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March 1999

# ASSET FORFEITURE

## Marshals Service Controls Over Seized Assets



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General Government Division

B-280466

March 26, 1999

The Honorable Janet Reno  
The Attorney General

Dear Madam Attorney General:

Since 1990, the Department of Justice's asset forfeiture program has been designated a high-risk area by the Comptroller General because it has been characterized by mismanagement and internal control weaknesses. Over the years, we have reported on the existence of major operational problems relating to the management and disposition of seized and forfeited property that resulted in unnecessary losses to the government.<sup>1</sup> Our recent high-risk report noted that while improvements have been made, several weaknesses existed, and the program remained high risk.<sup>2</sup>

As part of our continuing oversight of asset forfeiture programs, we initiated a review of certain U.S. Marshals Service controls over selected categories of seized assets—namely vehicles, vessels, real property, financial instruments, and general property—at four large Marshals Service districts: the Central District of California, the Southern District of Florida, and the Southern and Eastern Districts of New York.<sup>3</sup> At each location, we selected a number of assets for review from the district's inventory,<sup>4</sup> including totals for the four districts of 258 vehicles; 76 vessels; 55 real properties; 230 financial instruments (e.g., travelers checks and money orders); and 77 items of general property (i.e., artwork, jewelry, tools, and machinery). Our objective was to determine whether selected seized assets at the test locations under Marshals Service control were accurately accounted for and safeguarded against theft, loss, and deterioration.

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<sup>1</sup> High-Risk Series: Quick Reference Guide (GAO/HR-97-2, Feb. 1997) and High-Risk Series: Asset Forfeiture Programs (GAO/HR-95-7, Feb. 1995).

<sup>2</sup> High-Risk Series: An Update (GAO/HR-99-1, Jan. 1999).

<sup>3</sup> The Marshals Service is the custodian of seized and forfeited properties for the Department of Justice. It is responsible for safeguarding, storing, and maintaining property, such as vehicles, vessels, real property, and financial instruments seized by the Department's investigative agencies, such as the Federal Bureau of Investigation (FBI) and the Drug Enforcement Administration (DEA).

<sup>4</sup> Depending on the number of assets in each category at each district, we randomly selected a sample of assets from the universe or, when feasible, included the entire universe in the review. In other instances, we included or excluded assets from review, based on time and cost constraints. The randomly selected samples allowed us to draw statistical conclusions about the universe of assets in those categories.

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## Results in Brief

We were able to account for all of the seized assets included in our review at the four Marshals Service districts we visited. In addition, based on our observations and documentation in the case files, the seized assets generally appeared to be in good condition and were stored and secured properly, in accordance with physical security and property management provisions in storage and maintenance contracts.<sup>5</sup> For the categories for which we randomly sampled assets, we are confident, based on our asset selection methodology and our findings, that few if any of the seized assets in the categories we reviewed were unaccounted for or improperly stored and secured at the four districts we visited. For the categories in which we reviewed all items and those in which we reviewed judgmental samples, we found that all of the items reviewed were accounted for and properly stored and secured. Our results apply to the four districts and cannot be projected to all Marshals Service Districts.

Although we were able to account for each selected seized asset, we identified several discrepancies between the physical location of the asset and the location listed on the district's computerized Consolidated Asset Tracking System (CATS) Assets on Hand inventory.<sup>6</sup> Department of Justice and Marshals Service officials attributed these discrepancies to delays in updating CATS. When we were unable to locate assets as shown in CATS, other documentation permitted us to verify the disposition of the assets in question.

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## Background

The government seizes property associated with violations of various federal statutes and takes title to that property (forfeiture) through either an administrative or judicial process. Asset forfeiture is a means of punishing and deterring criminal activity by depriving criminals of property used or acquired through illegal activities. After federal forfeiture, noncash property may be sold, put into official use, or shared with state and local law enforcement agencies participating in the seizure. Seized and forfeited property include businesses, cash, bank accounts, vehicles, vessels, airplanes, jewelry, art objects, and real estate. Justice investigative agencies, such as the FBI and DEA, also seize illegal drugs, weapons, and

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<sup>5</sup> The Marshals Service contracts with private companies, called vendors, for storage and maintenance of various types of assets.

<sup>6</sup> CATS is the primary automated system for asset tracking and management used by all agencies participating in the Justice asset forfeiture program.

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counterfeit items that have no resale value to the government. These latter items are typically held until they are approved for destruction.

The Marshals Service has primary responsibility in the Department of Justice for the maintenance, protection, and disposal of seized property. Ninety-four Marshals Service district offices administer seized assets programs. The Marshals Service currently manages more than 25,000 assets valued at more than \$1.3 billion. More than 35 percent of the total value relates to real property, while vehicles comprise 50 percent of the total inventory items.

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## Seized Assets Selected for Review Were Accounted for, Properly Stored, and Secured

At each of the four Marshals Service districts we visited, we were able to account for all of the seized assets that we reviewed. At each location, we selected a number of assets from the district's CATS Assets on Hand inventory for review. In those asset categories where we reviewed all cases, we were able to account for each item. In those categories where we randomly sampled assets, we were able to account for each selected item, and thus we are 95-percent confident that at least 95 percent of all items in the universe were accounted for. In those categories where we judgmentally sampled assets, we were able to account for all selected items. Table 1 in the Scope and Methodology section shows the numbers of seized assets reviewed and the sampling method employed by category and district.

In addition to accounting for all of the seized assets that we selected for review, based on our observations and documentation in the case files, the assets we reviewed appeared to be in good condition and were stored and secured properly, in accordance with physical security and property management provisions in the storage and maintenance contracts for the assets selected. For example, in the Central District of California, each of the 14 real properties we judgmentally selected appeared to be cared for properly (e.g., we observed no overgrown grass, broken windows, or trash in the yard) in accordance with the grounds maintenance provisions in the vendor's property management contract. This was a marked contrast to our 1996 report,<sup>7</sup> in which we observed instances where property had deteriorated because of inadequate maintenance, causing the government to incur unnecessary losses. Additionally, property management case files for these real properties contained documentation of recent physical inspections, as required by the contract, and appraisals in accordance with Marshals Service policy and procedures. District officials attributed the improvements in real property management, which we observed during

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<sup>7</sup> Review of SADF Disbursements (GAO/AIMD-96-114R, June 1996).

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this current review, to increased oversight of properties by district personnel and preseizure planning on all real estate seizures.

Our current observations of real property at the Southern District of Florida and the Southern District of New York also found that assets we reviewed appeared to be in good condition and were properly stored and secured, in accordance with vendor property management contract provisions. One difference that surfaced, however, in our observations among districts involved the appearance of some vehicles. We observed that 7 of the 126 vehicles in inventory in the Southern and Eastern Districts of New York had flat tires; and many were dirty and unwashed, while the vehicles that we observed at the other two districts appeared clean and had no flat tires. Both New York districts used the same vendor for vehicle storage and maintenance. Although the contract did not call for the vendor to wash the vehicles, district officials said that they would consider corrective action.

The results of our seized asset reviews in the 4 districts cannot be projected to all 94 Marshals Service districts. A summary of our results for each of the four districts is found in appendix I.

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## Several Discrepancies in Inventory Control and Other Procedures Were Identified

During our review, we found discrepancies between the physical location of several assets selected for review and the location listed on the CATS Assets on Hand inventory. For example, we did not physically locate or observe 34 assets selected for review in the Central District of California, although we were able to account for the assets' disposition. Marshals Service and vendor officials said that the assets either had been transferred to other authorized locations or had been sold. They attributed these discrepancies to delays in updating CATS to reflect the changes. Nevertheless, other documentation permitted us to verify the disposition of these selected assets. In most cases, documentation was readily available and updates to CATS were being made in a reasonable amount of time.

Although our review did not involve an assessment of the CATS inventory, we brought the CATS-related discrepancies to the attention of the Department of Justice Asset Forfeiture Management staff and Marshals Service officials at our exit conference. The officials responded that they were aware of the situations, and would attempt to rectify them.

We also found several discrepancies when attempting to locate copies of checks and deposit tickets to verify receipt of funds and deposits to a Federal Reserve Bank or other authorized institution. In each instance, we

were provided alternative support that showed the deposits were made. For example, in the Southern District of Florida, we were unable to locate copies of 5 checks and 11 deposit tickets, although Marshals Service policies require deposit tickets to be maintained. However, the Marshals Service subsequently sent us copies of deposit tickets for 8 of the 11, documentation showing that funds had been returned in 1 case, and 3 alternative support documents showing that funds had been received and deposits had been made for the remaining 2 cases. Officials in the Southern and Eastern Districts of New York also provided us with several alternative support documents for each case where copies of deposit tickets were not in the case files. Officials in the three districts said that they would emphasize the necessity to maintain copies of checks and deposit tickets to substantiate receipt and deposit of seized funds. Appendix I provides additional information on this issue.

## Scope and Methodology

Through interviews of seized asset personnel, file reviews, and observations, we identified property management policies and procedures to determine if the seized assets managed by the Marshals Service could be accounted for and safeguarded against theft, loss, and deterioration.<sup>8</sup> We chose four Marshals Service districts with high-dollar value seized asset inventories and selected five categories of assets for review<sup>9</sup> to determine whether (1) the assets could be physically located or their disposition documented, (2) the description of assets in CATS matched the physical attributes of the assets, and (3) the assets appeared to be in good condition and had been stored and secured in accordance with contractual requirements. Additionally, for financial instruments, we determined whether (1) the case file could be located, (2) the dollar amount in CATS matched the amount received by the Marshals Service, and (3) documentation existed to show that the appropriate amount received by the Marshals Service was subsequently deposited into a bank account.

Our review included a selection of assets from the CATS Assets on Hand inventory on the week prior to our visit. For some asset categories and districts, our review included all the assets on the CATS Assets on Hand inventory. For other asset categories and districts, our review included judgmentally selected assets on the CATS inventory that were within a reasonable geographic distance, given our time and cost constraints. For

<sup>8</sup> We did not review other major asset forfeiture program areas, including CATS, preseizure planning, equitable sharing, financial management, or chain of custody controls.

<sup>9</sup> Vehicles, vessels, real property, financial instruments, and general property; categories varied by district.

the remaining assets categories and districts, we drew random samples from the CATS Assets on Hand inventories. The results of these random samples allow us to make “95-percent confidence statements” about all the assets on the inventories for these categories. Our results, however, cannot be projected to all Marshals Service districts or other asset types. Table 1 shows the numbers of seized assets reviewed and the sampling method employed by category and district.

**Table 1: Seized Assets Reviewed by Asset Category and Marshals Service District**

| Asset category        | Marshals Service districts |                  |                   |                  | Total |
|-----------------------|----------------------------|------------------|-------------------|------------------|-------|
|                       | Central California         | Southern Florida | Southern New York | Eastern New York |       |
| Vehicles              | 60 <sup>a</sup>            | 60 <sup>a</sup>  | 80 <sup>b</sup>   | 58 <sup>b</sup>  | 258   |
| Vessels               | 19 <sup>c</sup>            | 57 <sup>b</sup>  | 0 <sup>d</sup>    | 0 <sup>d</sup>   | 76    |
| Real property         | 16 <sup>c</sup>            | 21 <sup>c</sup>  | 18 <sup>c</sup>   | 0 <sup>d</sup>   | 55    |
| Financial instruments | 60 <sup>a</sup>            | 60 <sup>a</sup>  | 50 <sup>a</sup>   | 60 <sup>a</sup>  | 230   |
| General property      | 60 <sup>a</sup>            | 0 <sup>d</sup>   | 13 <sup>b</sup>   | 4 <sup>b</sup>   | 77    |
| Total                 | 215                        | 198              | 161               | 122              | 696   |

<sup>a</sup>Random selection of cases.

<sup>b</sup>Selection of all cases.

<sup>c</sup>Judgmental selection of cases.

<sup>d</sup>Not included in our review.

Source: GAO review of Marshals Service data.

During our visits to the four districts, we interviewed Marshals Service and vendor officials, reviewed vendor contracts and case files for the selected assets, and traveled to various seized asset storage facilities, consisting primarily of warehouses and boatyards for storing and securing vehicles and vessels. At the facilities, we observed the overall condition of the selected assets, noting whether they were clean and appeared to be in no danger of deteriorating. We also observed whether the facilities appeared to be secure and had fencing, alarms, and security personnel, for example. We reviewed selected provisions in vendors’ contracts (e.g., physical security and storage provisions), but we did not attempt to assess vendor compliance with numerous other contract provisions, including auction and payment activities.

We also traveled to numerous real estate locations to personally observe the appearance of the selected properties. While at these locations, we observed the overall condition of the property, focusing on the exterior and looking for any apparent damage or adverse conditions, such as overgrown grass, broken windows, and trash in the yard, that could contribute to possible deterioration. We did not enter the structures and did not perform any inspection of the interior, the roof, plumbing, wiring, or interior condition. We also did not attempt to assess vendor compliance

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with numerous other contract provisions, including maintenance and repair. However, we reviewed the related case files to check for recent inspections by others.

For financial instruments, we traced receipt of the instrument identified on the CATS inventory (e.g., check or money order) to the Marshals Service from the seizing agency. We then verified the instrument's deposit in a Federal Reserve Bank or other authorized institution, usually by deposit ticket but in some cases by alternative support, such as Marshals Service internal reports showing deposits made to a bank account. With respect to the general property, we also observed various seized assets, usually jewelry, stored in Marshals Service district office vaults. We conducted our work between July and November 1998 in accordance with generally accepted government auditing standards.

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## Agency Comments

We provided a copy of a draft of this report to the Attorney General for comment. On February 3, 1999, we met with Department of Justice officials to discuss a draft of this report. These officials generally agreed with the information presented in this report and provided technical comments that we incorporated as appropriate.

We are sending copies of this report to Senator Robert Byrd, Senator Orrin Hatch, Senator Patrick Leahy, Senator Joseph Lieberman, Senator Ted Stevens, and Senator Fred Thompson, and to Representative Dan Burton, Representative John Conyers, Representative Henry Hyde, Representative David Obey, Representative Henry Waxman, and Representative C.W. Bill Young in their capacities as Chair or Ranking Member of Senate and House Committees. We are also sending copies of this report to Gerald McDowell, Chief, Asset Forfeiture and Money Laundering Section, Criminal Division, Department of Justice; Michael Perez, Director, Asset Forfeiture Management Staff, Justice Management Division; and The Honorable Eduardo Gonzalez, Director, U.S. Marshals Service. Copies will also be made available to others upon request.

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The major contributors to this report are listed in appendix II. Please contact me on (202) 512-8777 if you have any questions about this report.

Sincerely,

A handwritten signature in black ink that reads "Richard M. Stana". The signature is written in a cursive style with a large, looped initial "R".

Richard M. Stana  
Associate Director  
Administration of Justice Issues

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# Contents

|                       |                                                                                    |    |
|-----------------------|------------------------------------------------------------------------------------|----|
| Letter                |                                                                                    | 1  |
| Appendix I            |                                                                                    | 12 |
| Summary of Four       | Central District of California, Los Angeles                                        | 12 |
| Marshals Service      | Southern District of Florida, Miami                                                | 13 |
| Districts             | Southern District of New York, Manhattan                                           | 15 |
|                       | Eastern District of New York, Brooklyn                                             | 17 |
| Appendix II           |                                                                                    | 19 |
| Major Contributors to |                                                                                    |    |
| This Report           |                                                                                    |    |
| Tables                | Table 1: Seized Assets Reviewed by Asset Category and<br>Marshals Service District | 6  |

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|                      |                                    |
|----------------------|------------------------------------|
| <b>Abbreviations</b> |                                    |
| CATS                 | Consolidated Asset Tracking System |
| DEA                  | Drug Enforcement Administration    |
| FBI                  | Federal Bureau of Investigation    |

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# Summary of Four Marshals Service Districts

## Central District of California, Los Angeles

To assess Marshals Service controls over seized assets in the Central District of California, we selected 215 out of 2,957 seized assets representing 5 asset categories from the CATS Assets on Hand Inventory Report, as of August 1, 1998. The 5 asset categories and numbers we selected included vehicles (60); vessels (19); real property (16); financial instruments (60); and general property (e.g., artwork, jewelry, tools, and machinery) (60). We visited sites during the months of August and September 1998.

We were able to account for all 215 selected seized assets. Overall, based on our observations, the assets appeared to be in good condition and were stored properly in accordance with physical security and property management provisions in the vendors' contracts and the Marshals Service Policy and Procedures Manual. However, we found some discrepancies between the physical location of the assets and the location noted on the CATS inventory. The following paragraphs explain how the discrepancies were resolved. For example, we could not locate or observe 21 general property assets because the CATS inventory records had not been updated to reflect transfer or sale of assets. We were able to examine documentation that permitted us to verify the disposition of these selected assets.

Specifically, we found the following:

Vehicles – We physically located 52 of the 60 vehicles randomly sampled from a universe of 264 vehicles. The 52 vehicles appeared to be stored properly, in a warehouse, in accordance with the physical security and storage provisions in the vendor's property management contract. According to documentation we reviewed in Marshals Service case files, the eight other vehicles either had been sold, transferred for other law enforcement agency use, or were in transit between storage sites. A Marshals Service official explained that the CATS records had not been updated to reflect the sales or transfers.

Vessels – We physically located 14 of the 19 vessels, selected from a universe of 20 vessels. We did not try to verify the location of one vessel because the CATS inventory listing showed that it was located too far away for a practical visit. The 14 vessels we examined appeared to be stored properly (e.g., in dry dock or wet storage) in accordance with the vendor's property management contract storage provisions. The remaining five vessels were sold prior to our visit, according to other documentation in the Marshals Service case files, but were still listed on CATS.

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Real property – We visited 14 of 16 real properties, judgmentally selected from a universe of 47 properties. We did not randomly sample or visit all of the properties because of time and cost considerations. Based on our observations, all of the properties we visited appeared to be cared for properly (e.g., we observed no overgrown grass, broken windows, or trash in yard) in accordance with the vendor's property management contract. Prior to visiting the selected properties, we reviewed each case file and found recent appraisals and evidence of regular inspections performed by contractors for the Marshals Service. Two of the 16 properties were no longer in Marshals Service custody. According to documentation in the Marshals Service case files we reviewed, cash settlements had been received in lieu of the Marshals Service maintaining custody of the properties. However, according to the Marshals Service, the CATS records had not been updated to reflect the settlement actions.

Financial instruments – We were able to trace and verify the amounts of all 60 financial instruments, randomly sampled from a universe of 806 instruments, to copies of checks sent to the Marshals Service from seizing agencies. Further, we judgmentally selected 10 case files and verified copies of the deposit tickets from the Federal Reserve Bank, as required in the Marshals Service Policy and Procedures Manual. No discrepancies were noted.

General property – We physically located 39 of the 60 assets randomly sampled from a universe of 1,656 assets. Based on our observations, the 39 assets appeared to be stored properly in accordance with the storage provisions in the vendor's property management contract. According to documentation in the Marshals Service case files we reviewed, of the remaining 21 assets, 14 were stored at a vendor in Atlanta, GA; 6 had been sold; and 1 was discovered missing and presumed stolen during an inventory check done in connection with property transfers from one warehouse to another. According to a Marshals Service official, delays by data analysts in recording transfers of assets accounted for the discrepancies between the CATS listing and the actual location of the property.

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## Southern District of Florida, Miami

We selected 198 out of 646 seized assets, representing 4 categories of assets from the CATS Assets on Hand Report. The 4 asset categories and numbers we selected included vehicles (60); vessels (57); real property (21); and financial instruments (60).

We were able to account for all 198 selected seized assets. Overall, based on our observations of the selected assets that we could physically locate,

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the assets appeared to be in good condition and had been stored properly in accordance with physical security and property management provisions in the vendors' contracts and the Marshals Service Policy and Procedures Manual. However, we found some discrepancies between the location of the assets and the location noted on the CATS inventory. For example, we could not locate or observe two vessels because the CATS inventory records had not been updated to reflect that the vessels had been released to other agencies. We were able to examine other documentation that permitted us to verify the disposition of these selected assets.

Specifically, we found the following:

Vehicles – We physically located 57 of the 60 vehicles randomly sampled from a universe of 133 vehicles. The 57 vehicles appeared to be stored properly in accordance with the physical security and storage provisions in the vendor's property management contract. According to documentation in the Marshals Service case files, the remaining three vehicles either had been sold or released to the owner or to an attorney, yet they remained on the CATS inventory. The CATS records were not updated to reflect these dispositions, according to Marshals Service officials.

Vessels – We physically located 52 of 57 vessels. All 52 vessels appeared to be stored properly in accordance with the storage provisions in the vendor's property management contract. According to documentation in the Marshals Service case files, of the five remaining vessels, three were sold prior to our visit. A fourth vessel had recently been released to the FBI for official use, and a fifth vessel had been released to the Immigration and Naturalization Service for evidence in a criminal trial. The CATS inventory for the five vessels had not been updated at the time of our visit.

Real property – We visited 21 judgmentally selected real properties from a universe of 38 real properties. We did not randomly sample or visit the universe of properties because of time and cost constraints. We reviewed the case files for each of the selected properties and found recent appraisals and evidence of regular inspections by the contracted property manager. Furthermore, based on our observations, each of these properties appeared to be cared for properly, in accordance with the grounds maintenance provisions in the vendor's property management contract.

Financial instruments – We located the case files for all 60 financial instruments randomly sampled from a universe of 385 instruments. In each file, we looked for copies of checks that corresponded to the amount listed

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in CATS and that had been sent to the Marshals Service from the seizing agency. At the time of our visit, we were unable to find copies of checks in 5 out of 60 files. Subsequently, the Marshals Service provided documentation showing receipt of the five checks. We also randomly selected a subsample of 20 out of the 60 selected financial instruments to verify deposit of seized funds into a bank account, as required by the Marshals Service Policy and Procedures Manual. We were unable to locate deposit tickets for 11 out of 20 files. However, the Marshals Service subsequently sent us copies of deposit tickets for 8 of the 11 files. The Marshals Service also provided documentation showing that funds had been returned in one case, and provided three alternative support documents for each of the remaining two cases showing funds had been received and deposits had been made.

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## Southern District of New York, Manhattan

We selected 161 out of 412 seized assets, representing 4 categories of assets from the CATS Assets on Hand Report. The 4 asset categories<sup>1</sup> and numbers selected included vehicles (80); real property (18); financial instruments (50); and general property (i.e., jewelry) (13).

We were able to account for all 161 selected seized assets. Overall, the assets generally appeared to be in good condition and were stored properly in accordance with physical security and property management provisions in the vendors' contracts and the Marshals Service Policy and Procedures Manual. However, we found some discrepancies between the location of the assets and the location noted on the CATS inventory. For example, we could not locate or observe nine real properties because the CATS inventory records had not been updated to reflect all properties sold and cash settlements received in lieu of property. We were able to examine documentation that permitted us to verify the disposition of these selected assets.

Specifically, we found the following:

Vehicles – We physically located 77 of 80 vehicles. According to documentation in the Marshals Service case files we reviewed, of the three remaining vehicles, one was returned to the owner on the day prior to our visit; another was destroyed in a law enforcement demonstration project and had not been removed from CATS; and the last vehicle was sold in 1991, but CATS had not been updated to reflect the sale. Overall, the

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<sup>1</sup> We did not try to verify the location and condition of the one vessel maintained in the district due to time and cost constraints.

selected vehicles appeared to be stored and secured properly in accordance with the physical security and storage provisions in the vendor's property management contract. In most cases, the selected vehicles appeared to be in good condition, although some were dirty and unwashed; and 5 of 77 had flat tires, unlike the vehicles that we observed in some of the some of other district storage locations that we visited. Although the contract did not call for the vendor to wash the vehicles, when we brought this to the attention of district management, they agreed to consider corrective action.

Real property – We physically located 9 of the 18 real properties we judgmentally selected for review.<sup>2</sup> According to documentation in the Marshals Service case files that we reviewed, of the remaining nine properties, three had been sold, cash settlements had been received in lieu of property for four, and two were listed in CATS in error. Based on our observations, each of the nine properties we visited appeared to be cared for properly in accordance with the grounds maintenance provisions in the vendor's property management contract. Prior to visiting the properties, we reviewed each of the case files and found evidence of inspections performed by a contractor for the Marshals Service. The CATS report had not been updated to show that the sold and settlement properties were no longer on hand.

Financial instruments – We traced and verified the amounts of all 50 financial instruments, randomly selected from a universe of 300 instruments, to copies of checks sent to the Marshals Service from seizing agencies. Further, we randomly selected 16 of these checks to verify whether there were copies of the deposit tickets, as required by the Marshals Service Policy and Procedures Manual. Thirteen of the 16 cases had deposit tickets, while each of the 3 remaining cases had 3 or more alternative support documents showing funds had been received and deposits had been made.

General property – We physically located the universe of 13 general property items (i.e., jewelry). Based on our observations, the items appeared to be securely stored in accordance with Marshals Service policy and procedures.

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<sup>2</sup> The universe contained 19 real properties. We did not include one parcel of vacant land due to time and cost constraints.

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## Eastern District of New York, Brooklyn

We selected 122 out of 920 seized assets, representing 3 categories<sup>3</sup> of assets from the CATS Assets on Hand Report. The assets and numbers we selected included vehicles (58); financial instruments (60); and general property (i.e., jewelry) (4).

We were able to account for all 122 selected seized assets. Overall, the selected assets generally appeared to be in good condition and were stored properly in accordance with physical security and property management provisions in the vendors' contract and the Marshals Service Policy and Procedures Manual. However, we found some discrepancies between the location of the selected assets and the location noted on the CATS inventory. For example, we could not locate or observe nine vehicles because the CATS inventory records were not always updated to reflect sale of a vehicle or vehicles held by other agencies. We were able to examine documentation that permitted us to verify the disposition of these selected assets.

Specifically, we found the following:

Vehicles – We physically located 49 out of the universe of 58 vehicles. The 49 vehicles appeared to be stored properly in accordance with the storage provisions in the vendor's property management contract. In most cases, these selected vehicles appeared to be in good condition, although some were dirty and unwashed; and 2 of the 49 vehicles had flat tires, unlike the vehicles that we observed in some of the other district storage locations that we visited. As in the Southern District of New York, the district management agreed to consider corrective action. According to documentation in the Marshals Service case files, of the remaining nine vehicles, one was still in DEA's possession, one was sold prior to our visit, one had the wrong identification number on the windshield (which was corrected when we brought it to their attention), four were stored locally at various law enforcement agencies, and two had been sent to federal agencies for their official use. Again, Marshals Service officials attributed these discrepancies to delays in updating the CATS inventory.

Financial instruments — We traced and verified the amounts of all 60 financial instruments, randomly sampled from a universe of 257 instruments, to copies of checks sent to the Marshals Service from seizing agencies or to documents showing the account was seized in place at a

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<sup>3</sup> We did not try to verify the location and condition of the one vessel or the condition of the real properties maintained in the district due to time and cost constraints.

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bank. Further, we randomly selected 20 of the cases to verify copies of the deposit tickets, as required by the Marshals Service Policy and Procedures Manual. Of the 20 cases, 17 had deposit tickets. Of the remaining three cases, other documentation showed that one was an account that was frozen in place at the bank rather than the funds being transferred to the Marshals Service (so there was no deposit ticket). In the other two cases, the deposit tickets had been destroyed, according to a Marshals Service official. However, for each case, we were provided three or more alternative support documents showing funds had been received and deposits had been made.

General property – We physically located only one of the four assets we selected (i.e., jewelry). According to documentation in the Marshals Service case files we reviewed, one of the remaining three assets was listed on CATS inventory in error; the asset had been disposed of in 1990 and had not been removed from the list. A Marshals Service Property Detail Report showed that the other two assets were stored in bank safe deposit boxes. The Property Detail Report specified the name of the bank and storage location of each item, and a bank document verified that the Marshals Service had rented the bank safe deposit boxes.

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**Official Business  
Penalty for Private Use \$300**

**Address Correction Requested**

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