

# Annual Report of the Department of Justice Asset Forfeiture Program Fiscal Year 1994



# **Annual Report of the Department of Justice Asset Forfeiture Program Fiscal Year 1994**

Prepared by the  
Asset Forfeiture Office  
Criminal Division  
and the  
Asset Forfeiture Management Staff  
Justice Management Division



## Office of the Attorney General

Washington, D.C. 20530

### Foreword

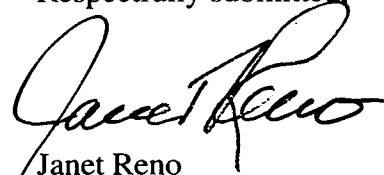
To the Senate and the House of Representatives  
of the United States of America in Congress Assembled:

In accordance with 28 U.S.C. § 524 (c)(6), the Department of Justice's Annual Report on the Asset Forfeiture Program for Fiscal Year 1994 has been completed. This report highlights the outstanding work and steadfast dedication of the many law enforcement personnel who implement the mission of the Program.

Asset forfeiture has proven to be a powerful weapon in combatting crime, as it strips criminals of the proceeds of their illegal activities. In FY 1994, more than \$549.9 million was forfeited from criminals and the money was reinvested into continuing law enforcement efforts. Of this amount, we shared \$234.6 million with state and local law enforcement agencies and foreign governments to supplement their crime-fighting resources. Clearly, asset forfeiture continues to play a vital role in our nation's fight against crime.

This annual report should prove to be useful to you and your staff. It will provide you with important information regarding the activities of the Department of Justice Asset Forfeiture Program.

Respectfully submitted,



Janet Reno

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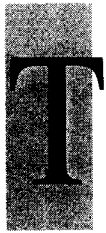
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# Chapter I: Program Overview



The Department of Justice Asset Forfeiture Program (hereinafter referred to as the Program) is a nationwide law enforcement program that has become an increasingly important weapon in the fight against crime. Thousands of litigators, investigators, property managers, and support staff are involved in the seizure and forfeiture process. In addition, thousands of state and local law enforcement officials work cooperatively with their federal counterparts in the investigation and prosecution of criminal cases to strip criminals of their ill-gotten gains. Over the years, more than 200 different forfeiture laws have been enacted to fight organized crime, drug trafficking, money laundering, and other illegal activities.

## Background

Forfeiture is not a new concept. Asset forfeiture has been part of American jurisprudence since the Colonial period. Governments long ago recognized the need to protect against the smuggling of contraband into their territory. The First Congress enacted laws in 1789 subjecting vessels and cargoes to civil forfeiture for violations of the Customs laws. Simply arresting the captain and crew of a foreign smuggling ship was ineffective if the ship was returned to its owner. The owner would merely hire a new crew and send the ship back on another smuggling run. There are obvious parallels between age-old smuggling and modern-day drug trafficking — they both require methods to protect our citizens from criminals inside and outside our borders. With the emergence of illicit drug trafficking and organized crime, asset forfeiture has become an invaluable weapon in the anti-crime arsenal.

## Asset Forfeiture Mission

The mission of the Program is to maximize the effectiveness of forfeiture as a deterrent to crime. In pursuit of

this mission, the Program is committed to destroying criminal organizations effectively by depriving drug traffickers, racketeers, and other criminal syndicates of their ill-gotten proceeds and the instrumentalities of their trade, and to enhancing law enforcement and intergovernmental cooperation among federal, state, local, and foreign law enforcement agencies through the equitable sharing of forfeiture proceeds.

## Forfeiture Statutes

The laws affecting the Program continue to evolve. As mentioned, civil forfeiture laws have been part of the United States Code for 200 years. The first federal laws to authorize criminal forfeiture 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 more than a decade to the Comprehensive Crime Control Act of 1984. This act modernized federal forfeiture by expanding the government’s legal authority to conduct an aggressive national forfeiture program. One provision of the act established the Department of Justice Assets Forfeiture Fund (hereinafter referred to as the 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.

The Anti-Drug Abuse Act of 1986 made further improvements in federal forfeiture laws by authorizing the forfeiture of the proceeds of money laundering crimes. This act also allowed for the international sharing of federal forfeiture proceeds with cooperating foreign governments.

The Anti-Drug Abuse Act of 1988 modified the forfeiture laws to further strengthen the forfeiture program. It facilitated international sharing by allowing transfers pursuant to international agreements rather than formal treaties. The act also authorized forfeiture of pornography and expanded money laundering forfeiture authority.

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

The Customs and Trade Act of 1990 increased the threshold for the administrative forfeiture of property from \$100,000 to \$500,000 and authorized the administrative forfeiture of monetary instruments without regard to value.

The Crime Control Act of 1990 further strengthened sharing authority and authorized civil forfeiture of firearms used to facilitate criminal drug activity.

The Dire Emergency Supplemental Appropriations Act of 1991 permitted the Attorney General to use any excess monies in the Fund to procure vehicles, equipment, and other capital investment items for the law enforcement, prosecution, and corrections activities of the Department of Justice (DOJ).

In 1992, the Department of Justice and Related Agencies Appropriations Act authorized benefits from the Fund be made available to all federal agencies participating in the Program. This law also allowed the investment of the holdings of the Seized Asset Deposit Fund, providing an important new source of revenue for the Program.

The Treasury, Postal Service, and General Government Appropriations Act of 1993 and the Department of Justice Appropriations Act of 1993 provided authority to fund certain program expenses from the permanent, indefinite portion of the Fund. Authority to fund other law enforcement expenses was added to the Fund's statutory authority including, but not limited to, the payment of overtime incurred by state and local law enforcement officers participating in joint law enforcement efforts with the Federal Government.

The Violent Crime Control and Law Enforcement Act of 1994 provided the authority to pay state and local property taxes on forfeited real property that accrues between the date of the violation and the date of the forfeiture order.

## Forfeiture Process

The Department of Justice's Asset Forfeiture Program strives to take the profit out of crime and to weaken criminal

syndicates through the confiscation of wealth generated by criminal activity, while at the same time protecting the property rights of innocent owners. No property is forfeited unless it is determined to be a tool for, or the proceeds of, illegal activities such as drug trafficking, organized crime, and money laundering.

## Civil Forfeiture

Federal civil forfeiture laws contain numerous protections against possible abuse. No property may be seized unless the government meets the standard of "probable cause," the same standard of proof required to arrest a person or to secure a warrant to search a person's home. In addition, a warrant must generally be issued before authorities can execute a seizure. In civil forfeiture, the property is the "defendant" in the action. The seizure of property is equivalent to the arrest of a person; forfeiture of property is analogous to the conviction of a person. Upon forfeiture, all property rights vest in the government.

Forfeiture laws include protections for innocent owners and lienholders. Any one with a legal interest in seized property can request a hearing before a judge or a trial by jury and require the government to establish the basis for forfeiture. The most important protection is the "innocent owner" defense, whereby the owner of seized property can recover his property upon showing that the criminal use of the property was not the result of any act or omission by the owner. Even after forfeiture, anyone with an interest in the property may petition the Attorney General for remission or mitigation of the forfeiture, a special "pardon" process. Through these safeguards, the rights of third parties are guarded from unfair loss.

## Criminal Forfeiture

Criminal forfeiture is relatively new, dating back to the passage of the Racketeer Influenced and Corrupt Organiza-

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tion Act (RICO) of 1970 and the Controlled Substances Act of 1970. Since then, the Comprehensive Crime Control Act of 1984 and the Anti-Drug Abuse Acts of 1986 and 1988 have greatly expanded federal criminal forfeiture laws. In criminal forfeiture, the forfeiture of property is contingent upon the conviction of its owner. Criminal forfeiture is based upon the jurisdiction of the court over the defendant rather than the property and thus casts a wider net over property holdings than civil forfeiture.

Civil forfeiture is more widely used and has an advantage over criminal forfeiture in that it provides for forfeiture regardless of the current whereabouts of the property's owners. Even if the owner is a fugitive, the property remains forfeitable.

## Recent Forfeiture Case Law

Beginning in 1993, the Supreme Court has issued several decisions that negatively impact the government's forfeiture enforcement efforts:

- The Court in *Austin v. United States*, 113 S. Ct. 2801 (1993) (civil forfeiture) and *Alexander v. United States*, 113 S. Ct. 2766 (1993) (criminal forfeiture) held that both civil and criminal forfeitures may be subject to limitation under the Excessive Fines Clause of the Eighth Amendment.

- In *United States v. James Daniel Good Real Property*, 114 S.Ct. 492 (1993), the Supreme Court helped to ensure protection for the rights of innocent property owners by holding that notice and opportunity for a hearing must be provided to real property owners where government "seizes" the real property prior to forfeiture.
- In 1994, the Supreme Court decided *Department of Revenue of Montana v. Kurth Ranch*, 114 S.Ct. 1937 (1994) and held that the efforts to collect a civil "drug tax" following the defendants' convictions for criminal drug offenses violated the Double Jeopardy Clause.

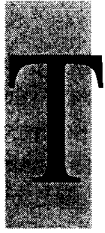
In the Ninth Circuit, the government has sought review of the following cases:

- In *United States v. \$405,089.23 U.S. Currency*, 33 F.3d 1210 (9th Cir. 1994), a unanimous panel of the Ninth Circuit held that the civil forfeiture of nearly \$1 million dollars in property belonging to convicted criminal defendants violated the Double Jeopardy Clause. The court ordered nearly \$1 million in drug proceeds returned to convicted inmates incarcerated in Lompoc prison.
- Another panel of the Ninth Circuit held that a civil forfeiture predicated on the same offense as a prior criminal prosecution may be barred even where the prior conviction has been reversed on appeal. See *United States v. One 1978 Piper Cherokee Aircraft*, 37 F.3d 489 (9th Cir. 1994).

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# Chapter II: Program Implementation



The primary purpose of the Program is law enforcement, that is, to deprive criminals of the proceeds and profits of their illegal activities and to weaken criminal enterprises by removing the instrumentalities of their crime. Thousands of investigators, litigators, property managers, and support staff work in a coordinated national effort to accomplish the Program's mission.

The six agencies responsible for identifying and seizing forfeitable property under the Program are the Drug Enforcement Administration (DEA), the Federal Bureau of Investigation (FBI), and the Immigration and Naturalization Service (INS) of the Department of Justice; the U.S. Postal Inspections Service (USPIS) of the U.S. Postal Service; the U.S. Park Police (USPP) of the Department of the Interior; and the Office of Criminal Investigations of the Food and Drug Administration (FDA).

In addition to these six agencies, other components perform vital and unique functions in accomplishing the Program's mission. The U.S. Marshals Service (USMS) maintains and disposes of the vast majority of properties seized for forfeiture. The 94 U.S. Attorneys' Offices (USAOs) are primarily responsible for the litigation of forfeiture cases that proceed judicially. The Asset Forfeiture Office (AFO) of the Criminal Division of the Department of Justice provides legal advice and litigation support to the U.S. Attorneys' Offices nationwide and serves as general counsel to the Program.

Beginning in FY 1994, the Internal Revenue Service (IRS), the United States Secret Service (USSS), and the Bureau of Alcohol, Tobacco and Firearms (ATF), joined the U.S. Customs Service (USCS) and the Coast Guard as full members of the Department of the Treasury Forfeiture Fund, which was established by the Treasury Forfeiture Fund Act of 1992. Prior to the creation of the Treasury Fund, proceeds of judicial forfeitures in IRS, USSS, and ATF cases were deposited into the Department of Justice Assets Forfeiture Fund. With the establishment of the Treasury Fund, proceeds of all forfeitures occurring on or after October 1, 1993, pursuant to laws enforced or administered by a Department of the Treasury law enforcement organization, are to be deposited into the Treasury Fund. The act also

provides for sharing between the Justice and Treasury Funds to reflect the relative participation of agencies in joint cases. Both forfeiture programs have similar missions and continue to work together to accomplish their goals.

## Executive Office for Asset Forfeiture

The Executive Office for Asset Forfeiture (EOAF), part of the Office of the Deputy Attorney General, was established in 1989 to provide central management, direction, and control for the Program and to achieve the full law enforcement potential of the Asset Forfeiture Program.

Throughout FY 1994, EOAF continued to be responsible for the establishment and implementation 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, the development and implementation of the Consolidated Asset Tracking System (CATS), and the coordination of communication and participation among the various components. With the assistance of the various Program participants, EOAF was responsible for fulfilling the Program's mission of deterring crime through the effective use of forfeiture.

In December 1994, EOAF was reorganized. The Office of the Deputy Attorney General transferred Program direction, policy, and general oversight responsibilities to the Asset Forfeiture Office of the Criminal Division. Administrative and financial management functions were assigned to the Asset Forfeiture Management Staff of the Justice Management Division.

## Asset Forfeiture Office Criminal Division

The Asset Forfeiture Office handles both civil and criminal forfeiture litigation, provides legal support to the U.S. Attorneys' Offices, develops and coordinates with federal

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components legislation to improve and enhance forfeiture procedures, advises the Appellate Section and the Solicitor General's Office on appellate forfeiture litigation, and 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 the Criminal Division and law enforcement personnel, including the U.S. Attorneys' Offices, as well as the prosecution and law enforcement personnel in various foreign countries. AFO has also jointly-sponsored several component seminars with the Office of Legal Education, Executive Office for U.S. Attorneys.

In addition, AFO reviews all equitable sharing of forfeited property valued at \$1 million or more, involving more than one district and involving the transfer of real property. AFO adjudicates all petitions for remission and mitigation in judicial forfeiture cases and serves as general counsel to the Criminal Division and to EOAF.

Litigation over the forfeiture of the assets of the Bank of Credit and Commerce International (BCCI) continued during FY 1994. In previous years, the district court had ordered the forfeiture of more than \$650 million in BCCI assets to the United States, and numerous third parties filed claims contesting the forfeiture and asserting an interest in the forfeited property. No additional property was forfeited in FY 1994, but 11 new third party claims totaling \$109.1 million were filed. Also, 10 claims (including claims filed in previous years) involving \$206.8 million were resolved through dismissal, voluntary withdrawal, or settlement. At the end of FY 1994, 52 claims involving \$502.3 million remained unresolved in either the district court or the court of appeals.

## Drug Enforcement Administration

Since its inception, the Program has been a solid integral component of DEA's law enforcement mission. With the implementation of major investigative strategies and innovative operations, international drug trafficking cartels, whose

illegal activities stretch across national and international borders, have been targeted successfully. In FY 1994, record asset seizures and forfeitures have resulted from DEA's continued efforts to dismantle international drug networks in the United States, Columbia, Mexico, Italy, Spain, and Hong Kong, to name a few.

During FY 1994, DEA exceeded \$200 million in administrative forfeitures. Currency forfeitures alone comprised \$171 million of these administrative forfeitures. Although the number of forfeitures in FY 1994 decreased, the average value of an individual forfeiture increased 47 percent. Total seizures in FY 1994 exceeded \$500 million.

The following are examples of significant investigations by DEA that successfully applied forfeiture in FY 1994.

### *Gainesville, Florida*

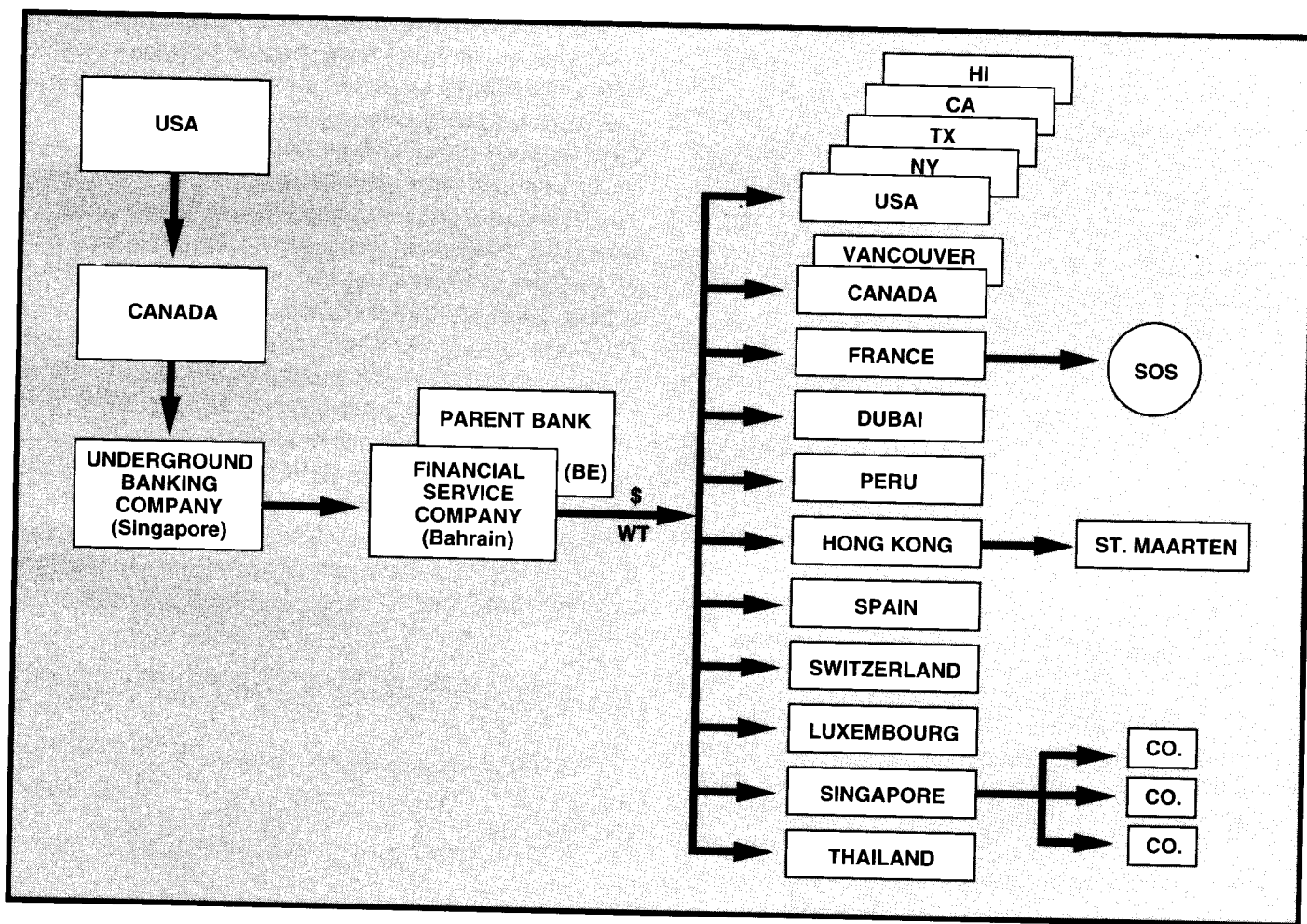
In cooperation with international law enforcement efforts, an ongoing DEA and Organized Crime and Drug Enforcement Task Force (OCDETF) investigation in Gainesville, Florida, resulted in the seizure of approximately \$76 million in assets. The investigation targeted a 45-member, international poly-drug organization that had laundered hundreds of millions of dollars in drug proceeds throughout the world since the early 1980s. The traffickers were responsible for the importation of more than 240,000 kilograms of hashish and Thai marijuana into Canada and the United States, involving gross sales that exceeded \$1 billion and netted \$400 million for the organization and sources of supply. Many members of the group have ties to various organized crime groups, as well as ties to individuals involved in arms trading and terrorist activities in the Middle East. Some have records with DEA dating back to the early 1970s.

With the help of foreign law enforcement counterparts, bank accounts established by the drug traffickers have been identified worldwide. Evidence has shown that from 1989 to 1993, in Singapore alone, more than \$80 million in drug proceeds was laundered through an underground banking company.

The money was moved from the United States to Canada, to Singapore, then shipped in bulk to Bahrain and

deposited into bank accounts of a financial services company. The company transferred the funds into shell company accounts held by the organization members throughout the world. Cash totalling \$43 million was seized by the Gainesville regional office, a portion of which will be shared with local law enforcement upon forfeiture. Of the \$43 million seized, \$30 million was surrendered by one defendant.

French Customs and Royal Canadian Mounted Police estimates of assets which can and will be forfeited, bring the total amount of assets seized in this case to approximately \$120 million. Further evidence revealed that one DEA fugitive who was the leader of the organization, and two of his Pakistani supply sources, have profited more than \$100 million each after expenses.



From 1989 to 1993, the organization laundered approximately \$100 million using this route. Money couriers would carry drug proceeds in luggage from the United States and Canada to Singapore, where the money would be taken to an underground banking company, and instructions would be given as to where the money should be transferred. The underground bankers would send the money in cargo shipments to an associate company in Bahrain, where it would then be deposited into their company accounts. From Bahrain, approximately \$50 million was wire-transferred back to three accounts held by one defendant in Singapore. The remaining \$50 million was further wire-transferred out from Bahrain to accounts held by organization members worldwide.

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### *Ft. Lauderdale, Florida*

Another example of DEA's success in furthering the Program's mission is the 3-year DEA/Ft. Lauderdale OCDETF investigation into the cocaine and marijuana importation and distribution, money laundering, and tax evasion activities of Armando Fernandez and members of his organization. The indictment included a protective order restraining approximately \$35 million in assets. This order required both DEA and the USMS to serve notice of the pending seizure of numerous pieces of real property, corporations, office buildings, bank accounts, and businesses, including "The Collection" in Coral Gables, Florida, the largest luxury vehicle dealership in the eastern United States. In addition, the protective order restrained 25 additional corporations, 2 multi-million dollar office buildings, a \$3 million private residence in Aspen, Colorado, and the Paramount Plaza Joint Venture to construct and renovate a hotel/condominium/discotheque on Miami Beach, valued in excess of \$3 million. Following the issuance of the protective order, the corporations and properties were managed by the government and continue to be self-sustaining. The Collection automobile dealership was sold for approximately \$2 million in an interlocutory sale. The defendant will not contest the imminent criminal forfeiture of the remaining restrained assets.

### *Atlanta, Georgia*

A 2-year joint DEA/IRS investigation into the money laundering activities of the Cali Cartel in Columbia provided federal agents the opportunity to probe the financial aspects of drug trafficking and to identify the narcotics distribution cells of these organizations. The investigation encompassed cells of the cartel operating in the United States, Canada, and several European countries. During this investigation, undercover financial institutions, shell corporations, and bank accounts were established throughout the United

States, the Caribbean, Europe, and Hong Kong, to facilitate the transfer of monies for the cartel members. An undercover financial institution was established, bank accounts were opened for Colombian trafficking/money laundering organizations, and financial transactions were conducted on behalf of the cartel. These activities further identified banks and accounts utilized by the cartel members. This valuable information allowed DEA to trace the laundered funds from the undercover financial institutions to the next recipient. Intelligence gained from these transactions also provided evidence to initiate more investigations in other jurisdictions, leading to additional arrests and asset seizures.

This major investigation led to significant related cases in Europe, linking the Cali Cartel members to narcotics organizations and money laundering activities in Spain and Italy. It also provided information showing the movement of the drugs, which were transported on ships from the coast of Columbia, offloaded to smaller vessels near the northern coast of Africa, and then distributed in southern Europe. The Italian target, who was arrested in Spain, and subsequent investigation have identified several key conspirators. Various phases of the investigation established by DEA against the Cali Cartel, as well as spin-off cases against organizations identified through the initial investigation, have resulted in a seizure of more than \$32 million in New York, Houston, and Miami. Seizure of other financial instruments and high-value items are anticipated at both domestic and international levels.

### *Los Angeles, California and Houston, Texas*

Another 2-year investigation by the DEA in Los Angeles and Houston into the trafficking of a Chinese medicine known as "Black Pearl," the controlled substance Diazepam, resulted in the arrest of two defendants. Twenty-five million dosages of "Black Pearl" were seized along with \$2.5 million in certificates of deposit and real estate valued at approximately \$1.3 million.



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## Federal Bureau of Investigation

The FBI continues to place a high priority on the use of forfeiture sanctions to dismantle criminal enterprises and to serve as a possible deterrent to future criminal activity. These efforts resulted in the seizure of property with the appraised value of approximately \$356 million. In FY 1994, the FBI completed staffing of contract positions at its headquarters and implemented higher seizure limits for adoptive and FBI-initiated forfeiture actions. The combination of increased staffing to support processing of seizures and increased seizure limits provided the mechanism for the FBI to further reduce the time necessary for processing administrative matters, which now averages approximately 130 days.

The FBI currently has 26 Forfeiture Asset Seizure Teams (FASTs) in place in its larger offices. These teams, consisting of special agents, paralegal specialists, financial analysts, investigative assistants, and contract employees, assist in the forfeiture aspects of all major investigations and provide the expertise necessary to obtain the maximum use of forfeiture sanctions in all cases. Field offices that do not have a FAST have at least two paralegal specialists who are responsible for assisting investigative personnel in the identification and processing of forfeitable property. The FBI's forfeiture program continues to serve as a model for local, state, federal, and international law enforcement agencies.

The following cases are representative of the broad application of forfeiture sanctions used by the FBI.

### **Racketeering and Corrupt Organizations**

#### *New York Field Office*

In FY 1994, the government brought to a close the racketeering case against the Mongelli family, owners of the largest waste hauling monopoly in Orange County, New York, by selling the family's trash hauling business for \$12 million. The focus of the investigation was the La Cosa Nostra (LCN) control over the private waste carting industry in the New York City area. In 1992, a Federal Grand Jury

returned an 84-count indictment charging the Genovese LCN Family associates and their businesses with conducting a variety of illegal activities, which included siphoning millions of dollars in cash from their businesses, payments to the LCN for "benefits," money laundering, and bribery of a public official.

The sale of Round Lake Sanitation and other Mongelli-owned companies was required by the plea bargain agreement signed by the defendants in 1991. In 1993, Louis J. Mongelli, Robert A. Mongelli, and Louis J. Mongelli, Jr. were sentenced for their racketeering, bribery, money laundering, and tax-related offenses. The Mongellis were also required to divest themselves of other interests in the waste carting industry and are banned from that industry for life. To date, approximately \$17 million has been forfeited pursuant to the forfeiture provisions of the RICO statute.

#### *San Francisco Field Office*

As a result of another RICO investigation, the San Francisco Division seized a total of \$473,400 in U.S. currency from members of a Vietnamese criminal enterprise. The money was to be used by the subjects to purchase stolen computer chips for resale in the computer chip black market, which is heavily controlled in the United States by Vietnamese criminal groups.

### **Violent Crime**

#### *Chicago Field Office*

In an effort to dismantle criminal enterprises, the Chicago Joint Task Force on Gangs continues to target the largest and most violent gangs in the Chicago area for investigation. These gangs control the illegal drug trade in communities within Chicago. These territories, well-known by drug users and vendors, are often the scene of shootings and murders. The Black Gangster Disciples, the largest violent gang in the Chicago area, is commonly referred to as a "supergang," because of its size and pervasiveness. This

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gang periodically aligns with the Black Disciples under the Black Gangster Disciple Nation. The Chicago Police Department estimates actual membership of the Black Gangster Disciples to be 30,000. During FY 1994, property valued at approximately \$289,000 was seized by the task force.

## **White Collar Crime**

Emphasis on white-collar crime-related seizures remained a priority for the FBI in FY 1994. The FBI launched OPERATION DISCONNECT, a national initiative designed to penetrate the network of illegal telemarketing boiler rooms operating across the country, that involved 18 field offices in 13 different states. OPERATION DISCONNECT is now considered the most significant investigative effort directed toward illegal telemarketing ever undertaken by federal law enforcement. This operation identified more than 540 subjects working for 123 illegal telemarketing operations. To date, more than 300 individuals have been charged and more than 220 have been convicted of various federal crimes associated with illegal telemarketing. Searches were conducted at more than 79 locations and resulted in the seizure of more than \$11 million in property. Following the successful completion of these forfeiture actions, the majority of the proceeds realized from the disposition of the property will be returned to the victims.

### *San Diego Field Office*

The San Diego Financial Institution Fraud Task Force initiated a civil forfeiture action in 1993 aimed at forfeiting the interest of Rancho San Diego Partners in Rancho San Diego, which involved approximately 2,000 acres of undeveloped land valued at \$67 million. The forfeiture action was predicated upon a sham transaction at the end of 1990 between a subsidiary of HomeFed and a California developer.

In FY 1994, a civil forfeiture action was filed seizing \$2,450,000 in cash from bank accounts held at HomeFed,

which were proceeds from numerous loan transactions related to Rancho San Diego. The transactions were created to establish HomeFed as an unconsolidated joint venture with a third party in order to mask HomeFed's role as a direct investor. This action on the part of HomeFed was taken to avoid adverse regulatory actions resulting from changes in banking regulations.

### *Newark Field Office*

An FBI investigation into the operation of an elaborate advance fee scheme that resulted in losses of approximately \$27 million led to the conviction of John Jacob Voigt, Ralph Anderskow, and Donald Anchors in June 1994. Notable international victims of Voigt's activities are the city of Moscow, Russia, and officials of the former East German government. Voigt received \$4.4 million and \$7.6 million respectively for fictitious loan guarantees. During the forfeiture hearing, the court allowed the forfeiture of \$1.6 million, contingent upon the government locating assets owned by Voigt. To date, the Newark office has located an undetermined amount of jewelry and two automobiles that belong to Voigt, which may be subject to forfeiture.

## **Immigration and Naturalization Service**

To achieve the Program's mission, the INS maximizes the use of forfeiture sanctions in cases of violations of immigration and smuggling laws. The primary enforcement responsibilities of INS are to prevent illegal entry into the United States, to detect fraudulent documents used to gain entry, and to locate, apprehend, and remove aliens who remain here illegally. Under the Violent Crime Control and Law Enforcement Act of 1994, penalties for alien smuggling have been increased to a minimum of 10 years imprisonment, with capital punishment provisions in cases where a smuggling attempt results in the death of an illegal alien.

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The INS has authority to seize conveyances used in violating immigration laws. Most of these cases involve attempts to enter the United States illegally, or to smuggle aliens into the country. Immigration law violations frequently involve drug smuggling, illegal currency transfers, and other crimes.

In FY 1994, INS began utilizing statutory authority to pursue real property forfeiture under 18 U.S.C. §§ 981 and 982. Also in FY 1994, INS seized approximately 18,378 conveyances (18,239 vehicles, 129 vessels, and 10 aircraft). The following are examples of significant investigations by INS that successfully applied forfeiture laws in FY 1994.

A joint investigation involving the Blaine Border Patrol, Seattle District Office, the USCS, and the USSS culminated in the seizure of a motor home and cash after the defendant paid more than \$1.4 million in bribes to facilitate an elaborate alien smuggling conspiracy. Twelve principals were arrested and charged with operating a large-scale South Asian alien smuggling ring believed to have brought more than 1,000 illegal aliens into the United States since 1985.

Several cases are pending currently, including Operation Cashmere II, conducted by the Atlanta District Office Investigations Division. The investigation resulted in an indictment seeking the forfeiture of \$600,000 in cash received as proceeds from an immigration fraud scheme, involving the illegal issuance of genuine Social Security identification documents.

The Headquarters Asset Forfeiture Office provided extensive on-site and technical support to the Miami, Florida Border Patrol Sector during a large maritime influx of Cubans and Haitians, which resulted in the interdiction of 53,000 intending migrants. Vessels used by the smugglers and individuals assisting in the illegal migration were seized.

## U.S. Attorneys

The 94 U.S. Attorneys' Offices play a significant role in the Program. The USAOs are responsible for the prosecution of both criminal defendants and civil actions against property used or acquired during illegal activity. Pursuant to

DOJ 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. Non-cash cases involving personal property valued at greater than \$500,000 are also handled by the courts.

As the chief federal law enforcement officer in the judicial district, the U.S. Attorney serves as the head of OCDETF in 13 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 Program. Many of the asset seizures and forfeitures reported by the investigative agencies would not have been possible without the support and teamwork afforded through OCDETF.

Each 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 the resolution of interagency law enforcement problems, and to ensure 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.

In support of the Program's mission in FY 1994, the USAOs nationwide have filed 765 criminal forfeiture cases, including 3,029 items to be forfeited, and have filed 2,941 civil forfeiture cases. Criminal forfeiture of 1,061 assets was ordered in 208 criminal convictions. Civil forfeiture was ordered in 1,836 cases.

The following are examples of the cases that successfully used asset forfeiture in FY 1994.

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### *District of Alabama*

Members of the Stutson family drug organization received substantial sentences for their drug trafficking activities. The defendants, led by 56-year old grandmother Wealthy Stutson, were convicted in the District of Alabama of drug trafficking, conspiracy, money laundering, and weapons violations. Force and violence were commonly threatened and used against co-conspirators, witnesses, and law enforcement agents involved in the investigation. In addition to the forfeiture of real property located in California and Alabama, vehicles, jewelry, furs, and currency with an approximate value of \$1 million were seized and forfeited. Additionally, a judgment of \$4 million was obtained against the defendants based on the total amount of illegal drug proceeds generated by the Stutson organization.

### *District of Columbia*

In response to requests from various local community groups to use federal resources to rid their neighborhoods of residential property used by narcotics traffickers to store and sell crack cocaine, the U.S. Attorney's Office in the District of Columbia, working jointly with other federal and local law enforcement agencies, successfully seized and forfeited numerous crackhouses and prosecuted the traffickers who operated them. Purported "innocent owners" have been served legal notice advising them that failure to rid their property of illegal activities will result in the forfeiture of their real estate. Many of these owners have been motivated to evict their tenants, who are involved in illegal activity, resulting in the abatement of these illegal nuisances in otherwise peaceful and law abiding residential communities.

### *District of Massachusetts*

In another case involving drugs, the Woburn City Athletic Club was sold for \$306,000 after it was civilly forfeited in the District of Massachusetts. The investigation revealed that officers, directors, members, and employees of the club were dealing, storing, and concealing cocaine on the

premises. The claimants requested a temporary restraining order against the disposition of the property based on the Eighth Amendment Excessive Fines Clause. However, the court ruled that the forfeiture was justified, based on the extensive illegal drug activity conducted on the property.

### *Eastern District of New York*

This office successfully prosecuted and recovered the largest international repatriation of drug proceeds to the United States to date. The United States repatriated approximately \$22 million from the Swiss bank account of Howard Datz, also known as Stuart Newton. This amount was obtained with the cooperation of his signatory, Kenneth Bloomfield. The monies were proceeds from the smuggling operation of Datz/Newton, which moved tens of thousands of pounds of hashish from Pakistan into the United States. The recovery was accomplished through close cooperation between the United States and Swiss authorities. In recognition of its cooperation in this case, the Swiss government received one half of the forfeited amount.

### *Western District of New York*

After 4 years of litigation, the principal owner of a pornographic adult entertainment center pled guilty to numerous tax charges and to transporting obscene materials in interstate commerce for sale or distribution. He also consented to the forfeiture of the property, valued at \$250,000, located in an area with many child-sensitive businesses. The USMS is presently in the process of selling the property.

### *Northern District of Ohio*

One of the most significant cocaine distributors in the greater Cleveland area in the last 4 years was the leader of a drug conspiracy responsible for distributing several kilograms of cocaine. More than 12 kilograms of cocaine and 350 grams of heroin were seized, along with more than \$100,000 in cash, and three weapons. This major drug trafficker and members of his organization were sentenced to

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several years in prison after prosecution in the Northern District of Ohio.

### *Eastern District of Pennsylvania*

This office successfully prosecuted two large crack vial manufacturing conspiracies as drug cases instead of paraphernalia cases. Twenty-three defendants pled guilty. The court imposed conspiracy prison terms on the Belkin organization, twice the sentence as what might have been anticipated under the paraphernalia guidelines. Sentencing in the Sigal conspiracy has not yet begun. Criminal forfeitures in the two cases are in excess of \$4 million.

This district also brought to a successful completion the case against pharmacist Robert Goldstein for his participation in the illegal distribution of controlled substances through his pharmacy. Michael's Pharmacy grossed more than \$11 million from the sale of illegal drugs. Mr. Goldstein was sentenced to 1 year in prison and made to forfeit \$1.75 million.

### *Southern District of Texas*

More than \$2 million in currency was forfeited to the United States when it was seized during an attempted transfer from narcotic traffickers to a money launderer. An additional \$2 million was forfeited administratively. The funds belonged to David R. Sassoon, who was ultimately charged with and convicted of money laundering.

### *Eastern District of Virginia*

This office successfully obtained criminal forfeiture of \$103,800 in cash transferred by a drug defendant to his attorneys in a cracker box. The attorneys vigorously contested every aspect of the forfeiture and petitioned the court for vacation of the forfeiture. The district court denied their petition and defined the standard that applies when an attorney takes cash for a fee from a drug violator.

In another case, this district applied the forfeiture provisions of the espionage statutes and obtained a rare pre-indict-

ment restraining order to freeze all the assets of CIA-employed Soviet spy Aldrich Ames. Defendant Ames pled guilty and forfeited approximately \$750,000 in cash and property, which was deposited in the Crime Victims Fund.

This district also successfully convicted defendant McGill, a retired Navy chief petty officer, on several counts of mail fraud, false claims, money laundering, and tax evasion for bilking the Navy's Military Sealift Command of more than \$3 million. Between \$500,000 and \$1 million is expected to be recovered from seizures of 4 residential homes, 14 cars, jewelry, rugs, and notes payable. McGill is serving more than 7 years imprisonment.

## **U.S. Marshals Service**

As the primary custodian of seized property for DOJ, the USMS plays a fundamental role in implementing the mission of the Program. The USMS has the responsibility not only for seizing property, but also of 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 of managing 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; appraisal of personal and real property; management of businesses; auctioning; and other professional sales services.

During FY 1994, the USMS continued its policy of selling real properties on average within 12 months of forfeiture. Also in FY 1994, forfeited real properties on hand declined from a total of 1,778 properties valued at \$242.5 million at the beginning of the fiscal year to a total of 1,574 properties valued at \$216.2 million at the end of the fiscal year. It is significant to note that during FY 1994, the USMS obtained an average of 90.13 percent of appraised value for real prop-

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erties sold. The USMS sold 12 forfeited aircraft for a total of \$2,278,000, which represented 188 percent of the appraised value. Six jewelry auctions were conducted in FY 1994 where jewelry appraised at \$6.2 million was sold for \$6.8 million, which represents 103 percent of the appraised value. Emphasizing businesses and vessels, in FY 1994 the USMS reduced businesses on hand by 33 percent and disposed of 207 of the 211 vessels in custody.

## U.S. Postal Inspection Service

The USPIS continues to utilize forfeiture to discourage profit-motivated crimes such as mail fraud, money laundering, and drug trafficking through the U.S. mail. The Forfeiture Group, based at the national headquarters, has management and oversight responsibility for forfeiture activities in 30 field divisions nationwide. Each division has at least one forfeiture specialist. Eleven inspector-attorneys play a vital role by providing legal counsel and training to inspectors and specialists nationwide.

The following significant investigations illustrate the strong commitment of the USPIS in using forfeiture as part of its law enforcement activities.

### *Drug Trafficking*

In furthering the Program's mission of cooperation and coordination among law enforcement agencies, a major drug enforcement investigation involving the USPIS, ATF, and IRS, which began in 1993 and continuing at present, resulted in the seizure of real and personal property valued in excess of \$935,700. A Ferrari, a Porsche, a video/fish market, a 20-acre grape vineyard, and several residences were also seized. Additionally, jewelry with a retail value of \$590,000 was seized from three stores. The searches, arrests, and seizures took place simultaneously at 18 locations and were executed by more than 150 federal, state, and local law enforcement agents.

In an investigation that began in August 1993, Postal Inspectors in Washington, D.C., identified several possible

narcotics-related parcels being sent to a Van Nuys, California address. One of the parcels was opened and found to contain \$29,980 in cash. A search warrant, effected at the parcel's address, resulted in the arrest of four illegal aliens on state charges of trafficking narcotics. Also found were \$63,699 in cash, 800 grams of Mexican brown heroin, loaded firearms, and six certificates of title for vehicles. Extensive investigation of the vehicles revealed that they were used to transport drugs around the area. No claims were made to the seized property, which was forfeited in May 1994. Those arrested were later convicted of the charges.

In March 1994, a joint investigation involving Postal Inspectors, the Nashville Police Department, and the Los Angeles Police Department uncovered a total of \$275,919 in cash, suspected to be proceeds from the sale of narcotics, in an overnight mail parcel. The cash was seized and the package resealed. Although the individual who came to pick up the package escaped surveillance, the cash was forfeited in July 1994.

In June 1994, Postal Inspectors, assisted by local law enforcement officers, identified two Express Mail parcels, each containing approximately 12 pounds of marijuana. A postal inspector posing as a U.S. letter carrier delivered the parcels as addressed. The recipient of the parcels was arrested, and a search of his residence resulted in the discovery of 24 pounds of marijuana hidden in a heating duct, guns, and other drug paraphernalia. Further search of the heating duct produced \$29,385 in cash, which was subsequently forfeited.

### *RICO, Mail, and Wire Fraud*

An investigation into a scheme that targeted investors who had purchased gems as an investment opportunity resulted in the indictment of 34 individual defendants and 10 corporations for conspiracy and mail and wire fraud. The defendants, pretending to be "brokers," contacted investors with the offer to sell the gems at a substantial profit to non-existent overseas buyers. After supposedly reaching a tentative agreement with the buyers, the defendants advised the investors that their gem portfolios were inadequate and that the sale could not be completed. The defendants offered to

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arrange for the purchase of more gems to close the deal. The cycle of arranging a sale, advising the investors that their gem portfolios were inadequate, and selling them extra gems with the promise of a lucrative sale to overseas investors would repeat itself until the investor caught on to the scheme or became insolvent. Two of the salesmen promoting the scheme were arrested at the Miami Airport, following a monitored meeting with two other salesmen. Incident to the arrest, \$440,488 in funds was seized and subsequently forfeited in May 1994. Restitution will be made to the victims from the funds seized.

In another case in FY 1994, the final order was issued forfeiting the defendant's fraudulently obtained assets from a nationwide mail solicitation scheme. The defendant offered a pill product through a non-existent medical clinic. Funds were delivered to the defendant at a private mail-receiving agency. A total of \$157,000 in assets was identified during the investigation, most of which was deposited in the defendant's bank accounts. He was sentenced to 5 years of probation and fined \$30,000.

Also in FY 1994, a final order was signed to forfeit a defendant's assets which were proceeds from a fraudulent sweepstakes offer. The scheme involved sending postcards to individuals announcing that they had won a prize and encouraging them to call a 900 number to claim their prize. The defendant generated \$9.95 per call. Funds were set aside for the purpose of refunding the money to the victims of the scheme, and \$940,588.63 was forfeited to the government.

Several USPIS investigations into insurance fraud resulted in conviction and forfeiture. One defendant pled guilty to racketeering and mail fraud by defrauding his clients of insurance premium refunds for at least 30 years. This defendant was placed on probation and home confinement because of his advanced age and deteriorating health. He forfeited \$604,073 to the government and was fined \$100,000. Another defendant pleaded guilty to conducting an elaborate insurance fraud scheme by misrepresenting the assets of his insurance company to satisfy minimum state capitalization requirements. This defendant also conducted an overlapping

"advance-fee" scheme by using his companies to defraud other victims of several million dollars. He faces a maximum sentence of 10 years. Assets from the defendant's companies were seized, as well as personal bank accounts containing deposits totaling \$972,370. The court authorized the USPIS to retain an administrator to run the insurance business during the litigation and assist in resolving any potential claims from the policyholders.

## U.S. Park Police

Supporting the Program's mission, the USPP of the Department of the Interior continued to place an emphasis on the use of forfeiture sanctions in investigations in FY 1994. 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 patrols a variety of parks and surrounding areas, parkways, and major arteries, which are used as conduits for transporting illegal drugs. In many instances, a routine traffic stop gives rise to the seizure of sizeable amounts of drugs and related assets.

The following are examples of significant investigations by USPP that successfully applied forfeiture laws in FY 1994.

The 10 investigators in the Narcotics and Vice Unit within the Criminal Investigations Branch in the Washington, D.C. metropolitan area conduct investigations into street-level, mid-level, and high-level drug distribution organizations. In FY 1994, the unit investigated more than 430 cases, made 171 felony arrests, seized 66 assorted guns, approximately one half million dollars worth of illegal drugs, and more than \$80,000 in cash. One of the investigations centered on a mid-level heroin organization that distributed 300-500 "billies," or street-sale doses of heroin every day. At the end of the investigation search and arrest warrants were served, and the organization was dismantled. The employees of this organization pleaded guilty to related charges.

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Among the assets seized was a Jaguar XJ-6, which was administratively forfeited. In an effort to send a strong message against drug sales, use, and abuse, the Jaguar was outfitted as a USPP patrol cruiser and was affixed the nationally recognized D.A.R.E. logo.

Also in FY 1994, the USPP deployed a 50-man uniformed task force on violent crime in high-crime areas of Washington, D.C. It was a concerted effort to augment the overtaxed resources of the Washington, D.C. Metropolitan Police Department. This intensive effort produced an impressive number of drug seizures, seizures of related assets, including a large number of weapons, and the capture of many wanted fugitives.

The USPP Aviation Section contributed to the program by providing support in the form of surveillance, photo missions, marijuana eradication, and infra-red technology to other federal, state, and local agencies.

## Food and Drug Administration

The Office of Criminal Investigations (OCI) of the Food and Drug Administration (FDA) joined the Program in March 1994. The mission of the Program will be furthered with the participation of the FDA in investigating health care fraud schemes, counterfeit pharmaceutical drugs, illegal distribution of adulterated foods and drugs, and product tampering.

The OCI was established because of increasing evidence of health care fraud, coupled with increasing domestic and international criminal activity in product areas regulated by the FDA. Currently, OCI consists of two headquarters employees. Each of the six field offices has an employee with collateral responsibility in asset forfeiture. OCI is committed to expanding the number of employees who have full-time forfeiture responsibility in proportion to the growth of the program.



# Chapter III: Program Performance

In pursuit of the Program's mission, funds obtained from forfeitures are reinvested in the fight against crime. This re-investment of forfeiture proceeds in law enforcement has contributed to the remarkable growth in federal forfeitures.

Since 1985, more than \$3.8 billion in illicit cash and proceeds from the sale of forfeited property have been deposited into the Assets Forfeiture Fund. Without the forfeiture fund, law enforcement agencies would not have adequate resources to aggressively implement the Asset Forfeiture Program.

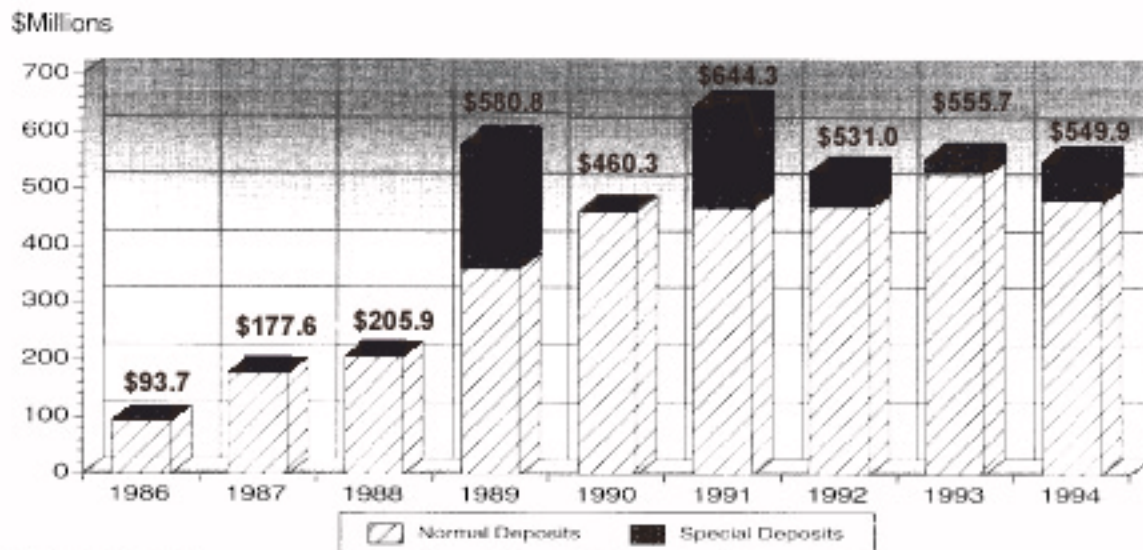
Prior to FY 1994, the proceeds of judicial forfeitures in cases involving the Department of the Treasury agencies—IRS, USSS, and ATF—were deposited into the Department of Justice Assets Forfeiture Fund. In 1992, pursuant to 31 U.S.C. § 9703, the Treasury Forfeiture Fund was established.

This statute provided that proceeds of all forfeitures conducted by the IRS, USSS, or ATF, on or after October 1, 1993, are to be deposited into the Treasury Forfeiture Fund.

## Fund Receipts

The Department of Justice Assets Forfeiture Fund provides a mechanism by which proceeds of successful forfeiture cases are reinvested directly into law enforcement efforts. The Fund is an account in the Treasury Department that receives forfeited cash and the proceeds of sale from forfeited property from all cases involving DOJ and the judicial cases from those non-DOJ agencies that are participating in the Program. Fund revenue is measured in terms of net deposits to the Fund.

## Department of Justice Assets Forfeiture Fund Income



FY 89 includes \$222M from the Drexel Burnham Lambert case.

FY 91 includes \$178.3M from Michael Milken case.

FY 92 includes \$55.3M from the Solomon Brothers case and \$6M from BCCI interest.

Asset Forfeiture Management Staff, JMD

FY 93 includes \$19.7M from the McNamara case and \$9.7 from BCCI interest.

FY 94 includes \$26.7M from the McNamara case, \$13.6M from BCCI interest, and \$28.2M from BCCI principal deposits.

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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 1994 with total net deposits to the Fund of \$549.9 million. Revenue to the Fund is primarily derived from forfeited cash and the proceeds from sale of forfeited property. In FY 1994, forfeited cash in the amount of \$351.2 million accounted for 58 percent of net deposits to the Fund. Proceeds from the sale of forfeited property represented 31 percent of income to the Fund. The level of proceeds generated from the USMS sale of forfeited property in FY 1994 reached an all-time high of \$169.5 million, an increase of 9 percent over last year's total.

Investment income resulted in additional revenue to the Fund. Proceeds from the investment of forfeited cash in the Fund totaled \$8 million. Proceeds from the investment of seized cash in the Seized Asset Deposit Fund totaled \$9 million. An additional \$13.6 million in interest income was earned from the investment of proceeds relating to the forfeiture of BCCI. Interest earned on BCCI funds is limited to distribution by order of the court. Total investment income earned in FY 1994 was \$30.6 million, including interest on BCCI funds.

Other deposits to the Fund in FY 1994 consisted of payments and penalties in lieu of forfeitures of \$33.8 million, recovery of asset management costs of \$2.6 million, miscellaneous income of \$2.7 million, and transfers from other federal agencies of \$1.2 million. Refunds of \$40.6 million were paid from the net deposits to the Fund.

## Official Use

In addition to the authority to sell property forfeited under laws enforced or administered by DOJ, the Attorney General is also authorized to retain forfeited property for official use, and to transfer forfeited property to another fed-

eral agency, or to any state or local law enforcement agency that participated directly in the seizure or forfeiture of the property. In FY 1994, federally forfeited conveyances and other tangible property worth approximately \$7.3 million were transferred to state and local law enforcement agencies through the equitable sharing program. Approximately \$14.4 million worth of conveyances and personal property were retained for official use by the DEA, FBI, INS, USMS, USPS, IRS, and USSS.

## 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 crime. The Fund enables the proceeds of successful forfeiture cases to be reinvested directly into law enforcement efforts. The \$549.9 million in proceeds forfeited from criminals in FY 1994 was pumped back into law enforcement in various ways. In an austere budget environment, the Fund has provided law enforcement with critical resources to fight crime.

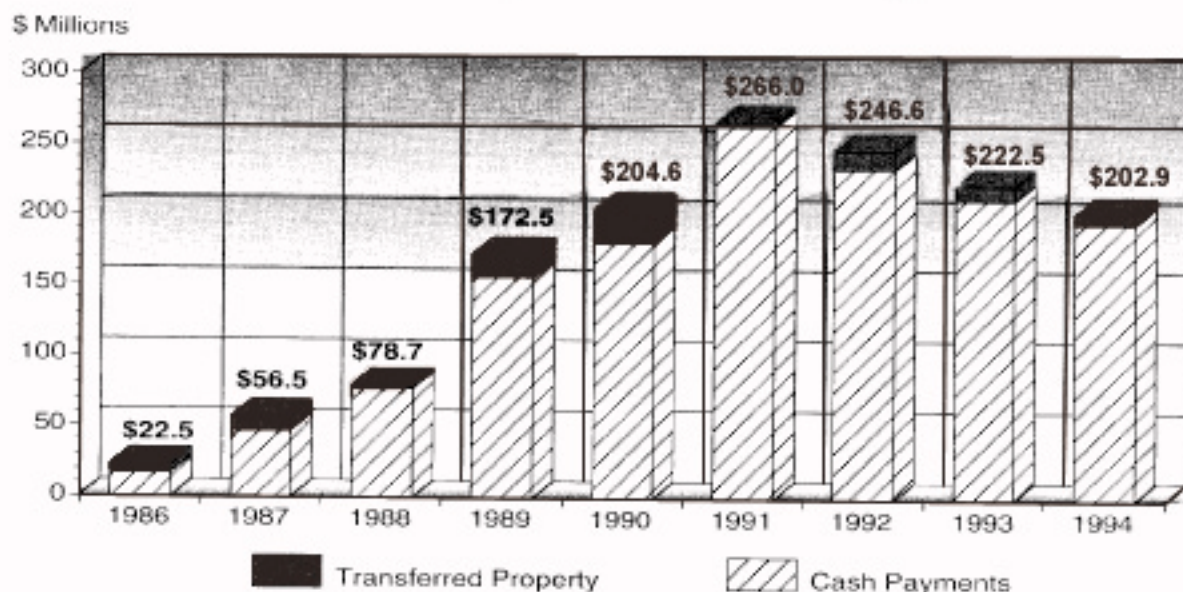
Net deposits to the Fund are available to the Attorney General to meet program operation expenses. Following these amounts, any remaining deposits to the Fund are available to the Attorney General for investigative expenses up to the amount of appropriated authority. Authorities and limitations governing the use of the 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 Fund to pay any necessary expenses associated with the seizure, detention, management, forfeiture, and disposal of seized property. In FY 1994, a total of \$103 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. Another \$131.3 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.

## Equitable Sharing

In addition, the Attorney General has the authority to make equitable sharing payments from the Fund to state, local, and foreign law enforcement agencies for their assistance in conducting a successful forfeiture case. The 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 cooperative 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.

The Department of Justice's first equitable share occurred in FY 1986. That year, DOJ agencies shared \$22.5 million in federally forfeited cash and tangible property with state and local law enforcement agencies. In FY 1994, a total of \$234.6 million in forfeited cash and \$7.3 million in tangible property was shared with state and local law enforcement agencies. Of this amount \$202.9 million has been disbursed. Since the program began in 1986, almost \$1.4 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. The equitable sharing program is the cornerstone of the national and international drug enforcement effort.

### Assets Forfeiture Fund Total Equitable Sharing



Based on Fact Book disbursements data for the period ending September 30, 1994

## International Sharing

The Department of Justice is committed to promoting international forfeiture cooperation and asset sharing with its international law enforcement partners as a way to attack serious transnational financial crime and drug trafficking. To that end, DOJ 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). In FY 1994, the DOJ transferred forfeited proceeds to the following countries that provided assistance in U.S. forfeiture cases: \$56,323 to the Bahamas; \$64,324 to Canada; \$422,387 to the Cayman Islands; \$297,713 to the Channel Islands-Guernsey; \$330,316 to Ecuador; \$8,415 to Hungary; \$20,500 to Liechtenstein; \$22,500 to the Netherlands Antilles; \$23,700 to Romania; and \$5,512,388 to Switzerland.

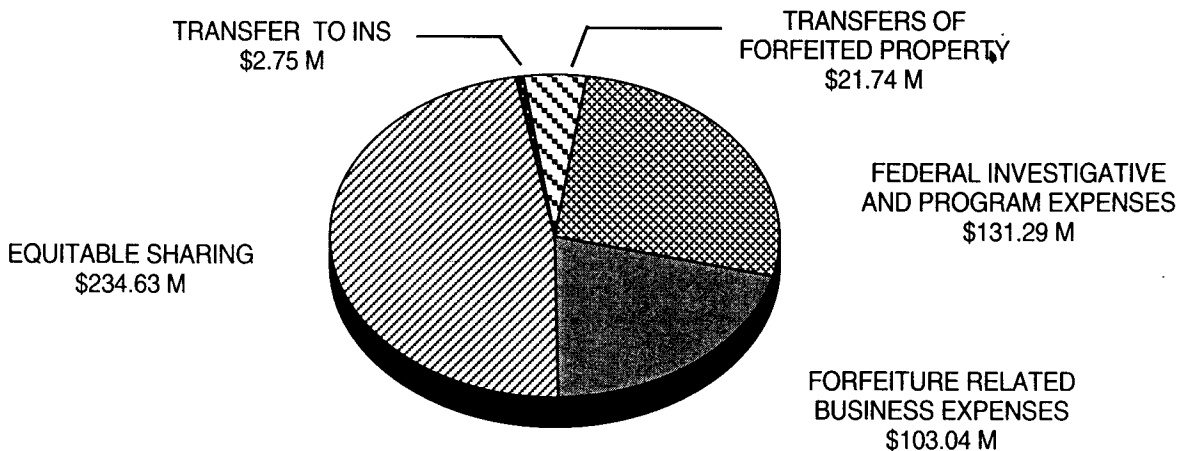
The Fund received in excess of \$3.1 million from Switzerland in connection with three cases in which the

Swiss were able to forfeit assets with assistance from the United States. A 1991 amendment to 28 U.S.C. § 524 (c)(4)(B) allowed any forfeited proceeds shared with the United States by foreign governments to be deposited into the Fund.

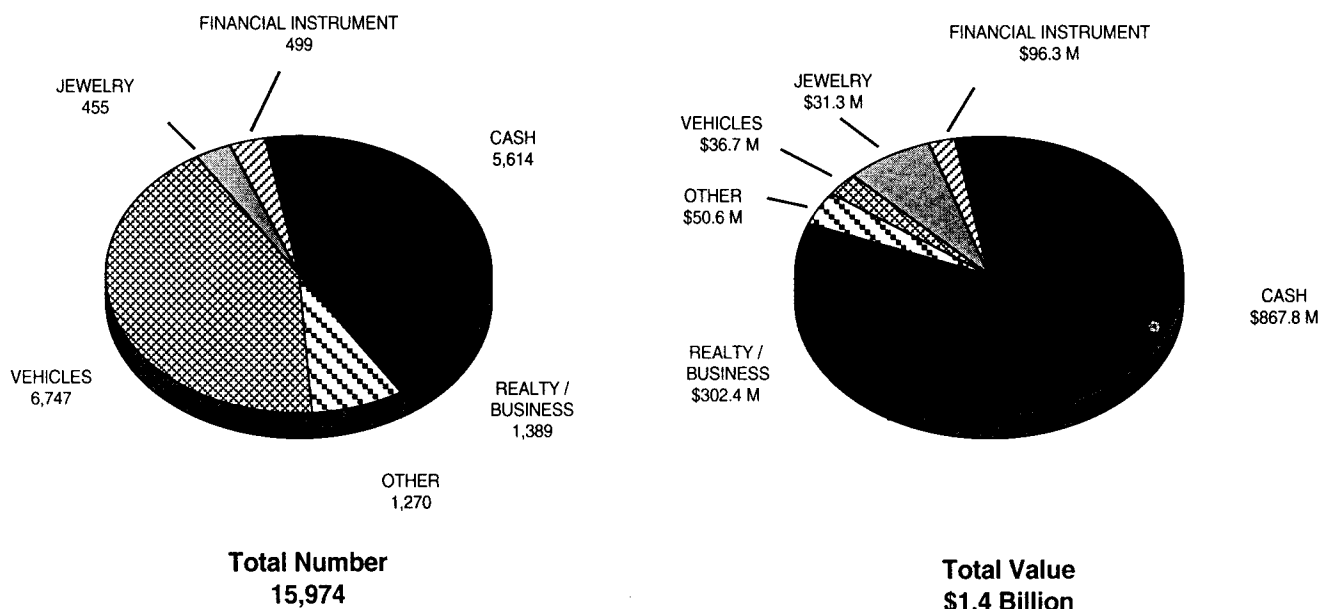
## End-of-Year Fund Balance

After paying out all expenses and adding in prior year adjustments, the Fund successfully ended the fiscal year with a balance of \$127 million. Of this amount, \$78.9 million is committed balances, including BCCI interest of \$29.3 million, BCCI principal of \$28.2 million, prior year super surplus balance of \$9.7 million, and \$11.6 million *U.S. v. McNamara* assets to be paid to innocent third party interests during FY 1995. More than \$6 million of the end-of-year fund balance is for obligated balances subject to delivery in 1995 and approximately \$41 million remained in the Fund to cover initial FY 1995 expenses.

### DOJ Assets Forfeiture Fund Expenses and Distributions Fiscal Year 1994



## Seized Property on Hand Fiscal Year 1994

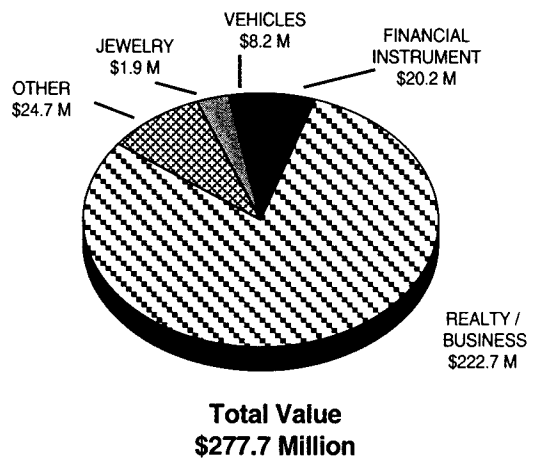
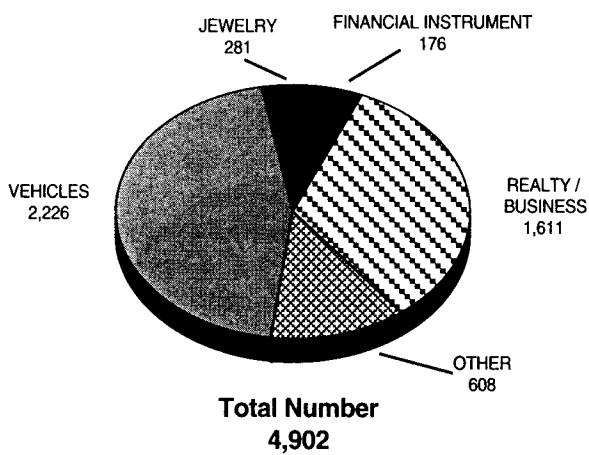


### Seized Asset Inventory

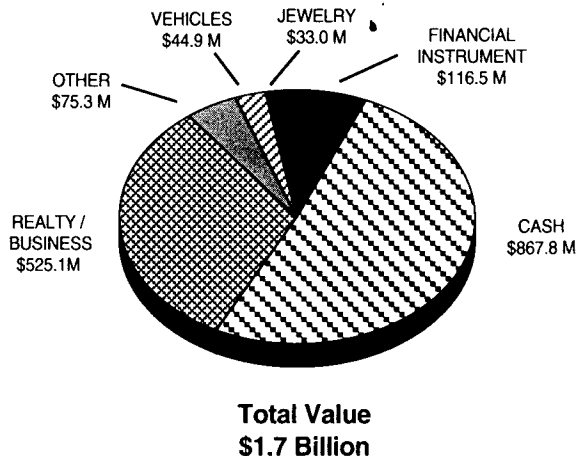
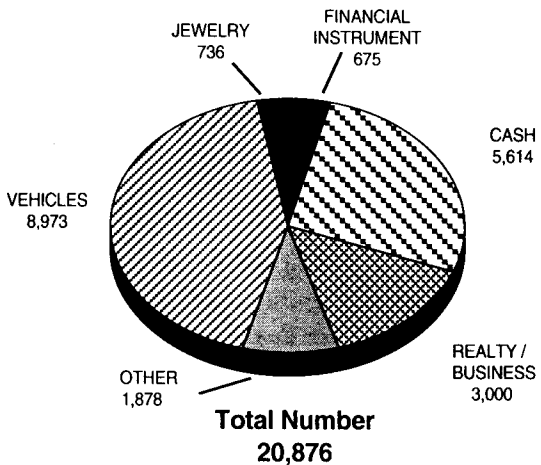
Asset forfeiture continues to hold great potential. At the end of FY 1994, the inventory of seized assets held pending forfeiture consisted of 15,974 cash cases and properties valued at nearly \$1.4 billion. This inventory of seized property included 1,365 real properties and 24 businesses valued at \$302.4 million. Since 1985, the inventory of real properties has increased from 200 parcels valued at \$80 million to 1,365 parcels valued at \$259.2 million in FY 1994.

In addition to property, the end of year seized inventory includes 5,614 cash cases. 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 \$867.8 million. The SADF balance includes deposits in the amount of \$480.2 million associated with the forfeiture of BCCI. Not on deposit in the SADF, the amount of seized cash held as evidence by the DEA, FBI, and USPIS totaled \$10.9 million in FY 1994.

## Forfeited Properties on Hand Fiscal Year 1994



## Seized & Forfeited Properties on Hand Fiscal Year 1994



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# Chapter IV: Program Management

**F**orfeiture has become an integral part of the Department of Justice's overall law enforcement strategy in crimes committed for profit. The diversity of DOJ's Asset Forfeiture Program, involving different components of the Executive Branch and thousands of 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.

Because of the risk associated with a seized and asset forfeiture inventory valued at almost \$1.7 billion, the Program is extremely high profile. This presents DOJ 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 of Justice. In cooperation with the various participating components, DOJ is committed to strengthening and improving the Program through implementation of several program-wide initiatives.

## Consolidated Asset Tracking System (CATS)

The Consolidated Asset Tracking System (CATS) was designed and developed to integrate all participating federal agencies nationwide in a single automated system. When it is fully implemented, CATS will improve the everyday work flow of the Program. This system will avoid duplicate data entry and will replace the various and incompatible asset forfeiture systems of the 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 1994, the system development of CATS was completed, and extensive testing was conducted by representatives of the user agencies. At the conclusion of user acceptance testing, fielding of CATS began in pilot areas which included Arizona, Washington, Montana, Alaska, Idaho, Oregon, and the headquarters locations of the participating agencies. Fielding of CATS at a site includes installation of telecommunications wiring and hardware, and workstations and printers. That activity is closely followed or preceded by training of users in agency groupings. For the pilot and headquarters areas, 414 workstations were installed in 124 sites and 586 new CATS users were trained. After Pilot, fielding of CATS moved into Phase I which includes California, Hawaii, and Nevada. By the end of 1994, more than half of the 125 Phase I sites were installed and 184 more users were trained. During 1995, the completion of the CATS fielding throughout the rest of the user sites is projected.

## Program Improvements

Through numerous management and oversight initiatives, DOJ made significant progress towards improving the forfeiture program in FY 1994. The following initiatives represent the most improvements to the Program.

In order to provide more detailed guidance to state and local agencies on equitable sharing, EOAF issued *A Guide to Equitable Sharing of Federally Forfeited Property for State and Local Law Enforcement Agencies* in March 1994. The Guide provides examples of the permissible and impermissible uses of federal sharing proceeds, describes standard accounting procedures for tracking shared monies, requires annual certifications of compliance with federal requirements, and mandates annual financial audits of sharing monies.

The current petition for remission and mitigation regulations, last amended in 1987, was updated primarily so forfeited assets can be transferred to victims of the offense, or related offenses, underlying particular forfeiture actions. The proposed regulations were published in the *Federal Register* on June 30, 1994.

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EOAF continued to coordinate and expand forfeiture training 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 state and local prosecutors and law enforcement officers completed an asset forfeiture curriculum.

The participating components have implemented the following initiatives to improve the forfeiture programs:

- During FY 1994, the FBI completed staffing contract positions at its headquarters and implemented higher seizure limits for adoptive and FBI-initiated forfeiture actions. The combination of increased staffing and increased seizure limits provided the mechanisms for the FBI to further reduce the time necessary to process administrative matters.
- To further enhance its investigation process, DEA has utilized commercial data bases as a tool to assist in the location and confirmation of assets owned or procured with drug proceeds by those individuals or organizations involved in the illicit drug trade. Through commercial data bases, DEA can check public records, which are an integral part to the preparation necessary to obtain warrants and seize targeted assets.
- The Conveyance Seizure Manual, detailing the INS policy and procedures for the entire conveyance seizure process, was published in FY 1994.
- In an effort to provide better service to the buying public, as well as to increase sales competition, the USMS developed a national list of companies with which it contracts to sell forfeited property. This publication, National Sellers List (NSL), is available to the general public for free. The public can also access the

NSL by calling the U.S. Consumer Information Bulletin Board at (202) 208-7679.

- During FY 1994, the USMS initiated an effort to reduce the number of aged personal property forfeiture cases. Through innovative use of a relational data processing system, the USMS has developed a series of management information reports which assist in identifying aged forfeiture cases which are overdue for disposal. This initiative is intended to reduce costs associated with long-term property management. Significant progress has been made to remove these aged cases from the inventory.
- The USMS continued its efforts to dispose of the "least wanted" real properties that have been forfeited but not sold for more than 18 months. The USMS continues to make steady progress in disposing of these problem properties.
- The USPIS revised and distributed its Inspection Service Asset Forfeiture Manual in FY 1994.
- The USPIS Forfeiture Group held its first working group meeting in FY 1994. This resulted in the development of a monthly electronic newsletter to communicate forfeiture developments, as well as a semi-annual newsletter which will be distributed in print.
- The USPP expanded its ADP equipment and added peripherals and services designed to more efficiently and effectively identify drug-related assets and perfect seizures.

## Policies and Procedures

In addition to the various management initiatives, EOAF issued several program-wide policies and procedures in FY 1994.



- A policy directive defining DOJ's position on the liability for state and local taxes on seized and forfeited property;
- A policy directive defining the limited legal authority to permit payment of costs and attorneys' fees from the Fund in actions related to forfeiture, attempted forfeiture, or seizure for forfeiture of property;
- A policy directive clarifying a discrepancy between civil and criminal forfeiture cases regarding the payment of state and local real property taxes, whereby civil and criminal cases are now treated in the same manner;
- A policy regarding the administrative support services provided by DynCorp contract employees;
- A policy directive, superseding its FY 1986 predecessor, establishing guidelines for pre-seizure planning. The directive clarified the minimum net equity requirements for seizures;
- A policy directive ensuring that all final orders of forfeiture in judicial cases, following an administrative seizure and referral, must contain a provision for the disposition of the cost bond;
- A policy directive explaining the difference between a forfeiture sale and a judicial sale regarding the disposition of property, pursuant to various sections of the U.S. Code; and
- A policy directive addressing the waiver of costs to owner victims in remission cases.

During FY 1994, the USMS developed and implemented a comprehensive policy for the appraisal of businesses and real and personal property. In addition to uniform standards

of valuation, the policy provides guidelines and procedures for U.S. Marshals to follow in obtaining quality appraisals.

The USMS developed and implemented a policy whereby forfeited firearms no longer are disposed of by sale. Under the new policy, antique/collectable firearms may be considered for transfer to federal museums. Serviceable firearms may be transferred to federal agencies for official use.

## Audits and Evaluations

The Asset Forfeiture Program continues to be one of the most examined programs in the Federal Government. The Department of Justice's equitable sharing program was the subject of a considerable amount of review and audit during FY 1994. 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 DOJ. The EOAF has initiated several audits with 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 and local law enforcement agencies to determine if the agencies had complied with DOJ's guidelines governing the equitable sharing program.

Other aspects of the Program were reviewed during FY 1994. The OIG audited the financial statements of both the Fund and the Seized Asset Deposit Fund for the year ending September 30, 1994. The OIG Audit Staff also conducted an audit of the contract services used for the management of seized assets in the USMS.

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 1994, three reviews were completed.

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The participating components have also directed various program reviews of the Program. The USMS, through its Program Review and Seized Assets Division, performed five program management reviews. 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 level of vulnerability for waste, fraud, misuse, or abuse. The USMS also conducted 19 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 28 U.S. Attorneys' Offices as part of the legal management reviews of civil and criminal cases.

## Training

In order to achieve the maximum use of federal and state forfeiture laws by aggressively pursuing forfeiture, while ensuring that individual rights are protected, there is a need for consistent, enhanced, and increased training for law enforcement personnel in the asset forfeiture arena. 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 1994.

The State and Local Law Enforcement Asset Forfeiture Training Working Group continued to set training standards for state and local asset forfeiture personnel to follow. The working group developed three core curricula for use in asset forfeiture training and divided the curricula into eight modules for training purposes. In FY 1994, members of the working group presented the curricula to the American Society of Law Enforcement Trainers, and co-sponsored an LECC Asset Forfeiture Training Conference.

In addition, the various participating components organized and conducted several forfeiture training programs in FY 1994.

## Executive Office for U.S. Attorneys Asset Forfeiture Office

The Office of Legal Education, Executive Office for U.S. Attorneys (EOUSA) and AFO, Criminal Division, jointly provided training to 439 Assistant United States Attorneys (AUSAs) and 98 staff personnel in basic asset forfeiture, advanced asset forfeiture, criminal asset forfeiture, and money laundering. Four hundred seventy-eight participants attended component seminars in the Ninth, Eleventh, and Fourth Circuits, also jointly sponsored by EOUSA and AFO.

In addition, 834 AUSAs were trained at in-house sessions on criminal forfeiture sponsored by EOUSA during FY 1994. EOUSA's Office of Legal Education trained another 84 AUSAs in asset forfeiture trial advocacy and the asset forfeiture provisions of the Archeological Resources Protection Act.

Approximately 2,708 federal, state, and local law enforcement personnel were trained at 43 asset forfeiture training conferences organized by the coordinators of the LECC within the U.S. Attorney's Offices.

## Drug Enforcement Administration

The Drug Enforcement Administration continues its vigorous asset seizure and forfeiture training program. During FY 1994, DEA held five asset forfeiture schools for more than 225 DEA and other federal, state, and local personnel. It also held six international seminars for foreign policy and law enforcement officials. At the division level, there were more than 60 training sessions in the 19 field divisions, which included personnel from DEA and other federal, state, and local law enforcement agencies.

Forfeiture attorneys from DEA's Asset Forfeiture Section participated in more than 110 training seminars, both as instructors and as participants. Annually, DEA hosts two conferences for all field division Asset Removal Group Supervisors. All these training mechanisms keep all personnel involved in identifying, tracking, evaluating, seizing, and

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processing of assets by DEA highly attuned to the ever-changing laws governing asset seizures and forfeitures and provide valuable assistance to state and local law enforcement personnel who participate in DEA's forfeiture program.

In furtherance of the Operation Interstate Pipeline/Convoy/Jetway initiatives, 5,283 uniform police officers were trained in highway interdiction, and 750 investigators were trained in airport interdiction. Each school resulted in seizures of drugs, currency, and assets.

## **Federal Bureau of Investigation**

In FY 1994, the FBI continued its aggressive training program. Specialized "in-office" training sessions were held in eight field offices providing all personnel working forfeiture-related matters, as well as state and local law enforcement agencies, with detailed forfeiture training. These training sessions were extremely beneficial because a portion of the instruction was designed to discuss specific cases being investigated within the division. Two regional forfeiture training sessions were provided for all field paralegal specialists to update them on new issues, policies, and procedures.

Approximately 4 years ago, the FBI initiated a specialized 2-week Paralegal Forfeiture Training School with the goal of training all field paralegal specialists and forfeiture examiners assigned to headquarters. In June 1994, this goal was accomplished. The FBI sponsored a Financial Manipulation Analysis Training seminar to strengthen the

skills of field paralegal specialists, as well as special agents and financial analysts, in tracing assets for forfeiture.

## **Immigrations and Naturalization Service**

The INS Asset Forfeiture Office presented two training conferences in the use of the Conveyance Seizure Manual that was attended by more than 160 employees. An additional 60 employees were trained in conducting financial investigations related to the use of the forfeiture statutes.

## **U.S. Postal Inspections Service**

By offering the following courses, the USPIS continued its intensive training effort in FY 1994: Basic Asset Forfeiture for Postal Inspectors at 10 sites nationwide; various aspects of petition for remission and mitigation for Postal Inspector-Attorneys; and a week-long paralegal course for Forfeiture Specialists.

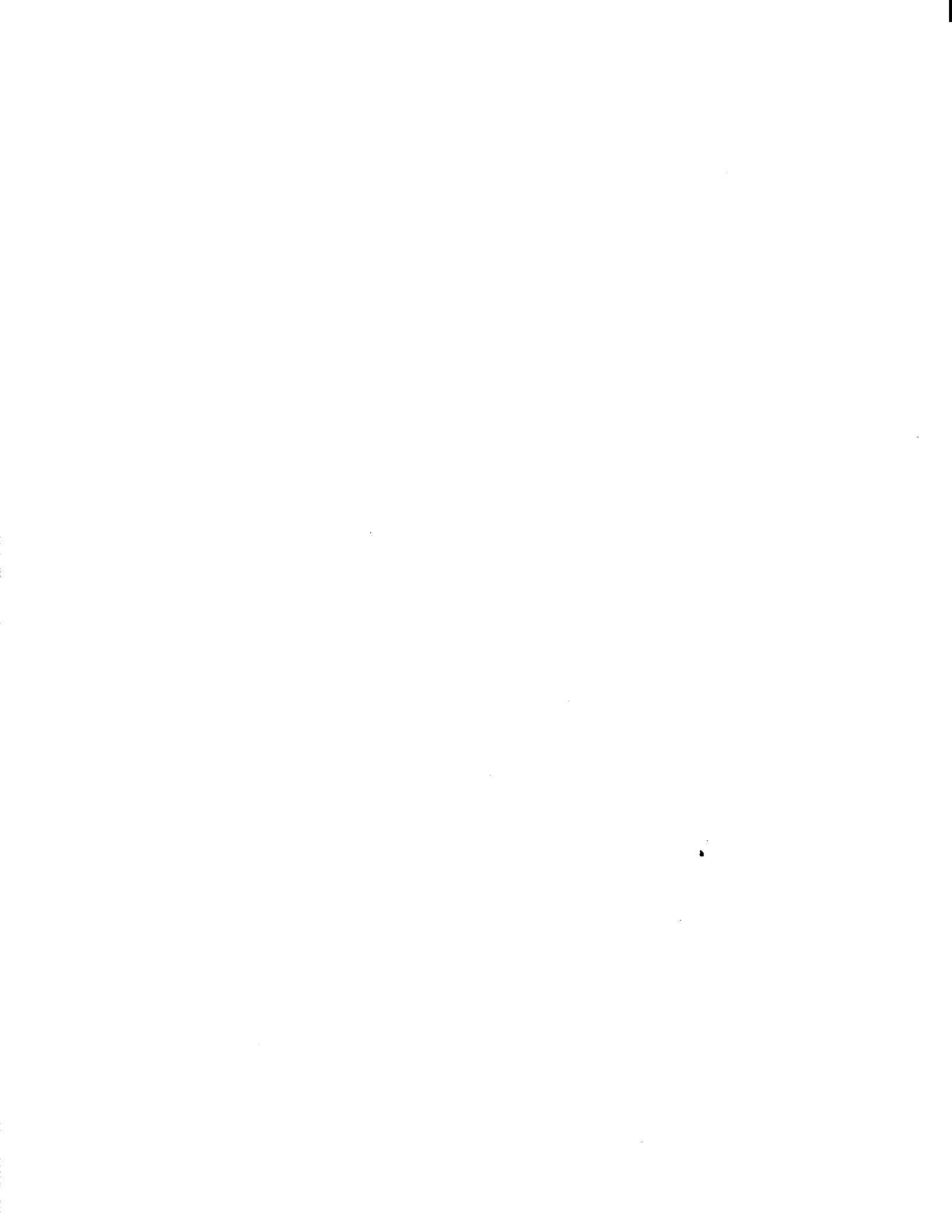
## **Food and Drug Administration**

In FY 1994, the Office of Criminal Investigation has provided asset forfeiture training to 63 percent of its agents and support people. Training will be completed in FY 1995.



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# Appendix A



**DEPARTMENT OF JUSTICE ASSETS FORFEITURE FUND  
STATEMENT OF FINANCIAL ACTIVITY  
FISCAL YEAR 1994  
(October 1, 1993 through September 30, 1994)**

**FUND BALANCE, START-OF-YEAR** **\$130,276,982**

**ADJUSTMENTS TO FUND BALANCE**

Less: FY 1991 Capital Surplus Remaining Authority	(\$3,186,929)	
Less: Fy 1992 Super Surplus Authority	(13,544,000)	
Less: Fy 1993 Super Surplus Authority	(53,000,000)	
Less: Transfer to Special Forfeiture Fund	(30,000,000)	
Less: Fy 1992 Interest Earned on BCCI Funds (a)	(5,998,537)	
Less: Fy 1993 Interest Earned on BCCI Funds (a)	(9,699,036)	
<b>Total Adjustments</b>	<b>(115,428,502)</b>	<b>(115,428,502)</b>

**ADJUSTED BEGINNING BALANCE AVAILABLE FOR GENERAL OPERATIONS** **\$14,848,480**

**DEPOSITS**

From Forfeited Cash	\$316,792,659	
From Sale of Forfeited Property	169,510,516	
From Payments in Lieu of Forfeiture	33,834,433	
From Investment Balances	30,620,732	
From Recovery of Asset Management Costs	2,621,397	
From Other Federal Agencies	149,296	
From from USCS	1,031,018	
From Recovery of Expense for USCS Assets	6,374	
Miscellaneous Income	2,681,581	
BCCI Plea Agreement Proceeds (a)	33,240,886	
<b>Gross Deposits</b>	<b>\$590,488,892</b>	
Less: Refunds	(40,555,546)	
<b>Net Deposits FY 1994</b>	<b>\$549,933,346</b>	
Less: FY 1994 Interest on BCCI Funds (a)	(13,621,024)	
Less: BCCI Plea Agreement Proceeds (a)	(33,240,886)	
Less: BCCI Distributions to Various Entities (a)	5,000,000	
<b>Adjusted Available Income</b>	<b>\$508,071,436</b>	<b>\$508,071,436</b>

**TOTAL AVAILABLE FOR GENERAL OPERATIONS** **\$522,919,916**

**EXPENSES OF PRODUCTION**

Asset Management and Disposal	(\$42,853,705)	
Payments to Third Parties	(49,615,536)	
Forfeiture Case Prosecution	(10,665,595)	
ADP Equipment	(26,575,160)	
Special Contract Services 1/	(35,140,070)	
Forfeiture Training and Printing	(4,160,711)	
Other Program Management	(2,208,723)	
<b>Total Forfeiture Program Expenses</b>	<b>(171,219,500)</b>	<b>(171,219,500)</b>

**EXCESS OF AVAILABILITY OVER EXPENSES** **\$351,700,416**

**DISTRIBUTION OF EXCESS REVENUES**

Equitable Sharing	(\$234,624,208)	
Awards for Information	(22,839,695)	
Purchase of Evidence	(10,452,000)	
Contract to ID Assets	(2,845,000)	
Equipping of Conveyances	(14,020,733)	
Storage, Protection and Destruction of Drugs	(806,081)	
Joint Law Enforcement Operations	(10,444,000)	
Transfer to Immigration and Naturalization Service	(2,750,000)	
<b>Total Distributions</b>	<b>(298,781,717)</b>	<b>(298,781,717)</b>

**REMAINING AVAILABILITY** **\$52,918,699**

**STATUS OF SPECIAL BALANCES**

FY 1991 Capital Surplus Remaining		0 (b)
FY 1992 Super Surplus Remaining		0 (c)
FY 1993 Super Surplus Authority	\$53,000,000	
Less: Allocations Obligated	(43,288,704)	
FY 1993 Super Surplus Remaining	\$9,711,296	9,711,296 (d)
Accumulated Interest on BCCI Funds		29,318,597
Accumulated BCCI Net Income		28,240,886

**FUND BALANCE END-OF-YEAR** **\$120,189,478 (e)**

**Note:** This statement reflects actual obligations as reported in the Department's official accounting reports as of September 30, 1994. Obligations are NOT adjusted to reflect undelivered orders.

**DEPARTMENT OF JUSTICE ASSETS FORFEITURE FUND  
FOOTNOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
FISCAL YEAR 1994**

(October 1, 1993 through September 30, 1994)

(a) Net Forfeitures and interest earned from the investment of proceeds relating to the BCCI forfeiture is limited to distribution by order of the court.

<b>(b) FY 1991 Capital Surplus Declared</b>	78,840,000.00
Amounts Allocated and Transferred in FY 1992	(69,863,071.00)
Balance, Beginning FY 1993	<u>8,976,929.00</u>
Amounts Allocated and Transferred in FY 1993	(5,790,000.00)❶
Balance, Beginning FY 1994	<u>3,186,929.00</u>
Amounts restored to the AFF in FY 1994	2,303,608.87
Amounts Allocated and Obligated in FY 1994	(2,393,537.87)
Amounts Obligated in FY 1994	(3,097,000.00)❶
Balance, End of FY 1994	<u>0.00</u>

❶ Excludes \$3,097,000 allocated in FY 1993 to EOAF, to be obligated against the AFF

<b>(c) FY 1992 Super Surplus Declared</b>	44,194,000.00
Amounts Allocated and Obligated in FY 1993	(30,650,000.00)
Balance, Beginning FY 1993	<u>13,544,000.00</u>
Amounts deobligated from FY 1993	1,667,538.00
Adjusted Balance, Beginning FY 1994	<u>15,211,538.00</u>
Amount reauthorized and obligated in FY 1994	(1,298,538.00)
Amount reallocated and obligated in FY 1994	(369,000.00)
Amounts Allocated and Obligated in FY 1994	(13,544,000.00)
Balance, End of FY 1994	<u>0.00</u>

<b>(d) FY 1993 Super Surplus Declared</b>	53,000,000.00
Amounts Allocated in FY 1994	(50,096,462.13)
Unallocated Surplus	<u>2,903,537.87</u>
Unobligated Allocation, end of FY 1994	
USMS	5,296.00
Criminal Division	1,596,000.00
Bureau of Prisons	3,606,462.13
Dept. (Health Care Fraud)	1,600,000.00
Amounts Allocated but not Obligated	<u>6,807,758.13</u>
Balance, End of FY 1994	<u>9,711,296.00</u>

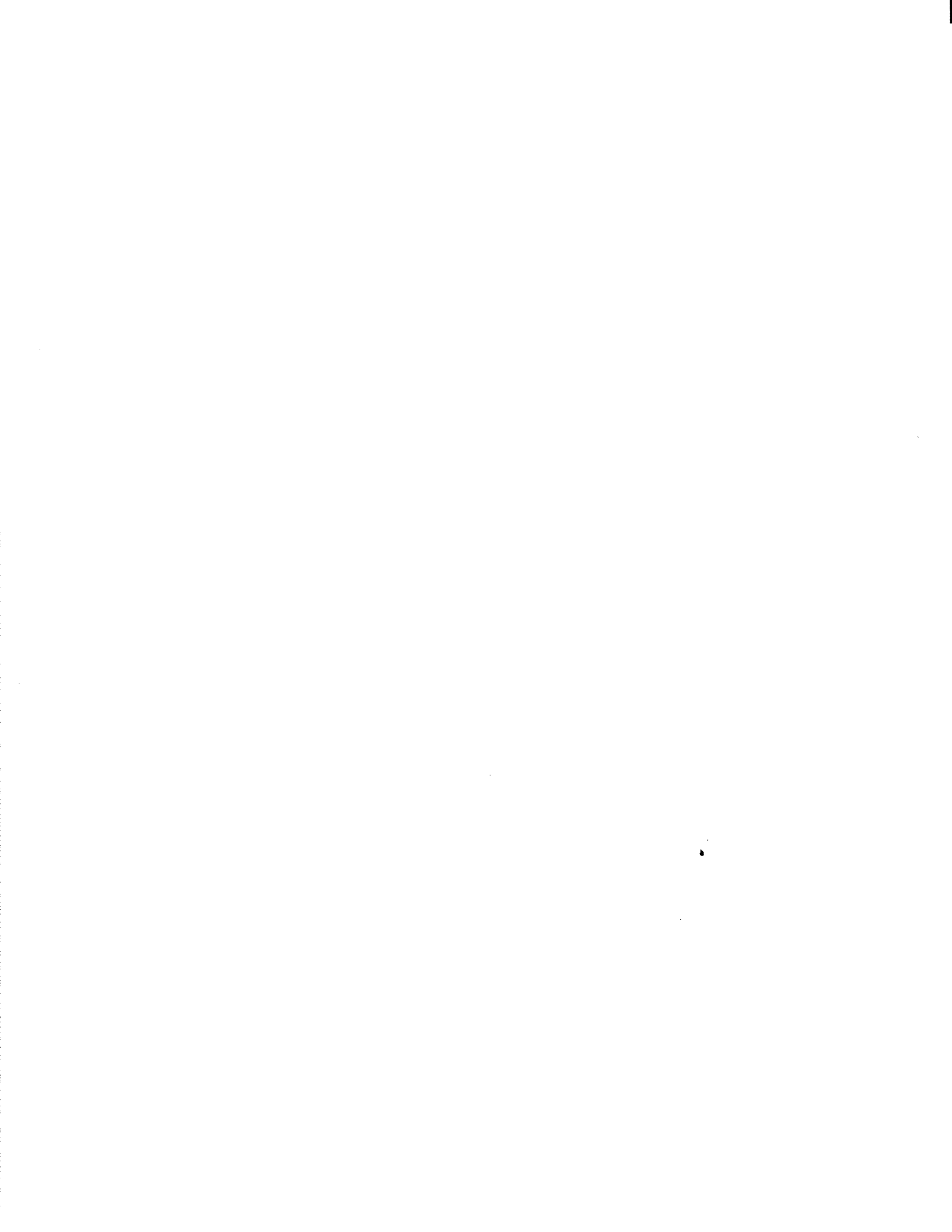
(e) A portion of this balance totaling \$78,900,146 is restricted to the following areas:

<b>FUND BALANCE END-OF-YEAR</b>	120,189,478.00
1994 BCCI Interest Earned	(13,621,024.00)
1993 BCCI Interest Earned	(9,699,036.00)
1992 BCCI Interest Earned	(5,998,537.00)
BCCI Principle Forfeited in 1994	(28,240,886.00)
Subtotal	<u>62,629,995.00</u>
McNamara Unexpensed Receipts	(11,629,367.00)
Subtotal	<u>51,000,628.00</u>
Unallocated FY 1993 Super Surplus	(2,903,537.87)
Unobligated FY 1993 Super Surplus	<u>(6,807,758.13)</u>
<b>Total Unrestricted Balance</b>	<u>41,289,332.00</u>



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# Appendix B



# Department of Justice Assets Forfeiture Fund Summary of Financial Activity Fiscal Year 1994

(October 1, 1993 through September 30, 1994)

## **Source of Receipts - \$549,933,347**

Total net deposits to the Fund in the amount of \$549,933,347 consisted of forfeited cash of \$316,792,659; proceeds from the sale of property of \$169,510,516; payments in lieu of forfeiture of \$33,834,433; BCCI investment income of \$13,621,024; other investment income of \$16,999,708; recovery of asset management costs of \$2,621,397; and transfers from other agencies of \$1,180,314.

## **Liens and Mortgages - \$49,615,536**

The total amount of \$49,615,536 in liens and mortgages paid from the 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 Fund. Also included in the amount reported are payments from the Fund in connection with the remission or mitigation of a forfeiture, in accordance with procedures outlined in 28 C.F.R. Part 9.

## **Equitable Sharing - \$234,624,208**

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 1994, a total of \$234,624,208 in forfeited cash was shared with foreign, state, and local law enforcement agencies. In addition, DOJ transferred forfeited property worth \$7,298,939 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 1994 \$277,681,000**

In addition to the authority to sell property forfeited under the laws enforced or administered by DOJ, 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 and local law enforcement agency that participated directly in the seizure and forfeiture of the property.

A total of \$14,027,080 worth of conveyances and personal property were retained for official use by DEA (\$3,580,804), FBI (\$7,686,052), INS (\$1,119,328), USMS (\$1,569,696), USPIS (\$44,150), and USPP (\$27,050). In addition, \$415,102 in forfeited property was transferred by DOJ to non-participating federal agencies for official use.

In FY 1994, federally forfeited conveyances and other tangible property worth \$7,298,940 were transferred to state and local law enforcement agencies that assisted in targeting and seizing property through equitable sharing.

## **Amount of Seized Cash Held as Evidence - \$10,914,751**

Most of the cash seized by DOJ was used in or derived from violation 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 that alternatively, the money should be forfeited to the United States, or returned to the person from whom it was seized or to another innocent party.

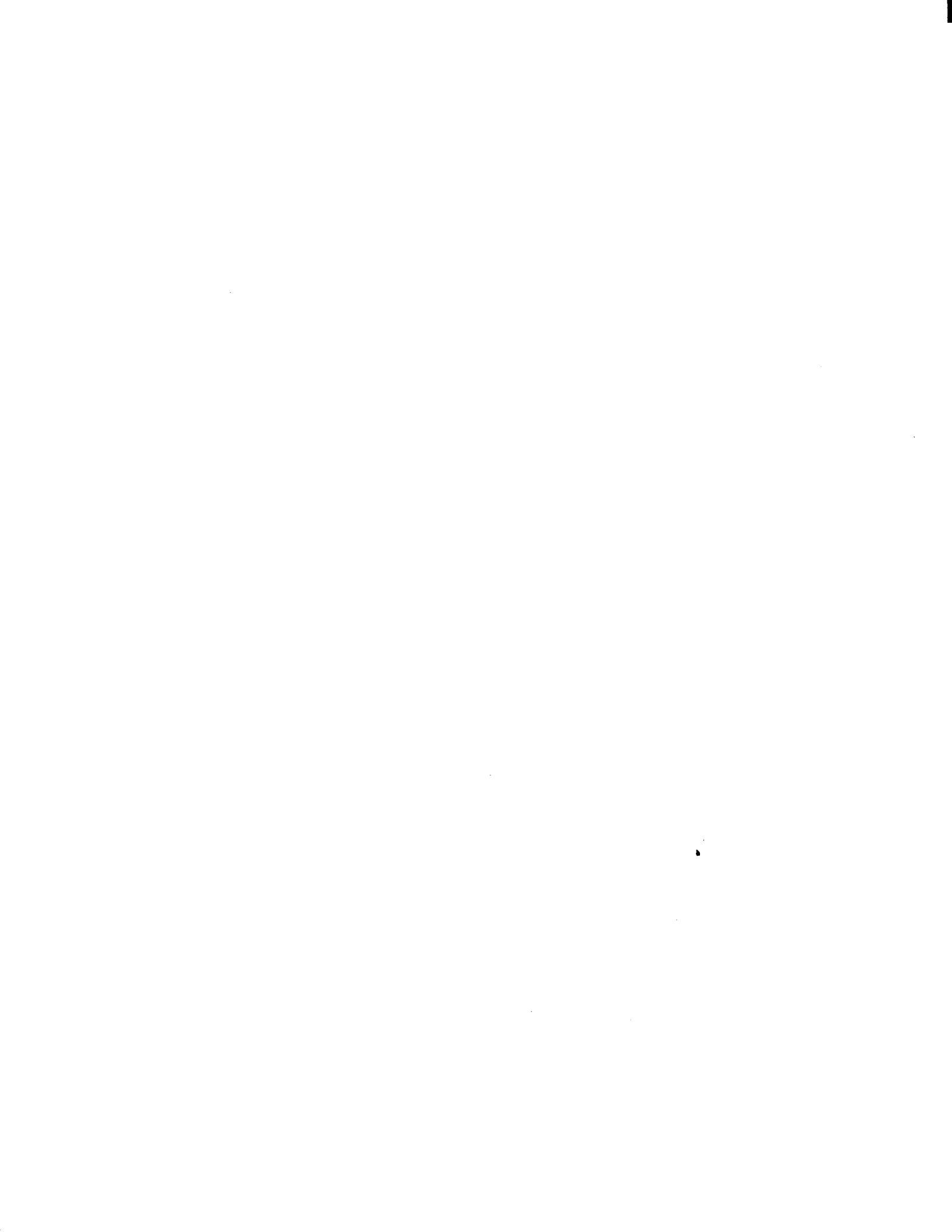
Department of Justice policy requires that, unless there are compelling reasons to retain seized cash as evidence in a criminal proceeding, it must be deposited into the SADF. The SADF ended the fiscal year with a balance of \$867,769,014 including deposits in the amount of \$480,151,023 associated with the forfeiture of the BCCI.

A total of \$10,914,751 in seized and forfeited cash not on deposit in the SADF as of September 1994 was held as evidence by the FBI (\$8,551,202), DEA (\$2,344,548), and the USPIS (\$19,000). The Department of Justice'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.



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# Appendix C



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

as of September 30, 1994

	JUDICIAL DISTRICT	CITY	FY 1985 -				TOTAL TO DATE	% OF TOTAL
			FY 1991	FY 1992	FY 1993	FY 1994		
60	OHIO	CLEVELAND	8,100,203	4,291,811	5,979,473	4,771,114	23,142,601	0.60%
61	OHIO	CINCINNATI	14,085,367	3,371,701	5,554,467	3,784,695	26,796,230	0.70%
62	OKLAHOMA	TULSA	3,647,467	2,169,399	1,240,722	203,429	7,261,017	0.19%
63	OKLAHOMA	MUSKOGEE	1,330,783	454,568	680,777	1,273,704	3,739,831	0.10%
64	OKLAHOMA	OK CITY	7,308,738	1,237,966	640,670	1,051,677	10,239,051	0.27%
65	OREGON	PORTLAND	14,755,945	4,629,240	5,039,293	5,573,805	29,998,283	0.78%
66	PENNSYLVANIA	PHILADELPHIA	26,920,856	8,525,177	8,866,396	13,246,986	57,559,416	1.50%
67	PENNSYLVANIA	SCRANTON	12,774,828	2,598,545	731,103	1,079,890	17,184,367	0.45%
68	PENNSYLVANIA	PITTSBURGH	4,022,915	1,861,493	1,763,028	957,196	8,604,633	0.22%
69	PUERTO RICO	SAN JUAN	28,452,413	7,445,752	6,726,421	9,179,300	51,803,886	1.35%
70	RHODE ISLAND	PROVIDENCE	5,230,609	1,519,600	627,886	1,243,388	8,621,483	0.23%
71	S.CAROLINA	COLUMBIA	11,342,821	2,102,275	2,032,596	2,279,568	17,757,259	0.46%
73	S.DAKOTA	SIOUX FALLS	828,382	179,540	169,696	16,355	1,193,973	0.03%
74	TENNESSEE	KNOXVILLE	3,424,383	1,201,348	1,715,629	670,244	7,011,604	0.18%
75	TENNESSEE	NASHVILLE	5,333,888	2,032,485	2,131,478	1,495,780	10,993,631	0.29%
76	TENNESSEE	MEMPHIS	6,829,502	3,065,976	3,684,008	2,273,987	15,853,474	0.41%
77	TEXAS	DALLAS	29,980,746	7,664,735	14,163,623	7,543,735	59,352,839	1.55%
78	TEXAS	TYLER	8,758,802	1,883,307	2,065,092	2,869,740	15,576,942	0.41%
79	TEXAS	HOUSTON	89,989,905	19,888,793	29,305,549	30,154,061	169,338,308	4.43%
80	TEXAS	SAN ANTONIO	34,194,455	12,671,171	12,302,150	6,208,278	65,376,053	1.71%
81	UTAH	SALT LAKE CITY	2,147,683	1,611,429	2,383,654	1,835,185	7,977,950	0.21%
82	VERMONT	BURLINGTON	3,242,899	1,186,376	1,061,344	733,377	6,223,997	0.16%
83	VIRGINIA	NORFOLK	26,072,933	10,032,860	8,944,429	5,801,919	50,852,141	1.33%
84	VIRGINIA	ROANOKE	3,130,339	3,288,425	1,673,650	2,597,823	10,690,237	0.28%
85	WASHINGTON	SPOKANE	1,924,076	478,042	1,900,704	611,182	4,914,004	0.13%
86	WASHINGTON	SEATTLE	12,941,484	6,045,363	5,681,840	4,979,585	29,648,271	0.77%
87	WEST VIRGINIA	FAIRMONT	774,461	450,470	513,921	322,641	2,061,493	0.05%
88	WEST VIRGINIA	CHARLESTON	3,777,433	987,271	857,934	139,470	5,762,109	0.15%
89	WISCONSIN	MILWAUKEE	11,945,027	3,488,333	2,287,080	2,462,663	20,183,103	0.53%
90	WISCONSIN	MADISON	1,988,880	616,441	514,682	613,045	3,733,048	0.10%
91	WYOMING	CHEYENNE	1,140,172	395,712	606,694	107,181	2,249,759	0.06%
5	N. MARIANA IS.		9,877	0	0	0	9,877	0.00%
93	GUAM	AGANA	53,505	163,898	94,144	239,500	551,046	0.01%
94	VIRGIN ISLANDS	ST. THOMAS	1,897,486	126,139	419,130	161,760	2,604,515	0.07%
	OTHER		43,714,485	7,566,623	5,642,959	11,216,576	68,140,643	1.78%
	INVESTMENT INCOME		26,499,406	15,309,429	15,001,615	16,999,708	73,810,158	1.93%
			<b>\$2,188,992,534</b>	<b>\$524,968,785</b>	<b>\$546,008,003</b>	<b>\$508,071,436</b>	<b>\$3,768,040,757</b>	<b>98.50%</b>
	BCCI Investment		0	5,998,537	9,699,036	13,621,024	29,318,597	0.77%
	BCCI Income		0	0	0	28,240,886	28,240,886	0.74%
			<b>\$2,188,992,534</b>	<b>\$530,967,322</b>	<b>\$555,707,039</b>	<b>\$549,933,346</b>	<b>\$3,825,600,241</b>	<b>100.00%</b>

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

ASSETS FORFEITURE FUND  
NET DEPOSITS  
(by District)

as of September 30, 1994

	JUDICIAL DISTRICT	CITY	FY 1985 -				TOTAL TO DATE	% OF TOTAL
			FY 1991	FY 1992	FY 1993	FY 1994		
1	ALABAMA	BIRMINGHAM	\$8,298,293	\$1,682,998	\$2,438,514	\$1,959,375	\$14,379,181	0.38%
2	ALABAMA	MONTGOMERY	2,172,812	922,587	1,235,146	1,820,291	6,150,836	0.16%
3	ALABAMA	MOBILE	7,341,928	1,316,408	1,261,727	1,585,948	11,506,011	0.30%
6	ALASKA	ANCHORAGE	8,693,056	(937,347)	3,318,037	1,421,460	12,495,206	0.33%
8	ARIZONA	PHOENIX	23,531,040	10,365,785	10,305,239	7,998,808	52,200,872	1.36%
9	ARKANSAS	LITTLE ROCK	3,614,778	1,052,811	929,389	1,358,785	6,955,763	0.18%
10	ARKANSAS	FORT SMITH	950,945	1,109,096	1,031,970	545,556	3,637,567	0.10%
11	CALIFORNIA	SAN FRANCISCO	51,832,544	5,463,689	6,538,265	7,846,887	71,681,385	1.87%
12	CALIFORNIA	LOS ANGELES	237,988,240	25,840,927	34,142,552	41,617,732	339,589,450	8.88%
97	CALIFORNIA	SACRAMENTO	16,612,684	4,432,886	3,003,264	4,161,053	28,209,887	0.74%
98	CALIFORNIA	SAN DIEGO	84,758,174	13,048,533	21,514,095	12,781,726	132,102,527	3.45%
13	COLORADO	DENVER	21,753,508	4,289,508	3,079,173	15,027,763	44,149,952	1.15%
14	CONNECTICUT	NEW HAVEN	22,217,047	3,794,394	2,380,508	1,976,508	30,368,457	0.79%
15	DELAWARE	WILMINGTON	4,092,755	937,180	652,750	794,971	6,477,656	0.17%
16	DIST of COLUMBIA	WASH.D.C.	3,806,264	989,516	2,619,824	1,667,638	9,083,242	0.24%
4	FLORIDA	MIAMI	160,127,603	41,993,322	45,262,211	46,711,145	294,094,281	7.69%
17	FLORIDA	PENSACOLA	7,932,645	4,296,406	1,859,427	8,076,923	22,165,402	0.58%
18	FLORIDA	JACKSONVILLE	42,748,078	23,534,470	11,857,375	17,490,291	95,630,414	2.50%
19	GEORGIA	ATLANTA	36,783,074	11,206,638	18,014,772	7,329,164	73,333,649	1.92%
20	GEORGIA	MACON	6,231,341	3,200,339	1,299,642	603,370	11,334,692	0.30%
21	GEORGIA	SAVANNAH	7,976,984	2,460,009	2,758,164	849,567	14,044,724	0.37%
22	HAWAII	HONOLULU	18,795,075	4,324,814	5,433,227	5,814,153	34,367,268	0.90%
23	IDAHO	BOISE	1,154,737	633,233	604,051	2,085,151	4,477,172	0.12%
24	ILLINOIS	CHICAGO	40,692,797	12,971,565	14,729,722	9,364,787	77,758,870	2.03%
25	ILLINOIS	E. ST. LOUIS	5,570,590	2,478,349	1,605,440	935,415	10,589,794	0.28%
26	ILLINOIS	SPRINGFIELD	2,990,447	2,044,557	723,484	1,255,483	7,013,970	0.18%
27	INDIANA	SOUTH BEND	4,301,041	3,196,667	683,344	2,217,030	10,398,082	0.27%
28	INDIANA	INDIANAPOLIS	5,400,263	3,625,038	2,476,903	2,289,864	13,792,068	0.36%
29	IOWA	CEDAR RAPIDS	1,473,785	329,864	565,970	310,084	2,679,704	0.07%
30	IOWA	DES MOINES	2,287,718	1,122,491	1,478,826	1,486,871	6,375,906	0.17%
31	KANSAS	TOPEKA	3,728,426	744,609	1,392,437	2,101,578	7,967,051	0.21%
32	KENTUCKY	LEXINGTON	3,705,048	2,554,007	3,122,780	1,395,670	10,777,504	0.28%
33	KENTUCKY	LOUISVILLE	4,355,258	657,037	1,505,983	1,009,958	7,528,236	0.20%
34	LOUISIANA	NEW ORLEANS	16,416,868	2,783,088	3,979,251	3,269,005	26,448,213	0.69%
35	LOUISIANA	SHREVEPORT	3,936,625	217,879	672,331	132,525	4,959,360	0.13%
95	LOUISIANA	BATON ROUGE	3,023,219	183,939	88,347	96,579	3,392,083	0.09%
36	MAINE	PORTLAND	3,884,457	1,897,836	611,990	362,494	6,756,777	0.18%
37	MARYLAND	BALTIMORE	20,292,532	6,407,581	3,433,295	5,252,136	35,385,544	0.92%
38	MASSACHUSETTS	BOSTON	23,878,312	5,539,516	10,939,352	3,618,461	43,975,641	1.15%
39	MICHIGAN	DETROIT	38,095,502	4,406,920	14,228,436	10,673,080	67,403,938	1.76%
40	MICHIGAN	GRAND RAPIDS	5,532,861	568,134	1,164,926	1,395,527	8,661,449	0.23%
41	MINNESOTA	MINNEAPOLIS	11,310,974	2,304,524	2,493,776	4,953,913	21,063,188	0.55%
42	MISSISSIPPI	OXFORD	3,178,431	1,305,142	693,875	235,492	5,412,941	0.14%
43	MISSISSIPPI	JACKSON	5,787,350	1,124,322	1,984,296	1,071,944	9,967,911	0.26%
44	MISSOURI	ST. LOUIS	15,055,903	4,399,215	5,103,920	3,083,127	27,642,165	0.72%
45	MISSOURI	KANSAS CITY	7,146,511	2,410,499	3,356,872	4,038,801	16,952,683	0.44%
46	MONTANA	BILLINGS	1,313,148	462,748	1,298,750	739,052	3,813,699	0.10%
47	NEBRASKA	OMAHA	1,639,647	912,944	1,786,343	624,755	4,963,688	0.13%
48	NEVADA	LAS VEGAS	10,370,874	10,803,068	2,630,650	2,509,070	26,313,663	0.69%
49	NEW HAMPSHIRE	CONCORD	1,810,831	1,076,115	562,714	429,685	3,879,345	0.10%
50	NEW JERSEY	NEWARK	12,225,642	5,854,471	6,119,580	1,990,552	26,190,245	0.68%
51	NEW MEXICO	ALBUQUERQUE	10,361,965	3,411,356	3,149,228	6,567,905	23,490,454	0.61%
52	NEW YORK	UTICA	7,553,183	1,895,044	2,455,920	2,089,301	13,993,448	0.37%
53	NEW YORK	BROOKLYN	155,606,314	43,981,150	62,781,313	63,428,724	325,797,500	8.52%
54	NEW YORK	NEW YORK	477,057,224	72,907,860	36,096,563	18,416,417	604,478,064	15.80%
55	NEW YORK	BUFFALO	10,466,263	4,040,592	5,331,337	3,545,251	23,383,443	0.61%
56	N.CAROLINA	RALEIGH	14,499,700	3,977,297	3,279,376	5,293,347	27,049,720	0.71%
57	N.CAROLINA	GREENSBORO	8,482,334	1,899,806	4,064,845	1,618,575	16,065,559	0.42%
58	N.CAROLINA	ASHEVILLE	7,248,786	3,864,570	4,704,214	3,994,578	19,812,148	0.52%
59	N.DAKOTA	FARGO	324,943	108,892	168,457	51,587	653,879	0.02%



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# Appendix D



**ASSETS FORFEITURE FUND  
EQUITABLE SHARING DISBURSEMENTS**

(by District)

as of September 30, 1994

#	JUDICIAL DISTRICT		CITY	FY 1986 -				TOTAL TO DATE	% of TOTAL SHARING	% OF NET DEPOSITS
				FY 1991	FY 1992	FY 1993	FY 1994			
1	ALABAMA	NORTHERN	BIRMINGHAM	\$4,266,349	\$1,315,219	\$1,311,897	\$942,665	\$7,836,130	0.57%	54.50%
2	ALABAMA	MIDDLE	MONTGOMERY	1,272,663	524,668	504,663	1,253,711	3,555,705	0.26%	57.81%
3	ALABAMA	SOUTHERN	MOBILE	4,375,690	1,188,657	358,585	1,994,429	7,917,361	0.57%	68.81%
6	ALASKA		ANCHORAGE	2,294,250	578,795	946,531	369,171	4,188,747	0.30%	33.52%
8	ARIZONA		PHOENIX	7,404,528	4,637,526	4,722,630	2,696,967	19,461,651	1.41%	37.28%
9	ARKANSAS	EASTERN	LITTLE ROCK	2,773,463	735,095	689,946	984,985	5,183,489	0.37%	74.52%
10	ARKANSAS	WESTERN	FORT SMITH	577,857	256,473	747,003	457,205	2,038,538	0.15%	56.04%
11	CALIFORNIA	NORTHERN	SAN FRANCISCO	30,480,063	2,643,322	2,016,621	3,699,120	38,839,126	2.80%	54.18%
12	CALIFORNIA	CENTRAL	LOS ANGELES	140,276,230	23,646,137	20,171,606	9,501,083	193,595,056	13.98%	57.01%
97	CALIFORNIA	EASTERN	SACRAMENTO	11,370,069	1,895,213	1,527,477	2,229,535	17,022,294	1.23%	60.34%
98	CALIFORNIA	SOUTHERN	SAN DIEGO	28,053,211	6,006,286	9,219,556	1,686,775	44,965,828	3.25%	34.04%
13	COLORADO		DENVER	12,848,160	2,580,662	1,153,198	1,751,165	18,333,185	1.32%	41.52%
14	CONNECTICUT		NEW HAVEN	12,930,821	1,555,687	1,248,213	461,708	16,196,429	1.17%	53.33%
15	DELAWARE		WILMINGTON	2,258,776	796,031	505,207	311,871	3,871,885	0.28%	59.77%
16	DIST OF COLUMBIA		WASH., D.C.	5,522,849	274,667	316,416	797,396	6,911,328	0.50%	76.09%
4	FLORIDA	SOUTHERN	MIAMI	30,002,932	5,529,732	8,710,213	10,732,373	54,975,250	3.97%	18.69%
17	FLORIDA	NORTHERN	PENSACOLA	3,721,335	1,756,011	624,353	3,338,523	9,440,222	0.68%	42.59%
18	FLORIDA	MIDDLE	TAMPA	8,279,283	5,446,484	2,851,324	4,637,739	21,214,830	1.53%	22.18%
19	GEORGIA	NORTHERN	ATLANTA	10,733,360	6,204,017	5,185,769	4,978,668	27,101,814	1.96%	36.96%
20	GEORGIA	MIDDLE	MACON	3,007,736	2,132,724	1,298,000	508,370	6,946,830	0.50%	61.29%
21	GEORGIA	SOUTHERN	SAVANNAH	4,830,596	1,692,871	1,071,387	573,357	8,168,211	0.59%	58.16%
22	HAWAII		HONOLULU	3,240,690	3,112,105	3,698,756	1,068,487	11,120,038	0.80%	32.36%
23	IDAHO		BOISE	671,522	251,461	173,250	127,331	1,223,564	0.09%	27.33%
24	ILLINOIS	NORTHERN	CHICAGO	13,090,113	4,395,485	4,124,044	5,739,692	27,349,334	1.98%	35.17%
25	ILLINOIS	SOUTHERN	E. ST. LOUIS	3,722,661	999,089	1,092,832	709,154	6,523,736	0.47%	61.60%
26	ILLINOIS	CENTRAL	SPRINGFIELD	2,000,161	1,474,484	422,279	463,301	4,360,225	0.31%	62.16%
27	INDIANA	NORTHERN	SOUTH BEND	2,647,303	1,616,559	573,623	1,218,686	6,056,171	0.44%	58.24%
28	INDIANA	SOUTHERN	INDIANAPOLIS	2,087,000	2,001,775	1,646,904	991,439	6,727,118	0.49%	48.78%
29	IOWA	NORTHERN	CEDAR RAPIDS	1,128,824	136,492	354,337	225,737	1,845,390	0.13%	68.87%
30	IOWA	SOUTHERN	DES MOINES	1,096,893	716,976	1,194,296	951,150	3,959,315	0.29%	62.10%
31	KANSAS		TOPEKA	2,508,595	422,225	1,065,515	1,559,042	5,555,377	0.40%	69.73%
32	KENTUCKY	EASTERN	LEXINGTON	3,100,178	1,521,284	2,028,769	979,028	7,629,259	0.55%	70.78%
33	KENTUCKY	WESTERN	LOUISVILLE	2,186,871	494,768	603,656	1,035,663	4,320,958	0.31%	57.40%
34	LOUISIANA	EASTERN	NEW ORLEANS	6,581,421	1,386,434	2,336,759	1,843,604	12,148,218	0.88%	45.93%
35	LOUISIANA	WESTERN	SHREVEPORT	2,607,466	179,140	184,058	263,847	3,234,511	0.23%	65.22%
95	LOUISIANA	MIDDLE	BATON ROUGE	1,525,026	123,726	60,276	68,605	1,777,633	0.13%	52.41%
36	MAINE		PORTLAND	2,318,553	1,089,754	179,288	418,967	4,006,562	0.29%	59.30%
37	MARYLAND		BALTIMORE	9,270,689	3,173,457	1,996,056	2,798,498	17,238,700	1.24%	48.72%
38	MASSACHUSETTS		BOSTON	8,765,970	2,103,985	4,891,488	2,600,414	18,361,857	1.33%	41.75%
39	MICHIGAN	EASTERN	DETROIT	18,199,824	3,097,732	5,412,538	6,907,055	33,617,149	2.43%	49.87%
40	MICHIGAN	WESTERN	GRAND RAPIDS	2,803,346	421,594	565,289	768,858	4,559,087	0.33%	52.64%
41	MINNESOTA		MINNEAPOLIS	5,492,544	1,176,128	1,794,588	1,756,552	10,219,812	0.74%	48.52%
42	MISSISSIPPI	NORTHERN	OXFORD	1,130,805	618,436	142,752	161,164	2,053,157	0.15%	37.93%
43	MISSISSIPPI	SOUTHERN	JACKSON	3,833,798	703,024	1,343,592	802,542	6,682,956	0.48%	67.04%
44	MISSOURI	EASTERN	ST. LOUIS	10,611,281	3,090,522	4,009,317	2,620,028	20,331,148	1.47%	73.55%
45	MISSOURI	WESTERN	KANSAS CITY	4,738,678	1,893,756	2,130,886	2,827,322	11,590,642	0.84%	68.37%
46	MONTANA		BILLINGS	396,083	250,702	728,100	143,402	1,518,287	0.11%	39.81%
47	NEBRASKA		OMAHA	1,247,217	637,681	1,376,453	451,601	3,712,952	0.27%	74.80%
48	NEVADA		LAS VEGAS	2,370,335	6,347,930	2,173,500	576,026	11,467,791	0.83%	43.58%
49	NEW HAMPSHIRE		CONCORD	890,993	661,030	252,669	234,545	2,039,237	0.15%	52.57%
50	NEW JERSEY		NEWARK	4,717,066	1,044,818	2,555,850	2,005,452	10,323,186	0.75%	39.42%
51	NEW MEXICO		ALBUQUERQUE	4,823,345	1,714,820	2,243,430	1,447,167	10,228,762	0.74%	43.54%
52	NEW YORK	NORTHERN	UTICA	5,431,844	1,014,952	1,155,609	1,139,215	8,741,620	0.63%	62.47%
53	NEW YORK	EASTERN	BROOKLYN	65,713,142	24,010,476	13,812,382	18,330,038	121,866,038	8.80%	37.41%
54	NEW YORK	SOUTHERN	NEW YORK	21,455,517	7,830,508	5,980,475	10,865,472	46,131,972	3.33%	7.63%
55	NEW YORK	WESTERN	BUFFALO	7,518,115	3,124,589	2,033,854	1,372,207	14,048,765	1.01%	60.08%
56	N. CAROLINA	EASTERN	RALEIGH	8,727,163	2,687,776	1,446,143	1,653,642	14,514,724	1.05%	53.66%
57	N. CAROLINA	MIDDLE	GREENSBORO	6,814,753	1,367,485	2,259,463	1,345,992	11,787,693	0.85%	73.37%
58	N. CAROLINA	WESTERN	ASHEVILLE	4,085,035	2,789,456	1,719,374	2,492,719	11,086,584	0.80%	55.96%
59	N. DAKOTA		FARGO	199,799	68,688	56,961	45,888	371,336	0.03%	56.79%
60	OHIO	NORTHERN	CLEVELAND	3,651,692	3,017,830	1,994,601	2,664,678	11,328,801	0.82%	48.95%
61	OHIO	SOUTHERN	COLUMBUS	8,784,997	2,218,374	3,771,685	2,666,530	17,441,586	1.26%	65.09%
62	OKLAHOMA	NORTHERN	TULSA	1,769,144	2,225,360	394,360	289,241	4,678,105	0.34%	64.43%
63	OKLAHOMA	EASTERN	MUSKOGEE	465,401	226,294	268,366	216,137	1,176,198	0.08%	31.45%
64	OKLAHOMA	WESTERN	OK CITY	5,207,921	593,525	446,315	428,248	6,676,009	0.48%	65.20%
65	OREGON		PORTLAND	10,176,503	1,857,465	3,357,584	2,462,930	17,854,482	1.29%	59.52%
66	PENNSYLVANIA	EASTERN	PHILADELPHIA	5,815,119	1,623,214	1,477,374	2,812,306	11,728,013	0.85%	20.38%
67	PENNSYLVANIA	MIDDLE	SCRANTON	2,148,137	650,208	269,342	217,111	3,284,798	0.24%	19.12%
68	PENNSYLVANIA	WESTERN	PITTSBURGH	2,117,250	1,051,990	1,034,532	735,910	4,939,682	0.36%	57.41%
69	PUERTO RICO		SAN JUAN	901,061	4,732,048	1,354,748	2,209,057	9,196,914	0.66%	17.75%

**ASSETS FORFEITURE FUND  
EQUITABLE SHARING DISBURSEMENTS**

(by District)

as of September 30, 1994

#	JUDICIAL DISTRICT	CITY	FY 1986 -				TOTAL TO DATE	% of TOTAL SHARING	% OF NET DEPOSITS
			FY 1991	FY 1992	FY 1993	FY 1994			
70	RHODE ISLAND	PROVIDENCE	3,286,965	1,019,074	257,548	603,779	5,167,366	0.37%	59.94%
71	S. CAROLINA	COLUMBIA	8,004,989	2,579,728	1,341,810	1,256,246	13,182,773	0.95%	74.24%
73	S. DAKOTA	SIoux FALLS	189,495	92,213	43,122	19,778	344,608	0.02%	28.86%
74	TENNESSEE	EASTERN KNOXVILLE	1,496,276	1,083,915	1,133,165	560,715	4,274,071	0.31%	60.96%
75	TENNESSEE	MIDDLE NASHVILLE	2,268,244	1,000,296	1,478,489	1,271,430	6,018,459	0.43%	54.74%
76	TENNESSEE	WESTERN MEMPHIS	4,836,710	2,296,355	1,573,618	1,454,687	10,161,370	0.73%	64.10%
77	TEXAS	NORTHERN DALLAS	19,693,617	2,585,414	7,271,929	4,899,036	34,449,996	2.49%	58.04%
78	TEXAS	EASTERN TYLER	3,752,178	1,275,019	1,373,078	1,489,093	7,889,368	0.57%	50.65%
79	TEXAS	SOUTHERN HOUSTON	28,677,687	11,838,939	7,934,670	11,983,148	60,434,444	4.36%	35.69%
80	TEXAS	WESTERN SAN ANTONIO	16,212,503	5,785,330	5,852,060	4,119,290	31,969,183	2.31%	48.90%
81	UTAH	SALT LAKE CITY	1,930,284	485,275	1,131,784	436,248	3,983,591	0.29%	49.93%
82	VERMONT	BURLINGTON	1,547,537	494,021	920,647	417,905	3,380,110	0.24%	54.31%
83	VIRGINIA	EASTERN NORFOLK	12,659,281	4,919,210	3,951,180	3,240,286	24,769,957	1.79%	48.71%
84	VIRGINIA	WESTERN ROANOKE	1,907,443	2,179,756	1,162,412	1,276,987	6,526,598	0.47%	61.05%
85	WASHINGTON	EASTERN SPOKANE	1,117,378	386,919	1,452,178	486,732	3,443,207	0.25%	70.07%
86	WASHINGTON	WESTERN SEATTLE	3,043,854	1,094,333	1,494,278	1,112,802	6,745,267	0.49%	22.75%
87	WEST VIRGINIA	NORTHERN FAIRMONT	566,138	174,657	140,949	428,247	1,309,991	0.09%	63.55%
88	WEST VIRGINIA	SOUTHERN CHARLESTON	2,493,628	649,950	661,683	198,659	4,003,920	0.29%	69.49%
89	WISCONSIN	EASTERN MILWAUKEE	6,676,104	1,484,190	1,682,609	1,407,650	11,250,553	0.81%	55.74%
90	WISCONSIN	WESTERN MADISON	1,096,479	643,465	364,345	461,914	2,566,203	0.19%	68.74%
91	WYOMING	CHEYENNE	893,239	279,022	217,391	61,376	1,451,028	0.10%	64.50%
5	N. MARIANA IS.		0				0	0.00%	0.00%
93	GUAM	AGANA	28,361	39,976	70,329	85,896	224,562	0.02%	40.75%
94	VIRGIN ISLANDS	ST. THOMAS	259,842	17,463	39,155	10,834	327,294	0.02%	12.57%
	FOREIGN GOVT		2,000,000	12,369,471	11,364,985	8,682,978	34,417,434	2.49%	N/A
	OTHER		1,700				1,700	0.00%	0.00%
<b>GRAND TOTALS:</b>			<b>\$742,707,997</b>	<b>\$234,117,878</b>	<b>\$212,282,327</b>	<b>\$195,584,212</b>	<b>\$1,384,692,414</b>	<b>100.00%</b>	<b>36.75%</b>

TOTAL AVG.

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# Appendix E



## Properties on Hand as of September 30, 1994 with Equity Valued at \$1 Million or More

### REAL PROPERTY

<i>JUDICIAL DISTRICT</i>	<i>CASE NUMBER</i>	<i>DESCRIPTION</i>	<i>APPRAISED VALUE</i>	<i>LIENS</i>	<i>EQUITY</i>	<i>STATUS</i>
Central District of CALIFORNIA	89-1124-2-1	420 W. Lexington Glendale E, CA	\$2,675,000	0	\$2,675,000	Pending forfeiture
Central District of CALIFORNIA	89-1357-1-1	411 W. 7th Street Los Angeles, CA	\$16,000,000	\$9,000,000	\$7,000,000	Pending forfeiture
Central District of CALIFORNIA	91-5150-1-1	344 Conway Avenue Los Angeles, CA	\$1,075,000	\$1,425,000	N/A	Pending forfeiture
Central District of CALIFORNIA	92-3761-1-1	717 N. Palm Drive Los Angeles, CA	\$4,100,000	\$4,396,000	N/A	Pending forfeiture
Central District of CALIFORNIA	92-6181-1-1	505-509 Sunset Avenue Los Angeles, CA	\$1,270,000	\$260,600	\$1,009,400	Pending forfeiture
Central District of CALIFORNIA	94-234-1-1	9252 Garden Grove Los Angeles, CA	\$2,100,000	0	\$2,100,000	Pending forfeiture
Central District of CALIFORNIA	94-4563-1-1	1106-1112 N. La Cienega Los Angeles, CA	\$2,000,000	\$1,100,000	\$900,000	Pending forfeiture
Central District of CALIFORNIA	85-2735 S/CA	12114-6 Deana Street El Monte, CA	\$1,825,000	0	\$1,825,000	Forfeited, pending disposition
Eastern District of CALIFORNIA	S-92-2024-1-1	703 Acres Amador, CA	\$1,055,000	0	\$1,055,000	Pending forfeiture
Southern District of CALIFORNIA	92-1941-1-1	104 acres San Diego, CA	\$3,220,000	0	\$3,220,000	Forfeited, pending disposition
Northern District of FLORIDA	92-10037	Lou Roe Farm Morrison, FL	\$1,100,000	\$166,341	\$933,659	Pending forfeiture
Middle District of FLORIDA	92-216-F	12921 Treeline Avenue Ft. Myers, FL	\$1,450,000	0	\$1,450,000	Forfeited, pending transfer to Treasury
Southern District of FLORIDA	87-1617	3025 NE 188th Street N. Miami Beach, FL	\$3,100,000	N/A	N/A	Pending forfeiture
Southern District of FLORIDA	88-12082	SJ & W Ranch Moorehaven, FL	\$4,430,000	N/A	N/A	Pending forfeiture
Southern District of FLORIDA	91-6060-3C	8500 NW 8th Street Miami, FL	\$3,250,000	N/A	N/A	Pending forfeiture
Southern District of FLORIDA	91-00060C E/PA	3031 Bricknell Avenue Miami, FL	\$2,422,500	N/A	N/A	Pending forfeiture
Southern District of FLORIDA	93-0532C	2000 S. Dixie Highway Miami, FL	\$3,300,000	N/A	N/A	Pending forfeiture
Southern District of FLORIDA	92-0230C	4440 W. 16th Avenue Hialeah, FL	\$1,600,000	N/A	N/A	Pending forfeiture
Southern District of FLORIDA	90-0534C D/NJ	212 Alexander Palm Road Boca Raton, FL	\$2,000,000	N/A	N/A	Pending forfeiture
Southern District of FLORIDA	91-0135 M/FL	23300 SW 36th Street Ft. Lauderdale, FL	\$1,700,000	N/A	N/A	Forfeited
Southern District of FLORIDA	92-0040 M/FL	7290 NW 8th Street Miami, FL	\$1,945,000	N/A	N/A	Forfeited
Eastern District of LOUISIANA	C-C-91-53-MU-1-1	740 Esplanade Avenue New Orleans, LA	\$1,180,000	\$63,218	\$1,116,782	Pending settlement agreement
Eastern District of MICHIGAN	92-CV-71868-2-1	17201 25 Mile Road Mount Clements, MI	\$12,250,000	0	\$12,250,000	Awaiting trial date

## Properties on Hand as of September 30, 1994 with Equity Valued at \$1 Million or More

### REAL PROPERTY

<i>JUDICIAL DISTRICT</i>	<i>CASE NUMBER</i>	<i>DESCRIPTION</i>	<i>APPRAISED VALUE</i>	<i>LIENS</i>	<i>EQUITY</i>	<i>STATUS</i>
District of NEW JERSEY	CA-93-1282	78 Fox Hedge Road Saddle River, NJ	\$1,830,000	0	\$1,830,000	Pending forfeiture
Eastern District of NEW YORK	CV-89-3468	94-98 Mott Street New York, NY	\$1,300,000	0	\$1,300,000	Pending forfeiture, property sold per interlocutory sale
Eastern District of NEW YORK	CV-91-4494	1256 Grand Street Brooklyn, NY	\$1,975,000	\$3,500,000	N/A	Forfeited, currently on the market
Eastern District of NEW YORK	CV-S-94-0409	31 Hitchcock Lane Old Westbury, NY	\$7,500,000	\$250,000	\$7,250,000	Pending forfeiture
Southern District of NEW YORK	92-7784	558-560 West 165th Street New York, NY	\$2,700,000	\$144,786 sewer and water tax	\$2,555,214	Forfeited, currently on the market
Southern District of NEW YORK	93-1869	One East End Avenue New York, NY	\$1,150,000	\$9,000 federal	\$1,141,000	Forfeited, currently on the market
District of OREGON	91-1127-1-1	Royal Trailer Park Grants Pass, OR	\$1,150,000	\$0	\$1,150,000	Forfeited
District of PUERTO RICO	S-87-CR-593(NY)	600 Comerio Avenue Puerto Rico, PR	\$4,400,000	\$3,815,920	\$584,080	Forfeited, currently on the market

	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	\$97,052,500	\$24,130,865	\$51,345,135	31
* Lien information was not available for several of the properties. The amount for TOTAL LIENS and TOTAL EQUITY do not include these properties.				



## Properties on Hand as of September 30, 1994 with Equity Valued at \$1 Million or More

### BUSINESSES AND OWNERSHIP INTERESTS

<i>JUDICIAL DISTRICT</i>	<i>CASE NUMBER</i>	<i>DESCRIPTION</i>	<i>APPRAISED VALUE</i>	<i>LIENS</i>	<i>EQUITY</i>	<i>STATUS</i>
Central District of CALIFORNIA	87-879 S/FI (CR)-1-1	Bicycle Club	\$34,200,000	\$0	\$34,200,000	Forfeited, pending disposition
District of HAWAII	N-89-397-3-1	Koloa Self Storage	\$1,840,000	\$0	\$1,840,000	Forfeited, pending disposition
District of Western WASHINGTON	C94-0826-1-1	Kong Yick Investment Co.	\$1,100,000	\$0	\$1,100,000	Pending forfeiture
District of Western WASHINGTON	C94-0826-4-1	Kong Yick Investment Co.	\$1,100,000	\$0	\$1,100,000	Pending forfeiture

	Total Appraised Value	Total Liens	Total Equity	Total Number of Properties
Total Businesses and Ownership Interests on Hand as of September 30, 1994 with Equity Valued at \$1 Million or More	\$38,240,000	\$0	\$38,240,000	4

## Properties on Hand as of September 30, 1994 with Equity Valued at \$1 Million or More

### CASH AND FINANCIAL INSTRUMENTS

<i>JUDICIAL DISTRICT</i>	<i>CASE NUMBER</i>	<i>DESCRIPTION</i>	<i>APPRAISED VALUE</i>	<i>LIENS</i>	<i>EQUITY</i>	<i>STATUS</i>
Northern District of CALIFORNIA	3790-92-067-1-1	U.S. Currency	\$1,868,829	N/A	\$1,868,829	Pending forfeiture
Northern District of CALIFORNIA	C-93-20353-1-1	U.S. Currency	\$1,917,054	N/A	\$1,917,054	Pending forfeiture
Central District of CALIFORNIA	90-5941-1-1	U.S. Currency	\$1,893,300	N/A	\$1,893,300	Pending forfeiture
Central District of CALIFORNIA	R1-94-0290-1-1	U.S. Currency	\$1,097,777	N/A	\$1,097,777	Pending forfeiture
Central District of CALIFORNIA	RP-94-9966-1-1	U.S. Currency	\$9,738,036	N/A	\$9,738,036	Pending forfeiture
Central District of CALIFORNIA	RP-94-0066-2-1	U.S. Currency	\$1,067,912	N/A	\$1,067,912	Pending forfeiture
Central District of CALIFORNIA	89-3449-1-1	Money Market Account	\$1,061,355	N/A	\$1,061,355	Pending forfeiture
Southern District of CALIFORNIA	94-0167-1-1	U.S. Currency	\$1,607,411	N/A	\$1,607,411	Pending forfeiture
Northern District of FLORIDA	93-10090	U.S. Currency	\$2,039,140	N/A	\$2,039,140	Pending forfeiture
Northern District of FLORIDA	93-10132	U.S. Currency	\$2,100,662	N/A	\$2,100,662	Pending forfeiture
Northern District of FLORIDA	94-10090	U.S. Currency	\$2,809,985	N/A	\$2,809,985	Pending forfeiture
Northern District of FLORIDA	94-10090	U.S. Currency	\$3,733,566	N/A	\$3,733,566	Pending forfeiture
Northern District of FLORIDA	94-10090	U.S. Currency	\$3,149,985	N/A	\$3,149,985	Pending forfeiture
Northern District of FLORIDA	94-10090	U.S. Currency	\$5,595,552	N/A	\$5,595,552	Pending forfeiture
Northern District of FLORIDA	94-10090	U.S. Currency	\$2,998,880	N/A	\$2,998,880	Pending forfeiture
Northern District of FLORIDA	94-10090	U.S. Currency	\$10,145,885	N/A	\$10,145,885	Pending forfeiture
Northern District of FLORIDA	GT-87-Z001	U.S. Currency	\$2,702,899	N/A	\$2,702,899	Pending forfeiture
Northern District of FLORIDA	KD-85-Z002	U.S. Currency	\$1,687,435	N/A	\$1,687,435	Pending forfeiture
Northern District of FLORIDA	KD-85-Z002	U.S. Currency	\$2,700,488	N/A	\$2,700,488	Pending forfeiture
Northern District of FLORIDA	KD-85-Z002	U.S. Currency	\$2,709,985	N/A	\$2,709,985	Pending forfeiture
Northern District of FLORIDA	91-10114	Promissory Notes (8)	\$1,795,487	N/A	\$1,795,487	Property forfeited pending disposition
Northern District of FLORIDA	92-40146	Promissory Note	\$1,000,000	N/A	\$1,000,000	Property forfeited, pending disposition

## Properties on Hand as of September 30, 1994 with Equity Valued at \$1 Million or More

### CASH AND FINANCIAL INSTRUMENTS

<i>JUDICIAL DISTRICT</i>	<i>CASE NUMBER</i>	<i>DESCRIPTION</i>	<i>APPRAISED VALUE</i>	<i>LIENS</i>	<i>EQUITY</i>	<i>STATUS</i>
Middle District of FLORIDA	94-643-J	U.S. Currency	\$2,146,084	N/A	\$2,146,084	Pending forfeiture
Middle District of FLORIDA	92-1050-CR-S/NY	Utility and Municipal Bonds	\$1,174,805	N/A	\$1,174,805	Property forfeited, pending disposition
Southern District of FLORIDA	94-0766	U.S. Currency	\$1,557,017	N/A	\$1,557,017	Pending forfeiture
Southern District of FLORIDA	GS-92-X033	U.S. Currency	\$1,282,437	N/A	\$1,282,437	Pending forfeiture
Southern District of FLORIDA	92-2132 W/PA	Bond Account	\$1,400,000	N/A	\$1,400,000	Pending forfeiture
Southern District of ILLINOIS	IF-94-0133-1-1	U.S. Currency	\$1,040,514	N/A	\$1,040,514	Pending forfeiture
Southern District of ILLINOIS	IF-94-0164-1-1	U.S. Currency	\$1,497,530	N/A	\$1,497,530	Pending forfeiture
District of MASSACHUSETTS	CR-93-10149-Z	Certificate of Deposit	\$3,200,000	N/A	\$3,200,000	Pending forfeiture
Eastern District of MICHIGAN	I7-92-Z006-1-1	U.S. Currency	\$1,264,410	N/A	\$1,264,410	Pending forfeiture
Eastern District of MISSOURI	IS-94-0020-1-1	U.S. Currency	\$1,010,270	N/A	\$1,010,270	Pending forfeiture
District of NEVADA	92-579(CR) E/LA-1-1	U.S. Currency	\$1,055,395	N/A	\$1,055,395	Pending forfeiture
District of NEW JERSEY	3510-94-009	U.S. Currency	\$2,669,665	N/A	\$2,669,665	Pending forfeiture
District of NEW JERSEY	CA-93-0896	U.S. Currency	\$1,253,542	N/A	\$1,253,542	Pending forfeiture
Eastern District of NEW YORK	C1-93-0048	U.S. Currency	\$1,297,858	N/A	\$1,297,858	Pending forfeiture
Eastern District of NEW YORK	C1-93-0128	U.S. Currency	\$1,030,612	N/A	\$1,030,612	Pending forfeiture
Eastern District of NEW YORK	CJ-94-0031	U.S. Currency	\$1,000,035	N/A	\$1,000,035	Pending forfeiture
Eastern District of NEW YORK	CV-93-0624	U.S. Currency	\$47,410,427	N/A	\$47,410,427	Pending forfeiture
Eastern District of NEW YORK	CV-92-5310	Bank Account	\$1,206,169	N/A	\$1,206,169	Pending forfeiture
Eastern District of NEW YORK	CV-92-5310	Bank Account	\$1,495,444	N/A	\$1,495,444	Pending forfeiture
Eastern District of NEW YORK	CV-92-5517	Bank Account	\$2,189,041	N/A	\$2,189,041	Pending forfeiture
Southern District of NEW YORK	OBCCI	U.S. Currency	\$486,738,052	N/A	\$486,738,052	Pending forfeiture
Southern District of NEW YORK	3540-93-099	U.S. Currency	\$2,746,279	N/A	\$2,746,279	Pending forfeiture
Southern District of NEW YORK	CT-92-0123	U.S. Currency	\$1,190,506	N/A	\$1,190,506	Pending forfeiture

**Properties on Hand as of September 30, 1994  
with Equity Valued at \$1 Million or More**

CASH AND FINANCIAL INSTRUMENTS

<i>JUDICIAL DISTRICT</i>	<i>CASE NUMBER</i>	<i>DESCRIPTION</i>	<i>APPRAISED VALUE</i>	<i>LIENS</i>	<i>EQUITY</i>	<i>STATUS</i>
Southern District of NEW YORK	CT-94-0064	U.S. Currency	\$1,172,800	N/A	\$1,172,800	Pending forfeiture
Southern District of NEW YORK	OBCCI	Treasury Bond	\$26,044,311	N/A	\$26,044,311	Pending forfeiture
Southern District of NEW YORK	OBCCI	Treasury Bond	\$24,048,040	N/A	\$24,048,040	Pending forfeiture
Western District of NORTH CAROLINA	3140-94-069	U.S. Currency	\$1,100,791	N/A	\$1,100,791	Pending forfeiture
Eastern District of PENNSYLVANIA	CR-92-373	U.S. Currency	\$1,607,579	N/A	\$1,607,579	Pending forfeiture
Eastern District of PENNSYLVANIA	CR-92-652	U.S. Currency	\$2,000,000	N/A	\$2,000,000	Pending forfeiture
Northern District of TEXAS	3-93-1256-1-4	U.S. Currency	\$1,069,200	N/A	\$1,069,200	Pending forfeiture
Northern District of TEXAS	3-94-1008-1-1	U.S. Currency	\$1,300,000	N/A	\$1,300,000	Pending forfeiture
Southern District of TEXAS	M3-94-0041-2-1	U.S. Currency	\$1,053,200	N/A	\$1,053,200	Pending forfeiture
Southern District of TEXAS	M3-94-0131-1-1	U.S. Currency	\$3,327,765	N/A	\$3,327,765	Pending forfeiture

Total Cash and Financial Instruments on Hand as of September 30, 1994 with Equity Valued at \$1 Million or More	TOTAL APPRAISED VALUE	TOTAL LIENS	TOTAL EQUITY	TOTAL NUMBER OF PROPERTIES
	\$695,001,401	\$0	\$695,001,401	55

**Properties on Hand as of September 30, 1994  
with Equity Valued at \$1 Million or More**

OTHER PROPERTIES

<i>JUDICIAL DISTRICT</i>	<i>CASE NUMBER</i>	<i>DESCRIPTION</i>	<i>APPRAISED VALUE</i>	<i>LIENS</i>	<i>EQUITY</i>	<i>STATUS</i>
Central District of CALIFORNIA	93-0439	77 Lockheed 1329 Aircraft	\$2,000,000	\$0	\$2,000,000	Pending forfeiture
Central District of CALIFORNIA	R1-88-Z006-28-1	Jewelry	\$18,662,987	\$0	\$18,662,987	Pending forfeiture
Southern District of FLORIDA	94-6247	81 Gates Lear Jet	\$1,570,000	\$209,000 mechanics lien	\$1,361,000	Pending forfeiture
Southern District of NEW YORK	C1-92-0226	1341 items of jewelry	\$1,225,935	\$0	\$1,225,935	Pending forfeiture
Northern District of OKLAHOMA	CVN-93-841-ECR-1-1	77 Lear Jet	\$1,200,000	\$0	\$1,200,000	Pending forfeiture
Eastern District of WISCONSIN	90-C-1827-3-1	DC-3 Douglas Turbo Prop	\$1,800,000	\$0	\$1,800,000	Sold for \$1,777,632 at interlocutory sale

	Total Appraised Value	Total Liens	Total Equity	Total Number of Properties
Total Other Properties on Hand as of September 30, 1994 with Equity Valued at \$1 Million or More	\$26,458,922	\$209,000	\$26,249,922	6

**Properties on Hand as of September 30, 1994  
with Equity Valued at \$1 Million or More**

SUMMARY TOTAL

<i>DESCRIPTION</i>	<i>TOTAL APPRAISED VALUE</i>	<i>TOTAL LIENS</i>	<i>TOTAL EQUITY</i>	<i>TOTAL NUMBER</i>
Real Property	\$ 97,052,500	\$24,130,865	\$ 51,345,135	31
Businesses and Ownership Interests	\$ 38,240,000	0	\$ 38,240,000	4
Cash and Financial Interests	\$695,001,401	0	\$695,001,401	55
Other Properties	\$ 26,458,922	\$ 209,000	\$ 26,249,922	6
<b>TOTAL</b>	<b>\$856,752,823</b>	<b>\$ 24,339,865</b>	<b>\$810,836,458</b>	<b>96</b>

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# Appendix F







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, 1994 and 1993. The principal statements of the Department of Justice Asset Forfeiture Program include:

Statements of Financial Position  
Statements of Operations and Changes in Net Position  
Statements of Cash Flows  
Statements of Budget and Actual Expenses  
Combining Statements 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 audits.

We conducted our audits 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. 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 audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared in accordance with OMB Bulletin 94-01, "Form and Content of Agency Financial Statements," which constitutes a comprehensive basis of accounting other than generally accepted accounting principles.

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, 1994 and 1993, and the results of its operations and its cash flows for the years then ended in conformity with the basis of accounting described in Note 1.

In accordance with Statement of Federal Financial Accounting Standards Number 3, "Accounting for Inventory and Related Property," the U.S. Department of Justice has included the estimated value of forfeited property with an offsetting liability (deferred revenue) on the statements of financial position as of September 30, 1994 and 1993. As described in Note 5, the financial information supporting the amounts shown on the statements of financial position was provided by the Seized Assets Management System (SAMS) which is separate and distinct from the general ledger. Information pertaining to a forfeiture is recorded in SAMS by the U.S. Marshals Service upon receipt of a declaration of forfeiture from the investigative agency or an order of forfeiture issued by a U.S. Federal Court. At fiscal year end, there were no procedures in place to ensure that all forfeited property was recorded in SAMS. In addition, the net value of this property has been reduced by estimated liens of record; however, the estimate may not include all possible liens and claims of innocent third parties.

Our audits were 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, 1995  
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, 1994 and 1993, and have issued our report thereon dated February 15, 1995.

We conducted our audits 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.

In planning and performing our audits of the principal financial statements of the Department of Justice Asset Forfeiture Program for the years ended September 30, 1994 and 1993, 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.

We noted a matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Department of Justice's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

#### **Inadequate Cutoff Procedures for Reporting Seized and Forfeited Property**

Seized and forfeited property is recorded in the Seized Assets Management System (SAMS) by the U.S. Marshals Service (USMS) upon receipt of documentation from seizing agencies, primarily the Federal Bureau of Investigation and the Drug Enforcement Administration. The Attorney General's Guidelines on Seized and Forfeited Property, designates the USMS as the custodian for all seized and forfeited property and requires that all property be turned over to the USMS within sixty days of seizure. Upon forfeiture, the property is designated as forfeited in SAMS, and the cash or proceeds from the sale of the property is transferred to the Assets Forfeiture Fund.

The Department of Justice has not developed year end closing procedures to ensure that the documentation relative to the status of all seized and forfeited property in its possession has been provided to the USMS for recording in SAMS. Consequently, there is no assurance that the amounts reported in the financial statements and the notes thereto are truly representative of the assets seized and held by the Department at fiscal year end. While our audit tests of documentation to support the financial information recorded in SAMS did not disclose any significant discrepancies, the total fiscal year end balances for seized and forfeited property change daily due to the constant updating of information based on documents received and posted by the USMS subsequent to September 30.

Since Statement of Federal Financial Accounting Standards Number 3, "Accounting for Inventory and Related Property," requires the value of seized and forfeited property to be reported in the financial statements and notes thereto at fiscal year end, it is imperative that the Department of Justice develop and implement adequate closing procedures to ensure that the amounts reported are accurate and complete.

## Recommendation 1

We recommend that the Department of Justice require seizing agencies and U.S. Attorneys to submit all seizing reports and forfeiture orders relative to assets seized and forfeited before fiscal year end to the USMS by October 31st of each year. We also recommend that the USMS take steps to ensure that all information is recorded in SAMS by November 15th, including available lien and appraisal information. Prior to extracting the information for the financial statements from SAMS, each agency should be required to certify that it has complied with the closing procedures. Appropriate closing procedures should also be developed to ensure that agencies and offices using the newly implemented Consolidated Asset Tracking System are properly recording fiscal year end information needed for the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the 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 financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we do not believe that the reportable condition described above is a material weakness.

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, 1995  
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, 1994 and 1993, and have issued our report thereon dated February 15, 1995.

We conducted our audits 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, 1995  
Arlington, VA

**DEPARTMENT OF JUSTICE**  
**Asset Forfeiture Program**  
**Statement of Financial Position**  
**as of September 30, 1994 and 1993**

<b>Dollars in Thousands</b>	<b>1994</b>	<b>1993</b>
<b>ASSETS</b>		
<b>Entity Assets:</b>		
Intragovernmental Assets:		
Fund Balance with U.S. Treasury (Note 2)	\$541,308	\$89,068
Refunds Receivable – Federal	1	0
Investments – Federal Securities, Net (Note 4)	0	291,651
Governmental Assets:		
Travel Advances	1	3
Forfeited Property – Net (Note 5)	221,147	313,333
<b>Total Entity Assets</b>	<b>\$762,457</b>	<b>\$694,055</b>
<b>Non-Entity Assets:</b>		
Seized Monetary Assets (Note 2)	\$867,769	\$54,529
Investments – Federal Securities, Net (Note 4)	0	745,313
<b>Total Non-Entity Assets</b>	<b>\$867,769</b>	<b>\$799,842</b>
<b>Total Assets</b>	<b>\$1,630,226</b>	<b>\$1,493,897</b>
<b>LIABILITIES</b>		
<b>Liabilities Covered by Budgetary Resources:</b>		
Intragovernmental Liabilities:		
Accounts Payable (Note 7)	\$2,589	\$2,022
Governmental Liabilities:		
Accounts Payable (Note 7)	411,722	239,909
Deferred Revenue (Note 5)	221,147	313,333
Deposit Fund (Note 8)	867,769	799,842
<b>Total Liabilities</b>	<b>\$1,503,227</b>	<b>\$1,355,106</b>
<b>NET POSITION (Note 1)</b>		
Cumulative Results of Operations	\$69,439	\$123,093
Cumulative Results of Operations, BCCI		
Income Subject to Court Order	57,560	15,698
<b>Net Position</b>	<b>\$126,999</b>	<b>\$138,791</b>
<b>Total Liabilities &amp; Net Position</b>	<b>\$1,630,226</b>	<b>\$1,493,897</b>

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, 1994 and 1993**

<b>Dollars in Thousands</b>	<b>1994</b>	<b>1993</b>
<b>Revenue</b>		
<b>Federal Sources:</b>		
Investment Income (Note 9)	\$30,621	\$24,701
<b>Public Sources:</b>		
Forfeited Cash	\$351,220	\$357,546
Sales of Forfeited Property	169,511	155,833
Penalties in Lieu of Forfeiture	33,834	23,419
Recovery of Returned Asset Management Costs	2,621	5,466
Forfeited Property (Note 15)	21,741	0
Miscellaneous Income	2,682	1,969
Refunds (Note 16)	(40,556)	(13,227)
<b>Total Revenue</b>	<b>\$571,674</b>	<b>\$555,707</b>
<b>Expenses (Note 12)</b>		
<b>Forfeiture Program Expenses:</b>		
Payments to Innocent Third Parties	\$49,616	\$69,312
Asset Management Expenses	42,684	41,369
Special Contract Services	35,329	36,761
ADP Equipment	25,707	22,790
Forfeiture Case Prosecution	10,742	10,325
Forfeiture Training and Printing	3,993	4,748
Other Program Management	2,058	1,598
<b>Total Forfeiture Program Expenses</b>	<b>\$170,129</b>	<b>\$186,903</b>
<b>Distribution of Revenues:</b>		
Equitable Sharing Payments	\$234,625	\$207,018
Awards for Information	22,839	27,619
Purchase of Evidence	10,452	12,390
Equipping of Conveyances and Miscellaneous	17,621	11,558
Joint Law Enforcement Operations	10,444	0
Contracts to Identify Assets	2,845	2,542
Transfers of Forfeited Property (Note 15)	21,741	0
<b>Total Distributions</b>	<b>\$320,567</b>	<b>\$261,127</b>
<b>Total Expenses and Distributions</b>	<b>\$490,696</b>	<b>\$448,030</b>
<b>Excess of Revenues over Expenses and Distributions</b>	<b>\$80,978</b>	<b>\$107,677</b>
<b>Net Position, Beginning Balance</b>	<b>138,791</b>	<b>148,930</b>
<b>Allocation of Prior Year Surplus (Note 13)</b>	<b>(59,930)</b>	<b>(30,650)</b>
<b>Transfers (Note 14)</b>	<b>(32,840)</b>	<b>(87,166)</b>
<b>Net Position, Ending Balance</b>	<b>\$126,999</b>	<b>\$138,791</b>

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, 1994 and 1993**

<b>Dollars in Thousands</b>	<b>1994</b>	<b>1993</b>
<b>Cash Provided (Used) by Operating Activities:</b>		
Cash from Forfeited Assets, Penalties and Recoveries, Net	\$519,313	\$531,006
Interest Received (Note 9)	30,621	24,701
Cash Paid to Vendors and Other Agencies	(296,575)	(340,213)
Allocation of Prior Year Surplus (Note 13)	(59,930)	(30,650)
Cash Transferred to Other Agencies, Net (Note 14)	(32,840)	(87,166)
<b>Net Cash Provided by Operating Activities</b>	<b>\$160,589</b>	<b>\$97,678</b>
<b>Cash Provided (Used) by Investing Activities:</b>		
Sale of Investment Securities	\$291,651	\$0
Purchase of Investment Securities	0	(43,868)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>\$291,651</b>	<b>(\$43,868)</b>
<b>Net Cash Provided by Operating and Investing Activities</b>	<b>\$452,240</b>	<b>\$53,810</b>
<b>Funds with U.S. Treasury, Beginning of Year</b>	<b>89,068</b>	<b>35,258</b>
<b>Funds with U.S. Treasury, End of Year</b>	<b>\$541,308</b>	<b>\$89,068</b>

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

Excess of Revenues over Expenses and Distributions	\$80,978	\$107,677
Increase (Decrease) in Accounts Payable	172,380	107,820
Decrease (Increase) in Travel Advances	2	(3)
Decrease (Increase) in Refunds Receivable	(1)	0
Allocation of Prior Year Surplus (Note 13)	(59,930)	(30,650)
Transfers (Note 14)	(32,840)	(87,166)
<b>Net Cash Provided by Operating Activities</b>	<b>\$160,589</b>	<b>\$97,678</b>

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, 1994 and 1993

<b><i>Dollars in Thousands</i></b>	<b>1994</b>	<b>1993</b>
<b>Budget Resources (SF-133, Line 7)</b>	<b>\$594,323</b>	<b>\$585,466</b>
Budget Obligations, Direct (SF-133, Line 8)	\$527,181	\$485,911
Decrease (Increase) in Undelivered Orders	1,704	(7,231)
Allocation of Prior Year Surplus (Note 13)	(59,930)	(30,650)
<b>Actual Expenses and Distributions</b>	<b>\$468,955</b>	<b>\$448,030</b>
 <b>Budget Reconciliation:</b>		
Total Expenses and Distributions (Statement of Operations)	\$490,696	\$448,030
Adjustment to Accounts Payable (Note 11)	9,049	2,112
Allocation of Prior Year Surplus (Note 13)	59,930	30,650
<b>Total Budgetary Accrued Expenditures, Direct (SF-133, Line 16)</b>	<b>\$559,675</b>	<b>\$480,792</b>

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, 1994 and 1993**

<i>Dollars in Thousands</i>	<b>1994</b>			<b>1993</b>		
	AFF	SADF	Total	AFF	SADF	Total
<b>ASSETS</b>						
<b>Entity Assets:</b>						
Intragovernmental Assets:						
Fund Balance with U.S. Treasury (Note 2)	\$541,308	\$0	\$541,308	\$89,068	\$0	\$89,068
Refunds Receivable – Federal	1	0	1	0	0	0
Investments, Net (Note 4)	0	0	0	291,651	0	291,651
Governmental Assets:						
Travel Advances	1	0	1	3	0	3
Forfeited Property, Net (Note 5)	221,147	0	221,147	313,333	0	313,333
<b>Total Entity Assets</b>	<b>\$762,457</b>	<b>\$0</b>	<b>\$762,457</b>	<b>\$694,055</b>	<b>\$0</b>	<b>\$694,055</b>
<b>Non-Entity Assets:</b>						
Seized Monetary Assets (Note 2)	\$0	\$867,769	\$867,769	\$0	\$54,529	\$54,529
Investments, Net (Note 4)	0	0	0	0	745,313	745,313
<b>Total Non-Entity Assets</b>	<b>\$0</b>	<b>\$867,769</b>	<b>\$867,769</b>	<b>\$0</b>	<b>\$799,842</b>	<b>\$799,842</b>
<b>Total Assets</b>	<b>\$762,457</b>	<b>\$867,769</b>	<b>\$1,630,226</b>	<b>\$694,055</b>	<b>\$799,842</b>	<b>\$1,493,897</b>
<b>LIABILITIES</b>						
<b>Liabilities Covered by Budgetary Resources:</b>						
Intragovernmental Liabilities:						
Accounts Payable (Note 7)	\$2,589	\$0	\$2,589	\$2,022	\$0	\$2,022
Governmental Liabilities:						
Accounts Payable (Note 7)	411,722	0	411,722	239,909	0	239,909
Deferred Revenue (Note 5)	221,147	0	221,147	313,333	0	313,333
Deposit Fund (Note 8)	0	867,769	867,769	0	799,842	799,842
<b>Total Liabilities</b>	<b>\$635,458</b>	<b>\$867,769</b>	<b>\$1,503,227</b>	<b>\$555,264</b>	<b>\$799,842</b>	<b>\$1,355,106</b>
<b>NET POSITION (Note 1)</b>						
Cumulative Results of Operations	\$69,439	\$0	\$69,439	\$123,093	\$0	\$123,093
Cumulative Results of Operations, BCCI						
Income Subject to Court Order	57,560	0	57,560	15,698	0	15,698
<b>Net Position</b>	<b>\$126,999</b>	<b>\$0</b>	<b>\$126,999</b>	<b>\$138,791</b>	<b>\$0</b>	<b>\$138,791</b>
<b>Total Liabilities &amp; Net Position</b>	<b>\$762,457</b>	<b>\$867,769</b>	<b>\$1,630,226</b>	<b>\$694,055</b>	<b>\$799,842</b>	<b>\$1,493,897</b>

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

**Department of Justice  
Asset Forfeiture Program  
Notes to Principal Financial 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, 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 (OMB) Bulletin 94-01, Form and Content of Agency Financial Statements, dated November 16, 1993, 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, 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. In FY 1994 the Executive Office for Asset Forfeiture had 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. In December 1994, the Executive Office for Asset Forfeiture was reorganized, with asset management and financial oversight functions assigned to the Asset Forfeiture Management Staff of the Justice Management Division, a new organizational component, and the legal policy oversight responsibilities shifted to the Criminal Division.

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 Food and Drug Administration, and the U.S. Park Police are the non-Department of Justice participants in the program.

*Department of Justice  
Asset Forfeiture Program  
Notes to Principal Financial Statements-Continued*

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 and AFF 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 and AFF are tracked separately due to special disposition requirements. Most noncash property is held by the U.S. Marshals Service from the point of seizure until disposition. In certain cases, the investigative agency will keep seized property in custody if the intention is to place the property into official use. 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.

*Budget and 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.

Transactions are recorded on both a proprietary and budgetary basis. Budgetary accounting facilitates compliance with legal constraints and controls over the use of federal funds.

*Basis of Accounting*

Revenue is recognized when cash has been forfeited or proceeds have been deposited from the sale of forfeited property under: (a) any criminal proceeding; (b) any civil judicial forfeiture proceeding; or (c) any civil administrative forfeiture proceeding conducted by the Department of Justice. Revenue from the forfeited property is recognized when the property is: (a) placed into official use; (b) transferred to another federal government agency; (c) distributed to a state or local law enforcement agency; or (d) distributed to a foreign government. No revenue recognition is given to any cash deposited in the SADF which remains subject to forfeiture.

Expenses are recorded on an accrual basis of accounting whereby expenses are accrued when goods have been delivered or when services have been rendered. Under the accrual method, expenses are recognized when a liability is incurred, without regard to payment of cash. There are no operating expenses charged to the SADF.

*Department of Justice  
Asset Forfeiture Program  
Notes to Principal Financial Statements-Continued*

*Accounting Principles and Standards*

Until a sufficiently comprehensive set of accounting standards is agreed to and published by the Joint Financial Management Improvement Program (JFMIP) 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 JFMIP principals.
2. Form and content requirements included in OMB Bulletin 94-01.
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 SADP 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.

*Net Position*

Net Position is the equity of the U.S. Government in the Asset Forfeiture Program. The AFF, which is a Special Fund, accounts for all amounts presented within Net Position. The BCCI Investment Income (see Note 9) 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. Of the \$126.9 million in Net Position, \$6.8 million represents

*Department of Justice  
Asset Forfeiture Program  
Notes to Principal Financial Statements-Continued*

undelivered orders. To the extent that undelivered orders are delivered during FY 1995, obligations pursuant to those orders will be expensed during 1995.

**Note 2. Fund Balance with U.S. Treasury**

*Assets Forfeiture Fund*

The AFF is a special fund and is listed in the U.S. Treasury Federal Account Symbols and Titles as 15X5042. The cash balance in the AFF is considered an entity asset. It is presented in the Statement of Financial Position as Fund Balance with U.S. Treasury, per the Department's financial records.

*Seized Asset Deposit Fund*

The SADF is a deposit fund and is listed in the U.S. Treasury Federal Account Symbols and Titles as 15X6874. The cash balance in the SADF held by the U.S. Treasury at the end of September 30, 1994 and 1993 is not available to finance the Asset Forfeiture Program activities, and is presented in the Statement of Financial Position as Seized Monetary Assets, which is a Non-Entity Asset.

The amounts reported for FYs 1994 and 1993 represent the unexpended cash balance on the Department's books at September 30 of each FY presented. The variance from the actual U.S. Treasury balance for Fund Symbols 15X5042 (AFF) and 15X6874 (SADF) at September 30, 1994 are \$125 thousand and \$2 thousand, respectively, which is recorded as Cash in Transit on the Department's books for U.S. Treasury reporting requirements.

The following schedule reconciles the difference between the AFF and SADF balance with Treasury reported on the Treasury's end of year (post closing) Trial Balance to the



*Department of Justice  
 Asset Forfeiture Program  
 Notes to Principal Financial Statements-Continued*

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>1994</i>		<i>1993</i>	
	AFF	SADF	AFF	SADF
Obligated Balance:				
Unliquidated Obligations	\$420,994	\$0	\$250,445	\$0
Repayments	0	0	(291,654)	0
Unobligated Balance:				
Available	41,289	0	14,848	0
Restricted:				
Non-Entity Cash	0	867,771	0	54,529
Interest Earned on BCCI Deposits	29,319	0	15,698	0
Net BCCI Principal Forfeited	28,241	0	0	0
Unobligated Capital Surplus	0	0	3,187	0
Unobligated Super Surplus	9,711	0	66,544	0
Excess Balance to be Transferred to SFF	0	0	30,000	0
McNamara deposits not available	11,629	0	0	0
<b>Fund Balance with Treasury per Treasury</b>	<b>\$541,183</b>	<b>\$867,771</b>	<b>\$89,068</b>	<b>\$54,529</b>
Cash In Transit	125	(2)	0	0
<b>Fund Balance with Treasury per Asset Forfeiture Program</b>	<b>\$541,308</b>	<b>\$867,769</b>	<b>\$89,068</b>	<b>\$54,529</b>

**Note 3. Cash**

Asset Forfeiture Program funds held outside the U.S. Treasury as of September 30, 1994 and 1993, were \$10.9 million and \$8.4 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.

*Department of Justice  
 Asset Forfeiture Program  
 Notes to Principal Financial Statements-Continued*

**Note 4. 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. The following schedule shows the investment balance at September 30, 1993.

<i>Dollars in Thousands</i>	<i>Cost</i>	<i>(Discount)</i>	<i>Investments Net</i>
<b>FY 1993</b>			
Assets Forfeiture Fund	\$292,260	(\$609)	\$291,651
Seized Asset Deposit Fund	746,870	(1,557)	745,313
<b>Total Investments</b>	<b>\$1,039,130</b>	<b>(\$2,166)</b>	<b>\$1,036,964</b>

At September 30, 1994, there were no investments held in the AFF and SADF.

**Note 5. Forfeited Property**

Forfeited property consists of monetary instruments, real property, and tangible personal property acquired through forfeiture proceedings. 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. This property is reflected at the estimated fair-market value at time of forfeiture. Forfeited property is recorded with an offsetting deferred revenue when forfeiture judgment is obtained. 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. The following tables represent the analysis of change and methods of disposition of forfeited property for FY 1994. The Federal Accounting Standards Advisory Board did not require this information prior to FY 1994, thus the table does not reflect FY 1993 totals. With regard to the following tables, Forfeited Property represents assets for which the U.S. Government has title. The financial information supporting the figures presented in the following schedules was provided by the Seized Assets Management System (SAMS) which is separate and distinct from the general ledger. Adjustments consist of dispositions and forfeitures which occurred in FY 1994, but were recorded in FY 1995 and changes in appraisal values.

## *Analysis of the Change in Forfeited Property*

*Dollars in Thousands*

<b>Property Category</b>		<b>10/1/93 Beginning Balance</b>	<b>Forfeitures</b>	<b>Dispositions</b>	<b>9/30/94 Ending Balance</b>	<b>Liens/ Claims</b>
Aircrafts	#	19	30	19	30	1
	\$ value	3,168	17,072	3,838	16,402	5
Animals	#	1	178	178	1	0
	\$ value	70	796	796	70	0
Art & Antiques	#	56	35	56	35	0
	\$ value	2,375	1,008	2,779	604	0
Businesses	#	22	29	14	37	15
	\$ value	6,412	3,116	3,119	6,409	128
Electronic Equip.	#	700	521	1,135	86	0
	\$ value	1,607	964	2,196	375	0
Financial Insts.	#	226	142	192	176	2
	\$ value	21,913	7,362	9,039	20,236	4
Foodstuffs	#	6	23	27	2	0
	\$ value	10	132	142	0	0
Jewelry	#	538	424	681	281	0
	\$ value	6,106	4,055	8,247	1,914	0
Lab & Chemicals	#	27	34	44	17	0
	\$ value	932	60	382	610	0
Real Properties	#	1,778	1,215	1,419	1,574	796
	\$ value	242,541	220,294	246,580	216,255	56,277
Vehicles	#	3,374	14,451	15,599	2,226	14
	\$ value	13,508	37,529	42,834	8,203	120
Vessels	#	70	173	191	52	0
	\$ value	2,843	5,728	5,344	3,227	0
Weapons	#	144	176	317	3	0
	\$ value	90	141	214	17	0
Other	#	451	446	515	382	0
	\$ value	6,047	5,561	8,249	3,359	0
<b>Total</b>	<b>#</b>	<b>7,412</b>	<b>17,877</b>	<b>20,387</b>	<b>4,902</b>	<b>828</b>
	<b>\$ value</b>	<b>307,622</b>	<b>303,818</b>	<b>333,759</b>	<b>277,681</b>	<b>56,534</b>
Adjust.	#	30	0	30	0	0
	\$ value	52,531	0	52,531	0	0
<b>Total</b>	<b>#</b>	<b>7,442</b>	<b>17,877</b>	<b>20,417</b>	<b>4,902</b>	<b>828</b>
	<b>\$ value</b>	<b>360,153</b>	<b>303,818</b>	<b>386,290</b>	<b>277,681</b>	<b>56,534</b>

*Method of Disposition - Forfeited Property*

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*Dollars in Thousands*

<i>Property Category</i>		<i>Destroyed</i>	<i>Stolen</i>	<i>Retained by USMS</i>	<i>Returned to Lien Holder</i>	<i>Returned to Owner</i>	<i>Distributed to Agencies</i>	<i>Sold</i>	<i>Transferred to State or Local</i>	<i>Other<sup>1</sup></i>
Aircrafts	#	1	0	1	0	0	2	12	2	1
	\$ value	35	0	950	0	0	410	2,278	115	50
Animals	#	0	0	0	0	1	0	177	0	0
	\$ value	0	0	0	0	24	0	772	0	0
Art & Antiques	#	0	0	0	1	1	1	52	0	1
	\$ value	0	0	0	1	1	15	2,761	0	1
Businesses	#	0	0	0	0	2	0	10	0	2
	\$ value	0	0	0	0	193	0	2,899	0	27
Electronic Equip.	#	140	0	39	4	4	170	647	118	13
	\$ value	115	0	41	8	1	258	1,587	168	18
Financial Insts.	#	11	0	0	1	2	21	108	0	49
	\$ value	63	0	0	289	170	1,074	3,680	0	3,763
Foodstuffs	#	20	0	0	1	1	0	2	0	3
	\$ value	94	0	0	21	0	0	2	0	25
Jewelry	#	5	0	0	1	6	12	656	0	1
	\$ value	20	0	0	19	30	233	7,943	0	2
Lab & Chemicals	#	21	0	2	1	0	15	0	4	1
	\$ value	344	0	0	0	0	31	0	3	4

<sup>1</sup> "Other" represents methods of disposition that are unusual or infrequently used. Some examples of the use of the "other" category are: (a) liquidation of financial instruments; (b) aircraft transferred to the Department of the Interior (a non-participating federal agency); (c) real property used in the Weed & Seed Program; (d) real property in which USMS received "substitute res" (the monetary value of the property is substituted in place of the property) for the property; and (e) real property released to a claimant in lieu of cash settlement.

*Method of Disposition - Forfeited Property*

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*Dollars in Thousands*

<i>Property Category</i>		<i>Destroyed</i>	<i>Stolen</i>	<i>Retained by USMS</i>	<i>Returned to Lien Holder</i>	<i>Returned to Owner</i>	<i>Distributed to Agencies</i>	<i>Sold</i>	<i>Transferred to State or Local</i>	<i>Other</i>
Real	#	0	0	0	114	39	49	1,196	2	19
Properties	\$ value	0	0	0	18,547	3,292	5,959	150,286	65	68,431
Vehicles	#	8	1	76	136	206	641	13,633	863	35
	\$ value	15	1	654	1,275	937	8,805	23,994	6,878	275
Vessels	#	2	0	0	3	2	9	158	10	7
	\$ value	4	0	0	233	301	1,380	2,867	105	454
Weapons	#	297	0	0	0	0	15	2	0	3
	\$ value	177	0	0	0	0	30	7	0	0
Other	#	42	1	7	5	5	62	306	43	44
	\$ value	1,480	1	31	65	8	489	5,141	128	906
<b>Total</b>	<b>#</b>	<b>547</b>	<b>2</b>	<b>125</b>	<b>267</b>	<b>269</b>	<b>997</b>	<b>16,959</b>	<b>1,042</b>	<b>179</b>
	<b>\$ value</b>	<b>2,347</b>	<b>2</b>	<b>1,676</b>	<b>20,458</b>	<b>4,957</b>	<b>18,684</b>	<b>204,217</b>	<b>7,462</b>	<b>73,956</b>
Adjust.	#	1	1	37	5	1	(127)	54	38	20
	\$ value	451	6	(106)	3,915	955	(5,812)	39,118	(163)	14,167
<b>Total</b>	<b>#</b>	<b>548</b>	<b>3</b>	<b>162</b>	<b>272</b>	<b>270</b>	<b>870</b>	<b>17,013</b>	<b>1,080</b>	<b>199</b>
	<b>\$ value</b>	<b>2,798</b>	<b>8</b>	<b>1,570</b>	<b>24,373</b>	<b>5,912</b>	<b>12,872</b>	<b>243,335</b>	<b>7,299</b>	<b>88,123</b>

**Note 6. Seized Property**

A seizure is the act of taking possession of goods in consequence of a violation of public law. Seized property consists of monetary instruments, real property, and tangible personal property of others in the actual or constructive possession of the custodial agency. Seized 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. 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. At September 30 1993, the U.S. Marshals Service had seized property and equipment with an estimated fair-market value of \$830.5 million. There were liens associated with the property of \$62.4 million, leaving a net estimated value of \$768.1 million. The following tables represent the analysis of change and methods of disposition of seized property for FY 1994. With regard to the following tables, Seized Property represents assets which have been seized and are awaiting disposition. The U.S. Government does not have title for these assets. The financial information supporting the figures presented in the following schedules was provided by SAMS which is separate and distinct from the general ledger. Adjustments consist of transactions which occurred in FY 1994, but were recorded in FY 1995 and changes in appraisal values.

## Analysis of the Change in Seized Property

*Dollars in Thousands*

<i>Property Category</i>		<i>10/1/93 Beginning Balance</i>	<i>Seizures</i>	<i>Dispositions</i>	<i>9/30/94 Ending Balance</i>	<i>Liens/ Claims</i>
Aircrafts	#	59	32	42	49	7
	\$ value	33,774	7,653	18,413	23,014	1,390
Animals	#	171	20	188	3	0
	\$ value	1,164	125	859	430	0
Art & Antiques	#	63	32	47	48	0
	\$ value	2,859	219	1,997	1,081	0
Businesses	#	41	22	39	24	4
	\$ value	44,023	3,978	4,828	43,173	1,080
Electronic Equip.	#	402	612	577	437	0
	\$ value	2,068	2,167	1,338	2,897	0
Financial Insts.	#	532	176	209	499	0
	\$ value	72,865	39,392	15,962	96,295	0
Foodstuffs	#	23	31	32	22	0
	\$ value	10,353	120	132	10,341	0
Jewelry	#	487	548	580	455	0
	\$ value	31,994	5,411	6,281	31,124	0
Lab & Chemicals	#	11	29	36	4	0
	\$ value	504	17	64	457	0
Real Properties	#	2,449	755	1,839	1,365	651
	\$ value	465,613	102,553	308,931	259,235	48,916
Vehicles	#	7,778	20,321	21,352	6,747	37
	\$ value	37,475	69,604	70,335	36,744	323
Vessels	#	145	223	213	155	0
	\$ value	5,453	7,208	7,567	5,094	0
Weapons	#	90	286	210	166	0
	\$ value	147	112	166	93	0
Other	#	629	319	562	386	1
	\$ value	9,736	5,024	7,524	7,236	20
<b>Total</b>	<b>#</b>	<b>12,880</b>	<b>23,406</b>	<b>25,926</b>	<b>10,360</b>	<b>700</b>
	<b>\$ value</b>	<b>718,028</b>	<b>243,583</b>	<b>444,397</b>	<b>517,214</b>	<b>51,729</b>
Adjust.	#	64	0	64	0	0
	\$ value	112,473	0	112,473	0	0
<b>Total</b>	<b>#</b>	<b>12,944</b>	<b>23,406</b>	<b>25,990</b>	<b>10,360</b>	<b>700</b>
	<b>\$ value</b>	<b>830,501</b>	<b>243,583</b>	<b>556,870</b>	<b>517,214</b>	<b>51,729</b>

**Method of Disposition - Seized Property**

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Dollars in Thousands

<b>Property Category</b>		<b>Destroyed</b>	<b>Forfeited</b>	<b>Returned to Lien Holder</b>	<b>Returned to Owner</b>	<b>Distributed to Agencies</b>	<b>Sold</b>	<b>Returned to State Agency</b>	<b>Other<sup>2</sup></b>
Aircrafts	#	0	30	0	12	0	0	0	0
	\$ value	0	17,072	0	1,341	0	0	0	0
Animals	#	0	178	0	10	0	0	0	0
	\$ value	0	796	0	63	0	0	0	0
Art & Antiques	#	0	35	1	10	0	0	0	1
	\$ value	0	1,008	300	678	0	0	0	11
Businesses	#	0	29	1	7	0	0	0	2
	\$ value	0	3,116	315	1,187	0	0	0	210
Electronic Equip.	#	0	521	5	35	4	0	0	12
	\$ value	0	964	7	322	2	0	0	43
Financial Insts.	#	0	142	2	57	0	0	0	8
	\$ value	0	7,362	39	2,621	0	0	0	5,940
Foodstuffs	#	0	23	1	6	0	0	0	2
	\$ value	0	132	0	0	0	0	0	0
Jewelry	#	0	424	3	116	12	0	0	25
	\$ value	0	4,055	35	1,838	91	0	0	262
Lab & Chemicals	#	0	34	0	2	0	0	0	0
	\$ value	0	60	0	4	0	0	0	0

<sup>2</sup> "Other" represents methods of disposition that are unusual or infrequently used. Some examples of the use of the "other" category are: (a) liquidation of financial instruments; (b) aircraft transferred to the Department of the Interior (a non-participating federal agency); (c) real property used in the Weed & Seed Program; (d) real property in which USMS received "substitute res" (the monetary value of the property is substituted in place of the property) for the property; and (e) real property released to a claimant in lieu of cash settlement.



**Method of Disposition - Seized Property**  
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**Dollars in Thousands**

<b>Property Category</b>		<b>Destroyed</b>	<b>Forfeited</b>	<b>Returned to Lien Holder</b>	<b>Returned to Owner</b>	<b>Distributed to Agencies</b>	<b>Sold</b>	<b>Returned to State Agency</b>	<b>Other</b>
Real Properties	#	0	1,215	71	417	0	0	0	136
	\$ value	0	220,294	21,760	50,042	0	0	0	16,835
Vehicles	#	0	14,451	779	5,954	16	2	22	128
	\$ value	0	37,529	4,665	26,922	57	7	55	1,100
Vessels	#	0	173	5	25	3	0	1	6
	\$ value	0	5,728	515	1,099	71	0	0	154
Weapons	#	16	176	0	8	3	0	0	7
	\$ value	2	141	0	22	1	0	0	0
Other	#	0	446	6	82	2	0	0	26
	\$ value	0	5,561	47	935	0	0	0	981
<b>Total</b>	#	<b>16</b>	<b>17,877</b>	<b>874</b>	<b>6,741</b>	<b>40</b>	<b>2</b>	<b>23</b>	<b>353</b>
	\$ value	<b>2</b>	<b>303,818</b>	<b>27,683</b>	<b>87,074</b>	<b>222</b>	<b>7</b>	<b>55</b>	<b>25,536</b>
Adjust.	#	1	0	11	38	1	1	1	118
	\$ value	11	0	22,146	69,655	180	11	45	20,425
<b>Total</b>	#	<b>17</b>	<b>17,877</b>	<b>885</b>	<b>6,779</b>	<b>41</b>	<b>3</b>	<b>24</b>	<b>364</b>
	\$ value	<b>13</b>	<b>303,818</b>	<b>49,829</b>	<b>156,729</b>	<b>402</b>	<b>18</b>	<b>100</b>	<b>45,961</b>

*Department of Justice  
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Notes to Principal Financial Statements-Continued*

**Note 7. 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. For FYs 1994 and 1993 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.

**Note 8. 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 9. Investment Income**

The FY 1994 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 and AFF are tracked separately due to special disposition requirements (see Note 1, Net Position). The following schedule presents the composition of Investment Income for FYs 1994 and 1993.

<i>Dollars in Thousands</i>	<i>1994</i>	<i>1993</i>
Investment Income from AFF	\$8,030	\$6,659
Investment Income from SADF	8,970	8,343
Investment Income from BCCI	13,621	9,699
<b>Total Investment Income</b>	<b>\$30,621</b>	<b>\$24,701</b>

*Department of Justice  
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**Note 10. 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 \$12 thousand in FY 1994 and \$11 thousand in FY 1993.

**Note 11. Budget and Actual Expenses**

After the SF 133, Report on Budget Execution, was completed for both FY 1993 and 1994, it was determined that manual corrections were necessary to the Undelivered Order status of certain obligations. The impact serves to decrease FY 1994 expenses by \$9 million and FY 1993 expenses by \$2.1 million.

**Note 12. 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>1994</i>	<i>1993</i>
Personnel Compensation and Benefits	\$537	\$692
Travel and Transportation of Persons and Things	8,417	4,974
Rent, Communications, and Utilities	7,930	3,280
Printing and Reproduction	213	394
Consulting and Other Services	440,980	436,784
Supplies and Materials	185	306
Equipment	9,404	771
Grants, Subsidies, and Contributions	28	0
Insurance Claims and Indemnities	370	23
Interest and Dividends	890	806
Transfers of Forfeited Property	21,741	0
<b>Total Expenses by Object Classification</b>	<b>\$490,696</b>	<b>\$448,030</b>

*Department of Justice*  
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**Note 13. 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 surplus funds:

<i>Dollars in Thousands</i>	<i>1994</i>	<i>1993</i>
Executive Office for Asset Forfeiture	\$3,097	\$450
Community Relations Service	1,400	0
Civil Rights Division	3,500	0
Federal Bureau of Investigation	28,461	24,200
Drug Enforcement Administration	9,127	4,000
Immigration and Naturalization Service	4,000	0
United States Marshals Service	4,995	0
United States Postal Service	1,250	0
United States Food and Drug Administration	450	0
Department of Health and Human Services, Inspector General	250	0
Internal Revenue Service	3,400	2,000
<b>Total Allocations</b>	<b>\$59,930</b>	<b>\$30,650</b>
1991 Capital Surplus	\$3,097	\$0
1992 Super Surplus	13,544	30,650
1993 Super Surplus	43,289	0
<b>Total Allocations</b>	<b>\$59,930</b>	<b>\$30,650</b>

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**Note 14. Transfers**

Transfers differ from expenses in that transfers are cash flows out of the AFF to another appropriation account of the Treasury. Such transfers of cash require statutory authority. From there, expenses are recorded by the recipient organization against their own appropriation. Expenses are outflows of funds recorded as obligations directly against the AFF. The AFF receives its transfer authority from Public Law No. 100-690, as amended. During FYs 1994 and 1993, funds were transferred from the AFF as follows:

<i>Dollars in Thousands</i>	<i>1994</i>	<i>1993</i>
U.S. Attorneys	\$0	\$22,400
Civil Rights Division	(4)	0
Community Relations Service	0	950
Bureau of Prisons	2,394	0
Drug Enforcement Administration	(2,300)	4,525
U.S. Marshals Service	0	28,815
Immigration and Naturalization Service	2,750	0
Federal Bureau of Investigation	0	2,000
Special Forfeiture Fund of the Office of National Drug Control Policy	30,000	28,476
<b>Total Transfers</b>	<b>\$32,840</b>	<b>\$87,166</b>
Transfers from FY 1991 Surplus	\$90	\$5,790
Transfers from FY 1992 Surplus	0	78,476
Transfers from FY 1993 Surplus	30,000	0
Transfers from FY 1993 Definite Appropriation	0	2,900
Transfers from FY 1994 Definite Appropriation	2,750	0
<b>Total Transfers</b>	<b>\$32,840</b>	<b>\$87,166</b>

*Department of Justice  
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**Note 15. Forfeited Property**

Beginning in FY 1994, The Federal Accounting Standards Advisory Board's Statement of Federal Financial Accounting Standards Number 3, Accounting for Inventory and Related Property, requires that revenue associated with property not disposed of through sale be recognized upon approval of distribution. During FY 1994, the property was distributed pursuant to the Attorney General's authority to share forfeiture revenues with state and local law enforcement agencies that participated in the forfeiture that generated the property, and pursuant to the Department's authority to place forfeited property into official use by the Government. The amounts for the respective property distributions are as follows:

<i>Dollars in Thousands</i>	<i>1994</i>
Property Retained by USMS	\$1,570
Property Transferred to State or Local Agencies	7,299
Property Transferred to Federal Agencies	12,872
<hr/>	
Total Revenue	\$21,741

**Note 16. Refunds**

Included in the line item "Refunds" are the following amounts:

Refunds: Payments to individuals or organizations for assets forfeited and deposited into the AFF, and subsequently returned to them through a settlement agreement or by court order, \$8,403,853;

Refunds to Treasury Forfeiture Fund: Monies returned to the Treasury Forfeiture Fund for its participation in seizure which led to forfeiture, \$17,314,517;

Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) Refunds: Refunds to the Resolution Trust Corporation, the Federal Deposit Insurance Corporation, or other Federal financial institutions or regulatory agencies for monies recovered under FIRREA, \$161,799;

Refunds to U.S. Postal Service: Monies returned to the U.S. Postal Service for its participation in seizure which led to forfeiture, \$9,013,141;

Refunds to Other Federal Agencies: Monies returned to other Federal agencies for their participation in seizure which led to forfeiture, \$537,373;

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BCCI Distributions: Direct restitution to victims and other permanent court-ordered distributions, \$5,000,000;

U.S. Customs Service (USCS) Assets Sold by the U.S. Marshals Service (USMS): Monies paid to the USCS from the sale of USCS assets in the custody of the USMS, \$124,863.

**Note 17. 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.