575	\$29,980,746	1.37%
78	TEXAS	EASTERN TYLER	50,265	94,855	249,168	4,294,359	562,096	2,424,727	1,083,332	\$8,758,802	0.40%
79	TEXAS	SOUTHERN HOUSTON	1,059,698	8,220,660	6,655,740	5,245,016	17,830,479	26,745,440	24,232,872	\$89,989,905	4.11%
80	TEXAS	WESTERN SAN ANTONIO	589,466	3,330,957	1,623,764	2,067,902	2,726,663	7,218,139	16,637,563	\$34,194,455	1.56%
81	UTAH	SALT LAKE CITY	0	(28,800)	170,964	852,740	579,244	338,856	234,679	\$2,147,683	0.10%
82	VERMONT	BURLINGTON	25,000	248,612	576,300	72,046	634,131	624,455	1,062,355	\$3,242,899	0.15%
83	VIRGINIA	EASTERN NORFOLK	1,007,347	592,028	672,669	2,052,341	4,929,195	7,468,342	9,351,011	\$26,072,933	1.19%
84	VIRGINIA	WESTERN ROANOKE	225,562	46,179	283,996	506,112	543,250	669,088	856,153	\$3,130,339	0.14%
85	WASHINGTON	EASTERN SPOKANE	143	1,939	234,380	445,153	61,770	748,864	431,827	\$1,924,076	0.09%
86	WASHINGTON	WESTERN SEATTLE	0	137,797	343,847	1,688,713	3,538,432	4,564,092	2,668,603	\$12,941,484	0.59%
87	WEST VIRGINIA	NORTHERN FAIRMONT	0	47,008	123,804	136,787	68,570	362,604	35,689	\$774,461	0.04%
88	WEST VIRGINIA	SOUTHERN CHARLESTON	0	199	692,734	492,300	228,913	1,524,107	839,179	\$3,777,433	0.17%
89	WISCONSIN	EASTERN MILWAUKEE	285,295	894,558	2,709,519	573,197	2,992,742	1,904,718	2,584,997	\$11,945,021	0.55%
90	WISCONSIN	WESTERN MADISON	54,000	0	0	188,088	336,662	361,605	1,048,524	\$1,988,880	0.09%
91	WYOMING	CHEYENNE	0	20,381	134,287	52,080	630,642	77,134	225,649	\$1,140,172	0.05%
5	N. MARIANA IS.		0	0	0	0	9,877	0	0	\$9,877	0.00%
93	GUAM	AGANA	0	3,515	176	11,610	6,204	32,000	0	\$53,505	0.00%
94	VIRGIN ISLANDS	ST. THOMAS	0	0	6,309	192,000	952,703	333,396	213,078	\$1,897,486	0.09%
	OTHER		0	12,821,544	8,131,025	5,387,875	2,922,312	7,319,363	7,243,934	\$43,826,052	2.00%
	INVESTMENT INCOME		0	0	0	0	4,484,859	8,487,926	13,526,621	\$26,499,406	1.21%
<b>GRAND TOTALS:</b>			27,196,168	93,711,430	177,606,119	205,943,049	580,768,719	459,562,832	644,315,783.22	2,189,104,101	100.00%



# **APPENDIX G**

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**Assets Forfeiture Fund  
Equitable Sharing Disbursements  
(By District)  
As of September 30, 1991**

**ASSETS FORFEITURE FUND  
EQUITABLE SHARING DISBURSEMENTS**

(by District)

as of September 30, 1991

#	JUDICIAL DISTRICT	CITY	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	TOTAL TO DATE	% of TOTAL SHARING
1	ALABAMA	NORTHERN BIRMINGHAM	\$100,695	\$268,007	\$306,988	\$1,107,121	\$955,733	1,258,275	\$3,996,819	0.57%
2	ALABAMA	MIDDLE MONTGOMERY	0	8,199	203,419	203,437	497,503	352,958	1,265,516	0.18%
3	ALABAMA	SOUTHERN MOBILE	41,271	146,739	288,025	845,297	1,962,496	1,047,090	4,330,918	0.62%
6	ALASKA	ANCHORAGE	0	125,947	288,395	552,833	759,694	556,696	2,283,564	0.33%
8	ARIZONA	PHOENIX	0	166,076	645,125	669,163	1,508,164	4,091,315	7,079,842	1.02%
9	ARKANSAS	EASTERN LITTLE ROCK	9,752	286,532	483,999	177,359	786,198	1,022,748	2,766,589	0.40%
10	ARKANSAS	WESTERN FORT SMITH	0	69,501	14,455	30,889	136,759	321,402	573,006	0.08%
11	CALIFORNIA	NORTHERN SAN FRANCISCO	1,176,932	5,957,988	2,121,404	4,938,823	7,610,315	8,440,610	30,246,072	4.35%
12	CALIFORNIA	CENTRAL LOS ANGELES	5,601,029	12,866,808	25,024,884	32,847,254	37,680,523	25,221,464	139,241,963	20.01%
97	CALIFORNIA	EASTERN SACRAMENTO	0	477,844	2,124,858	3,167,251	1,733,470	3,055,475	10,558,899	1.52%
98	CALIFORNIA	SOUTHERN SAN DIEGO	671,136	815,612	2,378,666	4,052,033	5,770,059	10,704,483	24,391,989	3.51%
13	COLORADO	DENVER	9,450	1,042,042	312,841	2,211,493	6,730,623	2,088,036	12,394,484	1.78%
14	CONNECTICUT	NEW HAVEN	378,844	908,519	1,905,893	4,719,246	3,062,133	1,138,513	12,113,148	1.74%
15	DELAWARE	WILMINGTON	0	200,824	330,876	334,219	319,398	656,182	1,841,498	0.26%
16	DIST of COLUMBIA	WASH. D.C.	0	40,251	66,487	240,660	568,162	38,741	954,301	0.14%
4	FLORIDA	SOUTHERN MIAMI	125,895	953,576	2,220,243	1,469,213	3,078,848	8,861,226	16,709,002	2.40%
17	FLORIDA	NORTHERN PENSACOLA	41,705	251,303	127,110	945,324	526,031	1,677,229	3,568,702	0.51%
18	FLORIDA	MIDDLE JACKSONVILLE	0	47,205	1,346,224	994,531	2,682,494	2,466,601	7,537,055	1.08%
19	GEORGIA	NORTHERN ATLANTA	429,787	749,941	987,395	1,516,332	1,761,264	4,883,089	10,327,809	1.48%
20	GEORGIA	MIDDLE MACON	10,685	233,500	329,735	514,910	532,038	1,216,319	2,837,187	0.41%
21	GEORGIA	SOUTHERN SAVANNAH	214,404	149,328	653,186	987,870	1,257,119	1,244,673	4,506,580	0.65%
22	HAWAII	HONOLULU	7,072	394,488	33,906	256,105	594,671	1,707,528	2,993,770	0.43%
23	IDAHO	BOISE	0	17,217	65,661	64,993	238,529	285,122	671,523	0.10%
24	ILLINOIS	NORTHERN CHICAGO	113,110	1,176,096	603,951	1,389,296	4,758,389	4,107,120	12,147,963	1.75%
25	ILLINOIS	SOUTHERN E. ST. LOUIS	116,800	318,350	107,460	1,054,832	1,350,702	761,635	3,709,779	0.53%
26	ILLINOIS	CENTRAL SPRINGFIELD	0	51,892	108,725	246,122	712,932	880,490	2,000,161	0.29%
27	INDIANA	NORTHERN SOUTH BEND	20,000	73,927	167,810	470,316	765,951	1,118,289	2,616,293	0.38%
28	INDIANA	SOUTHERN INDIANAPOLIS	0	2,000	143,045	421,619	635,513	865,587	2,067,764	0.30%
29	IOWA	NORTHERN CEDAR RAPIDS	0	0	105,993	187,669	422,883	297,343	1,013,888	0.15%
30	IOWA	SOUTHERN DES MOINES	10,305	31,238	148,986	57,226	241,894	276,524	766,172	0.11%
31	KANSAS	TOPEKA	0	147,277	77,903	201,710	961,873	923,195	2,311,958	0.33%
32	KENTUCKY	EASTERN LEXINGTON	62,080	180,993	150,966	373,999	843,279	1,221,215	2,832,532	0.41%
33	KENTUCKY	WESTERN LOUISVILLE	0	263,575	170,629	243,062	589,336	878,121	2,144,722	0.31%
34	LOUISIANA	EASTERN NEW ORLEANS	122,519	252,986	680,296	897,920	2,850,894	1,678,984	6,483,600	0.93%
35	LOUISIANA	WESTERN SHREVEPORT	139,212	118,808	163,909	640,140	956,426	445,772	2,464,267	0.35%
95	LOUISIANA	MIDDLE BATON ROUGE	184,475	20,671	278,109	336,991	291,787	170,033	1,282,065	0.18%
36	MAINE	PORTLAND	0	53,640	399,242	1,001,196	365,494	350,012	2,169,584	0.31%
37	MARYLAND	BALTIMORE	293,252	165,376	517,608	1,516,920	4,451,270	1,884,505	8,828,931	1.27%
38	MASSACHUSETTS	BOSTON	0	487,305	1,430,294	2,249,502	2,560,606	1,577,925	8,305,633	1.19%
39	MICHIGAN	EASTERN DETROIT	444,089	23,825	1,408,783	5,179,762	3,391,191	4,731,442	15,179,092	2.18%
40	MICHIGAN	WESTERN GRAND RAPIDS	0	434,533	51,311	322,737	307,448	1,687,317	2,803,346	0.40%
41	MINNESOTA	MINNEAPOLIS	34,085	38,907	1,393,210	899,694	1,794,086	1,290,968	5,450,949	0.78%
42	MISSISSIPPI	NORTHERN OXFORD	0	0	0	40,979	574,577	410,626	1,026,182	0.15%
43	MISSISSIPPI	SOUTHERN JACKSON	23,247	182,156	741,072	1,012,514	692,061	708,780	3,359,830	0.48%
44	MISSOURI	EASTERN ST. LOUIS	608,878	391,012	1,197,116	1,923,074	3,221,600	2,939,562	10,281,241	1.48%
45	MISSOURI	WESTERN KANSAS CITY	82,121	403,257	548,880	887,395	867,631	1,947,685	4,736,968	0.68%
46	MONTANA	BILLINGS	0	14,369	0	15,870	137,952	200,532	368,724	0.05%
47	NEBRASKA	OMAHA	31,094	87,014	47,129	376,279	323,561	363,960	1,229,036	0.18%
48	NEVADA	LAS VEGAS	6,510	151,397	1,199,426	464,719	328,708	219,575	2,370,335	0.34%
49	NEW HAMPSHIRE	CONCORD	24,477	14,747	13,348	110,296	325,677	400,884	889,429	0.13%
50	NEW JERSEY	NEWARK	24,881	172,097	381,410	1,321,062	715,215	1,716,092	4,330,757	0.62%
51	NEW MEXICO	ALBUQUERQUE	0	72,657	692,874	1,011,133	705,688	2,340,994	4,823,345	0.69%
52	NEW YORK	NORTHERN UTICA	0	57,253	456,526	901,403	1,651,218	2,195,105	5,261,505	0.76%
53	NEW YORK	EASTERN BROOKLYN	78,977	2,945,442	846,775	24,016,798	2,166,660	27,867,737	57,922,388	8.33%
54	NEW YORK	SOUTHERN NEW YORK	262,675	4,032,573	1,990,913	5,346,726	3,154,830	6,477,615	21,265,332	3.06%
55	NEW YORK	WESTERN BUFFALO	179,953	104,308	539,234	1,397,913	2,948,549	1,999,040	7,168,997	1.03%
56	N.CAROLINA	EASTERN RALEIGH	82,541	305,600	642,771	1,423,543	3,232,622	2,774,763	8,461,840	1.22%
57	N.CAROLINA	MIDDLE GREENSBORO	353,528	830,632	671,184	1,829,513	1,749,152	1,120,696	6,554,705	0.94%
58	N.CAROLINA	WESTERN ASHEVILLE	659,143	188,506	162,651	106,627	827,681	1,797,854	3,742,462	0.54%
59	N.DAKOTA	FARGO	0	8,350	0	0	135,259	56,190	199,798	0.03%
60	OHIO	NORTHERN CLEVELAND	0	74,794	134,933	664,736	1,123,476	1,575,509	3,573,447	0.51%
61	OHIO	SOUTHERN CINCINNATI	167,580	677,152	908,979	1,263,400	1,894,477	3,482,055	8,393,643	1.21%
62	OKLAHOMA	NORTHERN TULSA	0	82,713	115,473	366,912	794,970	383,158	1,743,226	0.25%
63	OKLAHOMA	EASTERN MUSKOGEE	0	68,000	0	8,186	297,590	91,626	465,401	0.07%
64	OKLAHOMA	WESTERN OK CITY	0	294,296	1,021,845	546,204	867,986	2,198,615	4,928,945	0.71%
65	OREGON	PORTLAND	200,219	426,980	875,820	1,859,311	4,102,500	2,362,510	9,827,339	1.41%

**ASSETS FORFEITURE FUND  
EQUITABLE SHARING DISBURSEMENTS**  
(by District)  
as of September 30, 1991

#	JUDICIAL DISTRICT	CITY	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	TOTAL TO DATE	% of TOTAL SHARING
66	PENNSYLVANIA	EASTERN PHILADELPHIA	13,616	266,119	887,544	949,998	2,029,946	1,117,883	5,265,106	0.76%
67	PENNSYLVANIA	MIDDLE SCRANTON	0	1,125,588	143,983	255,063	241,334	303,078	2,069,046	0.30%
68	PENNSYLVANIA	WESTERN PITTSBURGH	0	7,358	50,818	729,712	869,696	404,490	2,062,073	0.30%
69	PUERTO RICO	SAN JUAN	0	59,392	124,653	0	446,522	270,493	901,061	0.13%
70	RHODE ISLAND	PROVIDENCE	0	119,615	412,492	999,747	910,930	815,630	3,258,414	0.47%
71	S.CAROLINA	COLUMBIA	109,000	0	35,602	4,052,820	2,048,855	1,361,496	7,607,774	1.09%
73	S.DAKOTA	SIOUX FALLS	0	0	0	23,569	35,019	92,682	151,270	0.02%
74	TENNESSEE	EASTERN KNOXVILLE	0	242,521	137,469	139,205	336,828	557,174	1,413,197	0.20%
75	TENNESSEE	MIDDLE NASHVILLE	0	0	251,386	2,250	1,250,216	607,454	2,111,306	0.30%
76	TENNESSEE	WESTERN MEMPHIS	21,160	280,897	654,691	702,352	1,451,908	1,725,701	4,836,709	0.70%
77	TEXAS	NORTHERN DALLAS	446,706	702,297	2,530,873	3,907,974	5,326,000	5,385,521	18,299,370	2.63%
78	TEXAS	EASTERN TYLER	25,537	78,586	422,855	437,570	1,682,567	1,105,853	3,752,967	0.54%
79	TEXAS	SOUTHERN HOUSTON	2,997,763	601,763	1,548,760	8,073,049	8,754,209	10,150,761	32,126,306	4.62%
80	TEXAS	WESTERN SAN ANTONIO	34,304	1,291,378	966,740	1,420,401	3,810,276	8,417,561	15,940,660	2.29%
81	UTAH	SALT LAKE CITY	0	106,941	686,474	206,123	330,606	531,759	1,861,902	0.27%
82	VERMONT	BURLINGTON	37,293	29,828	46,538	452,623	318,777	587,027	1,472,087	0.21%
83	VIRGINIA	EASTERN NORFOLK	17,882	108,359	955,373	2,122,151	3,854,309	5,298,439	12,356,514	1.78%
84	VIRGINIA	WESTERN ROANOKE	4,116	37,970	284,857	368,549	607,982	603,970	1,907,443	0.27%
85	WASHINGTON	EASTERN SPOKANE	0	151,405	127,119	72,699	347,137	404,422	1,102,781	0.16%
86	WASHINGTON	WESTERN SEATTLE	9,000	70,466	455,023	435,677	823,257	1,092,384	2,885,808	0.41%
87	WEST VIRGINIA	NORTHERN FAIRMONT	8,055	97,416	85,618	34,727	230,869	102,025	558,711	0.08%
88	WEST VIRGINIA	SOUTHERN CHARLESTON	0	109,643	758,468	120,808	213,566	1,103,113	2,305,598	0.33%
89	WISCONSIN	EASTERN MILWAUKEE	259,136	184,504	494,478	1,519,787	1,432,816	1,850,162	5,740,884	0.83%
90	WISCONSIN	WESTERN MADISON	0	0	166,234	119,145	360,553	450,547	1,096,480	0.16%
91	WYOMING	CHEYENNE	0	0	124,013	535,784	55,636	177,806	893,240	0.13%
5	N. MARIANA IS.		0	0	0	0	0	0	0	0.00%
93	GUAM	AGANA	0	0	0	5,949	15,650		21,599	0.00%
94	VIRGIN ISLANDS	ST. THOMAS	0	0	0	0	75,000	177,947	252,947	0.04%
	FOREIGN GOVT		0	0	0	2,000,000	0	807,109	2,807,109	0.40%
	OTHER		0	0	0	0	0	0	0	0.00%
<b>GRAND TOTALS:</b>			<b>17,127,972</b>	<b>47,276,200</b>	<b>75,908,423</b>	<b>157,119,394</b>	<b>179,704,281</b>	<b>218,615,901</b>	<b>695,752,171</b>	<b>100.00%</b>



# APPENDIX H

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## United States Attorneys' Significant Cases

### Northern District of Alabama

An extensive criminal investigation revealed wide-spread cocaine and marijuana distribution by family members and others on a farm valued at \$1.5 million. Seven drug-related convictions have resulted and a forfeiture action is pending against the property.

### Middle District of Alabama

Following a brutal attack on an elderly person, the defendant confessed that he was stealing to obtain money to purchase crack. A joint investigation by federal, State and local law enforcement officials led to the search of a real property and the discovery of 31 grams of crack cocaine packaged for sale. The government judicially forfeited the property and it will be sold at auction.

### Southern District of Alabama

A defendant guilty of marijuana distribution and conspiracy forfeited over \$200,000 in drug trafficking proceeds. It was discovered that drug money had been used by the defendant to place bets in Las Vegas on NBA Championship games. The remaining betting slips were seized, and when the Chicago Bulls won the championship, the United States seized \$52,900 in winnings on the tickets.

### District of Alaska

Operation Valley Thunder, the largest OCDETF investigation in the history of Alaska, was a multi-district investigation that occurred during 1991 after Alaskans voted to recriminalize marijuana. The operation culminated in the indictment of 28 defendants on a variety of charges including conspiracy, manufacturing marijuana, money laundering and continuing criminal enterprise. In addition, the indictment contains criminal forfeiture provisions of 23 parcels of real property as well as a substantial amount of personal property used in the drug operation.

### District of Arizona

Twelve members of a marijuana trafficking organization responsible for the cultivation of in excess of 23,000 sinsemilla marijuana plants at three indoor grow operations in Arizona and California were indicted and pled guilty. This case marked the first use in Arizona of infrared imaging technology in the identification of an indoor growing operation. As a result, two residences were seized based upon their use to facilitate the cultivation of marijuana. A third residence was seized based upon evidence that it was purchased with the proceeds of narcotics trafficking.

### Central District of California

In a case of international law enforcement cooperation, criminal charges and civil forfeiture actions were brought against defendants involved in fraud and money laundering in the United States, Colombia and Luxembourg. The defendants' complex scheme involved the purchase of hundreds of cashiers checks from Los Angeles banks in amounts less than \$10,000, to avoid the filing of Currency Transactions Reports. The laundered money was used to purchase real estate, automobiles and other assets. Currency in Luxembourg and real property and other assets in Miami and San Francisco valued at \$2.8 million have been seized.

### Southern District of California

A joint investigation of a marijuana trafficking organization by the U.S. Forest Service and the San Diego County Sheriff's Department resulted in the seizure of eight acres of real property known as the Mount Laguna Stables. The Mount Laguna property is located adjacent to the Cleveland National Forest on Mount Laguna and the Department of Justice will transfer this property to the Forest Service to expand the National Forest.

### Eastern District of California

An individual was granted permits to mine certain areas on U.S. Forest Service Land. The mining operation was then used as a front to hide a large clandestine methamphetamine lab. The lab operator was convicted of illegal manufacture of methamphetamine. All assets, including equipment, buildings and the U.S. Forest Service mining permits were forfeited. The mining claim permits were returned to the U.S. Forest Service after the forfeiture action.

### District of Colorado

Investigations showed that a number of individuals had gained control over U.S. West, a Colorado Savings and Loan, and proceeded to transfer large amounts of funds out of that institution. In the first Financial Institution Reform, Recovery and Enforcement Act forfeiture action the United States Attorney's Office seized the mortgage corporations themselves as proceeds of thrift fraud activities. Civil discovery is proceeding, and it is anticipated that trial will be held in mid-1992.

### District of Connecticut

Several million dollars worth of assets have been identified and seized from a drug trafficking organization involved in the manufacture, importation and distribution of multi-ton quantities of marijuana and cocaine. The organization had been ongoing for several years and had invested in residential and commercial real estate, including a restaurant. The properties are the subjects of a forfeiture action brought pursuant to 21 U.S.C. 881(a)(6) and 881 (a)(7).

### District of Delaware

The Delaware State Police has sponsored a state-wide DARE program with asset forfeiture funds. It is also sponsoring "First State Force", a band made up of police officers throughout the state who bring the anti-drug message to the community. In addition, Castle County Police are utilizing a forfeited house to provide local community drug education counselling.

### District of Columbia

A "stress reduction center" operated by the defendant was in reality an interstate prostitution operation, the profits from which were disguised and disbursed into numerous investment vehicles located in various parts of the country. Coordination of asset forfeiture seizures with arrests resulted in a plea agreement to forfeit stocks, bonds, CD's, pension annuities, limited real estate partnership trusts and various other investments for a total value of approximately \$200,000.

### Northern District of Florida

In an investigation that required extraordinary cooperation between local law enforcement and the Canadian and Swiss governments, over 60 members of a drug organization, including organizational leaders, their lawyers and accountants were convicted. In conjunction with the criminal prosecutions, \$1.5 million in forfeitures have resulted from this investigation in this fiscal year. Equitable sharing of forfeited proceeds stemming from the Rodriguez case have had a significant impact on the budgets of local law enforcement. For example, the Okaloosa County Sheriff's Office received over \$1 million in equitable sharing funds during FY 1991. \$833,000 has been designated for equitable sharing with the Canadian Government. A tentative agreement has also been negotiated with the Swiss Government to share equally in all forfeitable assets located in Switzerland.

### Middle District of Florida

This district has forfeited approximately \$2.75 million of funds belonging to drug lords, Rodriguez-Gacha, which were frozen in Switzerland. Six other civil forfeiture actions are pending against Rodriguez-Gacha funds in the United Kingdom and Hong Kong. The seven cases involve approximately \$20 million.

### Northern District of Georgia

One case involves the seizure of over \$121,000 in denominations of tens and twenties, wrapped in duct tape. A complaint was filed against the currency and the District Court judge found that probable cause existed for forfeiture. The government will proceed to forfeiture.

### Middle District of Georgia

In one action, 50,000 shares of stock of the First Bank of Georgia were seized pursuant to 18 U.S.C. 981 (9)(1)(A). The stock was being used as collateral for a fictitious loan which was in reality a laundering of \$350,000 in drug proceeds.

In another investigation, \$255,266 was seized from the retirement account of a county Magistrate in Georgia. The money represented misapplication of federal funds under 18 U.S.C. 666.

### Southern District of Georgia

An investigation into illegal activity that has been ongoing for four years has resulted in charges against 39 defendants, including a county sheriff, a banker, an attorney and two law enforcement officials. Properties appraised at over \$2 million have also been seized in this case.

### District of Hawaii

Approximately 23 bank accounts were seized as the proceeds of narcotics trafficking. The seizures were based on information from undercover conversations between DEA Agents and Peruvian drug traffickers. Further investigation revealed that the accounts were those of Peruvian money exchangers and Medellin Cartel money was traced into several of the accounts. The result of the above investigation was the forfeiture of \$2 million.

### District of Idaho

Eight forfeiture cases were brought in connection with the conviction of a trafficker in methamphetamine, cocaine and marijuana. He was also charged with a number of money laundering counts including wire transfers to Bogota, Colombia to pay for cocaine, and Anchorage, Alaska where he employed drug distributors. Two parcels of land, two cars and \$50,000 in cash have now been forfeited.

### Central District of Illinois

A county associate judge was arrested after law enforcement officers raided his home and seized three pounds of marijuana, 21 marijuana plants and marijuana indoor growing equipment. The judge is charged with growing and distributing marijuana. The judge's residence was seized and subsequently forfeited.

### Northern District of Indiana

Two fugitive marijuana traffickers were charged with distributing over 100,000 pounds of marijuana from 1979 through 1986. Both defendants remained at large until they were located through a tip from NBC's Unsolved Mysteries in January 1991. Through the cooperation of Channel Island authorities, \$1.2 million was identified and repatriated to the United States for forfeiture. Another \$100,000 in assets was located in the United States. Through cooperation with the United Kingdom, Australia and Canada, the government was not only able to trace the movements of funds but ultimately found the assets and brought them back to the U.S.

### Northern District of Iowa

In September 1991, a consent decree was entered in a civil case involving the illegal use of "900" telephone numbers against Universal Sweepstakes of America. Universal forfeited \$724,268.43 to the government.

### Southern District of Iowa

In a recent case, a formal stipulation was obtained from the defendants which authorizes the forfeiture of property valued at approximately \$1.1 million. The initial order of forfeiture was entered by the Court at the time of sentencing on the substantive charges of sale of drug paraphernalia, aiding and abetting in the manufacture and distribution of cocaine and money laundering.

### District of Kansas

A defendant under indictment for bank robbery, firearms violations and wire fraud is also under investigation as the alleged leader of a massive insurance fraud organization thought to have fraudulently obtained at least \$4 million in insurance proceeds. A joint investigation involving the IRS, FBI, U.S. Postal Inspection Service and Olathe, Kansas Police Department resulted in the seizure of assets traced to insurance proceeds worth more than \$1 million. These assets included real property and several Ferraris and Porsches.

### Eastern District of Kentucky

Properties valued at over \$250,000 that were owned by elected and appointed law enforcement officials who were convicted for accepting protection money from undercover FBI agents were forfeited. The officials had accepted money for protection and offering their property as airdrop locations for drug shipments.

### Eastern District of Louisiana

An investigation conducted by the FBI and U.S. Postal Inspection Service regarding illegal mail fraud, wire fraud, and money laundering activities of an individual and corporations under his control. He accumulated millions of dollars from thousands of attorneys, physicians, chiropractors, and accountants throughout the U.S. and Canada under a false scheme to advertise their services. He was successfully prosecuted and his personal and company assets were forfeited.

### Middle District of Louisiana

An investigation by the FBI and the New Orleans Police Department resulted in the seizure of \$749,920 gambling proceeds from a safety deposit box. The money was forfeited to the government.

### District of Massachusetts

The judicial district initiated a "Ten Most Wanted" properties program. Through the cooperation of the United States Attorney's Office, Boston Police Department, DEA and neighborhood organizations, the properties involved in the worst ongoing drug dealing in Boston are targeted for seizure and forfeiture. Properties are targeted based on law enforcement criteria and not economic benefit to the program. The original ten properties were seized and three other complaints have been filed including a multi-property complaint against 14 properties.

### Eastern District of Michigan

Despite the efforts of the Mt. Clemens Police Department, the drug trafficking had continued for years from a notorious crack house located adjacent to a high school in a middle class neighborhood. Neighbors had made numerous complaints. The federal government successfully evicted the defendant who had been renting the house, and charged the defendant with possession of cocaine. The house was seized and is the subject of a forfeiture action.

### Western District of Michigan

DEA, in cooperation with a State police enforcement team, indicted the defendant for his role in manufacturing over 100 marijuana plants and a fully operational indoor marijuana hydroponic grow laboratory which was later seized and forfeited. The defendant also agreed to testify against a Michigan based marijuana equipment sales company that has been indicted in the Western District of Michigan.

### District of Minnesota

A yearlong investigation conducted by the DEA, ATF, IRS, Minnesota Bureau of Criminal Apprehension, and St. Paul Police Department resulted in the arrest and guilty plea of the leader of one of Minnesota's largest crack distribution rings. The ring distributed in excess of ten kilograms of crack per month and laundered money through a check cashing business. An estimated \$170,000 in assets were seized and forfeited, including the check cashing business.

### Northern District of Mississippi

A residence and 8.7 acres of land valued at \$250,000 was forfeited as a result of a drug investigation. In March 1991, the property was transferred to the State of Mississippi for use as the district headquarters for the Mississippi Bureau of Narcotics. This was the first transfer of real property in this District to a State agency for official use.

### Eastern District of Missouri

Operation Crackdown was initiated to forfeit crack houses in St. Louis. The first five targeted houses have been seized and forfeiture actions are pending. Eventually, houses forfeited as a part of this program will be turned over to State and local organizations for drug-free housing.

### Western District of Missouri

An investigation initially begun to solve some stolen property cases resulted in the discovery of 1014 grams of hashish, 1065 grams of processed marijuana, and \$211,845 in currency and coins. DEA, IRS and ATF assisted in the investigation and in addition to the currency, real property valued at approximately \$550,000 was seized and forfeited.

### District of Montana

Assets purchased by the head of a major drug smuggling operation in Florida and Texas were forfeited. The assets included 500 acres of land, two homes, a barn and other improvements at a value of \$1,000,000.

In another case, U.S. Customs seized 40 satellite descrambler devices. After the forfeiture action, the manufacturer of the descrambler, General Dynamics, agreed to update the descramblers so that they could be donated to the Montana Department of Education.

### District of Nebraska

Several individuals known as members of the Omaha chapter of the Hell's Angels Motorcycle Club were criminally indicted. A total of 120 officers, representing federal, State and local agencies participated in the investigation. Real property, eight pounds of methamphetamine and \$230,000 in currency were seized. The real property, believed to be the clubhouse of the local Hell's Angels Chapter, is pending forfeiture.

### District of New Jersey

An investigation of a Colombian drug money laundering operation resulted in the seizure of over 40 bank and brokerage accounts in four states. In 1991, over \$2.7 million in this case was forfeited to the United States.

### District of New Mexico

A State search warrant executed by the New Mexico State Police resulted in the discovery of 850 marijuana plants and marijuana cultivating equipment on real property. The 459.9-acre property owned by the defendants was seized and forfeited.

This U.S. Border Patrol seized \$435,587 at a Border Patrol checkpoint near Las Cruces, New Mexico. The money was located under the false bed of a vehicle.

### Western District of New York

With the assistance of the United States Attorney's Office, an order was obtained from the Supreme Court of Hong Kong restraining two Hong Kong bank accounts with balances totaling over \$3 million. The Hong Kong court determined that there was a substantial reason to believe that the accounts constituted proceeds of drug trafficking activities. An indictment containing a criminal forfeiture count has been filed.

### Eastern District of North Carolina

Real property and currency belonging to two prominent businessmen in Roanoke Rapids, North Carolina were seized as a result of covert surveillance by the North Carolina Bureau of Investigation. The two defendants were video-taped harvesting marijuana and it was determined that they had been involved in the manufacture and distribution of marijuana for several years. The arrest of these men, who had a prominent reputation in the local area, had a major impact on the community.

### Western District of North Carolina

In July 1991, after hundreds of reported incidents of drug dealing, weapons violations, and associated violent crimes within a twelve-month period, the United States seized the Consort Inn, a 119 unit three-story Charlotte Motel. The motel was a haven for a \$2.2 million crack organization of Guyanese nationals.

### District of North Dakota

The owners of a parcel of real property were charged in a major cocaine and marijuana conspiracy. The property was seized and the claimant stipulated to a settlement in which the proceeds of the sale of the property would go to pay off the mortgage, expenses of sale, and the balance to be split 90% to the United States government and 10% to the claimant.

### Northern District of Ohio

In a civil forfeiture action, the United States successfully forfeited \$180,000 seized from a residence which was the scene of a drug-related murder.

### Southern District of Ohio

As a result of international cooperation between DEA, FBI and law enforcement authorities in Japan, eight members of an international heroin smuggling ring operating out of Lagos, Nigeria; Bangkok, Thailand; Japan; England and Ohio were convicted. The principal distributor in Columbus invested his drug proceeds in businesses and real estate. As a result, a residence, pawn shop, apartment building, a carryout restaurant and four automobiles have been seized and are pending forfeiture.

### Northern District of Oklahoma

A marijuana trafficking case has resulted in seizures of real property and cash valued at approximately \$1 million. This investigation was the result of significant cooperation between FBI, DEA, U.S. Marshals, U.S. Customs, the Roger County, Oklahoma Sheriff and District Attorney, the Claremore Oklahoma Police, Tulsa Police Department, and the Tulsa County Sheriff.

### Western District of Oklahoma

The El Reno Police Department received a check in the amount of \$651,218 for its significant involvement in a forfeiture case. The investigation by detectives of the El Reno Police Department began independently. Then they requested the assistance of U.S. Customs and IRS. The defendants were powerful individuals in the community who had significant political ties in the local government and were operating a large gambling operation using slot machines throughout Oklahoma.

### District of Oregon

One of the largest single forfeitures of property in Oregon occurred after a year long investigation of an alleged real estate scam in which 170 persons invested \$6 million. The seized property consisted of several houses, boats and cars and had an approximate value of \$1.8 million.

### Middle District of Pennsylvania

The defendant was found guilty of multiple counts of illegal distribution of anabolic steroids. The jury also returned a special verdict of forfeiture of an office condominium complex, valued at \$1,650,000, that was owned by the defendant.

### Western District of Pennsylvania

In a criminal case, the defendants were found guilty of laundering approximately \$7.2 million. A civil forfeiture action has been instituted against gold, silver, accounts receivable and currency valued in excess of \$1,000,000. These assets were involved in the money laundering transactions.

### District of Puerto Rico

The FBI, DEA and Puerto Rican law enforcement agencies participated in an investigation of a narcotics trafficking ring. This investigation, known as the "Treasure Trove", resulted in seizures and forfeitures of real property, vehicles and currency totaling over \$20,000,000.

### District of South Carolina

The Deputy Attorney General approved the transfer of 59.6 acres of land and a 2200 square foot residence to the County of Greenville for official use. The property, which was forfeited in February 1991, will be converted into a law enforcement training facility for use by federal, State and local law enforcement officers. The seizure was the result of an investigation into an organization that distributed approximately 400-500 kilos of cocaine in the Greenville, S.C. area between 1984-1990.

### District of South Dakota

After the arrest of a methamphetamine distributor, the Bad River Bar and its assets which had been used as a cover for the drug distribution of the defendant, were seized and forfeited. The bar is pending sale.

### Eastern District of Tennessee

A civil forfeiture action is pending against a 1981 Rockwell Turbo Commander 980 used by members of Colombia's Medellin drug cartel to smuggle cocaine into the United States. The aircraft is valued at approximately \$1.3 million.

### Western District of Tennessee

Following a year-long cocaine investigation, a Memphis nightclub known as the Hawaiian Isle was seized. The club owner has been indicted on cocaine trafficking charges and the club is pending forfeiture.

### Eastern District of Texas

An investigation into marijuana smuggling activities in El Paso led to the arrest of three individuals and the seizure of 315 pounds of marijuana. As a result of information gathered subsequent to the arrest, numerous automobiles, over \$100,000 in currency and a 1/4 remainder interest in a multi-million dollar horse ranch were seized and forfeited.

### Southern District of Texas

Through the joint efforts of the DEA, FBI, IRS, INS, and State and local task forces, an investigation into a cocaine organization led to the seizure of 11 tons of cocaine, and the seizure and forfeiture of \$28 million in currency and several homes and apartment complexes.

### Northern District of Texas

During the nine-month period from January 31, 1991 through October 31, 1991 the Dallas-Fort Worth Airport Task Force seized over \$3.5 million in currency and illegal drugs with a value of approximately \$2.6 million.

### Western District of Texas

For many years the Sonny Mitchell Center, a commercial business complex, was known as a haven where drug dealers distributed their drugs on a daily basis. State and local officers, along with DEA and the United States Attorney's Office, cooperated in the arrest and prosecution of numerous drug violators and the arrest and conviction of the owners of the center. The property was seized and forfeited to the United States.

### District of Vermont

Following a raid by over 75 law enforcement agents, property that had been the site of numerous drug-related raids (that had no deterrent effect) was seized. The 600-acre property is pending forfeiture.

P.T.'s Pub was seized by the Government as proceeds from drug trafficking. The owner of the pub is believed to have conducted cocaine smuggling from Florida to Vermont.

### Eastern District of Virginia

In March 1991, the United States Attorney's Office presented Virginia Governor Douglas Wilder with a check for \$1,414,004 as the Virginia State Police Department's share of the 700-acre "Shelbourne Globe" forfeiture. This was the largest equitable sharing to date in the State of Virginia.

### Western District of Virginia

A significant case involved the seizure and forfeiture of nearly \$800,000 in currency, vehicles and other assets of an automobile dealership belonging to a Colombian national operating a cocaine transportation ring. The ring transported cocaine and currency from locations in Florida, Texas, New York, California and Canada and had close ties to the Cali Cartel in Colombia.

### Eastern District of Washington

As a result of a lengthy investigation by DEA and IRS, six people were indicted on charges of possession and distribution of marijuana and of money laundering. One of the defendants was an attorney who laundered the drug ring's illegal proceeds through his law firm's trust account. Two fishing vessels located in Hawaii, each valued at \$250,000 and six parcels of real property that were cumulatively valued at \$1 million, (including an 88 acre parcel with an airstrip in Oregon), were forfeited to the Government.

### Western District of Washington

Eleven parcels of real property appraised at \$1.65 million were seized from a large-scale marijuana cultivator and distributor and his associates in the Seattle area. These properties have a total appraised value of \$1,648,000. The evidence shows that the seized properties were used to house indoor marijuana grow operations.

### District of Wyoming

A multi-defendant drug investigation resulted in the successful seizure and forfeiture of a residence. Agents discovered quantities of illegal drugs concealed on the owner's premises, as well as scales, documents and other items indicating that the property was used to facilitate drug transactions.



# APPENDIX I

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## Commonly Used Forfeiture Statutes

1. 21 U.S.C. §881 Civil forfeiture for drug violations
2. 18 U.S.C. §1963 Criminal forfeiture for RICO violations
3. 21 U.S.C. §853 Criminal forfeiture for drug violations
4. 18 U.S.C. §981 Civil forfeiture for money laundering violations – also civil forfeiture for felony drug violations against foreign nations
5. 18 U.S.C. §1955 Civil forfeiture for gambling violations
6. 31 U.S.C. §5317 Civil forfeiture for money laundering violations



# APPENDIX J

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## Forfeiture Resource Materials

### Publications

*An Introduction to International Forfeiture*

March 1991, Revised September 1991

*Asset Forfeiture: Law, Practice, and Policy*

Revised October 1987, June 1988, and February 1990

*Compilation of Selected Federal Asset Forfeiture Statutes*

January 1991, Revised April 1991

*Expedited Forfeiture Settlement Policy for Mortgage Holders*

July 1991

*Glossary of Forfeiture Terms for the Non-Lawyer in the Federal  
Asset Forfeiture Program*

February 1991

*A Guide to Equitable Sharing for State and Local Law Enforcement  
Agencies*

December 1990

### Video Tapes

Equitable Sharing

Pre-seizure Planning

Basic Financial Investigations

Materials can be obtained from:

Executive Office for Asset Forfeiture  
Office of the Deputy Attorney General  
United States Department of Justice  
901 E Street NW  
Suite 832  
Washington, D.C. 20850



