



FOR IMMEDIATE RELEASE

Tuesday, September 12, 2017

Misleading and Wasteful: The U.S. Marshals Service and the Assets Forfeiture Fund

WASHINGTON – Senate Judiciary Committee Chairman Chuck Grassley today is seeking answers about the wasteful and potentially unlawful spending by the U.S. Marshals Service (USMS) of money recovered from criminal investigations or civil asset forfeitures. He is also inquiring about misleading representations provided to Congress regarding that spending based on the findings of a review conducted by the Committee’s Oversight and Investigations staff.

“There are laws governing the use of this money for a reason. Money set aside to fight crime and support victims should not be treated as a slush fund for extravagances, and it should not be misused to thwart clear spending rules set by Congress. In our constitutional system of checks and balances, Congress has the power of the purse. Playing games with unappropriated funds to avoid accountability is outrageous and cannot be tolerated,” Grassley said.

A memorandum compiled by committee investigators outlines a history of excessive and wasteful spending of the Assets Forfeiture Fund (AFF) by the USMS, which manages assets seized through the Asset Forfeiture Program. Among them, the USMS has used funds to outfit a facility in Texas with luxury furnishings like high-end granite countertops and expensive custom artwork. That facility is scheduled to be used only 52 days in 2017 and was used only 32 days in 2014. USMS has also paid salaries, vacation time and benefits of employees out of the AFF for work unrelated to asset forfeiture and in such a way that it apparently produced a “net gain” of \$1.3 million to the USMS.

Contrary to the AFF’s authorizing statute, the USMS also has used AFF funds to pay for federal law enforcement officer activity that is not eligible to be covered by those funds. The AFF is primarily used for victim restitution and law enforcement activities, including certain expenses for joint law enforcement operations with non-federal agencies.

Grassley has [repeatedly](#) sought [clarification](#) on these and other expenditures by the USMS, but has either received no response or inaccurate, misleading information. For example, the USMS underreported to the Committee annual expenditures on the aforementioned Texas facility by more than \$93,000. Based on whistleblower allegations, Grassley also requested additional

information about the agency's spending, including the use of the AFF to fund non-AFF work. For some of these requests, Grassley received no response.

In his letter to Attorney General Jeff Sessions and Lee Lofthus, Assistant Attorney General for Administration, Grassley sought answers about any updated internal guidance on these types of expenditures and any accountability measures in place or planned for future implementation. Grassley also raised questions regarding some of the specific expenditures and documents relating to AFF assets managed by the USMS.

Full text of Grassley's letter follows or can be found [here](#).
The memorandum on USMS spending can be found [here](#).

September 12, 2017

VIA ELECTRONIC TRANSMISSION

The Honorable Jeff Sessions
Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530

The Honorable Lee Lofthus
Assistant Attorney General for Administration
U.S. Department of Justice
950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530

Dear Attorney General Sessions and Assistant Attorney General Lofthus:

This letter follows the August 11, 2016, letter from the U.S. Marshals Service (USMS) providing information in response to multiple inquiries regarding allegations of excessive and wasteful spending by the USMS of the Assets Forfeiture Fund (AFF) and funds dedicated to Joint Law Enforcement Operations (JLEO).

Although a Department of Justice Office of Inspector General (DOJ OIG) Report of Investigation examining some of these allegations found that the USMS "did not violate the Federal Acquisition Regulation or other policies,"^[1] the OIG questioned the wisdom of certain of these expenditures and recommended that the Department update JLEO policy guidance. The DOJ OIG report also did not resolve all allegations raised in my previous letters. Attached for your review is a courtesy copy of a memorandum detailing the findings and conclusions regarding these allegations.

^[1] U.S. Dep't of Justice Office of the Inspector General, Report No. 2015-005333 (May 12, 2016) [OIG AFF Report].

To gauge what progress the USMS and the Department have made in properly administering and overseeing these funds, I also respectfully request that the Department respond to the following questions by September 26, 2017:

1. Is the Department reviewing and updating the Colgate Memo? What is the status of that effort? Please provide a copy of any changes to guidance regarding JLEO expenditures.
2. The Department's March 8, 2016, letter to me indicated that Justice Management Division staff was reviewing AFF allocations to the USMS to, among other things, "identify tools to increase transparency and improve oversight, and make recommendations for future program efficiencies." In that letter, the Department also stated it was "conducting a broader review of reimbursable payments made to participants in the Asset Forfeiture Program," working with Department components "to standardize the tracking and reporting of program-related expense data" and "anticipates conducting regular reviews of AFF allocations in the future."
 - a. What oversight tools has the Department identified and implemented?
 - b. What changes, if any, have been made to avoid wasteful spending and ensure AFF resources are allocated efficiently and appropriately?
 - c. Please provide an oversight briefing on the results of the Department's review of AFF payments, plans for regular reviews going forward, and all efforts to oversee and administer appropriate expenditures of AFF funds by Department components, particularly the USMS.
3. In the FY 2017 allocation to the USMS of the AFF, the Department wrote that it was working with the USMS Investigative Operations Division (IOD) to accurately document circuit cost expenditures. What are the results of those efforts? What internal controls are in place to ensure IOD expenditures of JLEO funds are allowable under the statute?
4. Please provide copies of all allotments and suballotments of AFF funds, including JLEO funds, provided to the USMS for FY 2017; a copy of any additional requests by the USMS under the AFF for FY 2017; and, when available, a copy of the initial FY 2018 AFF budget allocation for the USMS. To the extent the information is not readily apparent in FY 2017 suballotment documents, please provide documentation demonstrating when and what amount amounts of JLEO funds have been allocated to the USMS thus far in FY 2017 to support circuit costs.

5. Please provide documentation describing the assets currently managed by each district employee who is “dedicated” to the Asset Forfeiture Program. Please also provide answers to the questions previously asked on this topic in my letter of June 10, 2015.
6. Please provide documentation demonstrating that headquarters positions “dedicated” to and fully funded by the Asset Forfeiture Program are 100% devoted to AFF work. Please also provide answers to the questions asked on this topic in my letter of June 10, 2015.
7. How many days has the Asset Forfeiture Academy in Houston been used for Asset Forfeiture-related training in FY 2017? How many days has the Academy been used for non-AFP training in FY 2017? For non-AFP training, is the AFF reimbursed for non-AFP use of the Academy?
8. What items, if any, are being reused by the USMS in its new headquarters location?
9. How many offices in the new USMS headquarters location are not physically occupied on a full-time basis? How many offices in the new USMS headquarters location are dedicated to positions that are physically located outside of the local commuting area? This includes, but is not limited to, offices where the name plate on the office or cubicle designates an employee or contractor who does not live in the local commuting area.
10. Please provide the total expenditures for travel of the two individuals associated with the Asset Forfeiture Division international unit to and from Washington, D.C., and other destinations since those individuals joined the unit. Please provide a list of all international destinations.

Thank you for your cooperation in this matter. If you have any questions, please contact DeLisa Lay of my staff at (202) 224-5225.

Sincerely,

Charles E. Grassley
Chairman
Senate Committee on the Judiciary

cc: The Honorable Dianne Feinstein

Ranking Member
Committee on the Judiciary

The Honorable Michael Horowitz
Inspector General
U.S. Department of Justice

Attachment

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