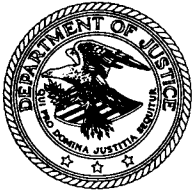

Annual Report of the Department of Justice Asset Forfeiture Program Fiscal Year 1993

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



Office of the Attorney General

Washington, D.C. 20530

June 27, 1994

FOREWORD

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

Pursuant to 28 U.S.C. 524(c)(6), this annual report highlights the work of thousands of investigators, prosecutors and marshals across the country in carrying out the mission of the Asset Forfeiture Program.

Asset forfeiture has proven to be an effective tool in stripping criminals of the instrumentalities and proceeds of their illicit activities. During FY 1993, \$555.7 million was confiscated from criminals and reinvested in law enforcement efforts. Of this amount, the equitable sharing of \$215 million in FY 1993 has supplemented the resources of state and local law enforcement agencies. During FY 1993, the Department also took further strides toward strengthening the integrity of its forfeiture program.

Asset forfeiture continues to be an important part of the national anti-crime effort strengthening cooperation among federal, state, local and foreign law enforcement agencies. I hope this annual report will provide useful information to you on this important and expanding law enforcement program.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Janet Reno".

Janet Reno

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Introduction

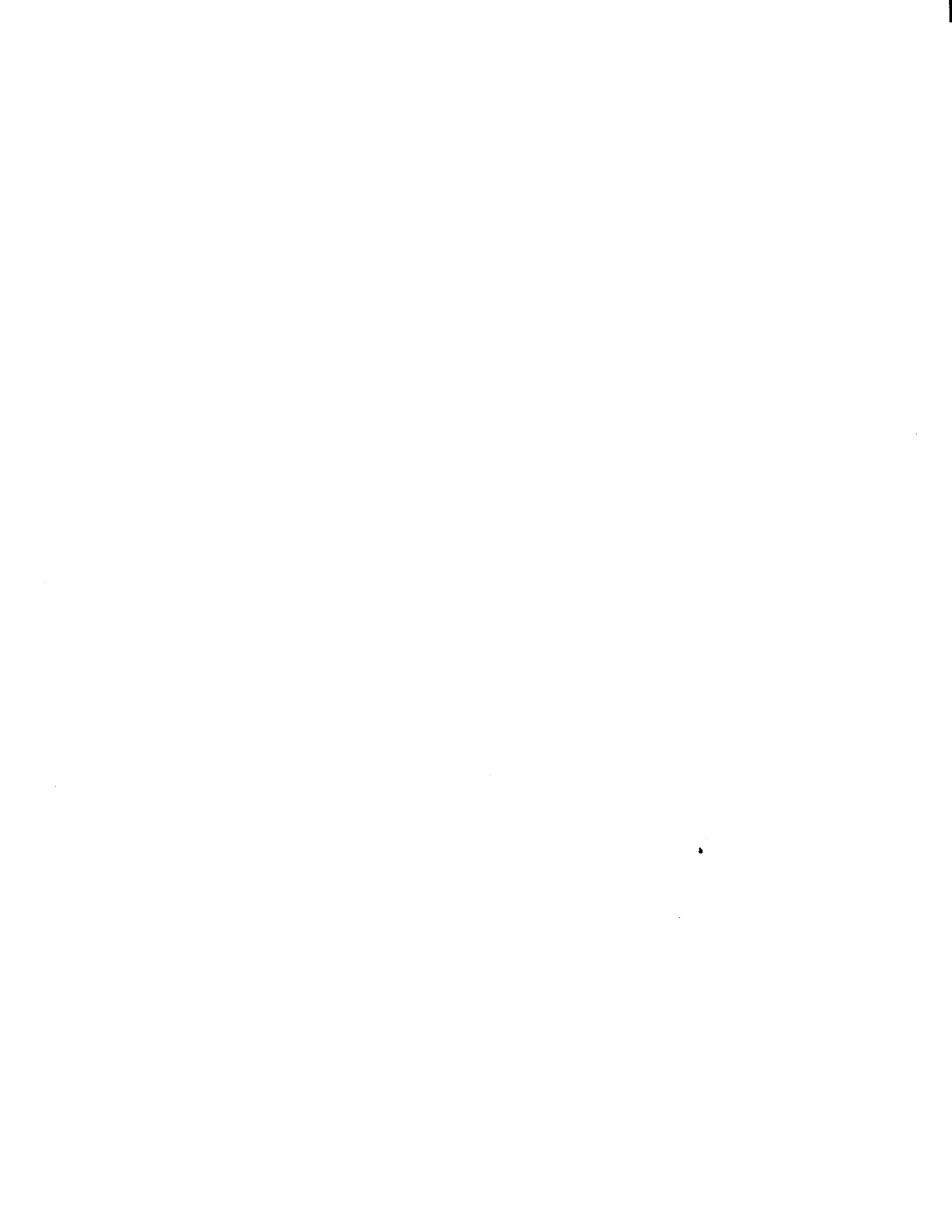
The Department of Justice Asset Forfeiture Program is a nationwide law enforcement program and has become an increasingly important weapon in the fight against crime. Asset forfeiture effectively destroys and immobilizes criminal organizations by depriving drug traffickers, racketeers and other criminals of their ill-gotten gains and the instrumentalities of crime.

The mission of the Department's Asset Forfeiture Program is to maximize the effectiveness of forfeiture as a deterrent to crime. Forfeiture is effective because it takes the profit out of crime and deprives crime syndicates of the tools of their trade.

The Department strives to maintain the highest standards of integrity in its conduct of the Asset Forfeiture Program and seeks to realize the full potential of forfeiture as a means of deterring crime. Recognizing that forfeiture is a powerful weapon, the Department is committed to executing the Asset Forfeiture Program in a responsible manner to ensure the judicious application of federal forfeiture laws.

Involving twelve different components of the Executive Branch and thousands of various state and local law enforcement agencies, the diversity and complexity of the Asset Forfeiture Program presents 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.

This annual report highlights the activities, performance and accomplishments of the Department's Asset Forfeiture Program in carrying out its mission during FY 1993.



Chapter I: Asset Forfeiture Program Overview

A sset forfeiture has proved to be one of the most powerful weapons against crime in the law enforcement arsenal. Although forfeiture is increasingly being used in the white collar crime area and is effective against all crimes committed for profit, the overwhelming majority of asset forfeiture activity continues to be in the area of drug trafficking and drug-related money laundering. It is particularly effective against the intricate financial structures developed by drug traffickers, money launderers, organized crime groups, and other complex criminal organizations. Forfeiture is effective because it takes the profit out of crime and deprives crime syndicates of the tools of their trade.

Background

Asset forfeiture has been a part of American jurisprudence since the Colonial period. The First Congress enacted laws in 1789 subjecting vessels and cargoes to *in rem* civil forfeiture for violations of the Customs laws. Governments long ago recognized the need to protect against the smuggling of contraband into their territory.

With the emergence of illicit drug trafficking and organized crime, asset forfeiture has become an increasingly important weapon in the anti-crime arsenal. The first federal laws to authorize criminal forfeitures for racketeering and continuing criminal enterprise or “drug kingpin” offenses were the Racketeer Influenced and Corrupt Organizations (RICO) Act of 1970 and the Controlled Substances Act of 1970.

Asset forfeiture as we know it today dates back less than a decade to the Comprehensive Crime Control Act of 1984. That Act modernized federal forfeiture, expanding the government’s legal authority to conduct an aggressive national forfeiture program. One provision of that Act established the Department of Justice Assets Forfeiture Fund to hold proceeds of forfeitures and to finance forfeiture-related expenses as well as certain law enforcement activities. In addition, this 1984 Act authorized the Attorney General to equitably share forfeited property with cooperating state and local law enforcement agencies. Since 1984, additional forfeiture pro-

visions have been enacted greatly expanding the scope of the Asset Forfeiture Program.

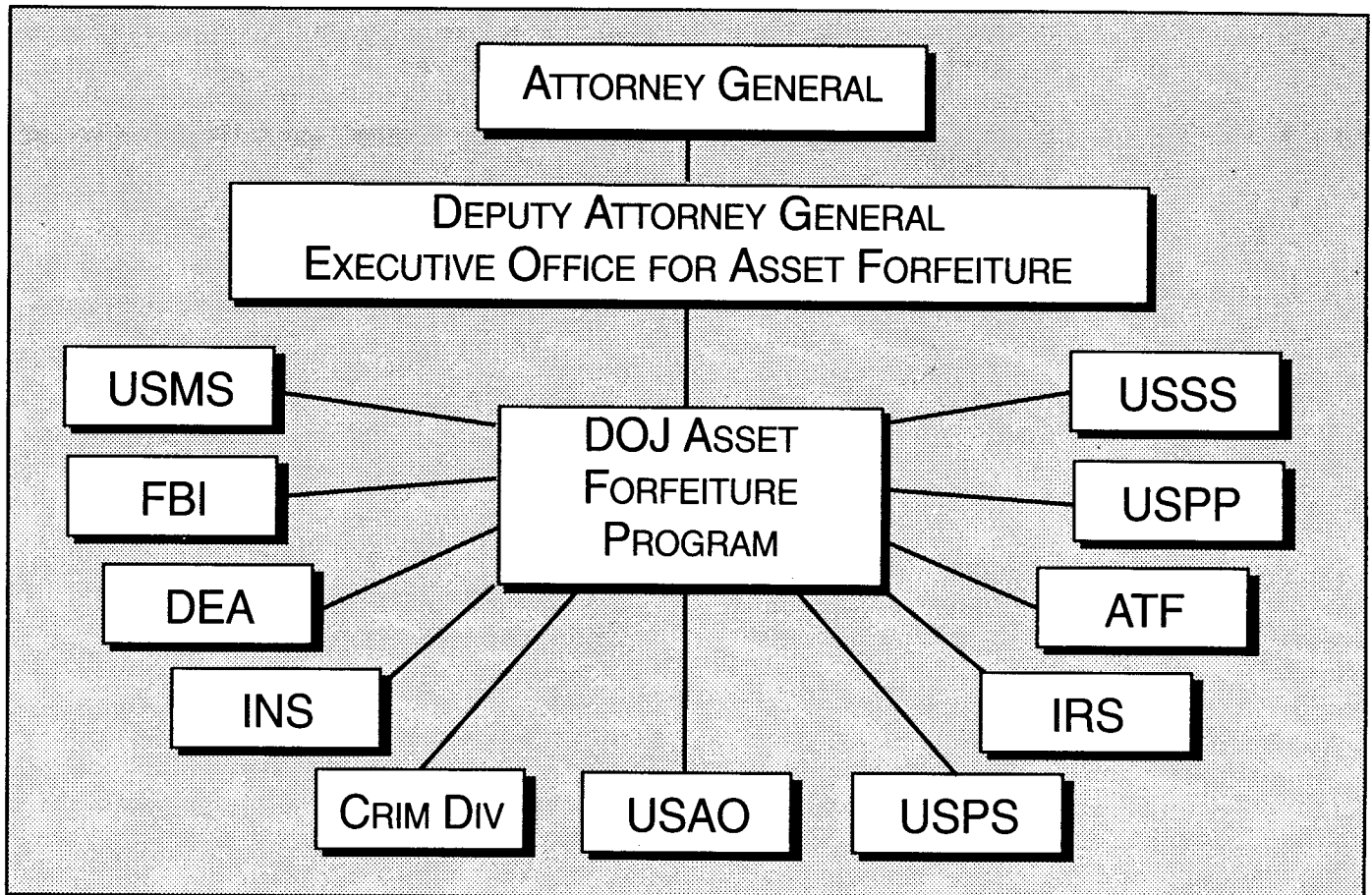
Important legal safeguards are incorporated into forfeiture laws to protect the innocent and to protect against abuse of this powerful crime-fighting sanction. No property may be seized except where officers have “probable cause” to believe the property was derived from or used to facilitate enumerated federal felony offenses; “probable cause” is the same standard the Constitution requires for the arrest of a person or the search of a home. Forfeiture laws also expressly protect innocent owners and innocent lienholders. Forfeiture laws also established a special “pardon” process (remission or mitigation of forfeiture) to mitigate the potential harshness of forfeiture in specific cases.

Asset Forfeiture Mission

The mission of the Department of Justice Asset Forfeiture Program is to maximize the effectiveness of forfeiture as a deterrent to crime. In pursuit of this mission, the Asset Forfeiture Program is committed to: effectively destroying and immobilizing criminal organizations by depriving drug traffickers, racketeers and other criminal syndicates of their ill-gotten proceeds and the instrumentalities of their illegal trade; and enhancing law enforcement and intergovernmental cooperation among federal, foreign, state and local law enforcement agencies through the equitable sharing of forfeiture proceeds.

Mission Implementation

The Department of Justice Asset Forfeiture Program is a nationwide law enforcement program. During FY 1993, twelve agencies and components of the Government implemented the Asset Forfeiture Program. To accomplish the Program’s mission, thousands of investigators, litigators, property managers and support staff work together in a coordinated national effort. The Executive Office for Asset Forfeiture in the Office of the Deputy Attorney General oversees the forfeiture-related activity of the various participating components.



There are eight federal investigative agencies that are responsible for identifying and seizing forfeitable property. The three Department of Justice investigative agencies which seize forfeitable property are the Drug Enforcement Administration, the Federal Bureau of Investigation and the Immigration and Naturalization Service. In addition, the Internal Revenue Service, the Bureau of Alcohol, Tobacco and Firearms and the U.S. Secret Service from the U.S. Department of the Treasury were part of the Justice Forfeiture Program in FY 1993. Other participants are the Postal Inspection Service of the U.S. Postal Service and the U.S. Park Police of the Department of the Interior.

In addition to the seizing agencies, there are other participating components, each performing an important and unique function essential to the accomplishment of the Program's mission. The U.S. Marshals Service maintains and disposes of the vast majority of properties seized for forfeiture. The ninety-four U.S. Attorneys' Offices are primarily responsible for the litigation of forfeiture cases that must proceed judicially. The Asset Forfeiture Office in the Criminal Division is responsible for providing legal advice and litigation support to the U.S. Attorneys' Offices throughout the country as well as serving as general counsel to the forfeiture program.

Executive Office for Asset Forfeiture

One important step towards accomplishing the Program's mission was the creation of the Executive Office for Asset Forfeiture (EOAF) in the Office of the Deputy Attorney General. The dramatic expansion and growth of the Asset Forfeiture Program lead the Attorney General to create the EOAF to provide strong central management to ensure the integrity of the Program and to achieve the full law enforcement potential of the Asset Forfeiture Program.

Overseeing the various aspects of the Asset Forfeiture Program, EOAF provides oversight, management and direction to the various participating components. Some of the responsibilities of EOAF include the development of a consolidated asset tracking system, the establishment and imple-

mentation of uniform forfeiture program procedures and operations, the establishment and promulgation of forfeiture policy, the coordination of financial policy and analysis, the execution and formulation of the Assets Forfeiture Fund budget, the oversight and coordination of internal controls, and the coordination of communication and participation among the various components. With the assistance of the various Program participants, EOAF is responsible for fulfilling the Program's mission of deterring crime through the effective use of forfeiture.

Drug Enforcement Administration

In support of the Program's mission, the Drug Enforcement Administration (DEA) continues to place a



In support of Operation Calico, DEA pursued further action against the Cali Cartel in FY 1993.

high priority on asset forfeiture as an integral part of its drug law enforcement work. As a deterrent to drug traffickers, the forfeiture efforts of the DEA effectively destroy and immobilize criminal enterprises, including kingpin organizations. Through the Kingpin Strategy developed in FY 1992, DEA continues to focus the attack on criminal organizations that produce, transport and distribute the preponderance of cocaine and other illicit drugs to our nation's cities and towns. In FY 1993, many significant investigations were conducted demonstrating DEA's success in the area of drug enforcement and related asset removals.

Operation Calico, an investigation of several Cali Cartel kingpins, resulted in the conviction of two high-echelon Cali Cartel money launderers and the forfeiture of approximately \$30 million in Luxembourg. Further actions against the Cali Cartel are still underway. The U.S. Attorney's Office, Eastern District of New York is currently involved in the civil forfeiture of real property in Miami, purchased with funds transferred from Panamanian accounts. An appeals court upheld the FY 1992 forfeiture of approximately \$12 million there. Furthermore, civil forfeiture proceedings are already underway against \$4.3 million in London accounts at the request of the United Kingdom. In this same investigation of the Cali Cartel, the United States seized \$16 million in Panama in FY 1990, the largest seizure there in any one case. In 1993, it was confirmed that then-Attorney General Rogelio Cruz, who was known to have been associated with the money launderers of the Cali Cartel, had illegally released the \$16 million. As a result, Cruz was convicted of abuse of authority and removed from office. Further efforts are still pending in Panama.

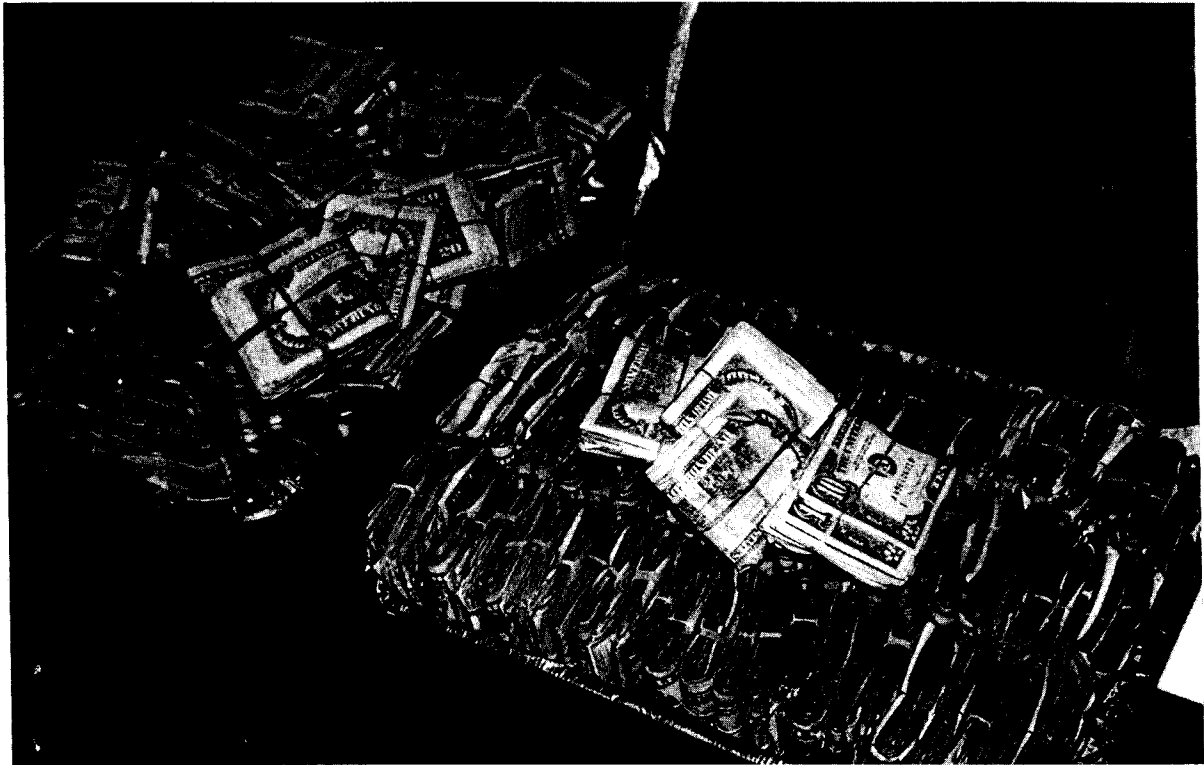
In an investigation aimed at disrupting the air transportation capabilities of major traffickers who utilize private aircraft to support their illegal activities, Operation Emerald Clipper was extremely successful in FY 1993. This operation is designed to target "Kingpin" level traffickers and deny their access to, and ownership of aircraft for the purpose of trafficking in narcotics and contraband. Based in Phoenix, Arizona, Operation Emerald Clipper was designed to target not only the traffickers, but corrupt aircraft brokers

as well. Working with the Federal Aviation Administration, El Paso Intelligence Center, and law enforcement personnel in Mexico and Columbia, DEA has identified key trafficking groups and seized their aircraft before these aircraft have had the opportunity to serve the trafficker. In FY 1993, aircraft seizures totaled \$45 million domestically and \$83 million abroad.

Other examples of DEA's success are Operation Pipeline and Operation Jetway. Using drug and asset concealment and detection techniques, Operation Pipeline focuses on major transportation corridors along the interstate highway system used by narcotics traffickers to transport contraband. With the assistance of several state, county and local law enforcement officers, uniformed highway patrol officers identify and arrest drug traffickers who use the roadways to facilitate their drug trade. During the period from January 1, 1993 through December 13, 1993, 65,000 kilograms of marijuana, 9,000 kilograms of cocaine, 74 kilograms of crack cocaine, 27 kilograms of heroin, 7 kilograms of cocaine paste, and over \$37.7 million in U.S. currency were seized.

DEA initiated Operation Jetway to target drug trafficker who use commercial airlines, trains, buses and hotels to facilitate their illegal trade. Operation Jetway focuses on drugs and currency being transported worldwide by commercial air with special emphasis on seizures at domestic airports. In addition, Operation Jetway targets U.S. citizens returning from abroad with drugs and/or drug monies. During the period from January 1, 1993 through December 13, 1993, over 18,000 kilograms of marijuana, 10,000 kilograms of cocaine, 1,400 kilograms of heroin and over \$27 million in U.S. currency were seized.

Additionally, DEA conducted many other investigations which have resulted in significant asset seizures in FY 1993. In a money laundering investigation in Miami, Florida, the examination of approximately 120,000 legal documents, accounting records and bank records resulted in the seizure of over \$5 million from Salvatore Magluta and Willie Falcon. The investigation of a marijuana and cocaine smuggling organization in Orlando, Florida has resulted in the seizure of over \$2 million, the anticipated indictment of 90



Using concealment detection techniques, the Florida Sheriff's Office seized \$233,903 in U.S. currency concealed in a 1985 Oldsmobile Cutlass four door sedan. The currency was contained in metal cooking pans which were concealed inside a cavity created in the rear passenger seat.

defendants and the identification of 26 parcels of real estate owned by the defendants valued at \$3.5 million. In another investigation, Korean nationals have been targeted in Operation Coveralls based in Seattle, Washington for trafficking ICE/methamphetamine in Hawaii, Los Angeles and Washington State. Operation Coveralls has identified assets for seizure valued at approximately \$7 million along with Hong Kong bank accounts used to provide funds to acquire the identified assets.

Federal Bureau of Investigation

Consistent with the Program's mission, the Federal Bureau of Investigation (FBI) continued to place increased

emphasis on the use of forfeiture during FY 1993. Emphasis on white collar crime related seizures remained a priority for the FBI in FY 1993.

In one white collar crime investigation, the FBI targeted individuals who devised schemes to avoid paying federal and state excise taxes on gasoline. This undercover operation was operated jointly with the Internal Revenue Service and the Office of the Inspector General for the Department of Transportation in New York. The investigation resulted in the identification of numerous individuals and entities engaged in the "bootleg" gasoline business within the states of New York, New Jersey, and Pennsylvania. Eighteen individuals were indicted for their role in this scheme. Several

of the subjects are members of the Colombo organized crime family in New York. Forfeitures in the New York aspect of this case exceeded \$5 million.

In Newark, New Jersey, this same investigation also targeted an organization controlled by Vladimir Zilber and Ardady Seifer, both members of Russian organized crime. On May 4, 1993, the initial indictment charged thirteen individuals, including Gambino crime family capo Anthony "Fat Tony" Morelli, with participating in a "highly structured criminal organization." Zilber and Seifer were also charged with paying the Gambino crime family \$6.7 million obtained from approximately \$60 million in evaded excise taxes. In addition to these indicted subjects, six pleas have been obtained to date, and approximately 60 additional subjects identified. Forfeitures in the Newark aspect of the case exceed \$7 million.

As a result of a money laundering investigation conducted by the FBI's Washington Metropolitan Field Office in conjunction with the Internal Revenue Service and the Washington Metropolitan Police Department, automobile dealerships in the Washington, DC metropolitan area were identified as being willing and knowledgeable participants in various money laundering schemes with drug traffickers. To date, this investigation has resulted in the conviction of 18 of 20 indicted automobile salespersons and executive managers, the seizure of 54 vehicles with an assessed value of \$1.4 million and the seizure of \$2.6 million in cash.

Another FBI money laundering case involved a \$350 million fraud perpetrated against five unions and seven pension funds with over 39,000 victim members. The subjects conspired to defraud the union pension funds through investments and kickbacks in a construction/mortgage loan program. The scheme involved investment advisors, mortgage bankers, loan servicing companies, escrow companies, and custodian banks. Methods used to defraud the victims included land swaps, fraudulent appraisals, construction loans for non-existent projects and kickbacks. As a result of the investigation, judicial proceedings have begun against approximately \$7,350,000 of the subject's assets. This represents the amount of money illegally obtained from the pension funds and paid to the subjects' businesses through real

estate ventures and other investment vehicles.

As a result of another FBI investigation, an organized crime forfeiture action was initiated in 1993 to target the racketeering activities of the Gambino La Cosa Nostra (LCN) family, including the boss, John Gotti, the underboss, Salvatore Gravano, and the Consigliere, Frank Locascio. In January 1993, a civil forfeiture complaint was filed against various assets used as instrumentalities of the Gambino LCN family criminal enterprise. The forfeiture complaint targets three social clubs which the Government alleges were regularly used by Gambino LCN Family members and associates as headquarters for the Gambino family. The complaint also seeks to forfeit three businesses in which Gotti had an ownership interest and three additional properties that had been used to house illegal Gambino family gambling operations. The total value of assets is estimated to be \$10 million.

Additionally, the FBI conducted several other investigations which have resulted in significant asset seizures. The FBI seized over \$4.9 million in cash and property in FY 1993 as a result of a narcotics investigation targeting an organization involved in laundering millions of dollars in drug proceeds for drug trafficking operations in the Los Angeles area. In Chicago, Illinois, the FBI conducted a violent crimes investigation targeting a chapter of the Black Gangster Disciple Nation resulting in federal indictments on ten of the leaders and members of the group as well as the arrest of 24 individuals referred for state and local prosecution. This investigation also resulted in the seizure of \$1.7 million in cash, 7 real properties and 15 vehicles. A FIRREA investigation, involving several federal criminal violations by HomeFed insiders in California, resulted in a civil forfeiture action to forfeit Rancho San Diego, 2,000 acres of undeveloped land valued at \$67 million. In one of the most significant initiatives directed toward illegal telemarketing, the FBI identified a total of 548 subjects and 123 illegal telemarketing operations which victimized consumers across the country. As a result of this investigation, over \$6.4 million in assets were seized, including over 60 bank accounts, 92 computers, houses, cars, jewelry, a boat, a plane and numerous other items.

Immigration and Naturalization Service

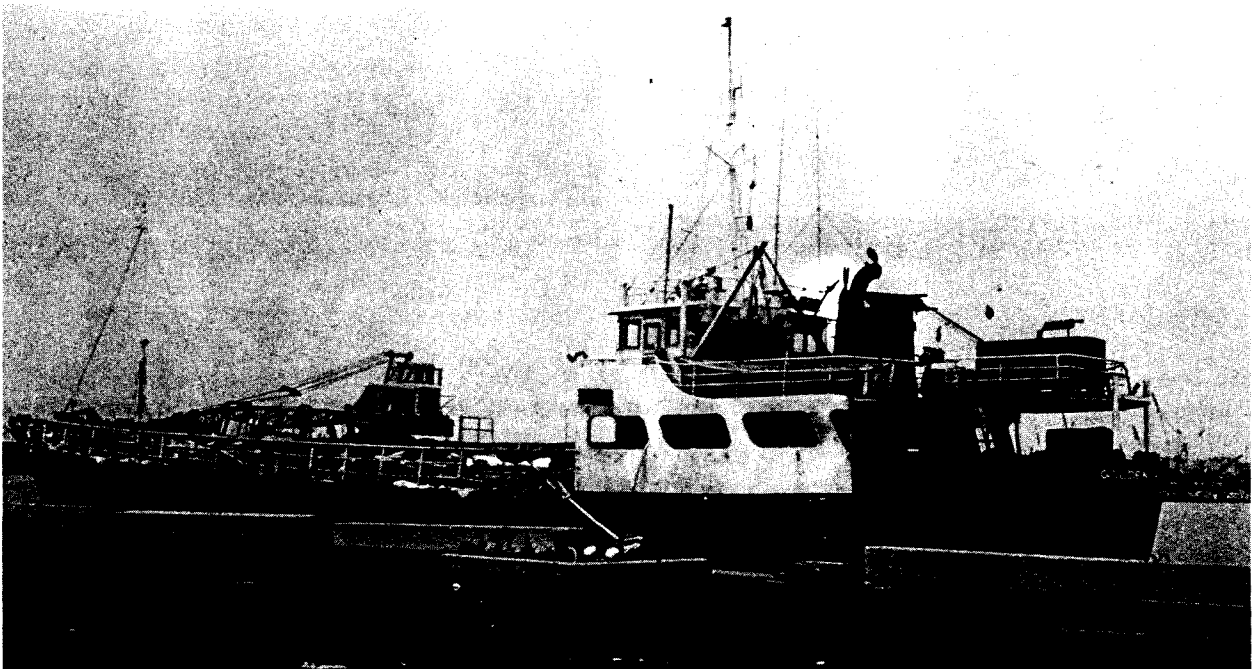
To achieve the Program's mission, the Immigration and Naturalization Service (INS) maximizes the use of forfeiture sanctions in investigations resulting from violations of immigration and smuggling laws. The primary responsibility of INS is to prevent illegal entry to the United States, to detect fraudulent documents used to gain entry, and to locate, apprehend and remove aliens who remain here illegally. INS has authority to seize conveyances used in violating immigration laws. Most of these cases involve attempts to enter the United States illegally, a violation that frequently involves drug smuggling as well as alien smuggling. Although seizures declined slightly in FY 1993 due to a reduction in border traffic, INS experienced an increase of approximately fifty percent in the seizures of vessels. The majority of vessels seized by the INS were those vessels

smuggling aliens from the People's Republic of China and Haiti.

In FY 1993, one of the vessels seized by the INS for smuggling illegal aliens from the People's Republic of China into the country was the "Golden Venture," a 150 foot cargo ship which ran aground off a Queens, New York beach with 300 illegal aliens on board. Ten of the aliens drowned during the landing and the smugglers planned to force the illegal aliens to pay smuggling fees averaging \$30,000 each. This case gained nationwide attention, and raised public as well as Congressional interest in strengthening immigration law enforcement.

U.S. Postal Inspection Service

In support of the Program's mission, the U.S. Postal Inspection Service (USPS) has made a strong commitment to the use of forfeiture as part of their enforcement activities. The USPS utilizes forfeiture to discourage profit-motivated

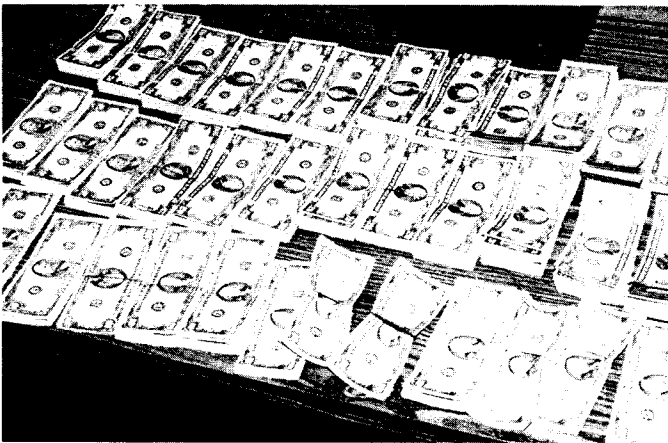
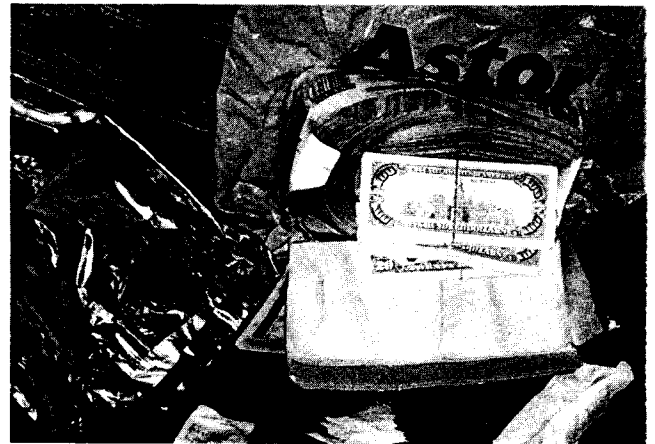


In FY 1993, INS seized the "Golden Venture," a 150 foot cargo ship, for smuggling 300 illegal aliens from the People's Republic of China in to the United States.



During routine observations of incoming mail, a Postal Inspector identified an Express Mail parcel fitting the profile for mail suspected to contain narcotics or proceeds from narcotics.

Inside the Express Mail parcel, the Postal Service found \$37,000 in U.S. currency concealed in a heavily taped box wrapped in fabric softener sheets inside an aluminum heat sealed bag.



The Postal Service seized \$37,000 in U.S. currency determined to be proceeds from narcotics.

crimes such as mail fraud, money laundering and drug trafficking through the U.S. mail. In addition to encouraging Inspection Service managers to consider forfeiture in every criminal investigation, the Chief Postal Inspector has been at the forefront to inform the credit card, coupon, and banking industries on the deterrent effect of forfeiture against crimes which affect their operations. Forfeiture is increasingly becoming one of the preferred methods utilized by the USPS to deter crime. In FY 1993, the USPS conducted several significant investigations targeting violent and white collar crimes such as drug trafficking and mail fraud.

During routine observations of incoming mail, a Postal Inspector identified an Express Mail parcel fitting the profile for mail suspected to contain narcotics and/or proceeds from narcotics. Further investigation revealed that information provided on the Express Mail form was fictitious and the return address provided was good, but not for the name listed as the return addressee. Pursuant to a state search warrant, the USPS opened the parcel and found an aluminum heat sealed container. Inside that container was an aluminum heat sealed bag which contained a heavily taped box wrapped in fabric softener sheets. The strong odor of marijuana was present in all of the containers. Inside the taped box, the USPS found a total of \$37,000 in U.S. currency determined to be proceeds from narcotics. Although all attempts to locate and positively identify the suspect were unsuccessful, the USPS seized a total of \$37,000 in U.S. currency as a result of this investigation.

In a coupon fraud investigation, Postal Inspectors disclosed fraudulent activities involving various criminal and corporate defendants who operated a well-known, established chain of food stores in the metropolitan New York City area. The defendants devised a scheme to defraud consumer product manufacturers and coupon clearinghouses by redeeming product manufacturer's coupons through their corporation knowing these coupons were submitted on a fraudulent basis. The investigation determined that the defendants purchased millions of dollars worth of product manufacturers' coupons from individuals and/or entities who cut the coupons from newspapers, magazines, circulars and

other sources in bulk quantities. The coupons were subsequently redeemed from the manufacturers, however the sales and purchases of the various products, which is required as a condition of redemption, could not be supported. The investigation also disclosed that the defendants produced fraudulent invoices and altered business records. In August 1993, the defendants pled guilty in U.S. District Court and agreed to forfeit \$5 million in illegally obtained proceeds.

As the result of a joint investigation conducted by the USPS, Internal Revenue Service and the Honolulu Police Department, the director of a federal agency was convicted of two counts of money laundering. The investigation involved an undercover police officer posing as the operator of an escort/prostitution service. The suspect fraudulently processed credit card slips for the undercover officer under the guise of a jewelry business, which was actually nothing more than a post office box. He mailed credit card slips to the companies, alleging the slips represented sales of jewelry. When he received the checks back in the mail from the credit card companies, he took a commission and then passed the rest of the money on to the undercover officer. He faces a maximum sentence of 20 years on each count.

Internal Revenue Service

Supporting the Program's mission, the Internal Revenue Service (IRS) continues to place a strong emphasis on forfeiture as part of its enforcement activities. The criminal investigation function of IRS enhances voluntary compliance with the laws under its purview through the effective enforcement of the tax code and related criminal statutes. IRS special agents identify and investigate individuals and organizations which fail to comply with the criminal provisions of the Internal Revenue Code (Title 26), the Bank Secrecy Act (Title 31) and other criminal provisions of the general United States Code (Title 18). The financial investigations of tax, currency and money laundering violations provide the basis for multi-agency initiatives against those who engage in narcotics-related and other illegal activities and for the subsequent seizure and forfeiture of their property. The property

forfeited by IRS generally results from thorough financial investigations which trace the proceeds of the illegal activity. These investigations have a major impact on crime by dismantling the entire illicit organization and removing all profits from illegal activity.

An investigation of significant impact during FY 1993 included Ken International, a Japanese corporation involved in the development of golf courses in Japan and the United States. During a two year investigation by IRS and the U.S. Customs Service, it was determined that Ken Mizuno, through Ken International, fraudulently oversold golf club memberships in a Japanese golf course and transferred approximately \$260 million of the proceeds to the United States. The investigation resulted in guilty pleas to various charges of money laundering and transportation of stolen property. In addition, this investigation resulted in the agreement to forfeit property valued over \$120 million including two country clubs and golf course properties in Nevada and California, a DC-9 aircraft, luxury vehicles and luxury homes and properties in Beverly Hills, California and Hawaii.

In another investigation, IRS initiated an investigation into motor fuel excise tax violations. Search and seizure warrants were executed by 250 enforcement personnel from the IRS, FBI, New York State Department of Taxation, U.S. Department of Transportation, New York State Police, National Guard and the U.S. Coast Guard. The seizures resulted in the forfeiture of 52 tanker trailer trucks valued at \$4.3 million, an 850,000 gallon barge, 750,000 gallons of gasoline, and \$4.6 million in U.S. currency and bank accounts. This investigation resulted in the dismantling of the illegal distribution network and the complete interruption of the massive bootlegging of untaxed fuel in the New York metropolitan area.

Bureau of Alcohol, Tobacco and Firearms

In support of the Program's mission, the Bureau of Alcohol, Tobacco and Firearms (ATF) is responsible for enforcing the federal laws relating to firearms, explosives, arson, alcohol and tobacco. ATF is also actively involved in

combating narcotics trafficking and violent crime through enforcement of the federal firearms laws. The primary statute used by ATF in combating drug trafficking is 18 U.S.C. 924(c), which prohibits the use or the carrying of a firearm during a drug trafficking crime or federal crime of violence. ATF has authority to seize and forfeit firearms, ammunition, explosives, alcohol, tobacco, currency and conveyances involved in violations of law. A majority of the time, ATF's forfeiture role stems from investigations that focus on violent gangs that utilize narcotics and firearms.

ATF initiated an investigation of the Outlaws Motorcycle Club, a nationally recognized violent motorcycle gang. An ATF special agent was able to have a confidential informant infiltrate the Atlanta chapter of the Outlaws Motorcycle Club. After a lengthy investigation that resulted in numerous undercover narcotics buys from members of the Atlanta Outlaws, federal search and seizure warrants were served on April 1, 1993. This investigation resulted in the arrest of four members of the Atlanta chapter of the Outlaws and the seizure of twelve firearms, two ballistic vests, three ounces of methamphetamine, precursor chemicals, a dismantled methamphetamine laboratory and the Outlaws' clubhouse. As a result, this investigation completely dismantled the Atlanta chapter of the Outlaws.

In another investigation, ATF targeted a federal firearms licensee for selling 3,200 firearms with altered serial numbers. Altering the serial numbers makes it virtually impossible for law enforcement to identify the owner of a firearm. As a result of this investigation, the federal firearms licensee agreed to forfeit \$100,000 to the U.S. Government.

ATF, working closely with Canadian law enforcement authorities and other state and local law enforcement agencies, has identified a significant trend involving the smuggling of untaxed alcohol and contraband cigarettes. The recent rise in prices of alcohol in Canada has created a very lucrative smuggling network. ATF has discovered numerous liquor distilleries that have routinely received fraudulent customs stamps on ATF documents as purported proof of export. In the majority of cases, these fraudulently stamped documents seem to authenticate that the liquor is destined for another country, via Canada. However, the liquor is ulti-

mately detoured to the black market in Canada and sold there for large profits. In FY 1993, ATF has conducted several investigations resulting in the seizure of thousands of cases of untaxed alcohol and contraband cigarettes. ATF estimates that millions of dollars in illicit profits have been generated by these smuggling organizations. ATF is anticipating utilizing federal money laundering and racketeering statutes to assist in the dismantling of this smuggling network and seizing their ill-gotten profits.

U.S. Park Police

Supporting the Program's mission, the U.S. Park Police (USPP) of the Department of the Interior continued to place an emphasis on the use of forfeiture sanctions in investigations in FY 1993. The USPP is a full service police force with the responsibility of protecting visitors, resources and facilities in designated areas of the National Park Service system. The USPP does not have forfeiture authority and is required to submit its seizures for adoption by the FBI.

The USPP employs a variety of investigative methods to detect and apprehend narcotics traffickers who operate in impact areas of the National Park Service system and who also use main artery Parkway systems as a means of conveyance for illegal narcotics to and from cache sites to distribution points. The USPP concentrates on small distribution organizations that are headed by mid-level traffickers who disburse their product in "open air" drug markets. These organizations consist of a few key leaders and extend down to street corner drug peddlers. Violent acts that stem from these illegal enterprises merit priority investigation. Case development often stems from confidential informant information, citizen complaints, or analyses of reports submitted by USPP uniformed officers. The typical organization targeted consists of three to ten suspects and normally involves the seizure of one to three vehicles, \$1,000 to \$10,000 in cash, \$2,000 to \$5,000 in other assets and several firearms. During FY 1993, the USPP dismantled several of these illegal organizations.

In one of the most significant investigations conducted by the USPP in FY 1993, undercover officers targeted indi-

viduals trafficking in heroin in the Washington, DC metropolitan area. The individuals stored raw heroin at their respective apartment complexes in Maryland and daily drove to the distribution points using the Baltimore Washington Parkway. At the end of the day, both individuals would gather funds from their enterprise and store it in several locations. The USPP stopped and arrested key figures as they entered Washington, DC with the day's delivery of heroin. Simultaneous search warrants were executed at four different sites and other targets were arrested as they arrived at a common delivery point. This investigation has resulted in the seizure of \$42,000 in cash, three vehicles, three firearms and over \$200,000 worth of raw heroin.

U.S. Secret Service

Consistent with the Program's mission, the U.S. Secret Service has made a strong commitment to the use of forfeiture as part of its enforcement activities. The Secret Service has authority to seize facilitating property in money laundering cases involving counterfeit currency, access devices, and other violations. On October 6, 1992, the authority of the Secret Service to seize and forfeit property as proceeds or property traceable to proceeds was broadened to include most of the violations that comprise the Secret Service investigative jurisdiction. As a result of the increased jurisdiction, the Secret Service experienced a large increase in the number and value of seizures during FY 1993.

In an investigation involving violations of 18 U.S.C. 1014 and 18 U.S.C. 1344, the Secret Service seized a 155 acre tract of land and a 42 room Georgian mansion valued at \$12 million. This case was an offshoot of an investigation into the failed Hill Savings and Loan, one of the ten largest saving and loan failures in the country. The property was originally a golf course that the defendant purportedly acquired for real estate development. The defendant filed false statements with Hill Savings and Loan and received a total of \$13 million in loans from the bank. The defendant used the money to pay personal debts and to turn the clubhouse into an opulent personal residence and office.



The Secret Service seized an ATM machine, installed in a high traffic shopping mall, that was programmed to capture account numbers and decipher the encoding strip of unsuspecting bank card holders.

In another investigation, Secret Service agents investigated a case in which the defendants represented themselves as bankers and obtained four automatic teller machines (ATM). The defendants installed one of the ATMs in a high traffic shopping mall. The ATM was used by the defendants

to capture account numbers and decipher the encoding strip on the access devices of unsuspecting bank card holders. Over \$500,000 in fraud has been associated with this case. As a result of this investigation, Secret Service agents seized approximately \$35,000 in personal property, four ATMs, computers, electronic equipment, over 100 fully automatic and semi-automatic firearms, and over 100,000 rounds of ammunition.

U.S. Marshals Service

As the primary custodian of seized property for the Department, the U.S. Marshals Service (USMS) plays a fundamental role in implementing the mission of the Asset Forfeiture Program. The USMS has the responsibility not only for seizing property, but also for administering the management and disposal of property subject to judicial and administrative forfeiture. The USMS employs sound business practices and techniques to maintain the value of seized property. Assets must be secured, inventoried, appraised, stored and otherwise generally maintained while the forfeiture proceeding is pending. Much of the work to manage seized property is accomplished through commercial vendors under contract with the USMS. Such services typically involve the actual transport, storage, repair, maintenance and security of assets; appraising of personal and real property; management of businesses; auctioning; and other professional sales services.

At the end of FY 1993, the inventory of seized assets being held pending forfeiture consisted of over 27,000 properties valued at over \$1.9 billion. During FY 1993, the level of proceeds generated from the U.S. Marshals' sale of forfeited property reached an all-time high of \$155.8 million. In addition, the USMS sold real properties on average within twelve months of forfeiture in FY 1993.

A number of high value properties were sold in FY 1993. Seized from a major real estate developer and narcotics trafficker, the Leomar Subdivision Tract in Miami, Florida was sold for \$6 million through a sealed bid sale conducted by the General Services Administration. The On Leong Merchants Association building, forfeited because it

housed illegal gambling activities, sold for \$1.4 million and required extensive coordination among the USMS, the U.S. Attorney's Office, and several historic preservation offices because of its historic character and cultural association with Chicago's Chinese community. Seized as a result of RICO violations, a country estate in Orono, Minnesota sold for over \$1.7 million, 91 percent of its appraised value. In addition to real properties, the USMS seized asset inventory includes aircraft, vessels, vehicles, jewelry, and other forms of personal property.

U.S. Attorneys

The ninety-four U.S. 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 U.S. 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. In addition, non-cash cases involving personal property valued at greater than \$500,000 are handled by the courts.

As the chief federal law enforcement officer in the judicial district, the U.S. Attorney serves as the head of the Organized Crime Drug Enforcement Task Force (OCDETF) in thirteen regions of the country. OCDETF was created in 1982 to identify, investigate and prosecute members of high-level drug trafficking enterprises and related criminal groups and to destroy the operations of those organizations. OCDETF has been a major influence in the success of the asset seizure and forfeiture program. Many of the asset seizure and forfeitures reported by the investigative agencies would not have been possible without the support and teamwork afforded through OCDETF.

The U.S. 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 U.S. Attorney's staff and works to identify and facilitate



In Chicago, IL, the U.S. Marshals Service sold the On Leong Merchants Association building, forfeited because of illegal gambling activities, for \$1.4 million.

the resolution 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 in 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.

Asset Forfeiture Office Criminal Division

The Asset Forfeiture Office (AFO) handles both civil and criminal forfeiture litigation, provides legal support to the U.S. Attorneys' Offices, develops legislation to improve and enhance forfeiture procedures, advises the Appellate Section and the Solicitor General's Office on appellate forfeiture litigation, coordinates multi-district asset seizures and related litigation as well as the international forfeiture and

sharing of assets. AFO is responsible for developing and implementing a wide variety of forfeiture training courses for U.S. Attorneys' Offices, the Criminal Division, law enforcement personnel as well as their prosecution and law enforcement counterparts in various foreign countries. One such foreign training conference during FY 1993 that was conducted by AFO included a bilateral forfeiture conference in Switzerland that was attended by Departmental attorneys and other U.S. prosecutors as well as Swiss prosecutors and magistrates. In addition, AFO adjudicates all petitions for remission and mitigation in judicial forfeiture cases and serves as general counsel to the Criminal Division and to EOAF.

As part of its litigation role in FY 1993, AFO provided assistance in obtaining the \$256 million in money laundering forfeiture by Japanese corporation, Ken International, and coordinated its approval among several sections of the Criminal Division, including the Organized Crime and Racketeering Section, the Money Laundering Section and Office of International Affairs. This forfeiture represents the second largest non-drug forfeiture in the history of the forfeiture program in the United States.

Litigation continued throughout FY 1993 in the largest criminal forfeiture achieved to date. In January 1992, the federal district court in Washington, DC issued a preliminary order of forfeiture for all of the United States assets of the Bank of Credit and Commerce International (BCCI) and

three related corporations. This forfeiture order was issued pursuant to a plea agreement entered into by the Government with the four corporate defendants. Assets totalling more than \$550 million in value have been forfeited as of the close of FY 1993, and several hundred million dollars worth of additional assets are likely to be added in fiscal years 1994 and 1995 when the liquidation of BCCI's New York agency and its interest in First American bankshares is complete.

Under the terms of the BCCI plea agreement, fifty percent of the forfeited assets are to be used to pay the claims of victims of BCCI's fraudulent activities through the worldwide liquidators of BCCI. The other fifty percent is to be distributed to victims in the United States at the discretion of the Attorney General. Since the issuance of the order of forfeiture in 1992, however the Department has been defending the order against claims by third parties alleging a priority as to the assets. The Government has been successful in defeating the claims litigated to date, but the amount of the remaining claims still exceeds the amounts forfeited, preventing any distribution pursuant to the plea agreement. Such litigation is expected to continue for several more years before a final forfeiture order is issued in this case.

Chapter II: Program Performance

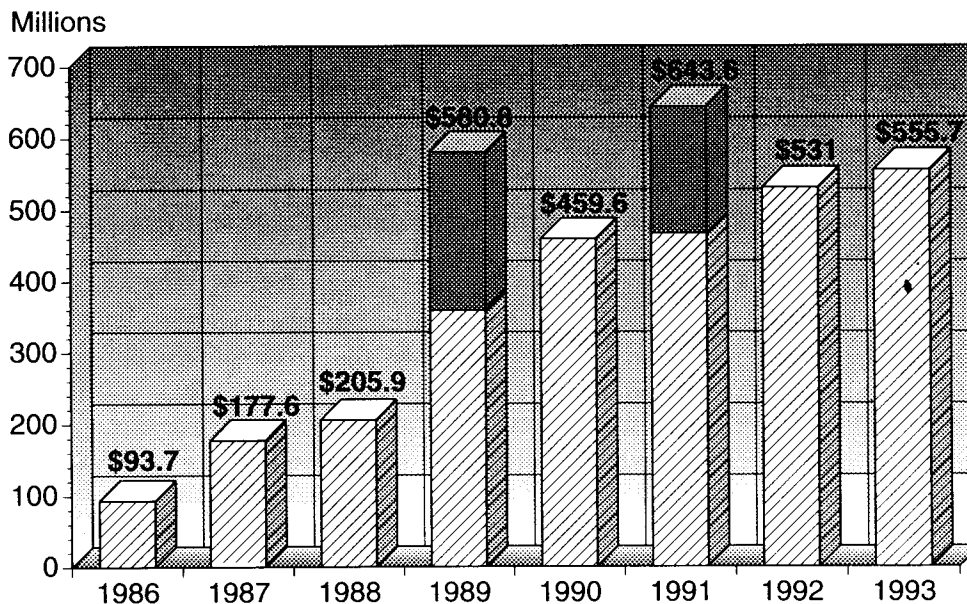
Although the primary mission of the Program is to maximize the effectiveness of forfeiture as a law enforcement tool in the fight against crime, revenue is an ancillary benefit. In pursuit of the Program's mission, revenue from forfeitures is reinvested in the fight against crime. Since 1985, over \$3.2 billion in illicit cash and proceeds from sale of forfeited property have been deposited into the Assets Forfeiture Fund. Funds obtained through the Asset Forfeiture Program are put back into the fight against crime at all levels of government, both domestically and internationally. This reinvestment of forfeiture proceeds in law enforcement has made possible the remarkable growth in federal forfeitures. Without the revenue from forfeitures, law

enforcement agencies would not have adequate resources to execute an aggressive Asset Forfeiture Program.

Fund Receipts

The Department of Justice Assets Forfeiture Fund (AFF) enables the proceeds of successful forfeiture cases to be reinvested directly into law enforcement efforts. The AFF is an account in the Treasury Department that receives forfeited cash and the proceeds of sale from forfeited property from all cases involving the Department of Justice and the judicial cases from those non-Justice agencies that are participating in the Program. Revenue is achieved when forfeited cash and the proceeds of sale from forfeited property are deposit-

Department of Justice Assets Forfeiture Fund Income



FY 89 includes \$222M from the Drexel Burnham Lambert case.
FY 91 includes \$176.3 from Michael Milkin case.



A number of high value properties were sold in FY 1993, including this \$1.7 million sale of a country estate in Orono, MN.

ed into the Assets Forfeiture Fund. Revenue is measured in terms of net deposits to the Fund.

The Assets Forfeiture Fund serves as a barometer to measure the success of the Asset Forfeiture Program. Deposits to the Assets Forfeiture Fund totaled over \$3.2 billion since its creation in FY 1985. In FY 1985, \$27 million in forfeited cash and property sale proceeds were deposited into the Fund. Since then, remarkable strides have been made in the fight against crime as evidenced by the steadily increasing level of net deposits to the Fund.

The Asset Forfeiture Program experienced a successful year in FY 1993 with total net deposits to the Fund of \$555.7 million. Revenue to the Assets Forfeiture Fund is primarily derived from forfeited cash and the proceeds from sale of forfeited property. In FY 1993, forfeited cash in the amount of \$357.5 million accounted for 64 percent of income to the Fund. Proceeds from the sale of forfeited property represented 28 percent of income to the Fund. The level of proceeds

generated from the U.S. Marshals' sale of forfeited property in FY 1993 reached an all-time high of \$155.8 million, an increase of 37 percent over last year.

Investment income resulted in additional revenue to the Assets Forfeiture Fund. Proceeds from the investment of forfeited cash in the AFF totaled \$6.7 million. In the Seized Asset Deposit Fund (SADF), proceeds from the investment of seized cash totaled \$8.3 million. An additional \$9.7 million in interest income was earned from the investment of proceeds relating to the forfeiture of the Bank of Credit and Commerce International (BCCI). Interest earned on BCCI funds is limited to distribution by order of the court. Total investment income earned in FY 1993 was \$24.7 million, including interest on BCCI funds.

Other revenue to the Assets Forfeiture Fund in FY 1993 consisted of payments and penalties in lieu of forfeiture of \$23.4 million; recovery of asset management costs of \$5.5

million; miscellaneous income of \$1.8 million; transfers from other federal agencies of \$144,040 and refunds of \$13.2 million.

Forfeited Property Not on Deposit

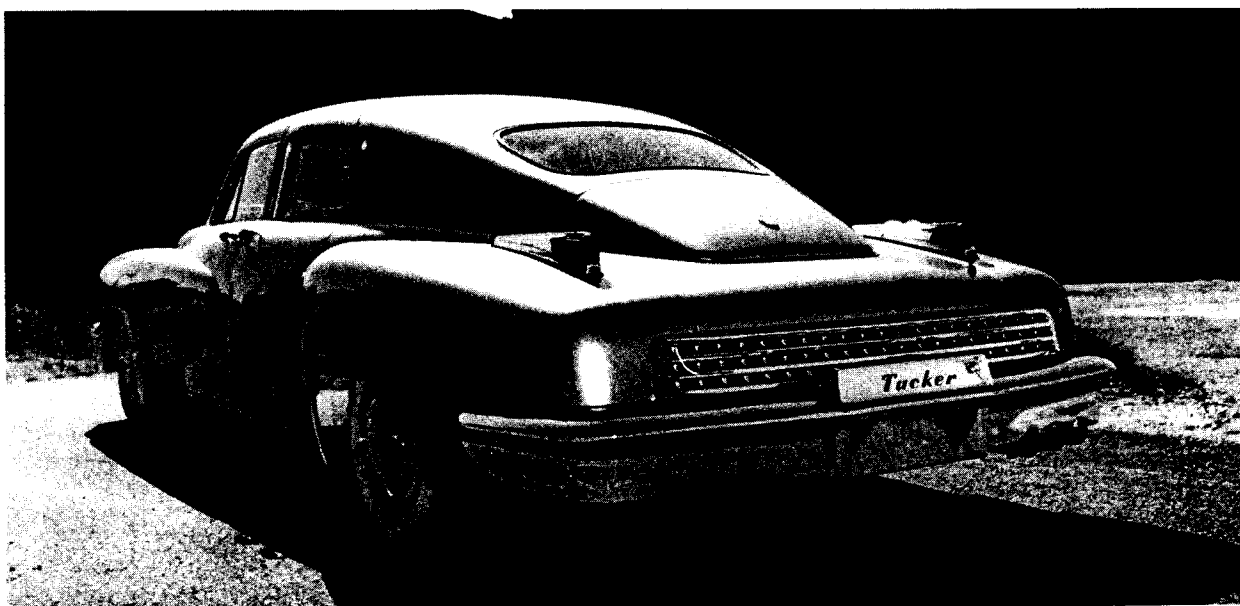
In addition to the authority to sell property forfeited under laws enforced or administered by the Department of Justice, the Attorney General is also authorized to retain forfeited property for official use, and to transfer forfeited property to another federal agency or to any state or local law enforcement agency that participated directly in the seizure or forfeiture of the property. In FY 1993, federally forfeited conveyances and other tangible property worth approximately \$10.2 million were transferred to state and local law enforcement agencies through the equitable sharing program. Approximately \$12.8 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, U.S. Postal Inspection Service, Internal Revenue Service and U.S. Secret Service.

In addition, \$1.6 million in forfeited property was transferred by the Department of Justice to non-participating federal agencies for official use. This includes the transfer of an original 1948 Tucker sedan to the Smithsonian Institution's National Museum of American History. The USMS seized the vehicle as part of a narcotics investigation conducted by the Drug Enforcement Administration. The appraised value of this rare and historical vehicle is \$250,000. The 1948 Tucker will be on display at the Smithsonian Institute as an example of automobiles produced and used after World War II.

Program Expenses

Revenue produced from forfeitures is an invaluable source of funding that is reinvested into federal, state, local and international law enforcement to fight the war against crime. The Assets Forfeiture Fund enables the proceeds of



The U.S. Marshals Service transferred a 1948 Tucker sedan, one of forty-six still in existence, to the Smithsonian Institution's National Museum of American History.

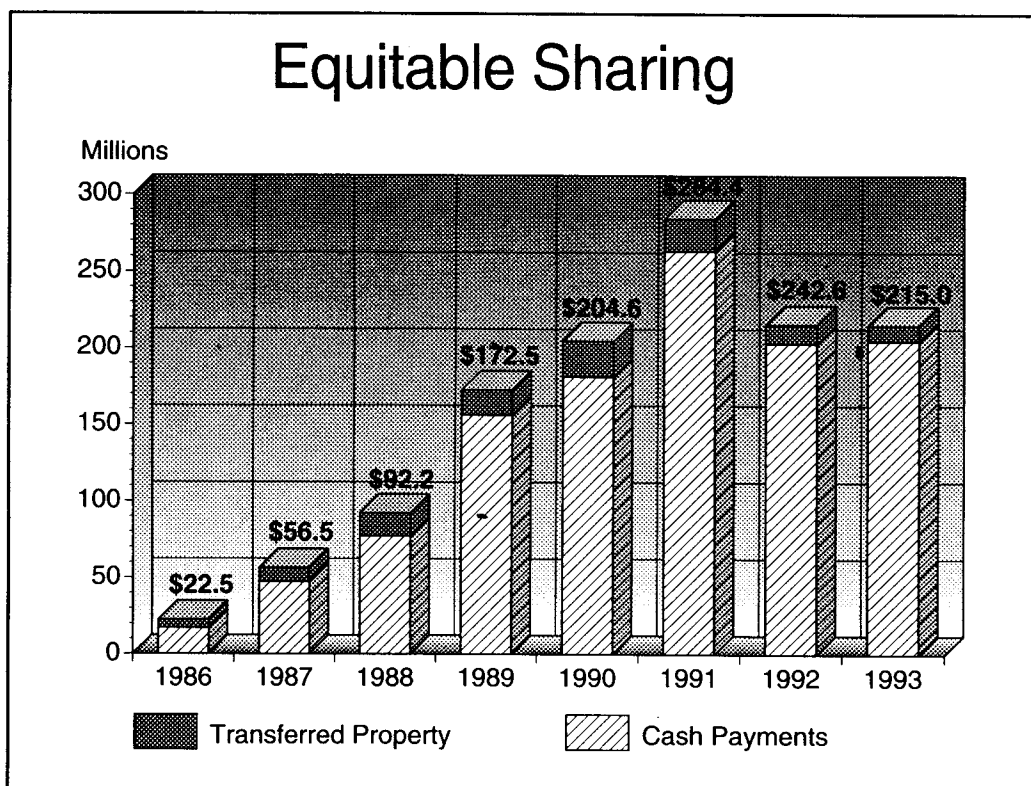
successful forfeiture cases to be re-invested directly into law enforcement efforts. The \$555.7 million in forfeiture proceeds confiscated from criminals in FY 1993 was pumped back into law enforcement in various ways. In an austere budget environment, the Assets Forfeiture Fund has provided law enforcement with critical resources to fight the war against crime.

All proceeds deposited into the AFF are available to the Attorney General without fiscal year limitation (permanent indefinite budget authority), except for the amounts specified in the Department of Justice annual appropriation acts which are subject to fiscal year limitation (current definite budget authority). Authorities and limitations governing the use of Assets Forfeiture Fund are specified in 28 U.S.C. 524 (c). Pursuant to 28 U.S.C. 524 (c), the Attorney General has discretion to use the Assets Forfeiture Fund to pay any necessary expenses associated with the seizure, detention, man-

agement, forfeiture and disposal of seized property. A total of \$126.5 million has helped finance program management and investigative expenses associated with the anti-crime efforts of the federal law enforcement agencies participating in the Program. Another \$120.9 million was expended for the business costs of the Program associated with the management and disposal of seized and forfeited assets, case-related expenses and innocent third party payments.

Equitable Sharing

In addition, the Attorney General has the authority to make equitable sharing payments from the AFF to state, local and foreign law enforcement agencies for their assistance in conducting a successful forfeiture case. Equitable sharing payments reflect the degree of direct participation in the law enforcement effort resulting in the forfeiture.



Equitable sharing serves to enhance law enforcement cooperation and effectiveness by investing the proceeds of forfeitures into enhanced law enforcement activities. The increased cooperation that the equitable sharing program has fostered among federal, state, local and foreign law enforcement agencies has been highly successful and is a major factor in the dramatic growth of federal forfeitures.

Equitable sharing of federal forfeiture proceeds has dramatically improved cooperation among federal, state, local and foreign law enforcement agencies. The Department of Justice first equitable share occurred in FY 1986. That year, Justice agencies shared \$22.5 million in federally forfeited cash and tangible property with state and local law enforcement agencies. In FY 1993, a total of \$215 million in forfeited cash and tangible property was shared with state and local law enforcement agencies. Since the program began in 1986, almost \$1.3 billion in cash and tangible property have been reinvested into law enforcement efforts at the state and local levels. The sharing of funds supplements state and local resources without further taxing the public. As the cornerstone of the national drug enforcement effort, the equitable sharing program continues to be an effective tool in enhancing cooperation between federal, state, local and foreign law enforcement agencies.

International Sharing

The Department of Justice is committed to promoting international forfeiture cooperation and asset sharing with its international law enforcement partners as a means to attack serious transnational financial crime and drug trafficking. To that end, the Department of Justice is authorized to share forfeited drug property or proceeds with foreign governments that participate directly or indirectly in the seizure and forfeiture of property under United States law pursuant to 21 U.S.C. 881 (e)(1)(E) and 18 U.S.C. 981 (i).

During FY 1993, the Department transferred \$11.4 million in forfeited proceeds to four different countries, including the largest international sharing to date involving an \$11 million transfer to Switzerland. In that case, Switzerland permitted the repatriation of \$22 million in drug proceeds

belonging to a convicted drug trafficker who distributed more than 50 tons of Pakistani hashish between New York and Rhode Island from 1979 to 1987.

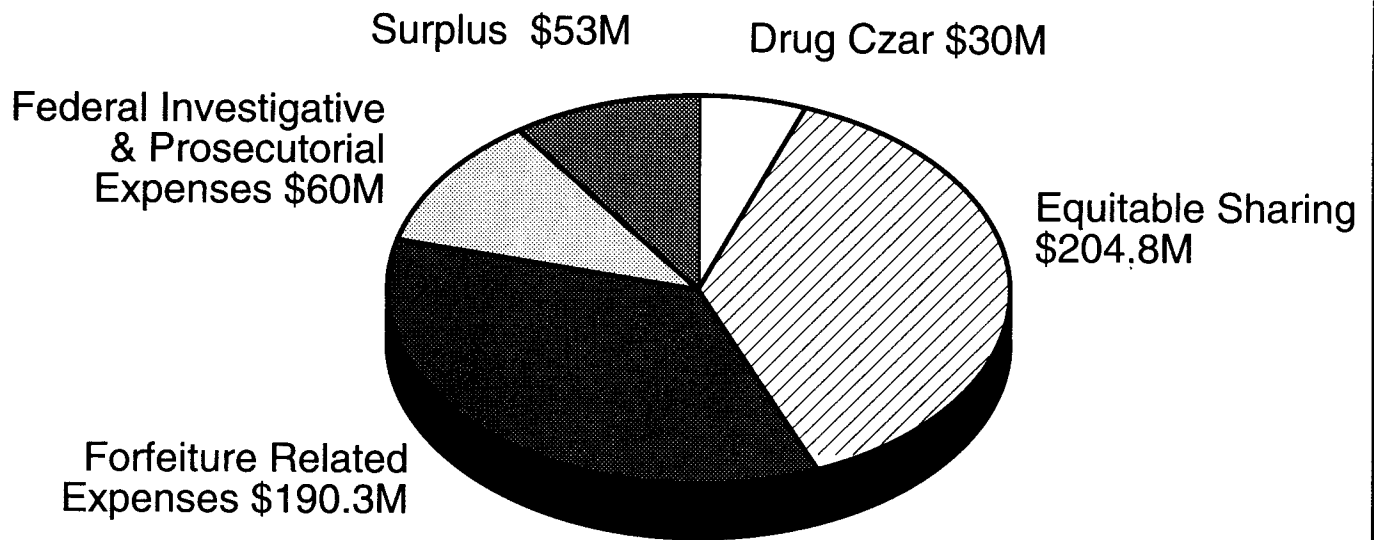
FY 1993 also marked the first instances of reciprocal international asset sharing. As a result of a 1991 amendment to 28 U.S.C. 524 (c)(4)(B), any forfeited proceeds shared with the United States can now be deposited into the Assets Forfeiture Fund. In May 1993, the Government of Switzerland shared \$884,742 and the Government of the United Kingdom shared \$570,616, becoming the first two countries to share money with the United States that had been forfeited in those countries with the assistance of the United States.

Transfers of Fund Surpluses

In FY 1993, \$30 million was transferred to the Special Forfeiture Fund for implementation of the National Drug Control Strategy. Through FY 1993, the Department of Justice may transfer any surplus monies in the Assets Forfeiture Fund, up to \$150 million per year, to the Special Forfeiture Fund for use by the Director of the Office of National Drug Control Policy. Since 1988, transfers to the Special Forfeiture Fund total \$340 million.

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 \$67.8 million. Of this amount, approximately \$14.8 million will remain in the Assets Forfeiture Fund to cover initial FY 1994 expenses. The remaining balance, more commonly referred to as the "super surplus" is now "available to the Attorney General for law enforcement, prosecution and correctional activities, and related training requirements of federal agencies" in accordance with the Dire Emergency Supplemental Appropriations Act of 1991, P.L. 102-27, as amended by P.L. 102-395, dated October 6, 1992. The funding of these activities would not have been possible had deposits to the Assets Forfeiture Fund not been as high, making the super surplus a reality. Thus, an additional \$53 million is being pumped back into law enforcement at no cost to the taxpayers.

FY 1993 Federal Forfeitures: *Where did the money go?*

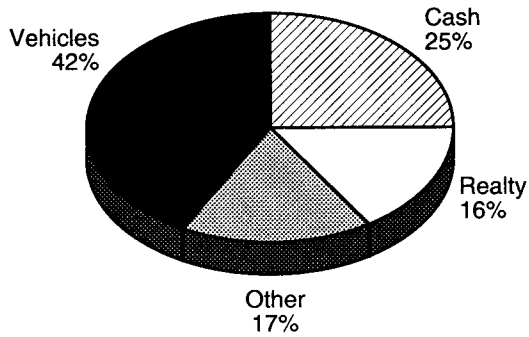


Seized Asset Inventory

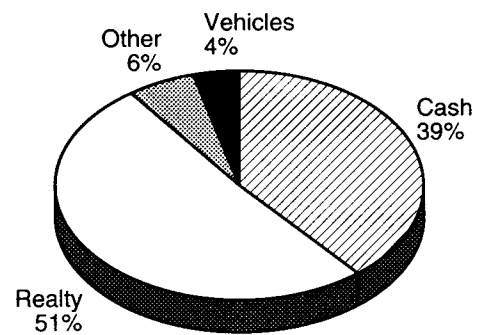
Asset forfeiture continues to hold great potential. At the end of FY 1993, the inventory of seized assets being held pending forfeiture consisted of over 27,000 properties valued at approximately \$1.9 billion. This inventory of seized property included 4,500 real properties and businesses valued at \$859 million. Since 1985, the inventory of real properties has increased from 200 parcels valued at \$80 million to 4,430 valued at \$796.7 million in FY 1993. In FY 1993, real properties were sold on average within a year after forfeiture, a significant accomplishment for the USMS. The seized asset inventory also includes aircraft, vessels, jewelry and other forms of personal property.

In addition to property, the seized inventory included over 6,700 cash cases valued at \$728.8 million in FY 1993. Seized cash is deposited into the Seized Asset Deposit Fund (SADF), a special holding account at the U.S. Treasury, which ended the fiscal year with a balance of \$799.8 million. The SADF balance includes deposits in the amount of \$427.3 million associated with the forfeiture of the Bank of Credit and Commerce International. Not on deposit in the SADF, the amount of seized cash held as evidence totaled \$8.4 million in FY 1993.

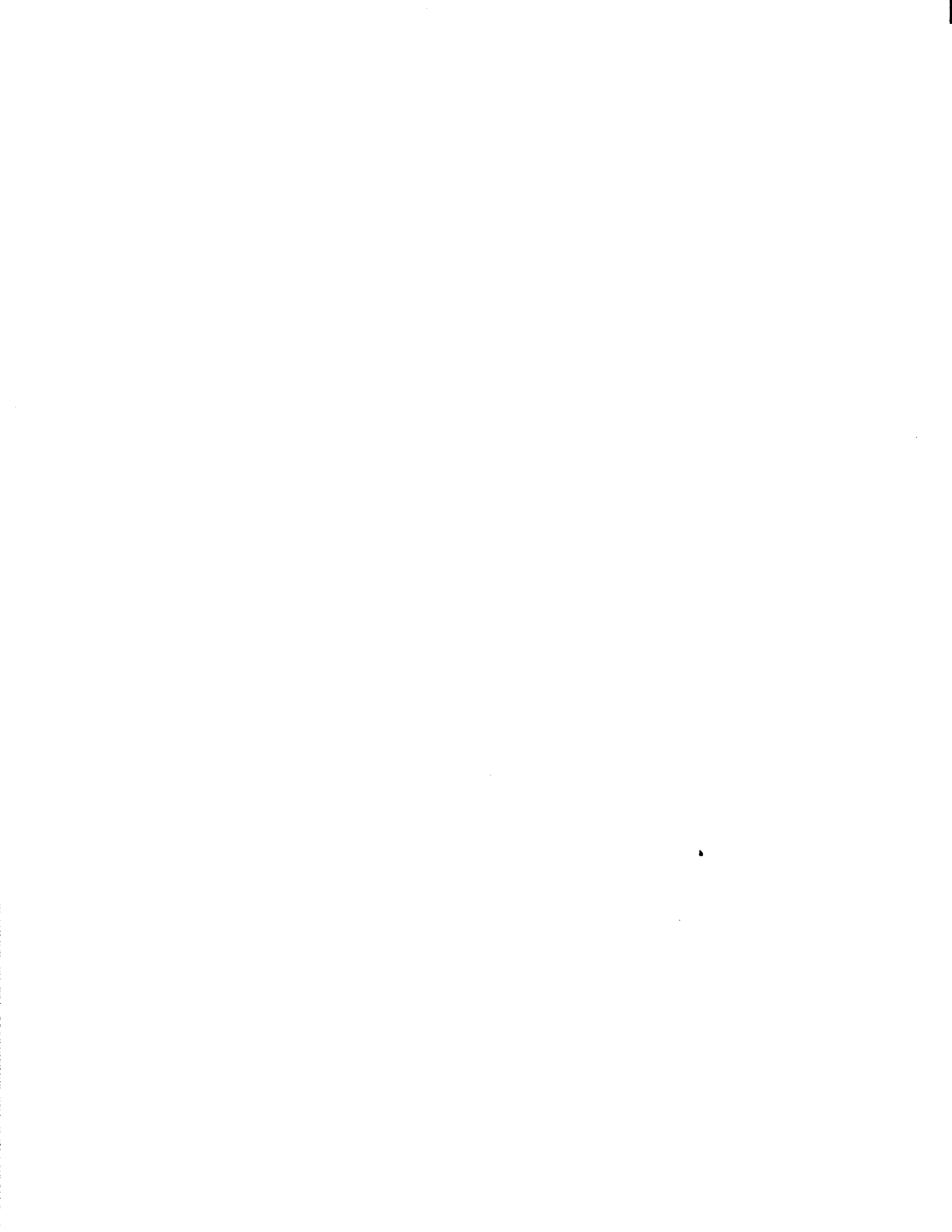
Seized Asset Inventory FY 1993



Total Number
27, 122



Total Value
\$1.9 Billion



Chapter III: Program Accomplishments

Forfeiture has become an integral part of the Department's overall law enforcement strategy in crimes committed for profit. The diversity of the Department's Asset Forfeiture Program, involving twelve different components of the Executive Branch and thousands of various state and local law enforcement agencies, requires strong central management to ensure that the law enforcement mission of the Program is achieved with the utmost integrity. Overseeing all aspects of the Asset Forfeiture Program, the Executive Office for Asset Forfeiture (EOAF) provides management, coordination and direction to the various components participating in this wide-spread, fast growing program.

Due to the risk associated with a seized asset inventory valued at almost \$2 billion, the Asset Forfeiture Program is extremely high profile. This presents 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 cooperation with the various participating components, EOAF is committed to strengthening and improving the Asset Forfeiture Program through implementation of several program-wide initiatives.

Consolidated Asset Tracking System (CATS)

One of the most important initiatives currently underway in the Executive Office for Asset Forfeiture is the development and management 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 various agencies participating in the Department's Asset Forfeiture Program. CATS will integrate all participating federal agencies nation-wide into a single automated system.

CATS will improve the everyday work flow of the Asset Forfeiture Program. This system will avoid duplicate data entry which presently occurs due to the incompatible asset

forfeiture systems of the various participating components. With all participating agencies using the same system, any user of CATS will have at his disposal the current status and processing details for any asset, regardless of which agency entered the information. CATS will track the entire life cycle of an asset from seizure, through forfeiture, to disposal.

In FY 1993, the system development of CATS was completed. Pilot test sites have been selected in Phoenix, Arizona, Seattle, Washington and Washington, DC and are scheduled for activation in May 1994. Within these three sites, there are over 100 locations where 500 CATS terminals will be installed, representing one-third of the approximately 1,400 computer terminals to be installed for CATS. The active data contained in the current user agencies' information systems is scheduled to be converted to CATS. This will require an extensive effort as approximately 55,000 assets currently meet the criteria for conversion.

Beginning in FY 1994, subsequent to the creation of the Treasury Forfeiture Fund, Treasury agencies will no longer deposit their proceeds into the Department of Justice Asset Forfeiture Fund, however they will continue to participate in the development and implementation of CATS. The Department of Justice and the Department of the Treasury have agreed to develop, implement, manage, operate, enhance and support CATS as the primary automated system for asset tracking and management used by all agencies participating in both the Justice and Treasury Asset Forfeiture Programs. Technologically, CATS is a cooperative project between the two agencies with CATS data stored and processed at the Justice Data Center and the telecommunications network requirements supported by Treasury's Consolidated Data Network (CDN). After pilot implementation is complete, the CATS Project Team has committed to enhance CATS to meet the information requirements of the U.S. Customs Service. Full system implementation of CATS is anticipated for completion in FY 1995.

Program Improvements

Through numerous management and oversight initiatives, EOAF made significant progress towards improving the forfeiture program in FY 1993. The following represent the most significant actions:

EOAF initiated the first-ever independent review of the Asset Forfeiture Program. The review has been designed to examine whether the Department's investigators and prosecutors use available forfeiture authorities to the appropriate extent in addressing white collar crime and illegal drug activities, and to assess whether controls are in place to ensure that the property interests of innocent owners and third parties are safeguarded in the seizure and forfeiture process. The review, conducted by the Justice Management Division's Management and Planning Staff, will recommend actions the Department can take to strengthen and improve the Asset Forfeiture Program.

EOAF has initiated a pilot program to strengthen probable cause for currency seizures. The seizure of currency from money couriers is often criticized because the couriers are seldom criminally prosecuted and probable cause to believe that the currency was derived from or being used to facilitate drug trafficking normally relies upon an alert on the currency by a drug detector dog. As a result, five state-of-the-art Ionscan devices were deployed under the control of the FBI's Laboratory Division to "back up" dog alerts with more scientifically reliable evidence in the form of Ionscan analysis.

EOAF issued a National Code of Professional Conduct for Asset Forfeiture, popularly referred to as the "Ten Commandments of Asset Forfeiture." As thousands of state and local law enforcement agencies are involved in seizures and forfeitures, often without adequate training or guidance, the Department has sought to provide leadership by issuing the National Code of Professional Conduct for Asset Forfeiture.

EOAF oversaw efforts to procure and award a successor contract for the administrative and processing workload associated with the Asset Forfeiture Program. The

Department has over 800 contract employees nationally involved in filing, data entry, data analysis and other functions that support asset seizure and forfeiture. This new contract avoids weaknesses in the prior contract which had been noted by the Inspector General and will also provide more contract services for each dollar spent.

EOAF developed an automated asset forfeiture bulletin board. Due to the rapid changes in forfeiture statutes, case law and policies, the asset forfeiture bulletin board serves as a data base to provide asset forfeiture practitioners with forfeiture pleading forms, sample indictments, complaints, jury instructions, briefs, Departmental policies, training calendars and other useful asset forfeiture materials. The Criminal Division's Asset Forfeiture Office will operate and maintain the asset forfeiture bulletin on daily basis.

EOAF, in conjunction with the Treasury's Department Executive Office for Asset Forfeiture, established uniform asset forfeiture policies and procedures between the Department of Justice and the Department of the Treasury. As Congress enacted legislation in 1992 to create a new Treasury Forfeiture Fund and Treasury Forfeiture Program, EOAF has worked closely with the Treasury Department's Executive Office for Asset Forfeiture to assist in setting up that Office and to develop policies which will minimize variations in forfeiture procedures and operations between the two Departments.

EOAF conducted an assessment of forfeiture training provided by the participating components in the Asset Forfeiture Program. As the Department devotes a significant amount of forfeiture fund monies to forfeiture training of federal prosecutors and investigators, EOAF contracted with a training evaluation firm to review forfeiture training. The report provided EOAF with recommendations including one to provide formal instruction to lecturers on principles and techniques of training.

EOAF initiated a project to coordinate and expand federal forfeiture training efforts in an effort to ensure that state and local law enforcement agencies are in full compliance with constitutional and statutory limitations on seizure and forfeiture. A task force comprised of representatives of

national organizations which represent state and local prosecutors and law enforcement officers has been formed to expand and avoid duplication of effort in the area of forfeiture training.

Policies and Procedures

In addition to the various management initiatives, EOAF issued several program-wide policies and procedures in 1993.

EOAF issued a policy directive establishing new policies and procedures intended to ensure consistent review and handling of state and local seizures presented for federal adoption.

EOAF issued a policy directive to ensure fair consideration of *in forma pauperis* petitions filed by indigent persons. This policy directive responds to media, Congressional, and defense bar concerns over the statutory requirement to post a bond in order to challenge a seizure by providing for waiver of the bond requirements in situations where posting a bond would result in undue hardship to the person claiming the property.

EOAF issued a policy directive to expand the "Expedited Forfeiture Settlement Policy for Mortgage Holders" (July 1991) to cover mortgages held by private individuals and organizations that do not qualify as a "financial institution" and to cover liens on tangible property.

EOAF issued a policy directive that requires seizing agencies, in all administrative forfeiture cases, to provide written notice of seizure and intent to forfeit to owners and interested parties at the earliest practicable opportunity not exceeding sixty days. A fundamental aspect of due process in any forfeiture proceeding is that notice be given as soon as practicable to apprise interested persons of the pendency of the action and afford them an opportunity to be heard.

EOAF issued a policy directive requiring the seizing agencies to provide EOAF with advance notice of and an opportunity to review official use actions involving federal forfeited property valued at \$50,000 or more.

Audits and Evaluations

The Asset Forfeiture Program continues to be one of the most examined programs in the federal government. The Department's equitable sharing program received a considerable amount of review and audit during FY 1993. The Office of the Inspector General (OIG) Audit Staff completed an audit of the equitable sharing program to determine if it is effectively implemented by the Department. EOAF has initiated several audits of the Inspector General of local law enforcement agencies alleged to have engaged in questionable activities involving equitable sharing monies. As a result, the OIG Audit Staff performed three audits of individual state or local law enforcement agencies to determine compliance with the Department's guidelines governing the equitable sharing program. An additional review of equitable sharing funds was conducted in York County, North Carolina by the Justice Management Division's Management and Planning Staff. The OIG Criminal Investigations Division also completed an investigation of suspicious illegal activity regarding the use of equitable sharing funds in Nueces County, Texas.

Other aspects of the Asset Forfeiture Program were reviewed and audited during FY 1993. The OIG audited the financial statements of both the Assets Forfeiture Fund and the Seized Asset Deposit Fund for the year ending September 30, 1992. The OIG Audit Staff also conducted an audit of contract services for the management of seized assets in the U.S. Marshals Service. In addition, the Audit Liaison Office completed a study on the jewelry contracts awarded by the U.S. Marshals Service.

In addition, EOAF, with the assistance of the investigative agencies and the Asset Forfeiture Office, conducts periodic reviews of seized and forfeited cash not on deposit in

the Seized Asset Deposit Fund. These periodic reviews of the Program's cash handling practices have been initiated to improve cash accountability and to minimize the risk of loss, misuse or theft of funds. In FY 1993, three reviews were completed.

The participating components have also directed various program reviews of the Asset Forfeiture Program. The USMS performed 20 program management reviews in FY 1993. The program management review is an internal unbiased review of each USMS office and provides the Marshal with recommendations for implementation of internal controls that will reduce the vulnerability for waste, fraud, misuse or abuse. The USMS also conducted 32 contract management reviews. Through contract management reviews, USMS personnel, from both district offices and headquarters, work to identify and deter fraud, waste and abuse by contractors who manage and dispose of seized and forfeited property. In addition, the Executive Office for U.S. Attorneys performed reviews of asset forfeiture activities in 22 U.S. Attorneys' Offices as part of the legal management reviews of civil and criminal cases.

Training

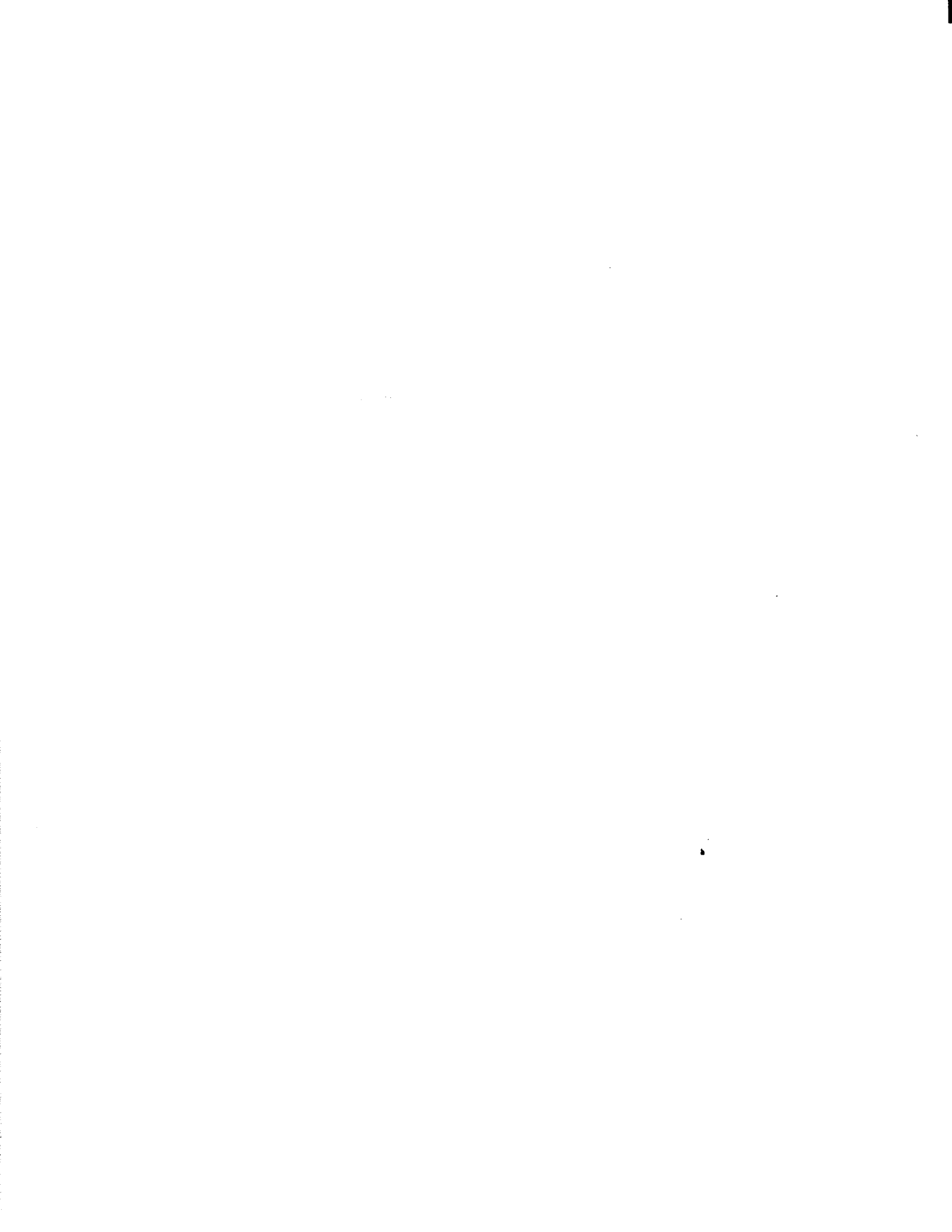
Due to the evolution and development of forfeiture legislation, policies, and procedures, training continued to be a priority in FY 1993. Training is integral to the ongoing effectiveness of asset forfeiture as a law enforcement tool. The various participating components conducted and participated in various training conferences and seminars in FY 1993.

The Executive Office for U.S. Attorneys and the Asset Forfeiture Office organized and presented basic, advanced and specialized forfeiture training to over 1,800 employees in

FY 1993. In addition, EOUSA and AFO, in coordination with EOAF, conducted three regional component seminars in FY 1993. In these seminars, representatives from all participating components meet to discuss mutual problems in processing forfeiture cases and ways to improve the overall forfeiture program in their region. Additionally, the LECC (Law Enforcement Coordinating Committee) coordinator within the U.S. Attorney's Office sponsored 47 asset forfeiture training conferences in 40 judicial districts. Approximately 2,300 federal, state and local law enforcement personnel were trained at these conferences in FY 1993.

In addition, the various participating components organized and conducted several forfeiture training programs in FY 1993. The FBI continued its aggressive asset forfeiture training program training over 400 special agents and 325 specialized support personnel. In addition, the FBI initiated a new training course designed to train FBI Special Agents in the techniques necessary to conduct complicated financial investigations. Continuing its active training program, DEA provided asset forfeiture training to over 1,800 DEA employees and over 3,300 state and local police officers. The INS training program this year included an important conference for INS officers assigned to the Organized Crime Drug Enforcement Task Force. In addition to providing specialized forfeiture training to USMS personnel, USMS held seven sessions of procurement and financial management training. The USPS continued its comprehensive training program in FY 1993. USPP conducted forfeiture-related training in FY 1993 in an effort to expand its forfeiture unit in Washington, DC as well as the field offices in New York and San Francisco. Additionally, IRS, ATF and USSS provided various forfeiture-related training to their enforcement and support personnel in FY 1993.

Appendix A



**DEPARTMENT OF JUSTICE ASSETS FORFEITURE FUND
STATEMENT OF FINANCIAL ACTIVITY
FISCAL YEAR 1993
(October 1, 1992 through September 30, 1993)**

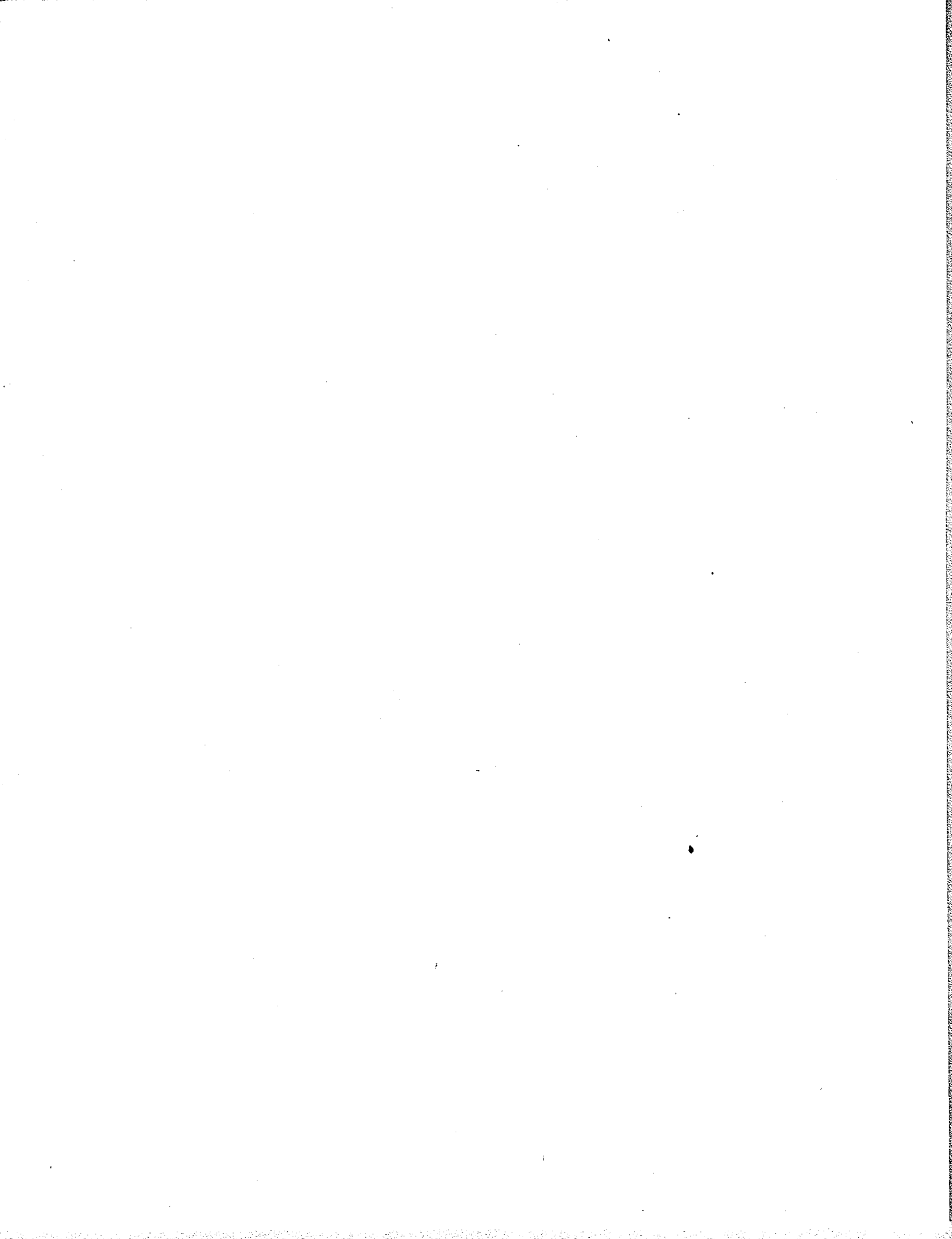
FUND BALANCE, START-OF-YEAR		\$60,283,985
ADJUSTMENTS TO FUND BALANCE		
Less: FY 1991 Capital Surplus Authority	(89,929)	
Less: FY 1992 FY 1992 Super Surplus Authority	(44,194,000)	
Less: FY 1992 Interest Earned on BCCI Funds (a)	(5,998,537)	
Less: Prior Year Net Adjustments	(3,073,173)	
Total Adjustments	(53,355,639)	(53,355,639)
ADJUSTED BEGINNING BALANCE AVAILABLE FOR GENERAL OPERATIONS		6,928,346
DEPOSITS		
From Forfeited Cash	357,546,193	
From Sale of Forfeited Property	155,833,275	
From Payments in Lieu of Forfeiture	23,418,543	
From Investment of Balances	24,700,651	
From Recovery of Asset Management Costs	5,466,400	
From Other Federal Agencies	144,051	
Miscellaneous Income	1,824,801	
Gross Deposits	568,933,914	
Less: Refunds	(13,226,875)	
Net Deposits FY 1993	555,707,039	
Less: FY 1993 Interest on BCCI Funds (a)	(9,699,036)	
Adjusted Available Income	546,008,003	546,008,003
TOTAL AVAILABLE FOR GENERAL OPERATIONS		552,936,349
EXPENSES OF PRODUCTION		
Asset Management and Disposal	(40,995,243)	
Payments to Third Parties	(68,802,697)	
Forfeiture Case Prosecution	(11,073,545)	
ADP Equipment	(22,571,925)	
Special Contract Services	(40,077,801)	
Forfeiture Training and Printing	(5,185,538)	
Other Program Management	(1,577,915)	
Total Forfeiture Program Expenses	(190,284,664)	(190,284,664)
EXCESS OF AVAILABILITY OVER EXPENSES		362,651,685
DISTRIBUTION OF EXCESS REVENUES		
Equitable Sharing	(204,796,205)	
Awards for Information	(22,030,000)	
Purchase of Evidence	(12,399,000)	
Contracts to Identify Assets	(2,555,000)	
Equipping of Conveyances	(19,191,000)	
Storage, Protection & Destruction of Drugs	(929,000)	
Transfer to Special Forfeiture Fund	(30,000,000)	
Transfer to Drug Enforcement Administration	(2,900,000)	
Total Distributions	(294,800,205)	(294,800,205)
REMAINING AVAILABILITY (b)		67,851,480
STATUS OF SPECIAL BALANCES		
FY 1991 Capital Surplus Balance Remaining		89,929
FY 1992 Super Surplus Authority	44,194,000	
Less: FY 1993 Allocations	(30,650,000)	
FY 1992 Super Surplus Balance Remaining	13,544,000	13,544,000
Accumulated Interest Earned on BCCI Funds		15,697,573
FUND BALANCE, END-OF-YEAR		\$97,182,982

NOTE: This statement reflects actual obligations as reported in the Department's official accounting reports as of September 30, 1993. Obligations are **NOT** adjusted to reflect undelivered orders.

- (a) Interest earned from the investment of proceeds relating to the forfeiture of the Bank of Credit and Commerce International (BCCI) is limited to distribution by order of the court
- (b) Of this balance, \$53 million was declared a super surplus available for use by the Attorney General in accordance with P.L. 102-393.



Appendix B



**DEPARTMENT OF JUSTICE ASSETS FORFEITURE FUND
SUMMARY OF FINANCIAL ACTIVITY
FISCAL YEAR 1993
(October 1, 1992 through September 30, 1993)**

Source of Receipts (\$557,707,039)

Total net deposits to the Assets Forfeiture Fund in the amount of \$555,707,039 consisted of forfeited cash of \$357,546,193; proceeds from the sale of forfeited property of \$155,833,275; payments in lieu of forfeiture of \$23,418,543; investment income of \$24,700,651; recovery of asset management costs of \$5,466,400; transfers from other federal agencies of \$1,824,801; and refunds of \$13,226,875.

Liens and Mortgages (\$68,802,697)

The total amount of \$68,802,697 in 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. Also included in the amount reported are payments from the Assets Forfeiture 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 (\$204,796,205)

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 1993, a total of \$204,796,205 in forfeited cash was equitably shared with state and local law enforcement agencies. In addition, the Department transferred forfeited property worth \$10,183,760 to state and local law enforcement agencies through the equitable sharing program.

Estimated Value of Property Forfeited and Not Deposited into the Assets Forfeiture Fund in FY 1993 (\$22,942,079)

In addition to the authority to sell property forfeited under the 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 and forfeiture of the property.

A total of \$11,130,518 worth of conveyances and personal property were retained for official use by the Drug Enforcement Administration (\$3,403,723), Federal Bureau of Investigation (\$4,125,503), Immigration and Naturalization Service (\$1,440,108), U.S. Marshals Service (\$918,846), U.S. Postal Inspection Service (\$254,211), Internal Revenue Service (\$904,256), and U.S. Secret Service (\$83,871).

In addition, \$1,627,801 in forfeited property was transferred by the Department of Justice to non-participating federal agencies for official use.

In FY 1993, federally forfeited conveyances and other tangible property worth \$10,183,760 were transferred to state and local law enforcement agencies that assisted in targeting and seizing the property through equitable sharing.

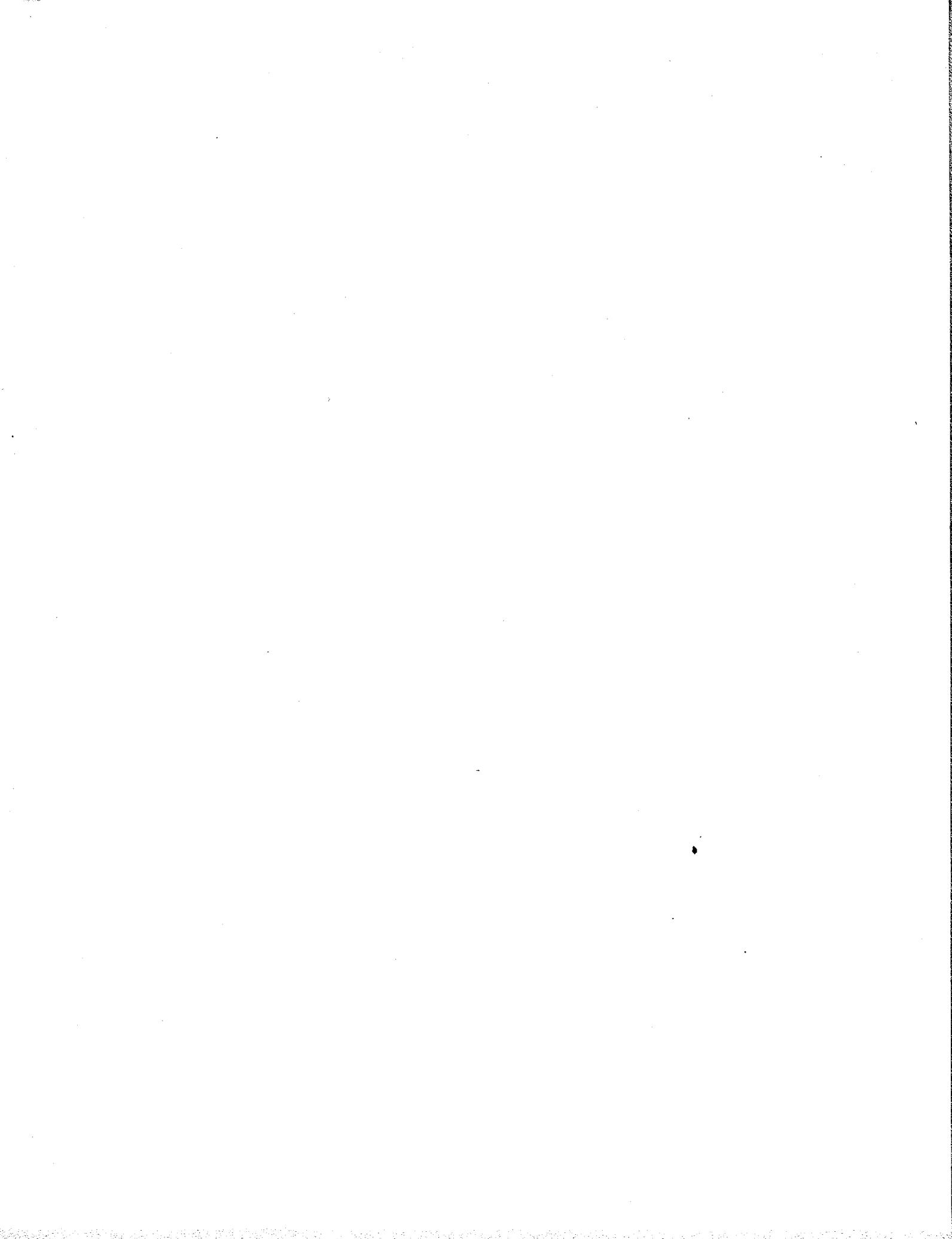
Amount of Seized Cash Held as Evidence (\$8,359,979)

Most of cash seized by the Department of Justice was used in or derived in 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 into 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 \$799.8 million, including deposits in the amount of \$427.3 million associated with the forfeiture of the Bank of Credit and Commerce International (BCCI).

A total of \$8,359,979 in seized and forfeited cash not on deposit in the SADF as of September 30, 1993 was held as evidence by the Federal Bureau of Investigation (\$7,054,906), Drug Enforcement Administration (\$733,094), Internal Revenue Service (\$509,462), U.S. Postal Inspection Service (\$59,910) and U.S. Secret Service (\$2,007). 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. As a result, the amount of seized cash not on deposit in the SADF has decreased by 33 percent from FY 1992.

Appendix C



ASSETS FORFEITURE FUND

NET DEPOSITS •

(by District)

as of September 30, 1993

#	JUDICIAL DISTRICT	CITY	FY 1985 -					TOTAL TO DATE	% OF TOTAL
			FY 1989	FY 1990	FY 1991	FY 1992	FY 1993		
1	ALABAMA	NORTHERN BIRMINGHAM	\$3,877,320	\$1,730,668	\$2,690,306	\$1,682,998	\$2,438,514	\$12,419,886	0.38%
2	ALABAMA	MIDDLE MONTGOMERY	798,288	693,761	688,842	922,587	1,235,146	4,330,545	0.13%
3	ALABAMA	SOUTHERN MOBILE	3,872,846	2,448,152	1,821,738	1,316,488	1,281,727	9,928,863	0.30%
6	ALASKA	ANCHORAGE	1,726,282	3,382,988	3,583,786	(937,347)	3,318,837	11,073,746	0.34%
8	ARIZONA	PHOENIX	9,908,689	5,277,816	8,344,335	10,365,785	10,388,288	44,282,864	1.35%
9	ARKANSAS	EASTERN LITTLE ROCK	1,334,283	1,821,840	1,258,736	1,852,811	929,389	5,996,978	0.17%
10	ARKANSAS	WESTERN PORT SMITH	247,886	268,552	434,507	1,109,896	1,831,970	3,092,011	0.09%
11	CALIFORNIA	NORTHERN SAN FRANCISCO	31,817,627	12,136,981	8,678,815	5,463,689	6,538,265	63,834,498	1.95%
12	CALIFORNIA	CENTRAL LOS ANGELES	140,984,953	58,973,452	46,839,836	25,848,927	34,142,552	297,971,719	9.18%
97	CALIFORNIA	EASTERN SACRAMENTO	18,071,806	2,822,303	3,719,373	4,432,886	3,883,264	26,048,834	0.79%
98	CALIFORNIA	SOUTHERN SAN DIEGO	39,534,725	19,988,741	25,314,787	13,848,533	21,514,895	119,328,881	3.64%
13	COLORADO	DENVER	8,687,285	9,344,788	3,721,425	4,288,588	3,078,173	29,122,189	0.89%
14	CONNECTICUT	NEW HAVEN	14,397,472	3,921,883	3,688,372	3,794,384	2,388,588	28,391,949	0.87%
15	DELAWARE	WILMINGTON	1,348,939	1,835,413	988,483	937,188	652,758	5,682,685	0.17%
16	DIST OF COLUMBIA	WASH., D.C.	2,165,313	1,839,138	681,821	989,516	2,619,824	7,415,684	0.23%
4	FLORIDA	SOUTHERN MIAMI	79,891,849	42,381,793	38,734,761	41,993,322	45,262,211	247,383,136	7.55%
17	FLORIDA	NORTHERN PENSACOLA	2,855,236	3,124,898	1,952,519	4,296,486	1,859,427	14,088,479	0.43%
18	FLORIDA	MIDDLE TAMPA	12,728,711	13,992,325	16,828,842	23,534,678	11,857,375	78,148,123	2.39%
19	GEORGIA	NORTHERN ATLANTA	19,663,546	18,312,511	6,887,817	11,286,638	18,814,742	66,884,485	2.01%
20	GEORGIA	MIDDLE MACON	2,918,127	1,529,878	1,792,137	3,288,339	1,289,642	10,731,922	0.33%
21	GEORGIA	SOUTHERN SAVANNAH	4,278,528	1,849,887	1,856,648	2,460,889	2,758,164	13,195,157	0.40%
22	HAWAII	HONOLULU	7,488,884	5,918,953	5,483,238	4,324,814	5,433,227	28,553,115	0.87%
23	IDAHO	BOISE	461,274	315,644	377,819	633,233	684,851	2,392,021	0.07%
24	ILLINOIS	NORTHERN CHICAGO	18,947,771	13,141,194	8,683,831	12,971,565	14,729,722	68,394,883	2.09%
25	ILLINOIS	SOUTHERN B. ST. LOUIS	2,784,369	1,389,843	1,396,377	2,478,349	1,685,448	9,654,379	0.29%
26	ILLINOIS	CENTRAL SPRINGFIELD	1,283,983	1,849,188	737,275	2,844,557	723,484	5,758,487	0.18%
27	INDIANA	NORTHERN SOUTH BEND	1,432,826	1,126,986	1,741,318	3,196,667	683,344	8,181,852	0.25%
28	INDIANA	SOUTHERN INDIANAPOLIS	1,935,784	1,853,339	1,611,228	3,625,838	2,476,983	11,582,285	0.35%
29	IOWA	NORTHERN CEDAR RAPIDS	475,883	569,328	429,454	329,864	565,978	2,369,628	0.07%
30	IOWA	SOUTHERN DES MOINES	956,611	273,599	1,857,588	1,122,491	1,478,826	4,889,835	0.15%
31	KANSAS	TOPEKA	1,835,265	1,184,781	1,588,388	744,689	1,292,437	5,865,473	0.18%
32	KENTUCKY	EASTERN LEXINGTON	1,191,488	999,664	1,513,984	2,554,087	3,124,211	9,383,265	0.29%
33	KENTUCKY	WESTERN LOUISVILLE	1,638,538	985,589	1,819,138	657,837	1,585,983	6,518,278	0.20%
34	LOUISIANA	EASTERN NEW ORLEANS	5,896,874	7,497,671	3,823,124	2,783,888	3,979,251	23,179,287	0.71%
35	LOUISIANA	WESTERN SHREVEPORT	2,832,818	1,853,431	851,183	217,879	672,331	4,826,834	0.15%
95	LOUISIANA	MIDDLE BATON ROUGE	1,482,535	345,257	1,195,427	183,939	88,347	3,295,585	0.10%
36	MAINE	PORTLAND	2,683,367	326,212	954,878	1,897,836	611,998	6,394,283	0.20%
37	MARYLAND	BALTIMORE	8,125,491	7,588,799	4,577,241	6,487,581	3,433,295	38,133,488	0.92%
38	MASSACHUSETTS	BOSTON	12,823,488	6,598,855	4,464,849	5,539,516	10,939,352	48,357,181	1.23%
39	MICHIGAN	EASTERN DETROIT	23,338,294	6,294,211	8,478,997	4,486,928	14,228,436	56,738,859	1.73%
40	MICHIGAN	WESTERN GRAND RAPIDS	2,885,355	1,981,439	1,466,867	568,134	1,164,926	7,265,921	0.22%
41	MINNESOTA	MINNEAPOLIS	6,529,114	2,434,831	2,347,829	2,384,524	2,493,776	16,189,275	0.49%
42	MISSISSIPPI	NORTHERN OXFORD	46,394	845,311	2,286,726	1,385,142	693,875	5,177,449	0.16%
43	MISSISSIPPI	SOUTHERN JACKSON	3,433,327	949,528	1,484,495	1,124,322	1,984,581	8,896,173	0.27%
44	MISSOURI	EASTERN ST. LOUIS	7,838,847	4,959,778	3,857,286	4,399,215	5,183,928	24,559,838	0.75%
45	MISSOURI	WESTERN KANSAS CITY	2,987,371	1,546,577	2,612,563	2,418,499	3,356,872	12,913,882	0.39%
46	MONTANA	BILLINGS	766,989	468,159	86,888	462,748	1,298,758	3,874,647	0.09%
47	NEBRASKA	OMAHA	756,435	379,251	583,968	912,944	1,786,343	4,338,933	0.13%
48	NEVADA	LAS VEGAS	5,161,783	1,188,175	4,828,996	10,883,888	2,638,658	23,884,592	0.73%
49	NEW HAMPSHIRE	CONCORD	863,857	476,524	471,258	1,876,115	562,714	3,449,668	0.11%
50	NEW JERSEY	NEWARK	6,894,839	3,215,128	2,916,482	5,854,471	6,119,588	24,199,693	0.74%
51	NEW MEXICO	ALBUQUERQUE	4,978,779	2,541,238	2,849,948	3,411,356	3,149,228	16,922,549	0.52%
52	NEW YORK	NORTHERN UTICA	2,872,858	3,338,912	2,158,221	1,895,844	2,455,928	11,984,146	0.36%
53	NEW YORK	EASTERN BROOKLYN	78,869,135	34,951,569	58,585,611	43,981,158	62,781,313	262,368,776	8.01%
54	NEW YORK	SOUTHERN NEW YORK	265,548,261	25,193,317	186,323,647	72,987,888	36,896,563	586,861,647	17.89%
55	NEW YORK	WESTERN BUFFALO	4,466,493	2,624,457	3,375,313	4,848,592	5,331,337	19,838,192	0.61%
56	N. CAROLINA	EASTERN RALEIGH	6,472,317	3,917,278	4,118,188	3,977,297	3,279,376	21,756,372	0.66%
57	N. CAROLINA	MIDDLE GREENSBORO	3,878,124	2,814,569	1,789,648	1,899,888	4,884,845	14,446,984	0.44%
58	N. CAROLINA	WESTERN ASHEVILLE	3,196,856	1,834,788	3,817,942	3,864,578	4,784,214	15,817,578	0.48%

ASSETS FORFEITURE FUND

NET DEPOSITS •

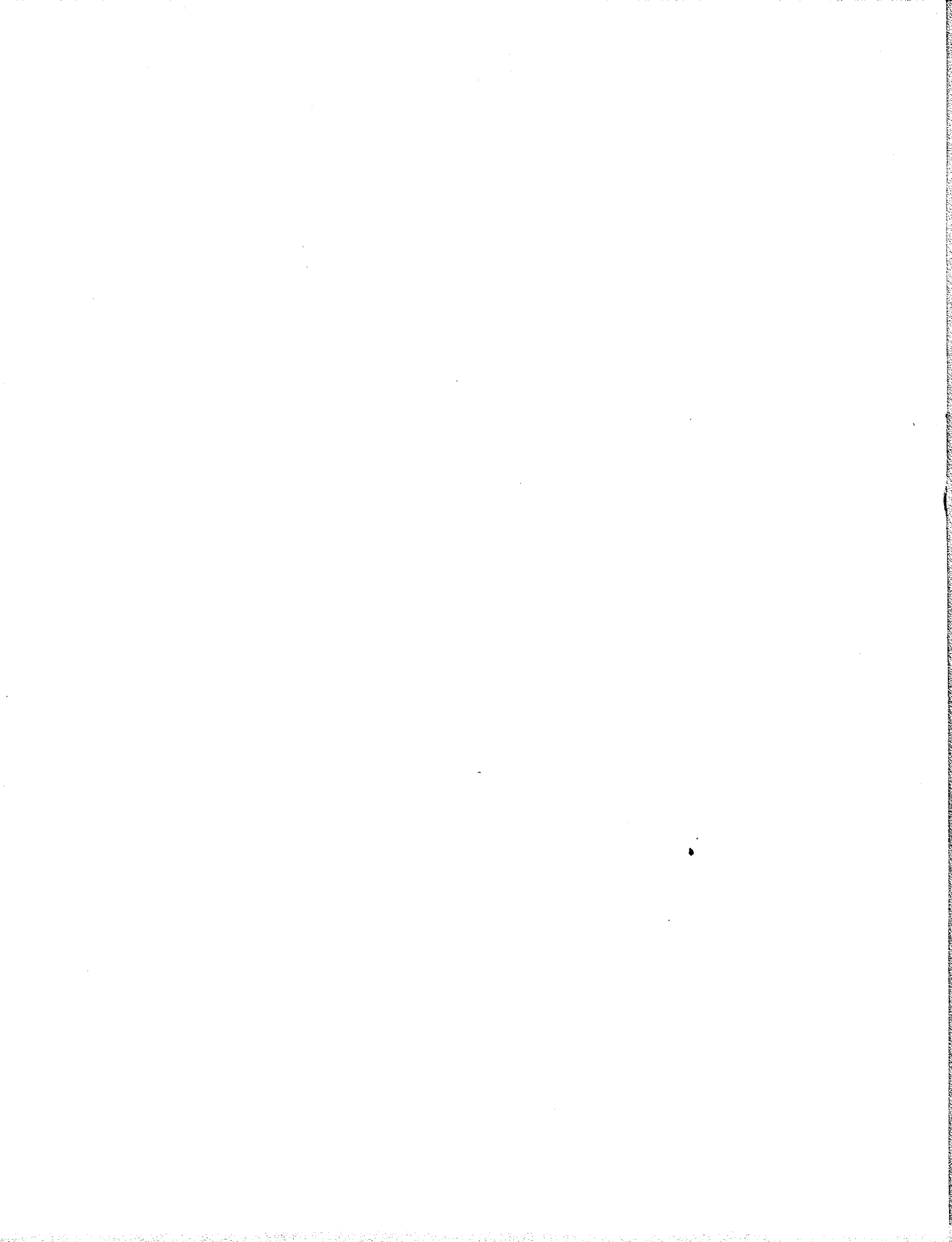
(by District)

as of September 30, 1993

#	JUDICIAL DISTRICT	CITY	FY 1985 - FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	TOTAL TO DATE	% OF TOTAL
59	N.DAKOTA	FARGO	26,577	196,256	102,110	100,892	160,457	682,292	0.02%
60	OHIO	NORTHERN CLEVELAND	2,912,747	2,140,078	3,047,378	4,291,811	5,979,473	18,371,487	0.56%
61	OHIO	SOUTHERN COLUMBUS	6,658,398	3,302,822	4,124,147	3,371,701	5,554,467	23,011,535	0.70%
62	OKLAHOMA	NORTHERN TULSA	978,006	1,064,532	1,604,127	2,160,399	1,240,722	7,057,508	0.22%
63	OKLAHOMA	EASTERN MUSKOGEE	178,436	955,243	197,104	454,568	600,777	2,466,127	0.08%
64	OKLAHOMA	WESTERN OK CITY	4,058,415	1,491,364	1,758,959	1,237,966	640,670	9,187,373	0.28%
65	OREGON	PORTLAND	7,350,301	3,556,687	3,848,957	4,629,240	5,030,203	24,434,478	0.75%
66	PENNSYLVANIA	EASTERN PHILADELPHIA	16,095,640	5,912,265	4,912,952	8,325,177	8,866,306	44,312,690	1.35%
67	PENNSYLVANIA	MIDDLE SCRANTON	11,082,176	711,605	981,047	2,390,545	731,103	16,104,477	0.49%
68	PENNSYLVANIA	WESTERN PITTSBURGH	1,787,804	1,857,770	1,178,061	1,061,403	1,765,028	7,647,437	0.23%
69	PUERTO RICO	SAN JUAN	2,931,891	8,016,907	17,503,615	7,445,752	6,726,621	42,624,596	1.30%
70	RHODE ISLAND	PROVIDENCE	2,715,282	1,353,181	1,162,147	1,519,600	627,806	7,378,095	0.23%
71	S.CAROLINA	COLUMBIA	4,031,063	3,160,481	4,151,276	2,182,375	2,882,596	15,477,692	0.47%
73	S.DAKOTA	SIOUX FALLS	472,974	126,314	229,893	179,540	169,696	1,177,618	0.04%
74	TENNESSEE	EASTERN KNOXVILLE	997,694	1,014,608	1,412,000	1,201,348	1,715,629	6,341,360	0.19%
75	TENNESSEE	MIDDLE NASHVILLE	2,226,971	1,474,183	1,632,733	2,032,485	2,131,478	9,497,851	0.29%
76	TENNESSEE	WESTERN MEMPHIS	3,461,852	1,971,612	1,396,038	3,065,976	3,684,008	13,579,486	0.41%
77	TEXAS	NORTHERN DALLAS	14,275,494	7,474,677	8,230,575	7,664,735	14,163,623	51,809,104	1.58%
78	TEXAS	EASTERN TYLER	5,250,744	2,424,727	1,083,332	1,883,307	2,045,892	12,707,202	0.39%
79	TEXAS	SOUTHERN HOUSTON	39,811,593	26,745,440	24,232,872	19,888,793	29,305,549	139,184,247	4.25%
80	TEXAS	WESTERN SAN ANTONIO	10,338,752	7,218,139	16,637,563	12,671,171	12,302,150	59,167,775	1.81%
81	UTAH	SALT LAKE CITY	1,574,148	338,856	234,679	1,611,429	2,383,654	6,142,765	0.19%
82	VERMONT	BURLINGTON	1,556,089	624,455	1,062,355	1,106,376	1,061,344	5,490,620	0.17%
83	VIRGINIA	EASTERN NORFOLK	9,253,581	7,468,342	9,351,011	10,032,860	8,944,429	45,050,221	1.38%
84	VIRGINIA	WESTERN ROANOKE	1,605,098	669,088	856,153	3,288,425	1,673,650	8,092,414	0.25%
85	WASHINGTON	EASTERN SPOKANE	743,385	748,864	431,827	478,042	1,900,704	4,302,822	0.13%
86	WASHINGTON	WESTERN SEATTLE	5,708,788	4,564,092	2,668,603	6,045,363	5,681,840	24,668,686	0.75%
87	WEST VIRGINIA	NORTHERN FAIRMONT	376,168	362,604	35,689	450,470	513,921	1,738,852	0.05%
88	WEST VIRGINIA	SOUTHERN CHARLESTON	1,414,147	1,524,107	839,179	907,271	857,934	5,622,639	0.17%
89	WISCONSIN	EASTERN MILWAUKEE	7,455,312	1,904,718	2,584,997	3,488,333	2,287,000	17,720,440	0.54%
90	WISCONSIN	WESTERN MADISON	578,751	361,605	1,048,524	616,441	514,682	3,120,003	0.10%
91	WYOMING	CHEYENNE	837,389	77,134	225,649	395,712	606,694	2,142,578	0.07%
5	N. MARIANA IS.		9,877	0	0	0	0	9,877	0.00%
93	GUAM	AGANA	21,505	32,000	0	163,898	94,144	311,546	0.01%
94	VIRGIN ISLANDS	ST. THOMAS	1,151,012	533,396	213,078	126,130	419,130	2,442,755	0.07%
	OTHER		29,262,756	7,319,363	7,243,934	7,566,623	5,642,959	57,035,634	1.74%
	INVESTMENT INCOME		4,484,859	8,487,926	13,526,621	15,300,420	15,001,615	56,810,450	1.73%
SUBTOTAL:			1,085,225,486	459,562,832	644,315,783	524,968,785	546,009,640	3,260,082,526	99.52%
	BCCI					5,998,537	9,487,399	15,695,936	0.48%
GRAND TOTAL:			1,085,225,486	459,562,832	644,315,783	530,967,322	555,707,039	3,275,778,462	100.00%

• These figures represent official accounting transactions. They do not reflect total forfeiture activity for any jurisdiction.

Appendix D



ASSETS FORFEITURE FUND EQUITABLE SHARING DISBURSEMENTS

(by District)

as of September 30, 1993

#	JUDICIAL DISTRICT	CITY	FY 1986 -				TOTAL TO DATE	% of TOTAL SHARING
			FY 1990	FY 1991	FY 1992	FY 1993		
1	ALABAMA	NORTHERN BIRMINGHAM	\$2,738,544	\$1,527,805	\$1,315,219	1,232,019	26,813,587	0.58%
2	ALABAMA	MIDDLE MONTGOMERY	912,558	360,105	524,668	504,663	2,301,993	0.28%
3	ALABAMA	SOUTHERN MOBILE	3,283,828	1,091,862	1,188,657	350,113	5,914,459	0.51%
6	ALASKA	ANCHORAGE	1,726,869	567,381	578,795	831,522	3,704,566	0.32%
8	ARIZONA	PHOENIX	2,988,527	4,416,801	4,637,618	4,626,695	16,668,842	1.43%
9	ARKANSAS	EASTERN LITTLE ROCK	1,743,840	1,029,623	735,095	466,268	3,974,827	0.34%
10	ARKANSAS	WESTERN FORT SMITH	251,604	326,253	256,473	745,434	1,579,763	0.14%
11	CALIFORNIA	NORTHERN SAN FRANCISCO	21,809,219	8,670,844	2,643,322	1,954,980	35,078,285	3.01%
12	CALIFORNIA	CENTRAL LOS ANGELES	114,020,499	25,758,801	22,924,518	14,661,822	177,364,840	15.28%
97	CALIFORNIA	EASTERN SACRAMENTO	7,593,423	3,851,925	1,895,213	1,487,843	14,738,404	1.26%
98	CALIFORNIA	SOUTHERN SAN DIEGO	13,684,696	14,358,229	6,067,826	8,663,011	42,763,762	3.67%
13	COLORADO	DENVER	10,306,448	2,541,712	2,580,662	1,153,198	16,582,020	1.42%
14	CONNECTICUT	NEW HAVEN	10,974,993	1,951,153	1,549,024	1,040,165	15,515,334	1.33%
15	DELAWARE	WILMINGTON	1,185,316	1,073,460	769,261	462,562	3,490,599	0.30%
16	DIST. OF COLUMBIA	WASH. D.C.	5,488,495	34,354	274,667	316,416	6,113,931	0.52%
4	FLORIDA	SOUTHERN MIAMI	7,847,775	22,155,157	5,486,429	6,993,733	42,483,094	3.64%
17	FLORIDA	NORTHERN PENSACOLA	1,891,473	1,829,862	1,756,011	604,802	6,082,149	0.52%
18	FLORIDA	MIDDLE TAMPA	5,070,453	3,208,830	5,446,484	2,839,093	16,584,769	1.42%
19	GEORGIA	NORTHERN ATLANTA	5,444,720	5,278,476	6,203,490	4,514,857	21,441,543	1.84%
20	GEORGIA	MIDDLE MACON	1,620,868	1,386,868	2,132,734	1,179,354	6,319,814	0.54%
21	GEORGIA	SOUTHERN SAVANNAH	3,286,204	1,544,392	1,692,871	979,399	7,502,866	0.64%
22	HAWAII	HONOLULU	1,286,243	1,954,447	3,112,105	2,345,050	8,697,845	0.75%
23	IDAHO	BOISE	386,400	285,122	251,461	173,250	1,096,234	0.09%
24	ILLINOIS	NORTHERN CHICAGO	8,040,843	4,980,119	4,395,485	3,977,843	21,394,290	1.83%
25	ILLINOIS	SOUTHERN E. ST. LOUIS	2,948,144	774,517	999,089	927,433	5,649,182	0.48%
26	ILLINOIS	CENTRAL SPRINGFIELD	1,119,671	880,490	1,474,484	342,156	3,816,800	0.33%
27	INDIANA	NORTHERN SOUTH BEND	1,498,004	1,149,299	1,616,559	573,623	4,837,484	0.41%
28	INDIANA	SOUTHERN INDIANAPOLIS	1,202,177	884,823	2,001,775	1,680,517	5,769,292	0.49%
29	IOWA	NORTHERN CEDAR RAPIDS	736,777	392,047	136,492	342,937	1,608,253	0.14%
30	IOWA	SOUTHERN DES MOINES	489,648	607,245	716,976	1,192,152	3,006,021	0.26%
31	KANSAS	TOPEKA	1,388,763	1,119,832	422,225	1,000,497	3,931,318	0.34%
32	KENTUCKY	EASTERN LEXINGTON	1,611,318	1,488,860	1,521,284	2,013,959	6,635,421	0.57%
33	KENTUCKY	WESTERN LOUISVILLE	1,266,601	920,270	494,768	587,056	3,268,696	0.28%
34	LOUISIANA	EASTERN NEW ORLEANS	4,804,616	1,776,805	1,386,434	2,202,134	10,169,990	0.87%
35	LOUISIANA	WESTERN SHREVEPORT	2,018,495	588,971	179,140	184,058	2,970,664	0.25%
95	LOUISIANA	MIDDLE BATON ROUGE	1,112,032	412,994	123,726	60,276	1,709,029	0.15%
36	MAINE	PORTLAND	1,819,573	498,980	1,089,754	179,288	3,587,595	0.31%
37	MARYLAND	BALTIMORE	6,944,426	2,323,774	3,173,457	1,694,171	14,135,829	1.21%
38	MASSACHUSETTS	BOSTON	6,748,629	2,016,511	2,103,985	4,468,689	15,337,814	1.31%
39	MICHIGAN	EASTERN DETROIT	10,447,649	7,752,175	3,097,732	5,132,762	26,430,318	2.27%
40	MICHIGAN	WESTERN GRAND RAPIDS	1,116,029	1,687,317	421,594	535,290	3,760,231	0.32%
41	MINNESOTA	MINNEAPOLIS	4,159,981	1,332,563	1,176,128	1,670,486	8,339,158	0.71%
42	MISSISSIPPI	NORTHERN OXFORD	615,556	515,249	618,436	142,752	1,891,993	0.16%
43	MISSISSIPPI	SOUTHERN JACKSON	2,651,051	1,182,747	703,024	1,120,474	5,657,296	0.48%
44	MISSOURI	EASTERN ST. LOUIS	7,341,679	3,269,602	3,090,522	3,853,662	17,555,465	1.50%
45	MISSOURI	WESTERN KANSAS CITY	2,790,993	1,947,685	1,893,756	2,130,886	8,763,320	0.75%
46	MONTANA	BILLINGS	168,192	227,891	250,702	658,636	1,305,420	0.11%
47	NEBRASKA	OMAHA	865,077	382,140	637,681	1,376,453	3,261,351	0.28%
48	NEVADA	LAS VEGAS	2,498,358	219,575	6,340,109	1,922,205	10,980,247	0.94%
49	NEW HAMPSHIRE	CONCORD	488,545	402,448	637,262	250,969	1,779,223	0.15%
50	NEW JERSEY	NEWARK	2,614,664	2,102,402	1,040,568	1,990,648	7,748,282	0.66%
51	NEW MEXICO	ALBUQUERQUE	2,482,351	2,340,994	1,714,820	1,468,010	8,006,176	0.69%
52	NEW YORK	NORTHERN UTICA	3,083,010	2,345,349	1,014,952	1,078,032	7,521,344	0.64%
53	NEW YORK	EASTERN BROOKLYN	31,198,949	33,554,746	23,466,289	13,280,850	101,500,834	8.70%
54	NEW YORK	SOUTHERN NEW YORK	14,787,291	6,667,800	7,830,508	5,950,298	35,235,897	3.02%
55	NEW YORK	WESTERN BUFFALO	5,169,957	2,305,992	3,055,466	1,640,257	12,171,672	1.04%
56	N. CAROLINA	EASTERN RALEIGH	5,687,077	3,040,086	2,687,776	1,444,213	12,859,151	1.10%
57	N. CAROLINA	MIDDLE GREENSBORO	5,434,009	1,322,388	1,323,215	2,155,572	10,235,184	0.88%
58	N. CAROLINA	WESTERN ASHEVILLE	1,965,222	2,119,813	2,789,456	1,244,369	8,118,859	0.70%

ASSETS FORFEITURE FUND EQUITABLE SHARING DISBURSEMENTS

(by District)

as of September 30, 1993

#	JUDICIAL DISTRICT	CITY	FY 1986 -				TOTAL TO DATE	% of TOTAL SHARING
			FY 1990	FY 1991	FY 1992	FY 1993		
59	N.DAKOTA	FARGO	143,609	56,190	68,688	55,661	324,147	0.03%
60	OHIO	NORTHERN CLEVELAND	1,997,938	1,653,734	3,017,830	1,944,633	8,614,155	0.74%
61	OHIO	SOUTHERN COLUMBUS	4,949,179	3,835,818	2,218,574	3,398,996	14,402,367	1.23%
62	OKLAHOMA	NORTHERN TULSA	1,360,069	409,075	2,225,360	394,360	4,388,864	0.38%
63	OKLAHOMA	EASTERN MUSKOGEE	373,775	91,626	226,294	268,366	960,061	0.08%
64	OKLAHOMA	WESTERN OK CITY	2,730,331	2,477,590	593,525	423,967	6,225,413	0.53%
65	OREGON	PORTLAND	7,458,876	2,709,291	1,839,416	3,242,872	15,250,454	1.31%
66	PENNSYLVANIA	EASTERN PHILADELPHIA	4,147,223	1,667,896	1,623,214	1,467,438	8,905,770	0.76%
67	PENNSYLVANIA	MIDDLE SCRANTON	1,765,968	382,169	650,208	269,342	3,067,688	0.26%
68	PENNSYLVANIA	WESTERN PITTSBURGH	1,657,593	459,667	1,051,990	1,034,532	4,203,773	0.36%
69	PUERTO RICO	SAN JUAN	630,568	255,513	4,567,572	1,343,934	6,797,587	0.58%
70	RHODE ISLAND	PROVIDENCE	2,442,784	844,181	1,019,074	256,154	4,562,194	0.39%
71	S.CAROLINA	COLUMBIA	6,246,278	1,758,711	2,579,728	1,308,541	11,893,258	1.02%
73	S.DAKOTA	SIOUX FALLS	58,588	130,907	92,213	43,122	324,831	0.03%
74	TENNESSEE	EASTERN KNOXVILLE	888,003	608,273	1,083,915	866,223	3,446,414	0.30%
75	TENNESSEE	MIDDLE NASHVILLE	1,503,852	764,392	1,080,296	1,478,489	4,747,029	0.41%
76	TENNESSEE	WESTERN MEMPHIS	3,111,009	1,725,701	2,296,355	1,519,487	8,652,551	0.74%
77	TEXAS	NORTHERN DALLAS	12,964,849	6,548,010	2,585,414	6,459,074	28,557,346	2.45%
78	TEXAS	EASTERN TYLER	2,647,115	1,105,063	1,275,019	1,202,403	6,229,599	0.53%
79	TEXAS	SOUTHERN HOUSTON	17,401,760	11,231,714	11,838,939	7,959,022	48,431,435	4.15%
80	TEXAS	WESTERN SAN ANTONIO	7,523,099	8,689,404	5,712,053	5,367,780	27,292,336	2.34%
81	UTAH	SALT LAKE CITY	1,330,143	600,141	485,275	1,131,784	3,547,343	0.30%
82	VERMONT	BURLINGTON	885,059	654,810	491,271	888,834	2,919,974	0.25%
83	VIRGINIA	EASTERN NORFOLK	7,058,075	5,601,206	4,919,210	3,894,847	21,473,338	1.84%
84	VIRGINIA	WESTERN ROANOKE	1,303,473	603,970	2,179,756	1,057,306	5,144,505	0.44%
85	WASHINGTON	EASTERN SPOKANE	698,359	419,019	386,919	1,131,607	2,635,904	0.23%
86	WASHINGTON	WESTERN SEATTLE	1,793,424	1,250,263	1,092,468	1,494,278	5,630,412	0.48%
87	WEST VIRGINIA	NORTHERN FAIRMONT	456,686	109,452	174,657	140,949	881,744	0.08%
88	WEST VIRGINIA	SOUTHERN CHARLESTON	1,202,485	1,291,143	649,950	570,087	3,713,665	0.32%
89	WISCONSIN	EASTERN MILWAUKEE	3,890,721	2,785,383	1,482,945	1,571,322	9,730,371	0.83%
90	WISCONSIN	WESTERN MADISON	645,932	450,547	643,465	364,345	2,104,290	0.18%
91	WYOMING	CHEYENNE	715,433	177,806	279,022	217,391	1,389,653	0.12%
5	N. MARIANA IS.		0			0	0	0.00%
93	GUAM	AGANA	21,599	6,762	36,710	70,329	135,400	0.01%
94	VIRGIN ISLANDS	ST. THOMAS	75,000	184,842	17,463	39,155	316,461	0.03%
	FOREIGN GOVT		2,000,000		12,370,405	11,364,985	25,735,390	2.21%
	OTHER		388,430	1,700			390,130	0.03%
	GRAND TOTALS:		479,235,628	262,278,330	232,423,216	192,851,302	1,166,788,476	100.00%

Appendix E



**Properties on Hand as of September 30, 1993
with Equity Valued at \$1 Million or More**

REAL PROPERTY

JUDICIAL DISTRICT	CASE NUMBER	DESCRIPTION	APPRAISED VALUE	LIENS	EQUITY	STATUS
Central District of CALIFORNIA	85-2735-1-1	12114-16 Deana Street El Monte, CA	\$1,825,000	\$364,000	\$1,461,000	Property submitted to GSA for sale scheduled for April 30, 1994.
Central District of CALIFORNIA	89-1357-1-1	411 West 7th Street Los Angeles, CA	\$16,000,000	\$8,641,000	\$7,359,000	Forfeiture pending resolution of criminal trial.
Central District of CALIFORNIA	91-5150-1-1	344 Conway Avenue Los Angeles, CA	\$2,500,000	\$1,194,866	\$1,305,134	Waiting for an appeal issue to be resolved.
Central District of CALIFORNIA	89-1694-1-1	36780 Esplanade Avenue San Jacinto, CA	\$2,664,000	\$1,530,726	\$1,133,274	Forfeiture order received October 6, 1993.
Central District of CALIFORNIA	85-2734-1-1	2435 Central Avenue South El Monte, CA	\$1,079,108	\$28,792	\$1,050,316	Pending GSA sale scheduled for April 30, 1994.
Southern District of CALIFORNIA	92-1941	104 Acres San Diego, CA	\$2,960,000	\$1,147,476	\$1,812,524	Property listed with Scher-Voit Commercial Brokerage Company, Inc. on September 15, 1993.
Southern District of FLORIDA	91-0135-CIV-M/FL	Vacant Land - Agricultural 23300 S.W. 36th Street Fort Lauderdale, FL	\$1,700,000	\$10,600	\$1,689,400	Property has been listed for sale for one and half years, including this year's GSA auction, with negative results. The list price has been reduced to stimulate sale activity.
Southern District of FLORIDA	91-0040-CIV-M/FL	Vacant Land - Industrial 7290 N.W. 77th Court Miami, FL	\$1,945,000	\$612,000	\$1,333,000	This case is actually two separate parcels of land which are being sold separately. One parcel is under contract at \$1,684,000 and the second parcel is listed for sale at \$1,000,000.
Southern District of FLORIDA	91-1065-CIV-Davis	23 Lots plus 3.45 acres Hialeah Gardens, FL	\$1,070,000	\$13,000	\$1,057,000	Property forfeited and pending sale.

**Properties on Hand as of September 30, 1993
with Equity Valued at \$1 Million or More**

REAL PROPERTY (Con't)

JUDICIAL DISTRICT	CASE NUMBER	DESCRIPTION	APPRAISED VALUE	LIENS	EQUITY	STATUS
District of HAWAII	N-89-397-1-1	5132 Hoona Road Koloa Kauai, HI	\$1,789,000	\$0	\$1,789,000	Waiting for a new appraisal because property was destroyed by a hurricane.
District of IDAHO	92-0100-1-1	13324 & 13328 Hwy 75N Ketchum Blaine, ID	\$2,345,000	N/A	N/A	Property will be ordered returned to Steven D. Wymer Settlement Fund.
District of NEW JERSEY	CA-93-1282	78 Fox Hedge Road Saddle River, NJ	\$1,870,000	\$0	\$1,870,000	Pending forfeiture.
Eastern District of NEW YORK	CV91-4494	1256 Grand Street Brooklyn, NY	\$2,000,000	\$371,750	\$1,628,250	Stipulation order before court for disposal of property.
Eastern District of NEW YORK	CV92-0400	166-05 88th Avenue Queens, NY	\$1,650,000	N/A	N/A	A sale of the property was pending at time of seizure. The U.S. Attorney's Office was arranging to seize the proceeds out of which the liens would have been paid.
Southern District of NEW YORK	92-7784	560 West 165th Street New York, NY	\$2,700,000	\$350,000	\$2,350,000	Trial postponed.
Eastern District of MICHIGAN	92-CV-71868	17201 25 Mile Road Mount Clemons, MI	\$12,250,000	\$8,000,000	\$4,250,000	Awaiting trial.
District of RHODE ISLAND	CA89-0603	Track of land in Great Harbor Neck New Shoreham, RI	\$1,800,000	\$0	\$1,800,000	Sold for \$1,450,000 to the Nature Conservancy and Department of Interior. Closing pending.

	Total Appraised Value	Total Liens *	Total Equity	Total Number of Properties
Total Real Properties on Hand as of September 30, 1993 with Equity Valued at \$1 Million or More	\$58,147,108	\$22,264,210	\$31,887,898	17
<i>* Lien information for Case Numbers 92-0100-1-1 and CV92-0400 was not available and is not included in the dollar amount for total liens.</i>				

**Properties on Hand as of September 30, 1993
with Equity Valued at \$1 Million or More**

BUSINESSES AND OWNERSHIP INTERESTS

JUDICIAL DISTRICT	CASE NUMBER	DESCRIPTION	APPRAISED VALUE	LIENS	EQUITY	STATUS
Central District of CALIFORNIA	87-479 S/FL(CR) 1-1	Bicycle Club Bell Gardens, CA	\$34,200,000	\$0	\$34,200,000	Pending forfeiture.
Southern District of FLORIDA	88-12082-Civ-Hoover	4,430 Acre Ranch SJ&W Ranch Moorehaven Glades, FL	\$4,000,000	\$0 (See Status)	\$4,000,000	The U.S. Attorney's Office is presently preparing for trial scheduled for late in 1994. Estate taxes are paid on a monthly basis by the owner/occupant.
District of HAWAII	N-89-397 3-1	Kolda Self Storage Business	\$1,840,000	\$0	\$1,840,000	Forfeited August 12, 1993.
Eastern District of MICHIGAN	92-CV-71868 (2-1)	Golf Course 17201 25 Mile Road Mt. Clemons, MI	\$12,250,000	\$8,000,000	\$4,250,000	Pending Trial.
Eastern District of TEXAS	3-92-CV-4373-D (1-1)	Farm / Ranch Palestine, TX	See Status	\$0	See Status	FIRREA case - substitute custodian is FDIC. Appraisal has not been conducted yet.

	Total Appraised Value	Total Liens	Total Equity	Total Number of Properties
Total Businesses and Ownership Interests on Hand as of September 30, 1993 with Equity Valued at \$1 Million or More	\$52,290,000	\$8,000,000	\$44,290,000	5

**Properties on Hand as of September 30, 1993
with Equity Valued at \$1 Million or More**

CASH AND FINANCIAL INSTRUMENTS

JUDICIAL DISTRICT	CASE NUMBER	DESCRIPTION	APPRAISED VALUE	LIENS	EQUITY	STATUS
Middle District of ALABAMA	91-V-689E (1-1)	Savings Account	\$2,357,656	N/A	\$2,357,656	Pending forfeiture.
District of ARIZONA	MN-90-0079 1-1	U.S. Currency	\$1,348,174	N/A	\$1,348,174	Pending forfeiture.
Central District of CALIFORNIA	90-5941 2-1	U.S. Currency	\$1,734,477	N/A	\$1,734,477	Pending forfeiture.
Central District of CALIFORNIA	R1-91-224 2-1	U.S. Currency	\$1,829,589	N/A	\$1,829,589	Pending forfeiture.
Central District of CALIFORNIA	R1-93-0137 1-1	U.S. Currency	\$1,976,617	N/A	\$1,976,617	Pending forfeiture.
Central District of CALIFORNIA	RP-93-0026 1-1	U.S. Currency	\$2,366,687	N/A	\$2,366,687	Pending forfeiture.
Central District of CALIFORNIA	89-3449 1-1	Financial Instrument	\$1,061,356	N/A	\$1,061,356	Pending forfeiture.
Northern District of CALIFORNIA	3790-92-067 1-1	U.S. Currency	\$1,868,830	N/A	\$1,868,830	Pending forfeiture.
District of COLUMBIA	OBCCI / Crim No. 91-0655	U.S. Currency	\$465,909,023	N/A	\$465,909,023	Currently in holding account.
Middle District of FLORIDA	92-1050-CR--S/NY	Stocks and Bonds	\$1,174,805	N/A	\$1,174,805	Pending forfeiture.
Middle District of FLORIDA	G4-93-Z002	U.S. Currency	\$2,471,733	N/A	\$2,471,733	Pending forfeiture.
Middle District of FLORIDA	G4-93-Z003	U.S. Currency	\$2,146,087	N/A	\$2,146,087	Pending forfeiture.

**Properties on Hand as of September 30, 1993
with Equity Valued at \$1 Million or More**

CASH AND FINANCIAL INSTRUMENTS (Con't)

JUDICIAL DISTRICT	CASE NUMBER	DESCRIPTION	APPRAISED VALUE	LIENS	EQUITY	STATUS
Middle District of FLORIDA	92-177-ORL	U.S. Currency	\$2,494,768	N/A	\$2,494,768	Pending forfeiture.
Northern District of ILLINOIS	92-C-20288 (1-1)	Stock (122,942 shares)	\$2,400,000	N/A	\$2,400,000	Pending forfeiture.
Northern District of ILLINOIS	92C-20289 (1-1)	Stock (105,800 shares)	\$2,400,000	N/A	\$2,400,000	Pending forfeiture.
Northern District of ILLINOIS	92-c-20290 (1-1)	Stock (49,032 shares)	\$2,400,000	N/A	\$2,400,000	Pending forfeiture.
Eastern District of MICHIGAN	17-92-Z006 (1-1)	U.S. Currency	\$1,264,410	N/A	\$1,264,410	Pending forfeiture.
District of NEVADA	92-570(CR) B/LA 1-1	U.S. Currency	\$1,055,396	N/A	\$1,055,396	Pending forfeiture.
District of NEW JERSEY	CA-90-2642	Letter of Credit	\$5,000,000	N/A	\$5,000,000	Pending forfeiture.
District of NEW JERSEY	CA-93-0896	U.S. Currency	\$1,253,543	N/A	\$1,253,543	Pending forfeiture.
District of NEW MEXICO	93-0102 1-80	U.S. Currency	\$1,748,111	N/A	\$1,748,111	Pending forfeiture.
Eastern District of NEW YORK	3540-93-164	U.S. Currency	\$1,999,050	N/A	\$1,999,050	Pending forfeiture.
Eastern District of NEW YORK	C1-93-Z005	U.S. Currency	\$1,678,612	N/A	\$1,678,612	Pending forfeiture.
Eastern District of NEW YORK	C1-93-0048	U.S. Currency	\$1,297,858	N/A	\$1,297,858	Pending forfeiture.

**Properties on Hand as of September 30, 1993
with Equity Valued at \$1 Million or More**

CASH AND FINANCIAL INSTRUMENTS (Con't)

JUDICIAL DISTRICT	CASE NUMBER	DESCRIPTION	APPRAISED VALUE	LIENS	EQUITY	STATUS
Eastern District of NEW YORK	CV92-5517	U.S. Currency	\$1,135,492	N/A	\$1,135,492	Pending forfeiture.
Eastern District of NEW YORK	CV93-0624	U.S. Currency	\$44,115,091	N/A	\$44,115,091	Pending forfeiture. This money was seized from an armored car company.
Eastern District of NEW YORK	CV90-2510	Bank Account Banco Atlantico	\$4,500,000	N/A	\$4,500,000	Pending forfeiture.
Eastern District of NEW YORK	CV92-5151	Bank Accounts	\$1,096,897	N/A	\$1,096,897	Pending forfeiture.
Eastern District of NEW YORK	CV92-5310	Bank Account	\$1,495,445	N/A	\$1,495,445	Pending forfeiture.
Eastern District of NEW YORK	CV92-5517	Bank Account	\$2,189,042	N/A	\$2,189,042	Pending forfeiture.
Southern District of NEW YORK	3540-93-134	U.S. Currency	\$1,635,442	N/A	\$1,635,442	Pending forfeiture.
Western District of NEW YORK	93-0664-S	Cash Management Account	\$1,474,127	N/A	\$1,474,127	Forfeited, currently being liquidated.
Eastern District of PENNSYLVANIA	CK-84-Z004	U.S. Currency	\$1,545,344	N/A	\$1,545,344	U.S. Attorney's Office is currently working on a settlement agreement.
Eastern District of PENNSYLVANIA	CR-92-373	U.S. Currency	\$1,607,580	N/A	\$1,607,580	Pending final order of forfeiture.
Eastern District of PENNSYLVANIA	CR-92-652	U.S. Currency	\$2,000,000	N/A	\$2,000,000	Pending forfeiture.

**Properties on Hand as of September 30, 1993
with Equity Valued at \$1 Million or More**

CASH AND FINANCIAL INSTRUMENTS (Con't)

JUDICIAL DISTRICT	CASE NUMBER	DESCRIPTION	APPRAISED VALUE	LIENS	EQUITY	STATUS
Middle District of TENNESSEE	3-92-0931 (1-1)	U.S. Currency	\$1,476,147	N/A	\$1,476,147	Pending.
Southern District of TEXAS	3290-93-147 (1-1)	U.S. Currency	\$1,234,732	N/A	\$1,234,732	Pending.
Southern District of TEXAS	CA-H-93-1234 (1-1)	U.S. Currency	\$1,107,140	N/A	\$1,107,140	Pending.
Southern District of TEXAS	CA-H-93-2561 (1-1)	U.S. Currency	\$1,306,264	N/A	\$1,306,264	Pending.
Southern District of TEXAS	M3-93-0235 (1-1)	U.S. Currency	\$1,849,891	N/A	\$1,849,891	Pending.
Southern District of TEXAS	M3-93-0255 (1-1)	U.S. Currency	\$1,193,181	N/A	\$1,193,181	Pending.

	Total Appraised Value	Total Liens	Total Equity	Total Number of Properties
Total Cash and Financial Instruments on Hand as of September 30, 1993 with Equity Valued at \$1 Million or More	\$582,196,594	\$0	\$582,196,594	41

**Properties on Hand as of September 30, 1993
with Equity Valued at \$1 Million or More**

OTHER PROPERTIES

JUDICIAL DISTRICT	CASE NUMBER	DESCRIPTION	APPRAISED VALUE	LIENS	EQUITY	STATUS
Central District of CALIFORNIA	93-0439 1-1	1977 Lockheed 1329 5212	\$2,000,000	\$80,000	\$1,920,000	Pending forfeiture
Central District of CALIFORNIA	R1-88-Z006 28-1	Jewelry & Gold Merchandise	\$18,662,987	\$0	\$18,662,987	Pending forfeiture.
Southern District of NEW YORK	C1-92-0226	Jewelry	\$3,500,000	N/A	\$3,500,000	Pending forfeiture.
Western District of OKLAHOMA	CIV-93-0439-PHX	80 Gates Lear Jet 25D-314	\$2,000,000	\$0	\$2,000,000	Pending forfeiture.
Eastern District of WISCONSIN	90-C-1827 1-1	Douglas DC-3 Turbo Prop	\$1,750,000	\$0	\$1,750,000	Pending forfeiture.
Eastern District of WISCONSIN	90-C-1827 1-1	Douglas DC-3 Turbo Prop	\$3,600,000	\$0	\$3,600,000	Pending forfeiture.
Eastern District of WISCONSIN	90-C-1827 2-2	Douglas DC-3 Turbo Prop	\$2,250,000	\$0	\$2,250,000	Pending forfeiture.
Eastern District of WISCONSIN	90-C-1827 3-1	Douglas DC-3 Turbo Prop	\$1,800,000	\$0	\$1,800,000	Pending forfeiture.

	Total Appraised Value	Total Liens	Total Equity	Total Number of Properties
Total Other Properties on Hand as of September 30, 1993 with Equity Valued at \$1 Million or More	\$35,362,987	\$80,000	\$35,282,987	8

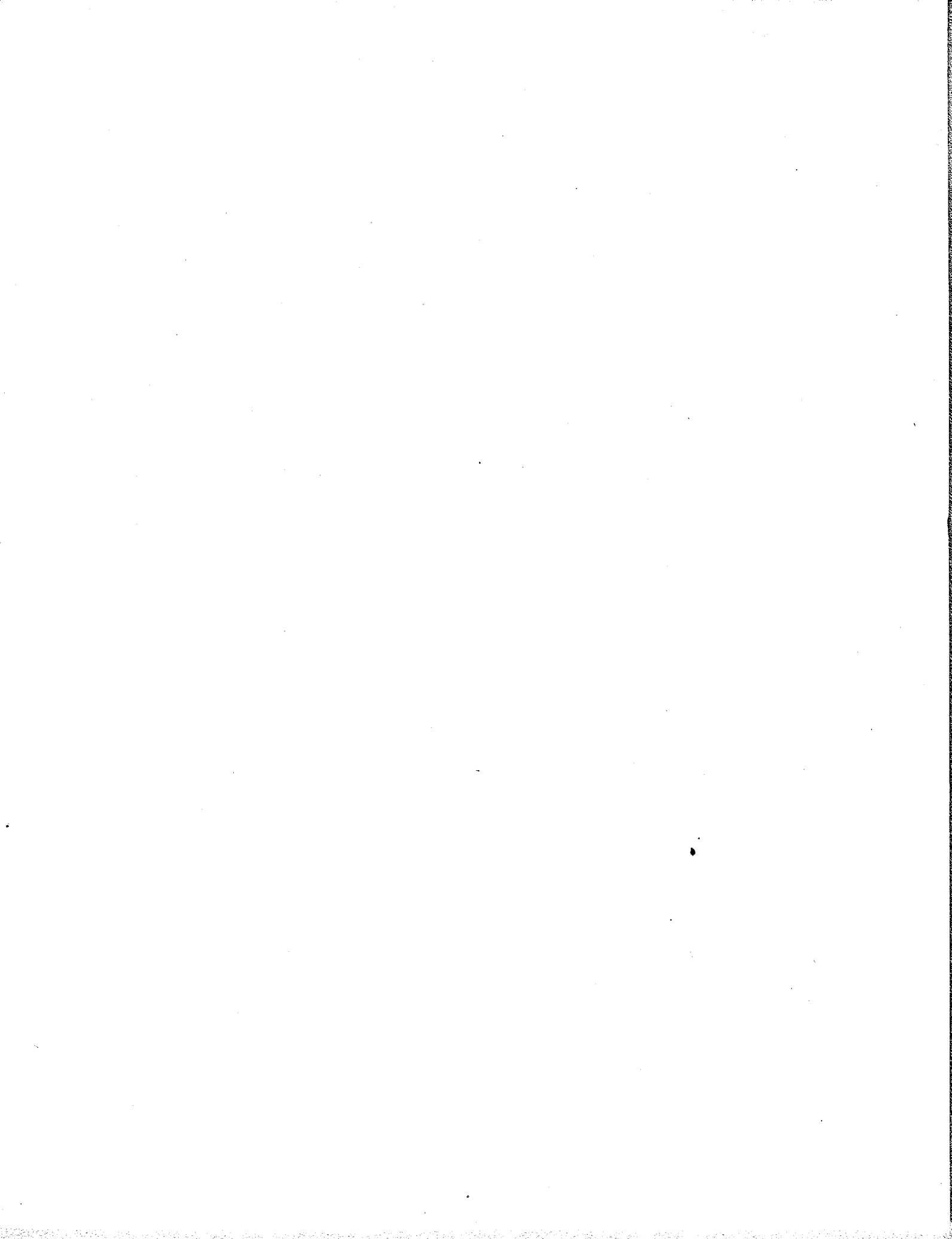
**Properties on Hand as of September 30, 1993
with Equity Valued at \$1 Million or More**

SUMMARY TOTAL

<u>PROPERTY TYPE</u>	<u>TOTAL APPRAISED VALUE</u>	<u>TOTAL LIENS</u>	<u>TOTAL EQUITY</u>	<u>TOTAL NUMBER</u>
Real Property	\$58,147,106	\$22,264,210	\$31,887,896	17
Businesses and Ownership Interests	\$52,290,000	\$8,000,000	\$44,290,000	5
Cash and Financial Instruments	\$582,198,594	\$0	\$582,198,594	41
Other Property	<u>\$35,562,987</u>	<u>\$90,000</u>	<u>\$35,482,987</u>	<u>8</u>
TOTAL	\$728,198,689	\$30,344,210	\$693,859,479	71



Appendix F





BROWN & COMPANY

INDEPENDENT AUDITOR'S REPORT

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

We have audited the principal statements of the Department of Justice Asset Forfeiture Program as of and for the years ended September 30, 1993 and 1992. The principal statements of the Department of Justice Asset Forfeiture Program include:

**Statement of Financial Position
Statement of Operations and Changes in Net Position
Statement of Cash Flows
Statement of Budget and Actual Expenses
Combining Statement of Financial Position**

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 audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget Bulletin No. 93-06, "Audit Requirements for Federal Financial Statements." Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the principal 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of the Department of Justice Asset Forfeiture Program as of September 30, 1993 and 1992, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the principal financial statements described above. We have inspected the financial information presented in management's overview of the Asset Forfeiture Program and in the supplemental financial and management information. The information presented in the overview and supplemental financial and management information sections is presented for the purposes of additional analysis. Such information has not been audited by us and, accordingly, we do not express our opinion on this information.

Brown & Company

February 15, 1994
Arlington, VA



AUDITOR'S REPORT ON INTERNAL CONTROL

U.S. Department of Justice
Washington, DC

We have audited the principal financial statements of the Department of Justice Asset Forfeiture Program as of and for the years ended September 30, 1993 and 1992, and have issued our report thereon dated February 15, 1994.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 93-06, "Audit Requirements for Federal Financial Statements." Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the principal financial statements are free of material misstatement.

In planning and performing our audit of the principal financial statements of the Department of Justice Asset Forfeiture Program for the years ended September 30, 1993 and 1992, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the principal financial statements. Our consideration of the internal control structure included obtaining an understanding of the internal control policies and procedures and assessing the level of control risk relevant to all significant transaction cycles and for those significant control policies and procedures that have been properly designed and placed in operation, performing sufficient tests to provide reasonable assurance that the controls are effective and working as designed.

The U.S. Department of Justice is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable but not absolute assurance that obligations and costs are in compliance with applicable laws; funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and revenues and expenditures applicable to Asset Forfeiture Program operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports necessary to maintain accountability over assets.

For purposes of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Revenue/Cash Receipts/Reimbursed Expenses
Expenses/Cash Disbursements
Purchasing
Financial Reporting

For each of the internal control structure categories previously listed, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation. We also assessed control risk and performed tests of the Asset Forfeiture Program's internal control structure. We also obtained an understanding of relevant internal control structure policies and procedures designed to determine that data that support reported performance measures are properly recorded and accounted for to permit preparation of reliable and complete performance information, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants and OMB Bulletin 93-06. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure of the Asset Forfeiture Program and its operation that we have reported to the Department of Justice in a separate letter dated February 15, 1994.

This report is intended for the information of the management of the U.S. Department of Justice. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Brown & Company

February 15, 1994
Arlington, VA



AUDITOR'S REPORT ON COMPLIANCE

U.S. Department of Justice
Washington, DC

We have audited the principal financial statements of the Department of Justice Asset Forfeiture Program as of and for the years ended September 30, 1993 and 1992, and have issued our report thereon dated February 15, 1994.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the Office of Management and Budget (OMB) Bulletin No. 93-06, "Audit Requirements for Federal Financial Statements." Those standards require that we plan and perform the audit to obtain reasonable assurance that the principal financial statements are free of material misstatement.

Compliance with laws and regulations applicable to the Asset Forfeiture Program is the responsibility of the U.S. Department of Justice. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of compliance with laws and regulations designated by OMB and the Department of Justice. As part of our audit, we reviewed management's process for evaluating and reporting on internal control and accounting systems as required by the Federal Managers' Financial Integrity Act (FMFIA) and compared the agency's most recent FMFIA reports with the evaluation we conducted of the Program's internal control structure. We also reviewed and tested the Asset Forfeiture Program's policies, procedures, and systems for documenting and supporting financial, statistical, and other information presented in the overview and supplemental financial and management information. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that with respect to the items tested, the Asset Forfeiture Program complied in all material respects with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Department of Justice had not complied, in all material respects, with those provisions identified above.

This report is intended for the information of the management of the U.S. Department of Justice. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Brown & Company

February 15, 1994
Arlington, VA

DEPARTMENT OF JUSTICE
Asset Forfeiture Program
Statement of Financial Position
as of September 30, 1993 and 1992

Dollars in Thousands	1993	1992
ASSETS		
Entity Assets:		
Intragovernmental Assets:		
Fund Balance with U.S. Treasury (Note 2)	\$89,068	\$35,258
Travel Advances	3	0
Investments – Federal Securities, net (Note 3)	291,651	247,783
Total Entity Assets	\$380,722	\$283,041
Non-Entity Assets:		
Fund Balance with U.S. Treasury (Note 2)	\$54,529	\$16,764
Investments – Federal Securities, net (Note 3)	745,313	623,346
Total Non-Entity Assets	\$799,842	\$640,110
Total Assets	\$1,180,564	\$923,151
LIABILITIES		
Liabilities Covered by Budgetary Resources:		
Intragovernmental Liabilities:		
Accounts Payable (Note 5)	\$2,022	\$42
Governmental Liabilities:		
Accounts Payable (Note 5)	239,909	134,069
Deposit Fund (Note 6)	799,842	640,110
Total Liabilities	\$1,041,773	\$774,221
NET POSITION		
Unobligated Balances	\$114,579	\$141,648
Unobligated Balances, BCCI Interest Subject to Court Order	15,698	5,999
Undelivered Orders	8,514	1,283
Net Position	\$138,791	\$148,930
Total Liabilities & Net Position	\$1,180,564	\$923,151

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

DEPARTMENT OF JUSTICE
Asset Forfeiture Program
Statement of Operations and Changes in Net Position
for fiscal years ended September 30, 1993 and 1992

<i>Dollars in Thousands</i>	<i>1993</i>	<i>1992</i>
Revenue		
Federal Sources:		
Investment Income (Note 7)	\$24,701	\$21,308
Public Sources:		
Forfeited Cash	\$357,546	\$362,371
Sales of Forfeited Property	155,833	113,555
Penalties in Lieu of Forfeiture	23,419	46,124
Recovery of Returned Asset Management Costs	5,466	3,209
Miscellaneous Income	1,969	2,411
Refunds	(13,227)	(18,010)
Total Revenue	\$555,707	\$530,968
Expenses (Note 10)		
Forfeiture Program Expenses:		
Innocent Third Party Payments	\$69,312	\$26,853
Asset Management Expenses	41,369	36,406
Special Contract Services	36,761	37,039
ADP Equipment	22,790	12,117
Forfeiture Case Prosecution	10,325	11,612
Forfeiture Training and Printing	4,748	5,270
Other Program Management	1,598	1,425
Total Forfeiture Program Expenses	\$186,903	\$130,722
Distribution of Revenues:		
Equitable Sharing Payments	\$207,018	\$228,375
Awards for Information	27,619	20,277
Purchase of Evidence	12,390	14,549
Equipping of Conveyances and Miscellaneous	11,558	7,639
Contracts to Identify Assets	2,542	534
Total Distributions	\$261,127	\$271,374
Total Expenses and Distributions	\$448,030	\$402,096
Excess of Revenues over Expenses and Distributions	\$107,677	\$128,872
Net Position, Beginning Balance	148,930	127,421
Allocation of Prior Year Surplus (Note 11)	(30,650)	0
Transfers—Out (Note 12)	(87,166)	(107,363)
Net Position, Ending Balance	\$138,791	\$148,930

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

DEPARTMENT OF JUSTICE
Asset Forfeiture Program
Statement of Cash Flows
for fiscal years ended September 30, 1993 and 1992

<i>Dollars in Thousands</i>	<i>1993</i>	<i>1992</i>
Cash Provided (Used) by Operating Activities:		
Cash from Forfeited Assets, Penalties and Recoveries, net	\$531,006	\$509,660
Interest Received (Note 7)	24,701	21,308
Cash Paid to Vendors and Other Agencies	(340,213)	(431,549)
Allocation of Prior Year Surplus (Note 11)	(30,650)	0
Cash Transferred to Other Agencies (Note 12)	(87,166)	(107,363)
Net Cash Provided (Used) by Operating Activities	\$97,678	(\$7,944)
Cash Provided (Used) by Investing Activities:		
Sale of Investment Securities	\$0	\$15,288
Purchase of Investment Securities	(\$43,868)	0
Net Cash Provided (Used) by Investing Activities	(\$43,868)	\$15,288
Net Cash Provided (Used) by Operating and Investing Activities	\$53,810	\$7,344
Funds with U.S. Treasury, beginning of year	35,258	27,914
Funds with U.S. Treasury, end of year	\$89,068	\$35,258

**Reconciliation of Excess Revenue over Expenses and Distributions
to Net Cash Provided (Used) by Operating Activities**

Excess of Revenues over Expenses and Distributions	\$107,677	\$128,872
Increase (Decrease) in Accounts Payable	107,820	(29,453)
Decrease (Increase) in Travel Advances	(3)	0
Allocation of Prior Year Surplus (Note 11)	(30,650)	0
Transfers—Out (Note 12)	(87,166)	(107,363)
Net Cash Provided (Used) by Operating Activities	\$97,678	(\$7,944)

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

DEPARTMENT OF JUSTICE
 Asset Forfeiture Program
 Statement of Budget and Actual Expenses
 for fiscal years ended September 30, 1993 and 1992

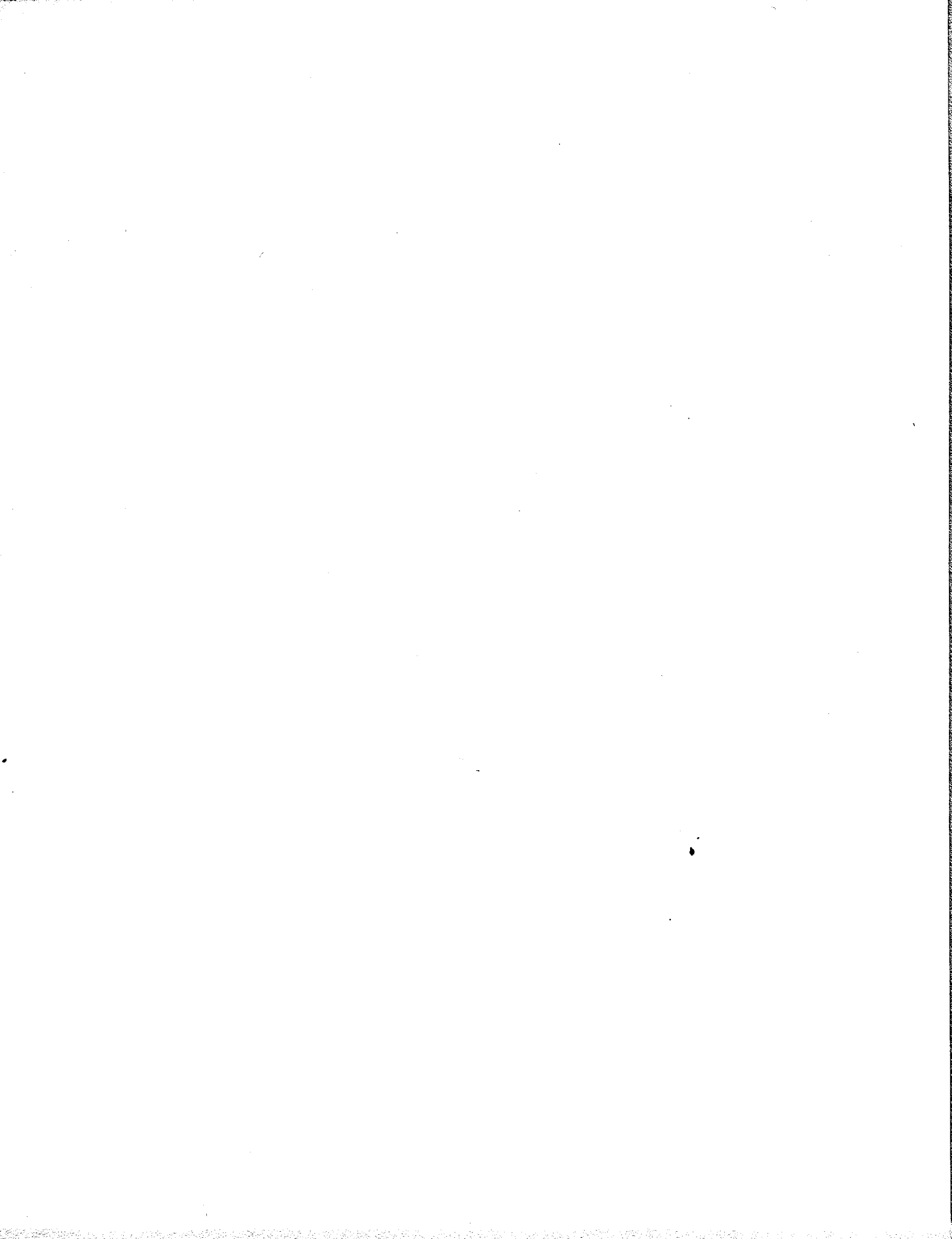
<i>Dollars in Thousands</i>	<i>1993</i>	<i>1992</i>
Budget Resources (SF-133, Line 7)	\$585,466	\$421,791
Budget Obligations, Direct (SF-133, Line 8)	\$485,911	\$400,934
Change in Undelivered Orders	(7,231)	1,162
Allocation of Prior Year Surplus (Note 11)	(30,650)	0
Actual Expenses and Distributions	\$448,030	\$402,096
Budget Reconciliation:		
Total Expenses and Distributions (Statement of Operations)	\$448,030	\$402,096
Adjustment to Accounts Payable (Note 9)	2,112	(11,168)
Allocation of Prior Year Surplus (Note 11)	30,650	0
Total Budgetary Accrued Expenditures, Direct (SF-133, Line 16)	\$480,792	\$390,928

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

**DEPARTMENT OF JUSTICE
Asset Forfeiture Program
Combining Statement of Financial Position
as of September 30, 1993 and 1992**

<i>Dollars in Thousands</i>	1993			1992		
	AFF	SADF	Total	AFF	SADF	Total
ASSETS						
Entity Assets:						
Intragovernmental Assets:						
Fund Balance with U.S. Treasury (Note 2)	\$89,068	\$0	\$89,068	\$35,258	\$0	\$35,258
Travel Advances	3	0	3	0	0	0
Investments, net (Note 3)	291,651	0	291,651	247,783	0	247,783
Total Entity Assets	\$380,722	\$0	\$380,722	\$283,041	\$0	\$283,041
Non-Entity Assets:						
Fund Balance with U.S. Treasury (Note 2)	\$0	\$54,529	\$54,529	\$0	\$16,764	\$16,764
Investments, net (Note 3)	0	745,313	745,313	0	623,346	623,346
Total Non-Entity Assets	\$0	\$799,842	\$799,842	\$0	\$640,110	\$640,110
Total Assets	\$380,722	\$799,842	\$1,180,564	\$283,041	\$640,110	\$923,151
LIABILITIES						
Liabilities Covered by Budgetary Resources:						
Intragovernmental Liabilities:						
Accounts Payable (Note 5)	\$2,022	\$0	\$2,022	\$42	\$0	\$42
Governmental Liabilities:						
Accounts Payable (Note 5)	239,909	0	239,909	134,069	0	134,069
Deposit Fund (Note 6)	0	799,842	799,842	0	640,110	640,110
Total Liabilities	\$241,931	\$799,842	\$1,041,773	\$134,111	\$640,110	\$774,221
NET POSITION						
Unobligated Balances	\$114,579	\$0	\$114,579	\$141,648	\$0	\$141,648
Unobligated Balances, BCCI Interest Subject to Court Order	15,698	0	15,698	5,999	0	5,999
Undelivered Orders	8,514	0	8,514	1,283	0	1,283
Net Position	\$138,791	\$0	\$138,791	\$148,930	\$0	\$148,930
Total Liabilities & Net Position	\$380,722	\$799,842	\$1,180,564	\$283,041	\$640,110	\$923,151

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



NOTES TO PRINCIPAL STATEMENTS

Note 1.
Summary of
Significant
Accounting
Policies

Basis of Presentation

These financial statements have been prepared to report the financial position and results of operations of the Asset Forfeiture Program (AFP), including the Assets Forfeiture Fund (AFF) and the Seized Asset Deposit Fund (SADF), as required by the Chief Financial Officers Act of 1990. They have been prepared from the books and records of the Asset Forfeiture Program in accordance with Office of Management and Budget Bulletins 93-02 and 94-01, Form and Content of Agency Financial Statements, and the Asset Forfeiture Program accounting policies which are summarized in these notes. These statements are therefore different from the financial reports, also prepared by the Asset Forfeiture Program pursuant to Office of Management and Budget directives, used to monitor and control the Program's use of budgetary resources. The Statement of Cash Flows was prepared using the direct method and presents cash transactions affecting the AFF only.

Reporting Entity

The Asset Forfeiture Program is administered by the Department of Justice and allows the proceeds from forfeitures to be reinvested in law enforcement. The program is funded by forfeited cash, proceeds from the sale of forfeited property, interest earned on investments, payment of penalties in lieu of forfeiture, and recovery of asset management expenses.

The Asset Forfeiture Program is a nationwide law enforcement program that involves Federal employees and contract personnel. Thousands of investigators, litigators, property managers, and support staff are involved in the seizure and forfeiture process as 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.

The Executive Office for Asset Forfeiture was established, within the Office of the Deputy Attorney General, to provide central management, direction, and control for the Asset Forfeiture Program. The Executive Office for Asset Forfeiture has responsibility for policy formulation and implementation, program oversight, management and fiscal control, and strategic planning for all aspects of the domestic and international forfeiture program.

There are six Department of Justice components that execute the Asset Forfeiture Program: the Drug Enforcement Administration, the Federal Bureau of Investigation, the Immigration and Naturalization Service, the U.S. Marshals Service, the U.S. 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, the U.S. Secret Service, and the U.S. Park Police are the non-Department of Justice participants in the program.

NOTES TO PRINCIPAL STATEMENTS

The accompanying financial statements include the accounts of the AFF and the SADF. Seized cash deposited into the SADF remains there until a determination has been made as to its disposition. If title passes to the U.S. Government, the forfeited cash is then transferred from the SADF to the AFF. Pursuant to 28 U.S.C. § 524 (C), idle SADF cash is invested in U.S. Treasury securities and the income derived is deposited in the AFF. The earnings on Bank of Credit and Commerce International (BCCI) funds held by the SADF are tracked separately due to special disposition requirements. Noncash property is held by the U.S. Marshals Service from the point of seizure until disposition. If title passes to the U.S. Government, the proceeds from the sale of forfeited property are deposited in the AFF.

The accompanying financial statements of the Asset Forfeiture Program do not include the salaries and administrative expenses incurred by the Asset Forfeiture Program participants while conducting investigations leading to seizure and forfeiture.

Budgets and Budgetary Accounting

All proceeds deposited to the AFF are available to the Attorney General without fiscal year limitation (permanent indefinite budget authority), except for the amounts specified in the Department of Justice annual appropriations act which are subject to fiscal year limitation (current definite budget authority). All cash for AFF budget authority is derived from proceeds of the Asset Forfeiture Program.

Basis of Accounting

Transactions are recorded on an accrual accounting basis and on a budgetary basis. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints and controls over the use of Federal funds.

Revenues and Other Financing Sources

The Asset Forfeiture Program receives the majority of its funding needed to support the program through forfeited cash and proceeds from the sale of forfeited properties.

Revenue is recognized when cash has been forfeited or forfeited property has been sold under (a) any criminal 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 SADF which remains subject to forfeiture or any property seized or forfeited until it is sold.

Expenditures are recognized on an accrual basis of accounting whereby expenses are accrued when goods have been delivered or when services have been rendered. There are no operating expenses charged to the SADF.

NOTES TO PRINCIPAL STATEMENTS

Accounting Principles and Standards

Until a sufficiently comprehensive set of accounting standards is agreed to and published by the Joint Financial Management Improvement Program principals, which will constitute generally accepted accounting principles for the Federal Government, the following hierarchy shall constitute an other comprehensive basis of accounting used for preparing these financial statements:

1. Individual standards developed by the Financial Accounting Standards Advisory Board and agreed to and published by the Joint Financial Management Improvement Program principals.
2. Form and content requirements included in Office of Management and Budget Bulletins 93-02, dated October 22, 1992, and 94-01, dated November 16, 1993.
3. Accounting standards contained in agency accounting policy, procedures manuals, and/or related guidance as of March 29, 1991.
4. Accounting principles published by authoritative standard setting bodies and other authoritative sources:
 - (1) In the absence of other guidance in the first three parts of this hierarchy, and;
 - (2) If the use of such accounting standards improve the meaningfulness of these financial statements.

Cash Transactions

The funds in the AFF are primarily derived from forfeited cash, proceeds from the sale of forfeited property, interest earned on investments, payment of penalties in lieu of forfeiture, and recovery of asset management expenses. The funds in the SADF are seized cash held in trust until a determination has been made as to the disposition. This cash includes seized cash, proceeds from preforfeiture sales of seized property, and income from property under seizure.

Liabilities

Liabilities represent the amount of monies or other resources that are due to be paid by the Asset Forfeiture Program as the result of a transaction or event that has already occurred. Asset Forfeiture Program accounts payable are due principally to nonfederal government entities and are funded by the permanent indefinite portion of the AFF. These liabilities may be met without further appropriation action. All liabilities are therefore classified as Liabilities Covered by Budgetary Resources.

NOTES TO PRINCIPAL STATEMENTS

Net Position

Net Position is the equity of the U.S. Government in the Asset Forfeiture Program and is comprised of unobligated balances and undelivered orders. The BCCI Investment Income (see Note 7) is subject to court order and may be used to pay claims of victims of the BCCI fraud. It is recorded as revenue and the contingent liability is shown separately, for presentation purposes, within Net Position on the Statement of Financial Position.

Note 2. Fund Balance with U.S. Treasury

Assets Forfeiture Fund

The cash balance in the AFF (Treasury Symbol 15X5042) is considered an entity asset. It is presented in the Statement of Financial Position per the Department's financial records. For FY 1992, the U.S. Treasury showed an additional \$5 thousand due to timing of payments and deposits. This difference was recorded in the general ledger as Cash in Transit. The following schedule reconciles the difference between the AFF balance with Treasury reported on the Treasury's end of year (post closing) Trial Balance to the corresponding account balance in the Asset Forfeiture Program's records. In addition, this schedule presents the totals of all obligated and unobligated undisbursed account balances with the U.S. Treasury as reflected in the records of the Asset Forfeiture Program.

<i>Dollars in Thousands</i>	<i>1993</i>	<i>1992</i>
Obligated Balance:		
Unliquidated Obligations	\$250,445	\$135,394
Repayments	(291,654)	(247,778)
Unobligated Balance:		
Available	130,277	147,647
Restricted	0	0
Fund Balance with Treasury per Treasury	\$89,068	\$35,263
Cash In Transit	0	(5)
Fund Balance with Treasury per AFP	\$89,068	\$35,258

Seized Asset Deposit Fund

The cash balance in the SADF (Treasury Symbol 15X6874) held by the U.S. Treasury at the end of September 30, 1993 and 1992 is not available to finance the Asset Forfeiture Program activities, and is presented in the Statement of Financial Position as a Non-Entity Asset.

NOTES TO PRINCIPAL STATEMENTS

Asset Forfeiture Program funds held outside the U.S. Treasury as of September 30, 1993 and 1992, were \$8.4 million and \$12 million, respectively. These figures were reported by the investigative agencies maintaining custody of the assets. They represent cash held as evidence and other cash not on deposit with the U.S. Treasury and are not presented elsewhere in these financial statements.

Note 3. Investments

All investments are short term nonmarketable par value Federal debt securities issued by the Bureau of the Public Debt and purchased exclusively through Treasury's Financial Management Service. When securities are purchased, the investment is recorded at face value and the discount is recorded for the full amount earned at maturity. Investments are always purchased at a discount. They are not amortized and are always held to maturity. No investments are made in nonfederal securities. At September 30, 1993, investments in the AFF and SADF represent 21 day, 2.68 percent interest bearing U.S. Treasury bills. At September 30, 1992, investments in the AFF represent a 22 day, 2.78 percent interest bearing U.S. Treasury bill, and investments in the SADF represent a 1 day, 2.27 percent interest bearing U.S. Treasury bill. The following schedule shows the investment balance at FY 1993 and FY 1992.

<i>Dollars in Thousands</i>	<i>Cost</i>	<i>(Discount)</i>	<i>Investments, Net</i>
FY 1993			
Assets Forfeiture Fund	\$292,260	(\$609)	\$291,651
Seized Asset Deposit Fund	746,870	(1,557)	745,313
Total Investments	\$1,039,130	(\$2,166)	\$1,036,964
FY 1992			
Assets Forfeiture Fund	\$248,320	(\$537)	\$247,783
Seized Asset Deposit Fund	624,135	(789)	623,346
Total Investments	\$872,455	(\$1,326)	\$871,129

NOTES TO PRINCIPAL STATEMENTS

**Note 4.
Property and
Equipment**

Seized and Forfeited Property and Equipment (net of Cash) is held for disposition by the U.S. Marshals Service. It is not inventory held for resale in the normal course of business and has not been presented in the Statement of Financial Position. This property is reflected at the estimated fair-market value. The net value of this property has been reduced by estimated liens of record. However, the estimate does not reflect all possible liens and claims of innocent third parties. Such information becomes available as the individual cases proceed from seizure to forfeiture. With regard to the following tables, Forfeited Assets represent property for which the U.S. Government has title. Property listed under Seized Assets has been seized and is awaiting disposition. The Seized Assets figures for FY 1993 and FY 1992 include property not forfeited and due back to the public of approximately \$11.4 and \$6.3 million, respectively. The financial information supporting the figures presented in the following schedule was provided by the Seized Assets Management System which is separate and distinct from the general ledger.

<i>Dollars in Thousands</i>	<i>Estimated Value</i>	<i>Less Liens</i>	<i>Net Value</i>
FY 1993			
Forfeited Assets	\$360,153	(\$46,820)	\$313,333
Seized Assets	830,501	(62,370)	768,131
Total Property	\$1,190,654	(\$109,190)	\$1,081,464
FY 1992			
Forfeited Assets	\$329,314	(\$47,116)	\$282,198
Seized Assets	842,620	(74,620)	768,000
Total Property	\$1,171,934	(\$121,736)	\$1,050,198

**Note 5.
Accounts
Payable**

This balance includes payments due to vendors contracted to perform services relative to maintaining seized and forfeited assets and equitable sharing payments due to local law enforcement agencies. Some expenses are accrued based upon estimates of amounts due to contractors. These estimates are provided to the Executive Office for Asset Forfeiture by various organizations of the Department of Justice and other participating government agencies pursuant to reimbursement agreements.

NOTES TO PRINCIPAL STATEMENTS

**Note 6.
Deposit
Fund**

The SADF is a holding account established for the temporary storage of nonevidentiary cash subject to forfeiture and includes seized cash, proceeds from preforfeiture sales of seized property, and income from property under seizure. The funds are held in the form of U.S. currency with the U.S. Treasury or as investments in U.S. Treasury securities until the U.S. Marshals Service receives a declaration of forfeiture or other court order directing the U.S. Marshals Service as to the disposition. The Deposit Fund liability account offsets the value of seized cash included in the SADF balance with the U.S. Treasury and in investments in U.S. Treasury securities.

**Note 7.
Investment
Income**

The FY 1993 Investment Income was derived from investments in U.S. Treasury securities of funds from both the AFF and SADF. The earnings on BCCI funds held by the SADF are tracked separately due to special disposition requirements (see Note 1, Net Position). The following schedule presents the composition of Investment Income for FY 1993 and FY 1992.

<i>Dollars in Thousands</i>	<i>1993</i>	<i>1992</i>
Investment Income from AFF	\$6,659	\$7,242
Investment Income from SADF	8,343	8,067
Investment Income from BCCI	9,699	5,999
Total Investment Income	\$24,701	\$21,308

**Note 8.
Interest Paid
On Late
Payments**

The Prompt Payment Act, 31 U.S.C. § 3901-3907, requires Federal agencies to pay interest on payments for goods and services made to business concerns after the due date. Payments made pursuant to this law amounted to \$11 thousand in FY 1993 and \$9 thousand in FY 1992.

**Note 9.
Budget and
Actual
Expenses**

After the SF 133, Report on Budget Execution, was completed for FY 1993, it was determined that \$2.1 million reported as Expenses and Accounts Payable, should have been recorded as Undelivered Orders. The impact would have decreased the SF 133, line 16 (Expenditures) by \$2.1 million. A similar adjustment was made during FY 1992 when it was determined that \$11.2 million reported as Undelivered Orders should have been recorded as Expenses and Accounts Payable. The effect would have increased the SF-133, line 16 (Expenditures) by the \$11.2 million.

NOTES TO PRINCIPAL STATEMENTS

**Note 10.
Operating
Expenses**

Expenses incurred in the Statement of Operations and Changes in Net Position are classified by major type of program versus object classification. Operating expenses, including distributions of revenue, by object classification are shown in the following schedule:

Operating Expenses by Object Classification

<i>Dollars in Thousands</i>	<i>1993</i>	<i>1992</i>
Personnel Compensation and Benefits	\$692	\$954
Travel and Transportation of Persons and Things	4,974	1,625
Rent, Communications, and Utilities	3,280	4,540
Printing and Reproduction	394	233
Consulting and Other Services	436,784	389,213
Supplies and Materials	306	778
Equipment	771	4,235
Insurance Claims and Indemnities	23	60
Interest and Dividends	806	458
Total Expenses by Object Classification	\$448,030	\$402,096

**Note 11.
Allocation of
Prior Year
Surplus**

Subsection 524 (c) (9) (E) of Title 28, United States Code, provides authority for the Attorney General to use excess end-of-year monies, without fiscal year limitation, in the AFF for Federal law enforcement, prosecution, correctional activities, and related training requirements. The following schedule shows the allocation of FY 1992 Super Surplus funds:

<i>Dollars in Thousands</i>	<i>1993</i>
Federal Bureau of Investigation	\$24,200
Drug Enforcement Administration	4,000
Internal Revenue Service	2,000
Executive Office for Asset Forfeiture	450
Total Allocations	\$30,650

NOTES TO PRINCIPAL STATEMENTS

**Note 12.
Transfers**

During FY 1993 and FY 1992, funds were transferred from the AFF as follows:

<i>Dollars in Thousands</i>	<i>1993</i>	<i>1992</i>
Bureau of Prisons	\$0	\$23,421
Drug Enforcement Administration	4,525	9,744
U.S. Attorneys	22,400	13,300
U.S. Marshals Service	28,815	1,732
Immigration and Naturalization Service	0	8,000
Internal Revenue Service	0	2,400
Criminal Division	0	2,900
Federal Bureau of Investigation	2,000	6,000
Bureau of Alcohol, Tobacco and Firearms	0	2,000
U.S. Secret Service	0	100
U.S. Postal Inspection Service	0	225
U.S. Park Police	0	41
Special Forfeiture Fund of the Executive Office of the President	28,476	37,500
Community Relations Service	950	0
Total Transfers	\$87,166	\$107,363
Transfers from FY 1991 Surplus	\$5,790	\$107,363
Transfers from FY 1992 Surplus	78,476	0
Transfers from FY 1993 Definite Appropriation	2,900	0
Total Transfers	\$87,166	\$107,363

**Note 13.
Contingent
Liabilities**

The AFF and SADF have no known significant contingent liabilities or restrictions on the use of the assets other than noted above. The AFF has no obligations related to canceled appropriations.
