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Asset Forfeiture Programs: Progress and Problems

Statement of
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Before the
Subcommittee on Federal Spending,
Budget and Accounting, U.S. Senate

DEPARTMENT OF JUSTICE AND U.S. CUSTOMS SERVICE FORFEITURE PROGRAMS

Summary of Statement by
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GAO's reviews of forfeiture programs during the past 3 years, done at the Subcommittee's request, have identified numerous problems, many of which have been addressed. For example

--Customs and Justice cash seizures of $5,000 or more now require Justice headquarters' approval to be held as evidence and $232 million has been deposited into the appropriate Treasury accounts since GAO's 1986-1987 review.

--Customs removed the deteriorating vessels stored on the Miami River and is now disposing of seized vessels more quickly.

--Customs and Justice strengthened controls over agency use of forfeited property because previous procedures provided little assurance that such property was not used inappropriately.

--Surplus funds accumulating in Justice's Forfeiture Fund during fiscal year 1988 have been congressionally authorized to be used for prison construction. The President has asked the Congress to approve an $88.6 million transfer.

However, additional action is needed to correct certain problems.

--Despite the establishment of new Customs and Justice policies to minimize the holding of cash as evidence, Customs and Justice, in June 1988, were holding $75 million as evidence of which only $5 million had been approved by Justice headquarters. Because agency monitoring is needed to minimize the unnecessary holding of cash as evidence, GAO recommends that Customs and Justice include in their annual Forfeiture Fund reports the amount of cash held as evidence at year-end.

--Justice has not implemented GAO's prior real property recommendations calling for revising its economic criteria for seizing real property, and identifying projected net return for its inventory. It is, however, developing legislation, which GAO supports, allowing the Attorney General to warrant clear title to forfeited properties, that is, Justice would guarantee reimbursement to title insurers for any title defects arising from its processing of the forfeiture.

--Customs needs to submit, and Congress needs to enact, legislative changes Customs is developing to bring its Forfeiture Fund accounting into conformance with U.S. Comptroller General standards as required by the Federal Managers' Financial Integrity Act.

Chairman and Members of the Subcommittee:

We are pleased to be here today taking part in the Subcommittee's hearing on Asset Forfeiture Programs operated by the Department of Justice and U.S. Customs Service. As you are well aware, forfeiture law is an important part of law enforcement strategies in combating drug traffickers and organized crime figures because it allows the government to take property such as cash, cars, boats, planes, and real property that has been illegally used or acquired without compensating the owner. This is particularly true since the Comprehensive Crime Control Act of 1984 expanded the federal government's seizure authority and established Asset Forfeiture Funds to finance the management and disposal of seized and forfeited assets. As a result, the value of Justice's and Customs' seized asset inventories has grown tremendously, from $33 million in 1979 to $885.2 million in April 1988.[1]

While the main purpose of the forfeiture programs is to destroy the economic power of criminals and their enterprises, the increasing value of assets being seized heightens the importance of effectively managing and disposing of the assets through sound policies, good internal controls, and adequate staff. Effective program management maximizes the economic return to the government, improves the timeliness of asset proceeds shared with state and local law enforcement agencies, and helps protect the interests of innocent parties in the properties being forfeited.

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[1]Other key financial data on asset forfeiture activities are contained in appendix I.

AGENCIES HAVE CORRECTED MANY OF THE PREVIOUSLY IDENTIFIED PROBLEMS

Because of the Chairman's continuing interest in forfeiture programs, as demonstrated by this and earlier hearings, both Justice and Customs have made substantial administrative improvements to their programs during the past 3 years. During this period, GAO has, at the Chairman's request, reviewed various aspects of the agencies' forfeiture programs including management of seized cash and real property, forfeited property retained by the agencies for official use, and forfeiture fund accounting and reporting.[2] Our work identified numerous problems, for example:

--The Drug Enforcement Administration and Customs Service were holding millions of dollars in agency vaults for long periods of time when the money could have been deposited into U.S. Treasury accounts. For example, as a result of our 1986-1987 review in Miami and Los Angeles, the agencies identified $50 million which was being held unnecessarily as evidence in agency vaults. Depositing delays occurred for a number of reasons including the lack of established seized cash policies and case processing backlogs.

--Justice was holding real properties, often in excess of a year, even though there was little likelihood an economic return[3] would be realized from their sale. For example, 26

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[2]Appendix II lists prior GAO work in the forfeiture area.

[3]The "profit" made on a property after its expenses have been deducted from its sales proceeds. Undetermined indirect costs incurred by the government such as personnel costs of U.S. Attorneys, U.S. Marshals, and other agency personnel were not included in our computation of net economic return.

properties of 47 disposals that we reviewed realized no net return to the government. Also, properties offered for sale were often withdrawn or, if sold, the sales were significantly delayed before going to settlement. For example, only 2 of 33 properties we reviewed in 1987 for which sales offers were accepted went to settlement within the 60 days specified in the sales contract. The delays occurred because Justice had not complied with all forfeiture requirements or buyers could not obtain title insurance needed to finance their purchase when Justice could not demonstrate to the satisfaction of title insurers that it had clear title to the properties.

--Customs was incurring increased depreciation and holding costs and creating environmental problems because of unnecessary delays in forfeiting and disposing of seized vessels stored on the Miami River. In 1985, Customs had 145 vessels stored on the river for as long as 8 years, and some of the vessels were deteriorating.

--Surplus money was accumulating in Justice's Forfeiture Fund to be used at Justice's discretion. For example, $68 million remained in Justice's Fund at the end of fiscal year 1987.

--Customs' Forfeiture Fund accounting and reporting did not comply with U.S. Comptroller General standards as required by

the Federal Managers' Financial Integrity Act.[4] Further, $27.6 million had not been transferred to the Treasury General Fund at the end of fiscal year 1986 as required by law.

--Forfeited personal property in a Drug Enforcement Administration's field office was being used primarily to enhance the appearance of an official's office. Our review of this situation revealed that internal controls were inadequate to ensure that forfeited personal property being kept by agency personnel for official government use was not being used inappropriately.

The agencies have taken action to resolve many of these problems, for example:

--Justice and Customs revised or established policies in March and July 1987, respectively, to require headquarters' approval of cash seizures of $5,000 or more being held as evidence and the Drug Enforcement Administration has reduced a 9,500-case processing backlog, including seized cash cases, to 2,635 as of May 1, 1988. Also, the agencies are depositing cash more timely, and as of the end of May 1988, they had deposited about $232 million in designated U. S. Treasury accounts. This quicker depositing of cash has resulted in measurable savings of about $23 million in reduced Federal borrowing costs. Customs also transferred the $27.6 million plus accumulated

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[4]The act requires agency heads to annually evaluate their internal control and accounting systems and report to the President and Congress whether the systems comply with Comptroller General standards.

interest to Treasury's General Fund after we brought to its attention the failure to make the legislatively mandated transfer.

--Justice issued guidelines in April 1988 authorizing the use of private legal assistance in clearing title to real property being forfeited, and, in September 1987, revised procedures to improve documentation of its efforts to notify parties with interests in the properties.

--Customs corrected the seized vessel storage problems it had on the Miami River and is now forfeiting and disposing of seized vessels more quickly. For example, Customs had 34 vessels stored on the river as of April 1, 1988, compared to 145 in 1985. Also, only 19 of the 170 vessels in the Miami District's inventory in April 1988 were seized more than 15 months ago.

--Customs and Justice issued guidelines in April and October 1987, respectively, strengthening controls governing the keeping of forfeited property by agency personnel for official agency use.

--Congress also increased its oversight of Justice's Forfeiture Fund. It enacted changes to the Justice Fund (1) limiting fund disbursements, excluding sharing, to 50 percent of total amounts available for appropriation in fiscal year 1988 and (2) allowing for the transfer of surplus funds at the end of fiscal

year 1988 for the construction of correctional institutions.[5] The President, on March 17, 1988, as part of his proposed transfers and mandatory supplemental appropriations request for fiscal year 1988,[6] asked Congress to approve a $88.6 million transfer from the Fund for prison construction. A Justice official told us the transfer is to take place sometime during fiscal year 1989 at the discretion of the Attorney General.

These actions demonstrate that Customs and Justice are making a good faith effort to correct the problems which have been the subject of several hearings held by this Subcommittee. The agencies overall responsiveness to our recommendations has been good, but certain problems have not yet been resolved. For example,

--Although Customs and Justice established new policies to minimize the unnecessary holding of cash as evidence, Customs was holding $57 million nationwide as evidence in March 1988, of which at least $38 million was being held unnecessarily. The Drug Enforcement Administration (DEA) was holding $53 million as evidence in June 1988. Justice officials were following-up to determine if the money was needed as evidence.

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[5]The Department of Justice Appropriations Act, 1988, Public Law 100-202, December 23, 1987.

[6]House Document 100-176, prepared pursuant to the bipartisan budget agreement, pursuant to 31 U.S.C. 1107.

--Justice had not revised its criteria for determining whether forfeiture of a real property would be economically worthwhile. Also, Justice lacks the information and systems to identify and monitor projected net proceeds for real properties being forfeited.

--As of June 9, 1988, Customs had not brought its Forfeiture Fund accounting and reporting into compliance with Comptroller General Standards. Customs said it is developing the legislative changes necessary to bring its accounting and reporting into such compliance.

Let me discuss each of these areas in more detail.

JUSTICE AND CUSTOMS NEED TO BETTER INSURE THAT SEIZED CASH POLICIES ARE COMPLIED WITH

Following our March 1987 testimony before this Subcommittee, Customs and DEA deposited the cash we identified as being held unnecessarily for evidentiary purposes and established new policies to minimize the unnecessary holding of cash as evidence. Customs' policy provides that the Special Agent-in-Charge, in conjunction with the U.S. Attorney (Department of Justice), will determine, following a cash seizure, whether the cash is needed as evidence. Justice's policy requires U.S. Attorneys to obtain headquarters' approval before holding as evidence any cash seizure of $5,000 or more.

In preparing for a House Subcommittee on Crime hearing in March 1988, we learned that Customs was holding $57 million as evidence. In discussing this situation with Customs' officials, they agreed to follow-up with the field offices to determine whether the cash was needed as evidence and whether additional changes should be made to its procedures to assure that the field offices were complying with the new policy. Customs' efforts, as we will now discuss, led to $38 million of the $57 million being reclassified as nonevidentary.

In mid-March 1988, Customs reclassified as nonevidentiary $32.3 million of the $57 million, making the money available for deposit into U.S. Treasury accounts. At that time Customs was still holding for evidentiary purposes 275 cash seizures valued at $24.7 million. We discussed this with a Justice headquarters' official in March 1988, who informed us that Justice had approved only one Customs cash seizure of $5,000 or more to be held as evidence. Consequently, we informed Customs of this, by letter on April 7, 1988, and questioned the appropriateness of holding the $24.7 million as evidence.

Customs and Justice headquarters' officials subsequently met to discuss this issue. They agreed to send a memo to Customs' field personnel reinforcing the seized cash management policies and establishing a monitoring system in headquarters. On April 20, 1988, the Customs Assistant Commissioner, Office of Enforcement, sent each field office a memo saying the case folder for each cash seizure must contain either a document from the Department

of Justice saying the cash is needed as evidence and is not to be deposited, or a memo from the Special Agent-in-Charge saying the money is not needed as evidence, in which case the cash should be deposited immediately. Copies of all exemption documents from the Department of Justice are to be sent to Customs' headquarters for monitoring purposes.

As of June 8, 1988, we were already beginning to see the results from the April 20, 1988 memo. For example, the balance in Customs' holding account at Treasury had more than doubled since February 10, 1988--from $34 million to $84 million. Also, the amount of seized cash held as evidence had decreased from $57 million to $19 million--a reduction of $38 million. Customs also sent Justice a letter on May 24, 1988, saying its field review of cash being held as evidence revealed that most seizures had been retained at the verbal request of the prosecuting Assistant U.S. Attorney, and none of the cases had received Justice headquarters' approval to be held as evidence. The letter also said it appears that several judicial districts either have not received the Justice policy memo on seized cash or have chosen not to abide by it. Justice headquarters' officials, however, told us they are unaware of any widespread compliance problems with their policy by Assistant U.S. Attorneys, but have requested information on specific instances on non-compliance from Customs.

According to agency officials, the agencies are currently holding $75 million in seized cash as evidence, most of which is held by DEA, as shown in the following table.

Table 1
Cash held as evidence
June 1988

(millions)

Drug Enforcement Administration	$53
Federal Bureau of Investigation	3
Customs	19
Total	$75

A Department of Justice headquarters' official, however, told us his office had approved only about $5 million of that amount to be held as evidence. He explained that some of the $70 million difference is attributable to (1) new seizures for which an evidentiary determination has not yet been made; or (2) seizures not subject to civil or criminal forfeiture, such as bank robbery money which is returned to the bank; or (3) seizures of less than $5,000 which do not require headquarters' approval. Because we obtained the total evidentiary cash totals last week, we did not have time to determine whether Justice's explanation is valid or not. The $70 million being held as evidence without headquarters' approval, however, seems high and we are following up with Justice and Customs to verify that it is correct.

To minimize the unnecessary holding of seized cash as evidence, we believe agency monitoring of cash being held as evidence is needed. To assure that such monitoring is done, we recommend that the Commissioner of Customs and the Attorney General include

in their annual Forfeiture Fund reports the amount of seized cash held as evidence at year-end.

ACTION NEEDED TO IMPROVE ECONOMIC RETURN OF REAL PROPERTY SEIZURES

Justice's policies and procedures make it clear that the primary objectives of real property forfeiture are to economically punish criminals and destroy the economic power of criminal enterprises. These policies and procedures also recognize that consistent with these primary law enforcement objectives, the real property forfeiture program must employ sound business practices to maximize the economic return to the government and to protect the valid interests of innocent third parties. In this regard, Justice's agencies -- the Federal Bureau of Investigation (FBI), DEA, U.S. Marshals Service, and U.S. Attorneys Office -- have all established criteria for determining whether it is economically worthwhile to seize real property and the U.S. Attorneys Office has established procedures to comply with legal requirements for resolving interests that parties, other than the defendant, such as mortgagees, may have in the properties being forfeited. As we testified previously, Justice's economic criteria is inadequate and third party interests in Justice's properties often were not being timely resolved.

Economic criteria needs to be revised

Our 1987 review revealed that the agencies' economic criteria need to be revised because, in addition to the lack of consistency among the agencies, the criteria is too low and/or

does not recognize the defendant's equity in the property. Because the defendant's equity is the only interest in the property that is forfeitable to the government, it is the most important economic consideration in determining the government's decision to pursue forfeiture.

For example, the DEA and U.S. Attorneys office criteria do not refer to the defendant's equity. The DEA criteria specifies that property of $10,000 or less should not be seized. The U.S. Attorney's manual states that it may be ill-advised or wasteful to seize and forfeit real property of low monetary value but low monetary value is not defined or otherwise explained.

The U.S. Marshals Service and FBI criteria is too low. The Marshals Service manual states that guidance should be requested before assets with excessive liens are seized which they describe as liens approaching, equaling, or exceeding the property's appraised valued. The FBI criteria specifies that real property with an appraised value less liens of $10,000 or less (e.g., defendant's equity) should not be seized. These criteria do not adequately consider the costs that accrue during the lengthy periods often required to forfeit and sell real properties. For example, an Assistant U.S. Attorney in the Miami office told us that, generally, it is not economically worthwhile to forfeit a property unless it has an equity of at least $50,000. Attorneys in Justice's Asset Forfeiture Office and the General Counsel of

the American Land Title Association[7] told us that property with less than 20 percent equity should be thoroughly reviewed to justify seizure because of the property's marginal equity. Thus, such properties should not normally be seized unless justified on other than an economic basis (e.g., for law enforcement purposes).

In testimony before this Subcommittee in September 1987, we said that Justice was seizing and holding many real properties for long periods even though there was little likelihood an economic return would be realized. For example, 26 of the 47 real property disposals that we reviewed did not realize an economic return to the government. We believe the Justice agencies' inadequate economic criteria is a contributing cause to those results. For example, of the 26 disposals that did not realize an economic return, 21 were returned to lienholders or defendants because the defendant's equity was insufficient to justify selling the properties. Twenty of these properties, however, remained in Justice's inventory an average of 12 months after seizure before they were returned -- from a low of 17 days to a high of 31 months.[8]

Third party interests need to be resolved timely

Also, Justice needs to assure that third party interests in the

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[7]A Washington, D.C. based group that represents U.S. title companies.

[8]Information was lacking to enable us to determine how long one property was held.

properties being forfeited are being resolved in a timely manner. Our 1987 review revealed that real properties offered for sale by Justice often were withdrawn or, if sold, the sales were significantly delayed before going to settlement because of title problems. For example, 12 of 46 Florida properties considered for sale in November 1986 and January 1987 were withdrawn before the sale and only 2 of the 33 properties for which sales offers were accepted went to settlement within the 60 days specified in the sales contract. Twenty-one of the remaining 31 properties were in the inventory as of August 28, 1987, and 9 were still in the inventory as of April 27, 1988,

Justice's failure to resolve third party interests as required is a contributing cause to these delays. For example, at least 5 of the 12 properties[9] withdrawn from the November 1986 and January 1987 sales were withdrawn because court hearings to resolve third party interests in the forfeited properties had not been held. Officials did not take action to resolve those interests until the properties were being readied for sale, months later than they could have been. For example, the hearing for three Florida condominiums was scheduled for September 1987, about 39 months later than it could have been.

In preparing for a congressional hearing to be held in Florida in March 1988, we followed-up on two of the properties included in our 1987 testimony which were located in the Tampa district.

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[9]Because of incomplete records we were unable to identify why all of the properties were withdrawn.

Each property was valued at $1 million or more. We learned that one of the properties had gone to settlement and that third party interests had not been resolved on the other. On April 29, 1988, in preparing for this hearing, we again followed-up on that property and learned that the property's status remained unchanged according to the U.S. Attorneys office for the following reasons: (1) there was some question as to whether the third party hearing was necessary since the property was forfeited before the 1984 legislation requiring such hearings, (2) the U.S. Marshals Service had not advertised the property for sale, and (3) the U. S. Attorneys office had not been provided a detailed report from a title company identifying the existence or non-existence of liens against the property. However, Marshals Service officials told us they were waiting for the U.S. Attorneys office to complete the third party hearing process before advertising the property for sale.

Subsequently, in mid-May 1988, the Marshals Service provided the U.S. Attorneys office with a more detailed title search and report. According to the U.S. Attorneys office, they will now proceed with the third party hearing process which is expected to take about 2 months.

Analysis of the U.S. Attorneys office response regarding this property illustrates several of the managerial deficiencies we have discussed in our previous testimony. For example, (1) the property is still in Justice's inventory 4 years after it had been criminally forfeited, and (2) an adequate title search,

needed to assure that all third party interests and other matters have been satisfactorily resolved, had not been completed, even at this late date.

Furthermore, Justice's reasoning that the hearing may not be necessary because the property's forfeiture predated the 1984 legislation ignores the fact that, as we testified previously, purchasers of Justice's forfeited properties have often been unable to obtain title insurance, and consequently, the financing needed to buy the property unless third party interests have been adequately resolved.

One of the reasons for the settlement delays is Justice's inability to effectively demonstrate to title insurers that it has clear title to the properties being sold. The title insurance industry has been reluctant to insure title to forfeited properties because Justice has been unwilling to guarantee reimbursement for any title defects arising from its processing of the forfeiture. Justice, however, is developing proposed legislation to address this issue. Supporting documentation states it is becoming increasingly difficult for purchasers of forfeited properties to obtain title insurance, and because title insurance is a prerequisite in many cases to obtaining a mortgage, the Attorney General's ability to sell the property for its fair market value is being adversely affected. The legislation now being developed would allow the Attorney General to warrant clear title to forfeited properties, that is, Justice would guarantee reimbursement to title insurers for any

title defects arising from its processing of the forfeiture.

We also testified that Justice could not accurately project the inventory's potential economic return to the government (net proceeds) because it could not readily identify the defendant's equity in its real properties -- i.e., value of the property less outstanding liens and mortgages. Such information is essential to making informed and effective decisions in managing the real property inventory. We therefore recommended that, consistent with Justice's law enforcement objectives, the Attorney General

--revise agency criteria for determining whether it is economically worthwhile to seize real property to recognize the defendant's equity and costs anticipated to be incurred during forfeiture of the property; and

--improve the adequacy and accuracy of real property information, including the reporting of defendant equity represented in the real property inventory.

The Attorney General, however, responded that existing criteria is sufficient for determining whether it is economically worthwhile to seize real property. He stated current guidelines provide that the economics of a seizure will be carefully considered in "pre-seizure" planning. He believes Justice needs the flexibility afforded by its current guidelines.

We, however, continue to believe our recommendations should be implemented. Justice's criteria for determining whether it would

be economically worthwhile does not adequately recognize the most important consideration in determining the projected net proceeds to the government, that is, the defendant's equity in the property--the only property interest forfeitable to the government.

Reporting of defendant's equity is needed

Justice does not know how much of its real property inventory is encumbered by valid liens and mortgages, and such information is needed to determine the defendant's equity in the property. As of March 31, 1988, the Marshals Service reported a real property inventory of 1,472 properties valued at $252.6 million. However, the value of the property as carried on Marshals Service inventory records has little or no relationship to the net proceeds the government is likely to realize upon disposition of the property because it does not recognize outstanding liens/mortgages of innocent third parties. For example, a motel in Daytona Beach, Florida, was initially valued on Marshals Service inventory records at $1,040,000. However, the government incurred a loss of about $43,000 and a valid lien of $108,000 was not paid because sales proceeds were insufficient to pay all existing valid liens and government costs associated with holding and disposing of the property.

In September 1987, the Marshals Service awarded a contract for the design and implementation of a new information system that is intended to improve the adequacy and accuracy of its real

property information. However, a Marshals Service official told us that the system is not expected to be fully operational before fiscal year 1990. According to the Marshals Service, the new system will maintain defendant equity data and estimate net proceeds/loss on all real properties.

Estimated net proceeds information is critically important to the proper management of Justice's inventory of real properties. Because it will be some time before Justice's new system will be able to provide such information, we recommend that, in the interim, the Attorney General include in his annual Forfeiture Fund report to Congress, defendant equity and projected net proceeds data on the high-value real properties in the inventory valued at $1 million or more at year-end. As of June 14, 1988, there were 29 such properties. Such reporting should continue until the new automated system is fully operational and routinely accumulating and reporting such data for all real properties.

CUSTOMS' FORFEITURE FUND ACCOUNTING AND REPORTING NEEDS IMPROVEMENT

In September 1987, we testified before this Subcommittee that Customs' Forfeiture Fund accounting and reporting did not comply with the Comptroller General accounting principles, standards, and related requirements as required by the Federal Managers' Financial Integrity Act. Because of congressionally-imposed spending limitations, Customs was not recording all receipts and expenses into its Fund, but rather was using an administratively cumbersome accounting procedure of offsetting an asset's expenses

against its sales proceeds, known as "netting", before recording and depositing the balance into the Fund. Also, its fiscal year 1985 and 1986 Forfeiture Fund reports were incomplete. We made several recommendations, including that the Secretary of the Treasury require the Commissioner of Customs to record and report all authorized Fund receipts and expenses consistent with the Comptroller General's standards, and take action necessary to bring Customs' accounting into conformance with the Comptroller General's requirements.

In December 1987, Customs agreed to improve its annual reporting, but stated legislative changes were needed before it could bring its accounting into conformance with the Comptroller General's requirements. We therefore recommended on March 4, 1988, that the Secretary of the Treasury direct the Commissioner of Customs to propose to Congress the statutory amendments necessary to bring Customs' Forfeiture Fund accounting into compliance with Comptroller General accounting and reporting standards as required by the Federal Managers' Financial Integrity Act.

In discussions with Customs' officials in June 1988, we learned they are preparing the legislative proposals necessary to eliminate "netting" and bring their Fund accounting into compliance with Comptroller General standards.

Customs did not issue its fiscal year 1987 Forfeiture Fund report until June 7, 1988, and we were not provided a copy until June 16, 1988. Therefore, we did not have sufficient time to fully

evaluate the report. However, although the report has more information than the previously issued ones, it still does not adequately reflect total program operations because of Customs' "netting" practice.

We would also like to mention that legislation introduced on March 23, 1988--S.2205--addresses, in part, Customs' and Justice's Forfeiture Fund operations. That legislation contains a provision consistent with one of our earlier recommendations, that is, removing the congressionally imposed spending limitations--"cap"--on Customs' Forfeiture Fund. This will allow Customs to bring its Fund accounting into compliance with Comptroller General standards. As you know, we support enactment of that legislative change, along with changes to implement two more of our recommendations, which are (1) require annual financial audits of Customs' and Justice's Forfeiture Funds, and (2) reduce the Customs' Fund carryover from $20 million to perhaps $10 million.

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In closing, we would like to note that you, Mr. Chairman, this Subcommittee, and numerous persons within Justice and Customs, are to be commended for the many program improvements that have been made during the past 3 years.

We would be happy to respond to any questions.

KEY FINANCIAL DATA ON ASSET FORFEITURE PROGRAM

	Justice (millions)	Customs (millions)
Fiscal year 1987 Fund receipts	$177.6	$49.8[a]
Fiscal year 1987 Fund disbursements	114.4	17.5[a]
Transferred to U.S. Treasury (fiscal years 1986 and 1987)	50.9	52.4
Funds in Treasury holding accounts pending forfeiture[b]	204.3	84.0
Amounts shared with state/local law enforcement agencies[c]	109.5	13.9

[a] Understated because of the "netting" procedure used by Customs (see page 19).

[b] As of May 31, 1988, for Justice and June 8, 1988, for Customs.

[c] As of May 31, 1987, for Justice and April 15, 1988, for Customs.

APPENDIX II

GAO REPORTS AND TESTIMONIES ON ASSET SEIZURES AND FORFEITURE

1.	Statement of Gene L. Dodaro Before the Subcommittee on Crime, House of Representatives, on Asset Forfeiture Programs: Corrective Actions Underway But Additional Improvements Needed	GAO/T-GGD-88-16 March 4, 1988
2.	Seized Conveyances: Justice and Customs Correction of Previous Conveyance Management Problems	GAO/GGD-88-30 February 3, 1988
3.	Statement of Gene L. Dodaro Before the Subcommittee on Federal Spending, Budget and Accounting, United States Senate, on Real Property Seizure and Disposal Program Improvements Needed	GAO/T-GGD-87-28 September 25, 1987
4.	Statement of Gene L. Dodaro Before the Subcommittee on Federal Spending, Budget and Accounting, United States Senate, on Asset Forfeiture Funds: Changes Needed to Enhance Congressional Oversight	GAO/T-GGD-87-27 September 25, 1987
5.	Statement of Gene L. Dodaro Before the Subcommittee on Federal Spending, Budget and Accounting, United States Senate, $ Millions in Seized Cash Can Be Deposited Faster	GAO/T-GGD-87-7 March 13, 1987
6.	Drug Enforcement Administration's Use of Forfeited Personal Property	GAO/GGD-87-20 December 10, 1986
7.	Statement of Arnold P. Jones Before the Committee on the Budget, United States Senate, On Customs' Management of Seized and Forfeited Cars, Boats, and Planes	Statement April 3, 1986
8.	Improved Management Processes Would Enhance Justice's Operations	GAO/GGD-86-12 March 14, 1986
9.	Better Care and Disposal of Seized Cars, Boats, and Planes Should Save Money and Benefit Law Enforcement	GAO/PLRD-83-94 July 15, 1983
10.	Asset Forfeiture - A Seldom Used Tool in Combatting Drug Trafficking	GAO/GGD-81-51 April 10, 1981