



FOLLOW-UP AUDIT OF THE DRUG ENFORCEMENT ADMINISTRATION'S HANDLING OF CASH SEIZURES

U.S. Department of Justice
Office of the Inspector General
Audit Division

Audit Report 09-37
September 2009

FOLLOW-UP AUDIT OF THE DRUG ENFORCEMENT ADMINISTRATION'S HANDLING OF CASH SEIZURES

EXECUTIVE SUMMARY

To ensure that criminal organizations and individuals do not benefit from their illegal acts, federal law provides that profits from drug-related crimes, including cash, are subject to forfeiture to the government. In addition to the Drug Enforcement Administration (DEA), state and local law enforcement agencies also seize cash during their drug enforcement operations. These state and local agencies may transfer seized cash to the DEA for processing through the Department's Asset Forfeiture Program (AFP).

In January 2007, the Office of the Inspector General (OIG) completed an audit of the DEA's controls over cash seized directly by the DEA and cash transferred to the DEA through the AFP. Our audit found that while the DEA had established policies for safeguarding seized cash, it needed to strengthen some of those controls. For example, we concluded that the DEA needed to: (1) better define when the seizing agents or officers should count seized cash, (2) define a timeframe for taking seized cash to a bank to minimize the time the DEA holds seized cash, and (3) speed the transfer of seized cash to the United States Marshals Service (USMS) by mandating the use of wire transfers where possible.

In November 2008, we initiated this follow-up audit of the DEA's handling of seized cash.

OIG Audit Approach

The purpose of our follow-up audit was to determine what actions the DEA took in response to our 2007 audit and whether those actions improved the DEA's handling of seized cash. During the period August 1, 2007, through November 24, 2008, the DEA processed almost \$522 million in seized cash.

At DEA headquarters we interviewed various DEA officials and reviewed documents showing the actions the DEA took in response to our prior audit. We also examined internal inspection reports regarding DEA field offices' management of the DEA's cash-seizure program and DEA Office of Professional Responsibility (OPR) case files related to the loss or theft of seized cash.

To assess whether the DEA's actions in response to the 2007 audit improved the DEA's handling of seized cash, we reviewed the files of a selected statistical sample of cash seizures processed by 29 DEA offices associated with 7 DEA divisions to determine whether the DEA followed established policies for seized cash. The details of our testing methodologies are presented in our Objectives, Scope, and Methodology contained in Appendix 1. The statistical sample design is presented in Appendix 2.

Results in Brief

Our 2007 audit found the DEA needed both to strengthen its internal control policies and to improve its documentation when it followed internal control policies already in place. In response to our 2007 audit, the DEA made various improvements, including: (1) implementing a policy that seized cash should not be counted by the seizing agent or officer, (2) requiring DEA offices to transport seized cash to a bank or other financial institution within 5 working days from when the DEA acquired the cash, (3) reminding staff they needed to follow and document that they had followed the internal controls for safeguarding seized cash, (4) ensuring that evidence custodians are properly trained to handle seized funds, and (5) updating its inspection procedures to test whether agents followed established controls for seized funds.

In this audit, our test of 682 seizures at 29 DEA offices found that the DEA had improved its overall performance and had increased its rate of compliance with 8 of 10 internal controls. Specifically, we found that DEA agents more consistently documented the presence of a witness throughout the cash seizure and handling process, more consistently completed the required cash-handling forms and logs, and improved its timing in transferring custody of seized cash to the USMS.

As explained more fully below, the DEA eliminated the control requiring agents to count seized cash at the time of seizure and instead implemented a policy in April 2007 that its agents must arrange to have bank staff conduct an official count within 5 working days from when the DEA acquired the currency. During the 2009 audit, we found that the DEA took slightly longer to transport cash to banks for an official count because it

experienced problems in implementing a Department of Treasury (Treasury) program designed to streamline cash deposits by federal agencies.

Our 2009 audit also found the DEA did not have a policy stating how quickly supervisors should review the cash-seizure documents after preparation by agents. Supervisors need to do a better job of timely reviewing the cash-seizure documents for completeness and accuracy. The DEA did not identify and correct deficiencies in many cash-seizure documents until we began our 2009 audit. For the 682 cash seizures we tested, DEA staff prepared 131 amended Reports of Investigation and other memoranda an average of more than 276 days after the date of the seizure. DEA officials told us they prepared these documents to “better explain the handling and processing of the seized cash.” Moreover, DEA officials told us the information in these amended documents came from other cash-seizure documents, agents’ memory, and discussions during group meetings about the seizure.

The DEA’s Actions in Response to our 2007 Audit

Our 2007 audit recommended the DEA: (1) clarify its policy on counting seized cash and clearly define the circumstances under which agents are and are not required to count cash at the time of seizure; (2) research best practices associated with the timely transport of seized cash to banks for an official count and implement those practices as widely as possible; (3) ensure seized cash is wire-transferred to the USMS whenever possible; (4) issue to all staff involved in cash seizure activities periodic reminders of the internal controls to be followed and documented; (5) monitor the cash-seizure documents to ensure they are sufficiently detailed to show cash-handling controls are followed and the required documents are maintained in the case files; (6) identify all evidence custodians who have not attended the DEA’s comprehensive classroom training on cash-handling controls and ensure these custodians receive the appropriate training; and (7) revise DEA Office of Inspection procedures to measure compliance with the DEA’s policy regarding counting seized cash and transporting seized cash to a bank in a timely manner.

Regarding our recommendation in our 2007 audit that the DEA should clarify its policy on counting seized cash, we asked DEA officials during the current audit about the problems associated with counting seized cash. A senior DEA official told us that counting large volumes of seized cash consumes agent resources and can result in miscounts due to human error and counterfeit bills among the seized cash. Any differences between the agents’ count and an official count by bank personnel can result in accusations by the persons from whom the currency was seized and subject

the agents to a DEA OPR investigation. Differences between the agents' count and the bank's count can also create legal problems for the DEA in prosecuting cases. Further, most banks have currency-counting machines, which can quickly count large sums of cash, are sophisticated enough to detect high-quality counterfeit currency, and have staff who are trained to operate that equipment.

Thus, in response to our recommendation that it clarify its policy, the DEA implemented a policy in April 2007 that its agents should not count seized cash at the time of seizure. The new policy reiterated that seized cash is to be immediately sealed in evidence bags and transported by two law enforcement officers to the bank for an official count or to the DEA office where it is to be secured. The DEA made an exception to the policy allowing cash to be counted at the time of seizure when another law enforcement agency involved in the seizure requires that a count be conducted. We agreed with the DEA's assessment of the problems associated with counting seized cash and closed this recommendation based on the DEA's policy. Later in this report we discuss the results of our testing during this follow-up audit to determine whether agents followed the DEA's new policy that cash should not be counted at the time of seizure.

The DEA also implemented five other recommendations from our 2007 audit. However, it did not completely implement our recommendation that it wire-transfer seized cash to the USMS whenever possible. In 2006, at the request of the USMS, the DEA entered into a Treasury program intended to simplify the process that federal agencies use for making cash deposits. The Treasury contracted with a major U.S. bank (the Bank) to process government cash seizures and the Bank subcontracted with an armored car company to count DEA cash seizures and deposit the funds into a bank account controlled by the USMS. The DEA tested the Treasury program at its New York Division Office and then began implementing the program at other DEA offices. However, during the "rollout," the DEA experienced the following problems with the armored car company, the Bank, and the Treasury:

- 166 of 268 DEA offices were 30 to 367 miles from the nearest armored car facility,¹

¹ A DEA official believed that DEA offices should not be more than 30 miles from an armored car facility due to time constraints and increased risk of loss or theft of seized cash. Of 268 DEA offices, 72 are more than 100 miles from an armored car company facility.

- DEA offices reported that the armored car company frequently made mistakes when the company prepared bank deposit slips,
- the armored car company's money counting machines were slow and did not always detect counterfeit currency, and
- all DEA offices that used the Treasury system had difficulty making arrangements with the armored car company to count and deposit seized cash.

A DEA official told us that because of the ongoing problems with the Treasury program, the DEA had not made a substantial effort to expand the program to other DEA offices. The DEA said it made several attempts to correct problems with the Treasury program, but because the Treasury and the Bank were not responsive to the DEA's concerns, the DEA proposed a direct-deposit program under Department of Justice control. To that end, some DEA offices currently using the Treasury system of cash deposits have identified banks they would prefer to use because they believe those banks can better service currency deposits.

We will continue to follow up with the DEA until it has implemented currency deposit services, including the transferring of seized funds by wire to the USMS whenever possible. To implement this recommendation, the DEA can make arrangements with banks or other financial institutions that can timely count and transfer custody of seized funds to the USMS.

Current and Prior Audit Test Results

In this section, we discuss our current audit test results regarding the DEA's handling of cash seizures and how these results compare with our 2007 audit results. The DEA Agents Manual requires agents to fully document the details of cash seizures, including the chain of custody of seized cash in a DEA-6 Report of Investigation within 10 working days of the DEA's acquisition of the currency. If agents discover a mistake in a DEA-6, the responsible agent has 5 working days to prepare an amended DEA-6. Agents must also document in the cash-seizure files why two agents were not involved when transporting the seized cash or why agents did not adhere to the 5-working-day rule for transporting seized cash to a bank or other financial institution for an official count.

At the start of our 2009 audit, DEA officials told us they had reviewed the investigative case files in anticipation of our audit and prepared additional documentation to better explain the processing and handling of the seized cash. The DEA had no policy stating how quickly supervisors

were required to review the case file documentation for completeness and accuracy after its preparation by agents. Because of the timing of the changes to the cash-seizure files and because the changes were done in anticipation of our audit, we had concerns about the reliability of the additional documents. We reviewed the amended DEA-6s and memoranda, which did not appear to be back-dated, to determine when and why these documents were prepared.

For 148 seizures we tested, the DEA prepared 118 amended DEA-6s and 44 memoranda that added or revised information related to the seizure, including the chain of custody of seized cash.² Exhibit 1 shows our analysis of when the DEA prepared the amended DEA-6s and memoranda.³ The details of the amended DEA-6s and other memoranda are presented in Appendices 14 and 15.

² Some seizures we tested had more than one amended DEA-6 or memo that changed details related to the seizure.

³ We could not determine whether the DEA prepared the amended DEA-6s within 5 working days from when agents discovered an error in a DEA-6 because we did not see those dates documented in the cash-seizure files.

Exhibit 1: Analysis of Changes to the Cash-Seizure Documentation

When Prepared	Number of Documents Prepared Before the Audit	Number of Documents Prepared During the Audit	Total Amended DEA-6s and Memoranda
0 to 30 days after seizure	23	2	25
31 to 90 days after seizure	3	5	8
more than 90 days after seizure	5	124	129
Total	31	131	162

Source: OIG analysis of DEA documents

Exhibit 1 shows that 131 (81 percent) of the 162 changes to the cash-seizure files were made during our audit. DEA staff prepared the additional documentation an average of more than 276 days after the date of the seizure based on agents' memories and other cash-seizure documents.⁴ DEA officials told us the source of the information for the amended reports came from group discussions, other cash-seizure documents, and agents' memory. One official told us he instructed his agents to document the chain of custody of seized cash as best they could from memory. Because of the length of time it took the DEA to identify and correct deficiencies in the cash-seizure documentation and uncertainty about the source of the information used to make those corrections, we are concerned about the reliability of the additional documents. Nonetheless, we included the amended DEA-6s and memoranda in our audit testing. However, we report our 2009 audit test results with and without the amended DEA-6s and memoranda prepared during our audit.

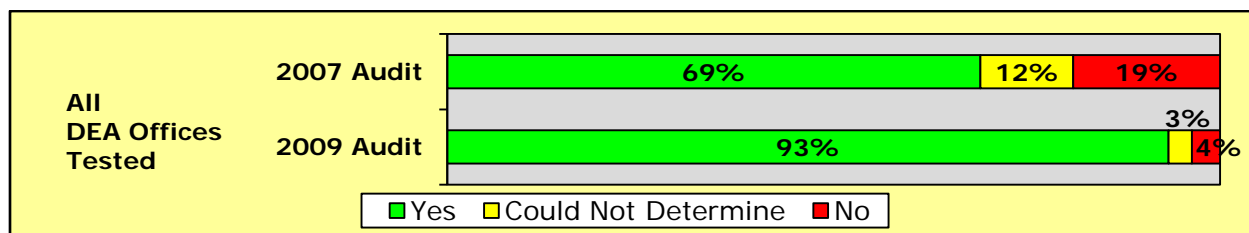
During our 2007 and 2009 audits we tested 10 controls related to the handling and processing of seized cash. Below we discuss each control and whether the DEA improved at following, or documenting that it followed, these controls.

⁴ The additional documents consisted of memoranda which were prepared an average of 276.6 days after the seizure and amended DEA-6s which were prepared an average of 293.5 days after the seizure.

Control 1: Presence of a Witnessing Agent or Officer when Cash was Discovered

The first control we tested was the presence of a witnessing agent when cash is discovered. According to DEA policy, when cash is discovered, a witnessing law enforcement officer should immediately be summoned to witness the handling of the cash.

Exhibit 2: Presence of a Witnessing Agent or Officer when Cash was Discovered⁵



Source: OIG analysis of DEA records

Exhibit 2 shows the DEA increased its rate of compliance with this control from 69 percent in the 2007 audit to 93 percent in the 2009 audit.⁶ Overall, the DEA has shown significant improvement at following or documenting that it followed this control.

Control 2: Counting Seized Cash

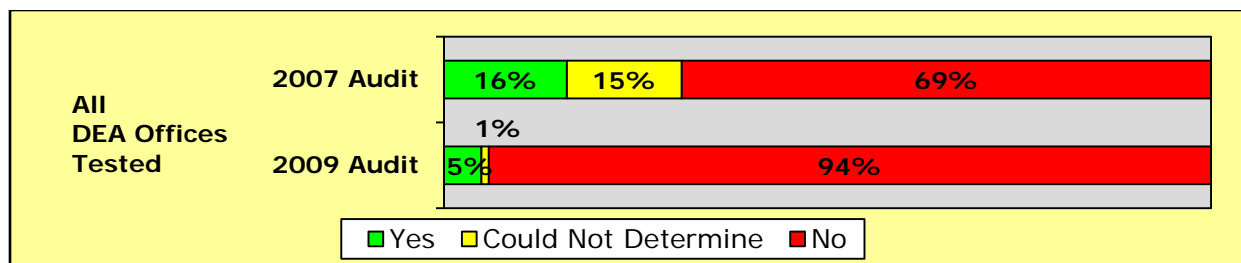
During our 2007 audit, the DEA's policy was that agents should count seized cash when it was practical to do so. In April 2007, the DEA issued a new policy which stated that agents should not count seized cash. Instead, seized cash is to be immediately sealed in an evidence bag and transported by two law enforcement officers to a bank or other financial institution for an official count. If the bank is unable to immediately count the seized cash, it should be transported to the DEA office where the currency is to be secured.

⁵ "Yes" means documentation showed that a witnessing agent or officer was involved. "No" means documentation showed that only one agent or officer was involved. "Could not determine" means the documentation did not provide sufficient information to confirm whether a witnessing agent or officer was involved. Based on our statistically valid projected point estimates, the percentages reported in this analysis of the sampled items are within plus or minus 1 percent of what they would have been if the entire population had been tested. The percentages reported are within 95 percent of the confidence intervals of the projected point estimates. The detailed results for each office and division tested are presented in Appendix 4.

⁶ Based on the 2009 amended cash-seizure documents, the DEA complied with this control in 96 percent of the seizures we tested.

However, seized cash must be transported to a bank or other financial institution within 5 working days from when the DEA acquired the cash. Exhibit 3 shows that during our 2007 audit, DEA agents counted seized cash in 16 percent of the seizures tested.

Exhibit 3: Counting Seized Cash⁷



Source: OIG analysis of DEA records

During the 2009 audit, we found that agents counted seized cash in 5 percent of the seizures we tested when the DEA’s policy was to not count seized cash.⁸

Control 3: Agents Provided a Receipt of Warrant to the Owner of the Seized Cash

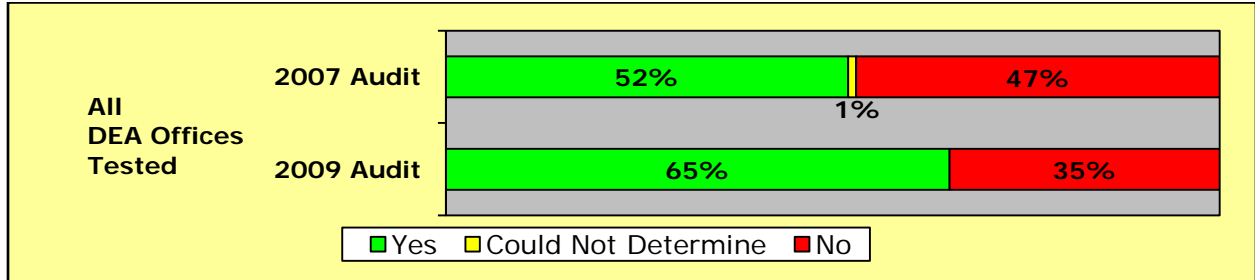
The DEA Agents Manual also requires agents to provide a receipt or copy of a seizure warrant when seizing cash. Exhibit 4 shows that the DEA increased its rate of compliance with this control from 52 percent during the 2007 audit to 65 percent during the 2009 audit.⁹ Overall, the DEA improved at following or documenting that it followed this control.

⁷ For the test of whether agents counted the seized cash, “Yes” means documentation showed that agents counted the seized cash. “No” means documentation showed that agents did not count the seized cash. “Could not determine” means the documentation did not provide sufficient information to confirm whether the agents counted the seized cash. Based on our statistically valid projected point estimates, the percentages reported in this analysis of the sampled items are within plus or minus 1 percent of what they would have been if the entire population had been tested. The percentages reported are within 95 percent of the confidence intervals of the projected point estimates. The detailed results for each office and division tested are shown in Appendix 5.

⁸ Based on the 2009 amended cash-seizure documents, agents also counted seized cash in 5 percent of the seizures we tested.

⁹ Based on the 2009 amended cash-seizure documents, agents also provided a receipt or copy of a seizure warrant in 65 percent of the seizures we tested.

Exhibit 4: Agents Provided a Receipt or Warrant to the Owner of the Seized Cash¹⁰



Source: OIG analysis of DEA records

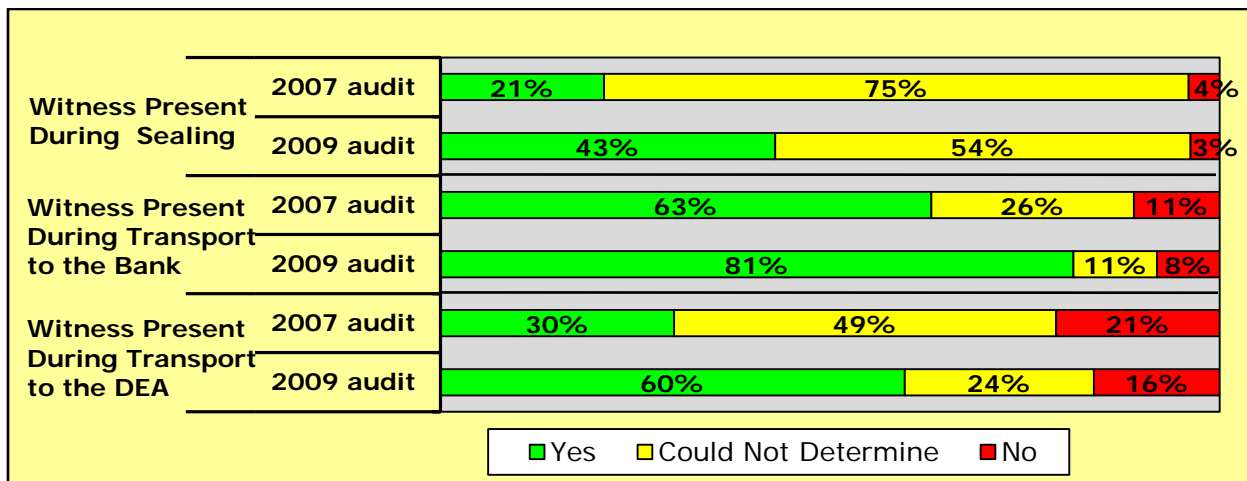
Controls 4 through 6: Presence of a Witnessing Agent or Officer at Various Stages of the Cash-Handling Process

A witnessing agent or officer should be present when seized cash is sealed in an evidence envelope and when the cash is transported to a bank or other financial institution for an official count or to the local DEA office for safekeeping. Exhibit 5 shows the DEA improved at following or documenting that it followed these internal controls.¹¹

¹⁰ For the test of whether agents provided a receipt to the owner of the seized cash, “Yes” means documentation showed that agents provided a receipt or warrant. “No” means documentation showed that agents did not provide a receipt or warrant. “Could not Determine” means the documentation did not provide sufficient information to confirm whether the agents provided a receipt or warrant. Based on our statistically valid projected point estimates, the percentages reported in this analysis of the sampled items are within plus or minus 1.5 percent of what they would have been if the entire population had been tested. The percentages reported are within 95 percent of the confidence intervals of the projected point estimates. The detailed results for each office and division tested are shown in Appendix 6.

¹¹ Based on the 2009 amended cash-seizure documents, the DEA’s rate of compliance with controls requiring a witnessing agent or officer be present at these phases of the cash-seizure process ranged from 49 percent having a witness present during sealing to 87 percent having a witness present during transport to a bank.

**Exhibit 5: Presence of a Witnessing Agent or Officer
at Various Stages of the Cash-Handling Process¹²**



Source: OIG analysis of DEA records

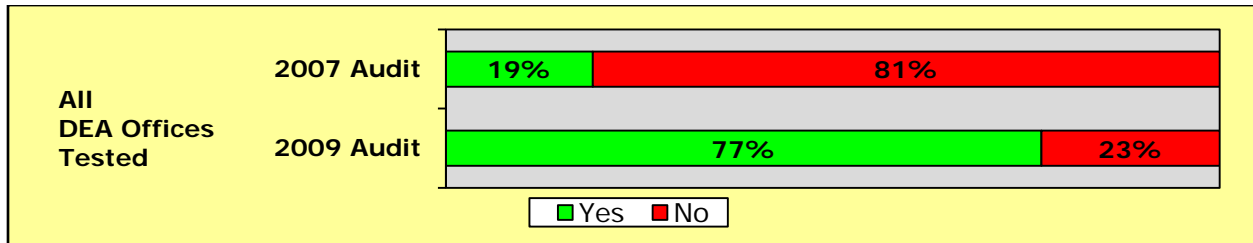
Control 7: Recording Seized Cash in the HVSRM Ledger

The DEA Agents Manual requires that all seized items valued at \$1,000 or more be recorded in a High-Value Seized and Recovered Monies (HVSRM) ledger. Exhibit 6 shows the DEA improved at following or documenting that it followed this control.¹³

¹² "Yes" means documentation showed that a witnessing agent or officer was involved. "No" means documentation showed that only one agent or officer was involved. "Could not determine" means the documentation did not provide sufficient information to confirm whether a witnessing agent or officer was involved. Based on our statistically valid projected point estimates, the percentages reported in this analysis of the sampled items ranged from plus or minus: (1) 2.5 percentage points of what they would have been if the entire population had been tested for the presence of a witness during the sealing of the currency, (2) 2 percentage points of what they would have been if the entire population had been tested for the presence of a witness present during the transport of the currency to the bank, and (3) 1 percentage point of what they would have been if the entire population had been tested for the presence of a witness during the transport of the currency to the DEA. The percentages reported are within 95 percent of the confidence intervals of the projected point estimates.

¹³ Based on the 2009 amended cash-seizure documents, the DEA's rate of compliance with the control requiring that seized items valued at \$1,000 or more be recorded in a HVSRM ledger was also 77 percent.

Exhibit 6: Recording Seized Cash in the HVSRM Ledger¹⁴



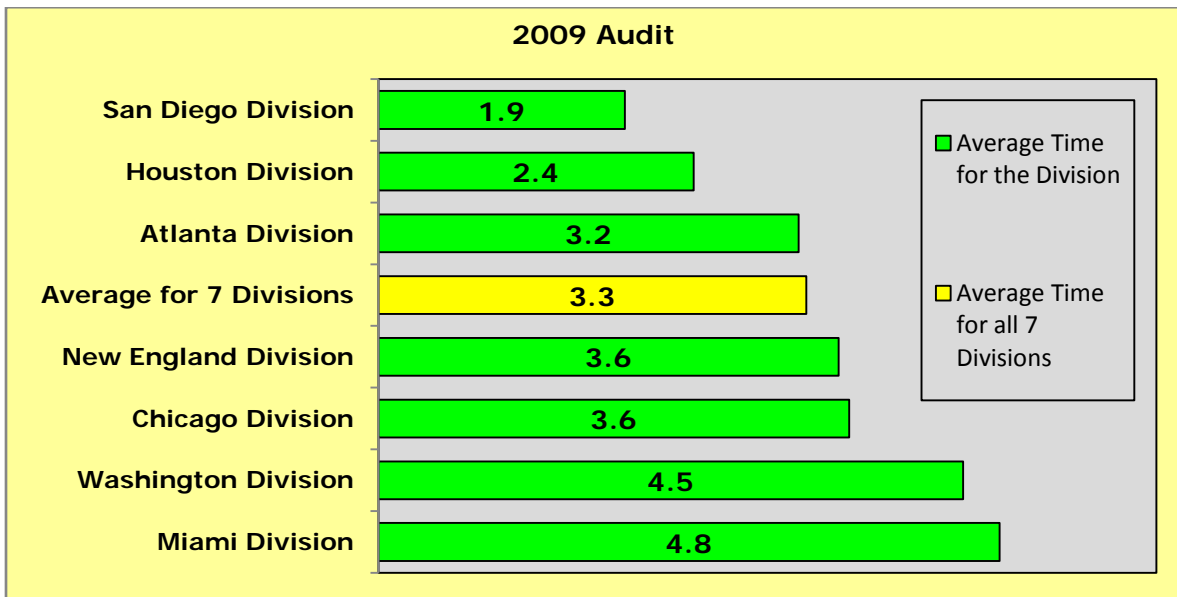
Source: OIG analysis of DEA records

Control 8: Average Number of Working Days from Seizure to Transport of Cash to the Bank

During the 2007 audit, the Agents Manual required agents to transfer seized cash to a bank for an official count as soon as arrangements could be made with the bank. During that audit, agents transported seized cash to banks in an average of 3.2 working days. Beginning in May 2008, agents were required to transport seized cash to a bank or other financial institution within 5 working days. Exhibit 7 shows that during our 2009 audit, the average time from seizure to transporting seized cash to the bank had risen slightly to 3.3 working days. This increase in time required to transport seized cash to a bank or other financial institution could be based in part on difficulties the DEA encountered with the Treasury deposit program as explained in more detail above.

¹⁴ "Yes" means documentation showed that the cash seizure tested was recorded on the HVSRM ledger. "No" means documentation showed that the cash seizure tested was not recorded on the HVSRM ledger. Based on our statistically valid projected point estimates, the percentages reported in this analysis of the sampled items are within plus or minus 1 percent of what they would have been if the entire population had been tested. The percentages reported are within 95 percent of the confidence intervals of the projected point estimates. The detailed results for each office and division we tested are shown in Appendix 10.

Exhibit 7: Average Number of Working Days from Seizure to Transport of Cash to the Bank (by division)¹⁵



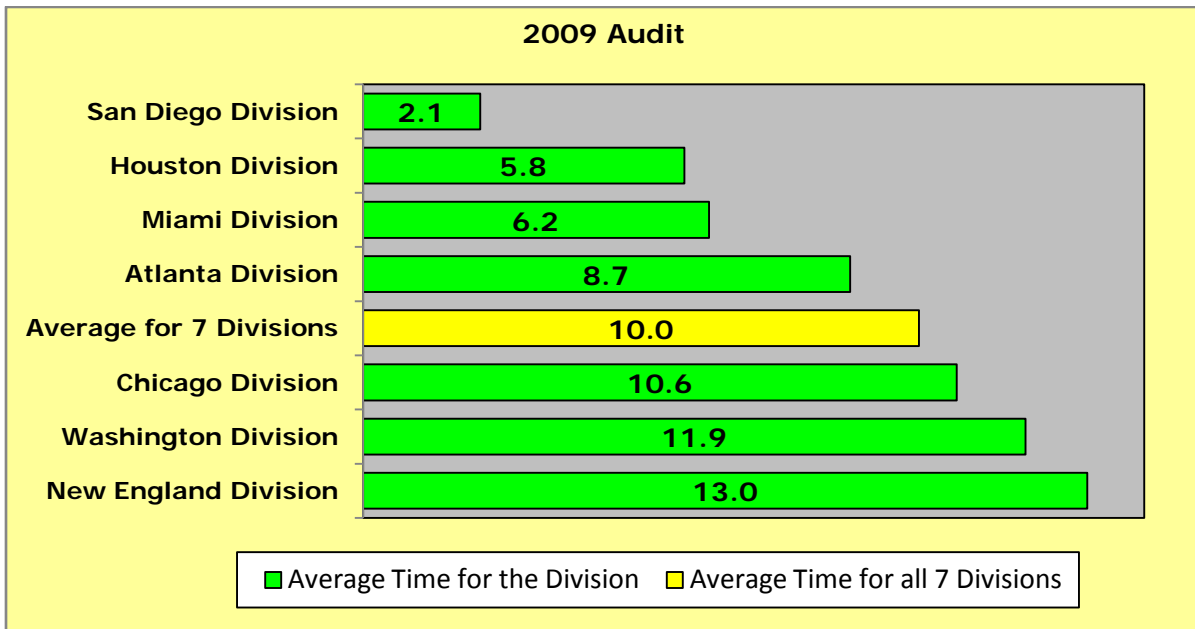
Source: OIG analysis of DEA records

Control 9: Average Number of Working Days from Seizure to Transfer of Cash to the USMS

Seized property must be transferred to the custody of the USMS within 15 working days of seizure. During our 2007 audit the DEA transferred seized cash to the USMS within an average of 10.6 working days. Exhibit 8 shows that during the 2009 audit the DEA transferred custody of seized cash to the USMS in an average of 10.0 working days from when the DEA acquired the currency. The DEA did not materially improve its timeliness since the 2007 audit because only 13 of the 29 offices we tested during the 2009 audit were using the Treasury system of cash deposits. Those 13 offices transferred custody of seized cash to the USMS within an average of 5.4 working days after the seizure. The 16 offices that did not use the Treasury system took an average of 13.7 working days. We believe that had all offices been using the Treasury system, the DEA would have made significant improvement in the timeliness of transferring custody of seized cash to the USMS.

¹⁵ In this exhibit and the exhibit that follows, we did not present our 2007 audit test results because we did not test the same seven divisions in that audit. Detailed test results are shown in Appendix 11 and Appendix 12.

Exhibit 8: Average Number of Working Days from Seizure to Transfer of Cash to the USMS



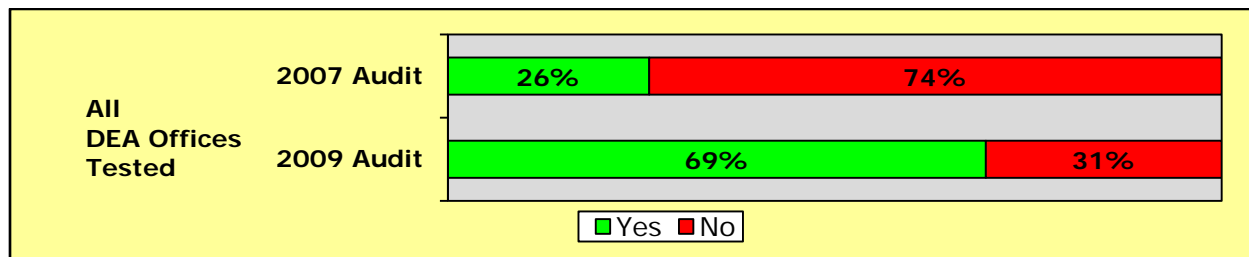
Source: OIG analysis of DEA records

Control 10: Transfer of Cash to the Evidence Custodian Using the Proper Chain of Custody Form

According to the DEA Agents Manual, DEA employees are required to document the transfer of any high-value item between agents and evidence custodians using various DEA forms. Exhibit 9 shows the DEA increased its rate of compliance with this control from 26 percent in the 2007 audit to 69 percent in the 2009 audit.¹⁶

¹⁶ Based on the 2009 amended cash-seizure documents, the DEA’s rate of compliance with the control requiring DEA employees to document the transfer of any high-value item using the proper form was also 69 percent.

**Exhibit 9: Transfer of Cash to the Evidence Custodian
Using the Proper Chain of Custody Form¹⁷**



Source: OIG analysis of DEA records

Overall, the DEA has shown significant improvement at following or documenting that it followed this control.

We also examined whether the DEA’s training program covered the problem areas we identified in our 2007 audit, whether agents and evidence custodians were familiar with newly revised policies and had attended the DEA’s mandatory training program. We found that the updated training appeared to cover the problem areas identified during the 2007 audit and most agents and evidence custodians were familiar with the new policies. In this audit we found that 56 percent of the evidence custodians we interviewed had attended the DEA’s mandatory training program. During our 2007 audit, only 22 percent of the evidence custodians had attended the training.

Conclusion and Recommendations

Our 2007 audit found that the DEA needed to strengthen some internal controls over seized cash and remind staff to follow or document that they had followed other controls. We made seven recommendations that, if implemented, could reduce the risk of loss or theft of seized cash.

¹⁷ “Yes” means documentation showed that the agents transferred the seized cash to the evidence custodian using a DEA-12 or other appropriate form. “No” means documentation showed that the agents transferred the seized cash to the evidence custodian without using a DEA-12 or other appropriate form. “Could not determine” means the documentation did not provide sufficient information to confirm whether agents transferred the seized cash to the evidence custodian using a DEA-12 or other appropriate form. Based on our statistically valid projected point estimates, the percentages reported in this analysis of the sampled items are within plus or minus 1 percent of what they would have been if the entire population had been tested. The percentages reported are within 95 percent of the confidence intervals of the projected point estimates. The detailed results for each office and division we tested are shown in Appendix 13.

Our 2009 audit found that the DEA implemented all but one of our 2007 audit recommendations. The DEA: (1) refined its policy for counting seized cash, (2) defined a timeframe for transporting seized cash to banks, (3) ensured that agents and evidence custodians involved in the cash seizure and handling process were properly trained, (4) reminded agents of the importance of having a witness present during all phases of the cash-seizure process, (5) instructed supervisors to ensure cash seizure activities are fully documented, and (6) updated its Office of Inspections checklist to test compliance with controls for safeguarding seized cash. The DEA did not completely implement our recommendation that it ensure seized cash is wire-transferred to the USMS whenever possible. The USMS told the DEA it had to participate in a Treasury program that used an armored car company to transfer custody of seized funds to the USMS. However, most DEA offices were not located near an armored car company facility and DEA offices that used the armored car company received poor service. DEA has taken steps to find other financial institutions that can provide better currency deposit services.

Our 2009 audit also found that the DEA improved at following or documenting that it followed controls for safeguarding seized cash but further improvements are needed. We tested 682 seizures at 7 divisions and 29 individual DEA offices to determine the DEA's rate of compliance with 10 key controls and found the DEA generally increased its rate of compliance with those controls. The DEA has had mixed results with using the Treasury system to count and deposit seized cash. Under the Treasury system, it took the DEA 0.1 more of a working day to transport seized cash to a bank or to an armored car company facility for an official count and only 0.6 less of a working day to transfer custody of seized cash to the USMS than it took during the 2007 audit. To implement our 2007 audit recommendation that the DEA ensure seized cash is wire-transferred to the USMS whenever possible, the DEA should identify other banks or financial institutions that can provide better service and use those banks or financial institutions as widely as possible.

Although the DEA made significant improvement since our 2007 audit in its controls for safeguarding seized cash, further improvement is needed. Given the volume of seized cash handled by the DEA, we are concerned that many agents still do not consistently follow or document that they followed appropriate controls. The DEA should establish a permanent system to monitor and achieve greater compliance with controls for protecting seized cash from loss or theft.

We also found that for 22 percent of seizures we tested, the DEA reviewed the cash-seizure files during our audit and added or changed the

record about the seizure, or the chain of custody of the seized cash. DEA officials told us in advance of our review of the case files that they prepared these additional documents, which did not appear to be back-dated, to better explain the handling and processing of the seized cash. However, the DEA did not identify and correct these deficiencies in the cash-seizure documentation until an average of more than 293 days after the date of the seizure. DEA staff responsible for supervising cash handling activities should conduct more timely and thorough reviews of the cash-seizure documents to ensure the documents are complete and accurate when they are first prepared. Not conducting complete and timely reviews of the cash-seizure files can lead to errors in the cash-seizure documentation that could negatively affect the outcome of the DEA's investigative cases.

Although the DEA made significant improvements in handling seized cash, it could make further improvements by ensuring DEA staff, including agents, evidence custodians, and supervisors who monitor the cash-seizure documentation, are properly trained to handle seized cash and ensure that the cash-seizure documentation is complete. In this report, we make the following recommendations to the DEA to further improve its handling of seized cash:

- Implement a policy that defines how quickly DEA supervisors should review case file documentation pertaining to cash seizures after its preparation.
- Implement a plan to ensure agents receive periodic training on internal controls for handling seized cash and preparing cash-seizure documentation. The training should include instruction on preparing complete and accurate DEA-6 forms and Reports of Investigation, and maintaining copies of all required documentation in the case files.
- Ensure all evidence custodians attend DEA's mandatory training program.
- Implement a plan to ensure all DEA staff who supervise cash handling activities receive periodic training on reviewing cash-seizure documentation, including DEA-6 forms and Reports of Investigation, to ensure they contain complete and accurate chain of custody information, including the identity of the agents or law enforcement officers present from the acquisition to the disposal of the seized cash.

- Design and implement a permanent system to monitor and improve compliance with each of the controls we tested.

We will continue to follow up on our 2007 audit recommendation that the DEA ensure seized cash is wire-transferred to the USMS whenever possible. To implement this recommendation, the DEA should identify banks and other financial institutions that can timely count and transfer custody of seized funds to the USMS by wire transfer or direct deposit and use those institutions whenever possible.

TABLE OF CONTENTS

INTRODUCTION	1
Background	1
Prior Audits, Inspections, and Reviews	4
General Accounting Office Report.....	4
Office of the Inspector General Reports	5
DEA's Office of Inspections Reports	6
DEA's Office of Professional Responsibility Case Reports.....	7
FINDINGS AND RECOMMENDATIONS	9
I. THE DEA IMPLEMENTED ALL BUT ONE OF OUR 2007 AUDIT RECOMMENDATIONS	9
2007 Audit Results	9
The DEA's Response to our 2007 Audit	9
Recommendation No. 1 – Define When to Count Seized Cash	10
Recommendation No. 2 – Timely Transfer Cash to Banks	10
Recommendation No. 3 – Wire-Transfer Cash to the USMS.....	12
Recommendation No. 4 – Remind Staff to Follow Controls	15
Recommendation No. 5 – Monitor Cash-Seizure Documentation.....	16
Recommendation No. 6 – Train Evidence Custodians	17
Recommendation No. 7 – Revise Inspection Procedures	17
Conclusion	18
Recommendations	18
II. THE DEA IMPROVED AT FOLLOWING CONTROLS FOR SEIZED CASH BUT FURTHER IMPROVEMENTS ARE NEEDED	20
The DEA's Internal Controls Over Cash Seizures	20
Controls to Safeguard Cash upon Seizure	21
Controls for Transferring Seized Cash to the Local DEA Office or to the Bank.....	22
Controls for Transferring Seized Cash to the USMS.....	23
Controls for Documenting Cash Seizure Activities	24
Changes to the Cash-Seizure Documentation.....	25
Conclusion about DEA's Controls over Cash Seizures	29
Implementation of Controls for Safeguarding Seized Cash	30
Initial Audit Testing (Phase I)	30
Additional Audit Testing (Phase II)	32
Results of Audit Testing	34

Conclusion.....	52
Recommendations.....	54
STATEMENT ON COMPLIANCE WITH LAWS AND REGULATIONS.....	56
ABBREVIATIONS	57
APPENDIX 1: Audit Objectives, Scope, and Methodology	58
APPENDIX 2: Statistical Sample Design	63
APPENDIX 3: Summary of 2009 Audit Test Results.....	65
APPENDIX 4: Presence of a Witnessing Agent or Officer when Cash was Discovered.....	66
APPENDIX 5: Agents Counted the Seized Cash.....	73
APPENDIX 6: Agents Provided a Receipt or Warrant to the Owner of the Seized Cash.....	80
APPENDIX 7: Presence of a Witnessing Agent of Officer at the Sealing of the Currency	87
APPENDIX 8: Presence of a Witnessing Law Enforcement Officer During Transport to the Bank or Other Financial Institution	94
APPENDIX 9: Presence of a Witness During Transport to the DEA	101
APPENDIX 10: Recording Seized Cash in the HVSRM Ledger.....	108
APPENDIX 11: Average Number of Working Days from Seizure to Transport to a Bank or Other Financial Institution	115
APPENDIX 12: Average Number of Working Days from Seizure to Transfer of the Funds to the USMS	116
APPENDIX 13: Transferring Seized Cash to the Evidence Custodian Using the Proper Chain of Custody Forms	117

APPENDIX 14: Amended DEA-6, Reports of Investigation.....	124
APPENDIX 15: Other Memoranda Added to the Case Files	139
APPENDIX 16: The Drug Enforcement Administration’s Response to the Draft Audit Report	147
APPENDIX 17: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Report	151

INTRODUCTION

Background

The Drug Enforcement Administration (DEA) enforces the controlled substances laws and regulations of the United States and investigates organizations and individuals involved in the growing, manufacture, or distribution of controlled substances.¹⁸ To ensure that criminal organizations and individuals do not benefit financially from their illegal acts, federal law provides that profits from drug-related crimes, as well as property used to facilitate certain crimes, are subject to forfeiture to the government. The DEA seized about \$420 million in cash from organizations and individuals involved in drug-related criminal activity during the 16-month period covered by our audit.¹⁹

While the DEA is the primary Department component involved in the forfeiture of cash seized during drug enforcement investigations, state and local law enforcement agencies also seize cash during their drug enforcement operations and may transfer seized cash to a federal agency, such as the DEA, for processing through the Department's Asset Forfeiture Program (AFP). When seizures are adopted and processed under federal forfeiture laws, the state or local law enforcement agency receives 80 percent of the amount seized, which must be used for law enforcement purposes. When processed under state laws, the seized funds sometimes go to the entity's general revenue fund and the state or local law enforcement agency may receive little or none of the seized funds. In adopted seizures, the state or local agency usually converts the seized cash to a cashier's check and transfers the cashier's check to the DEA. The DEA adopted about \$102 million from state and local law enforcement agencies during the 16-month period covered by our audit.

The DEA's policy is that its staff should promptly convert seized cash to a cashier's check and promptly transfer the cashier's checks, including those adopted from state or local agencies, to the United States Marshals Service (USMS). DEA offices that electronically transfer seized currency to the USMS should promptly arrange to have that currency counted and deposited directly into an account controlled by the USMS. The USMS serves as custodian of seized and forfeited assets.²⁰ The USMS also provides

¹⁸ A controlled substance is a drug which has been declared by federal or state law to be illegal for sale or use, but may be dispensed under a physician's prescription.

¹⁹ Our audit covered the period August 1, 2007, through November 24, 2008.

²⁰ 28 C.F.R. § 0.111(i) (1989).

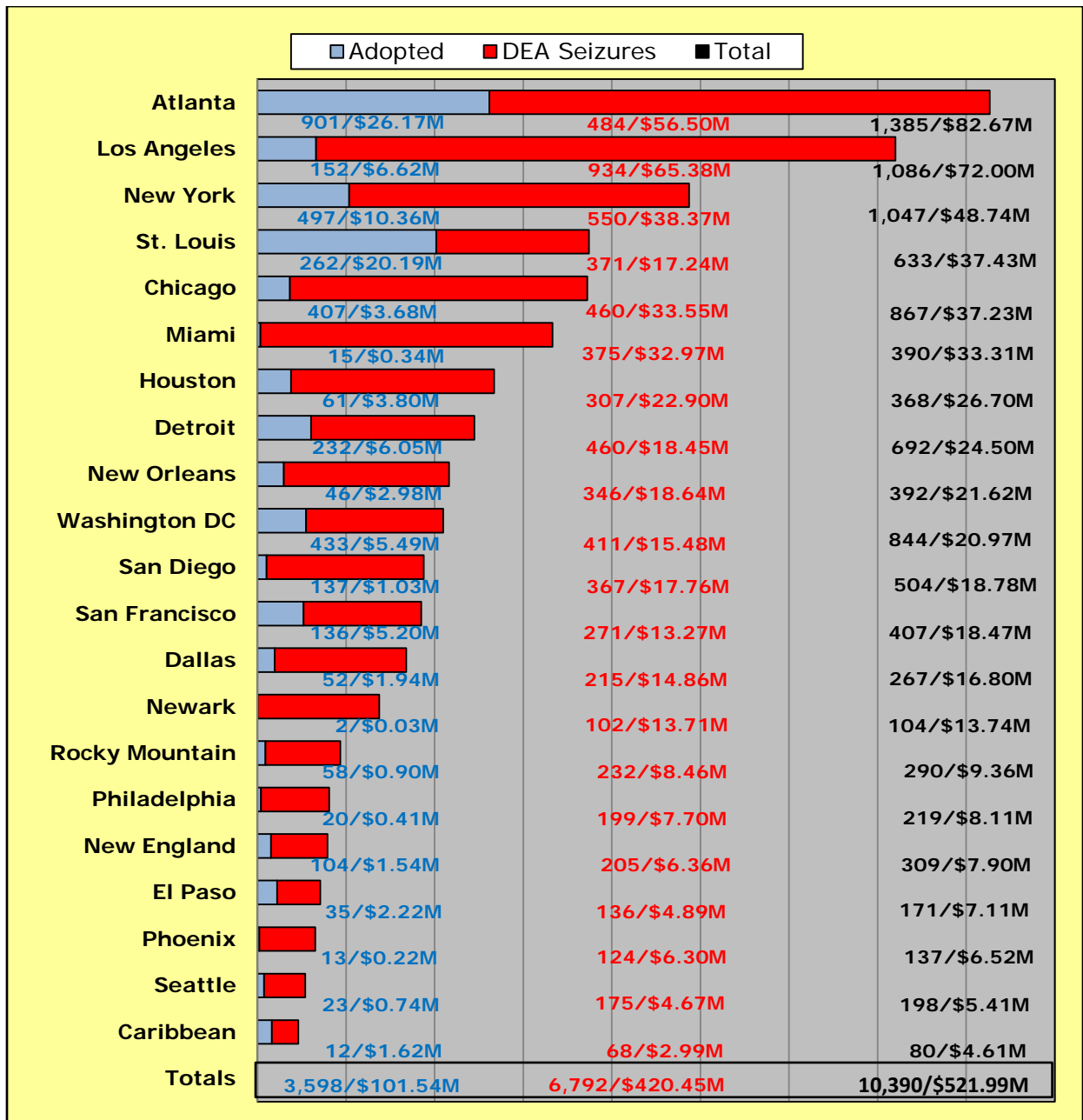
information and assistance to prosecutors to make decisions about assets targeted for forfeiture. To manage the disposal of seized cash or other seized assets that have been converted to cash, the USMS administers the Seized Asset Deposit Fund (SADF) and the Asset Forfeiture Fund (AFF).

The SADF serves as a repository for seized funds until the funds are either forfeited to the government or returned to the owner. Upon successful completion of forfeiture actions, the USMS transfers seized funds from the SADF to the AFF, where the funds can be used to cover expenditures in support of the AFP. Allowable uses include: (1) asset management expenses incurred in connection with the seizure, inventory, appraisal, packaging, movement, storage, maintenance, security, and disposition of the assets; (2) investigation and prosecution-related expenses; (3) payments of third party interests against the seized asset, including those incurred in the payment of valid liens, secured mortgages, and debts owed to qualified general creditors; (4) equitable sharing payments to state and local agencies that participated in the law enforcement effort resulting in forfeiture; and (5) other program management expenses such as supplies, equipment, rent, travel, and other services.

The Department uses an information technology system called the Consolidated Asset Tracking System (CATS) to track assets seized by federal law enforcement agencies or those seized by state or local law enforcement agencies and adopted by the DEA. For each item seized by the DEA and other Department components, CATS contains data on the seizing agency, date of seizure, value at seizure, current value, agency with custody of the asset, custody start and end dates, and disposition date.

As shown in Exhibit 10, the CATS data reflect that from August 1, 2007, through November 24, 2008, the DEA made or adopted 10,390 cash seizures totaling almost \$522 million.

**Exhibit 10: Number and Dollar Value of Cash Seizures
from August 1, 2007, through November 24, 2008
(in millions of dollars)²¹**



Source: Consolidated Asset Tracking System

²¹ This exhibit presents for each DEA division office the number and amount of DEA-adopted cash seizures (in blue), the number and amount of direct DEA-cash seizures (in red), and the number and amount of total cash seizures (numbers only in black). The totals may differ slightly from the sum of the adopted and direct DEA amounts due to rounding. All data shown is for the period August 1, 2007, through November 24, 2008.

Prior Audits, Inspections, and Reviews

General Accounting Office Report

In a November 1999 report, the General Accounting Office (GAO) reported on the DEA's controls over seized drugs and weapons.²² While the GAO did not examine controls over seized cash, it addressed related controls over other forms of evidence and reported problems very similar to those we identify in this report. The GAO found that the DEA had established numerous policies and procedures to control and safeguard drug and weapon evidence in its custody. However, the GAO concluded that based on its work at four division offices and laboratories and the results of the DEA's internal inspections performed from March 1996 through August 1998, specific actions were needed to strengthen accountability over and safeguarding of drug and weapon evidence. The GAO stated that such actions would help reduce the potential for theft, misuse, or loss of drug and weapon evidence and the risk of evidence being compromised for federal prosecution purposes while in DEA custody.

The GAO recommended that the DEA take appropriate steps to reinforce its adherence to existing DEA policies:

- requiring that two signatures be recorded on evidence labels prior to acceptance by laboratory and division office evidence custodians;
- maintaining complete and properly reviewed documentation in the laboratory seizure files; and
- maintaining complete and accurate information in logbooks.

In its comments on the GAO report, the DEA agreed that the accountability and safeguarding of evidence is of critical importance, but stated that the GAO did not emphasize the significant actions that the DEA had taken to ensure its policies and procedures were followed. However, the DEA stated that it would take the appropriate steps to reinforce its adherence to existing policies or to implement new policies as recommended by the GAO.

²² U.S. General Accounting Office, *Seized Drugs and Weapons: DEA Needs to Improve Certain Physical Safeguards and Strengthen Accountability*, AIMD-00-17 (November 1999). On July 7, 2004, the General Accounting Office was renamed the Government Accountability Office.

Office of the Inspector General Reports

In a January 2004 report that examined accountability for evidence held at DEA field divisions, the OIG reported that more than 4 years after the GAO's 1999 report, the DEA still had not corrected deficiencies including implementing program guidance, improving DEA headquarters support, or developing training.²³ Consequently, some DEA field division staff continued to handle and store evidence improperly. The OIG report focused on seized drugs and monies and found instances of evidence loss that could compromise federal prosecutions.

In January 2007, the OIG issued an audit report on the DEA's handling of seized cash.²⁴ The audit found the DEA had implemented comprehensive policies to protect seized currency from loss or theft, but in many cases it did not follow or document that it had followed those policies.

Documentation maintained in the investigative case files did not show that: (1) two law enforcement officers were present at various stages of the cash-handling process, (2) agents conducted an immediate count of the seized cash, (3) agents timely transported the seized cash to a bank for an official count, and (4) agents documented the acquisition and transfer of the seized cash on the appropriate forms. The report made seven recommendations that, if implemented, could improve the DEA's handling of seized cash. In response to those recommendations the DEA:

- reviewed and updated its training programs to ensure staff involved in the handling of cash seizures were properly trained;
- updated the Frequently Asked Questions section of its electronic library with new and updated policies for the handling of evidence including seized and recovered monies;
- required that newly appointed evidence custodians attend training on evidence handling procedures as soon as practical; and
- revised the procedures for handling and processing currency and other high-value items in the DEA Agents Manual, Section 6682,

²³ U.S. Department of Justice Office of the Inspector General, *Review of the Drug Enforcement Administration's Custodial Accountability for Evidence Held at Field Divisions*, Evaluations and Inspections Report I-2004-003 (January 2004).

²⁴ U.S. Department of Justice Office of the Inspector General, *The Drug Enforcement Administration's Handling of Cash Seizures*, Audit Report 07-06 (January 2007).

Currency and High-Value Items; and updated the Office of Inspections checklist used to test whether staff followed the DEA's policies for the handling and processing of seized cash.

This current audit is a follow-up audit to our 2007 audit. In Finding I of our current audit, we discuss in detail the corrective actions the DEA took in response to those recommendations. In Finding II, we discuss the results of our testing to determine whether those actions improved the DEA's handling of seized cash.

DEA's Office of Inspections Reports

The DEA Office of Inspections performs cyclical inspections of division field offices covering key program areas, including the handling of seized and recovered cash. The DEA issues inspection reports outlining inspection findings and requires division offices to take appropriate corrective actions. DEA division offices also conduct self-inspections of these program areas and issue written reports to DEA headquarters. In response to our request that the DEA provide us with the most recent cyclic and self-inspection report for each DEA division, the DEA gave us seven inspection reports covering the DEA divisions of Atlanta, Detroit, El Paso, Phoenix, San Diego, St. Louis, and Washington, D.C. These reports identified the following deficiencies related to the handling of seized and recovered cash:

- In a May 2008 review of the Atlanta Division, inspectors found one sub-office incorrectly recorded in the seized monies logbook the dates that state and local law enforcement agencies seized currency instead of the dates the DEA received the cashier's checks from the state or local agency. Inspectors also found that staff did not record some seizures in the seized monies logbook, did not document transfers of seized currency on the appropriate forms, improperly stored cashier's checks in desks rather than in a safe, and recorded incorrect dates on chain of custody documentation for seized cash. The report cited several offices that had improved their handling of seized and recovered monies since prior reviews.
- In an April 2007 review of the Detroit Division, inspectors found seizures were not recorded in a control ledger, quarterly audits were not being conducted or were conducted by persons who were not independent of the custodial function, chain of custody documents were missing witnesses signatures, and one evidence exhibit that went missing in July 2004 was never reported to the

DEA Office of Professional Responsibility as required by the DEA Planning and Inspection Manual.

- In a January 2008 review of the El Paso Division, inspectors found several case files in which the cash-seizure documentation was not detailed enough to denote an unimpeachable chain of custody, cashier's checks were not timely transferred to the evidence custodian, and one office did not have a separate ledger to record the receipt of high-value items such as seized currency.
- In a January 2008 review of the Phoenix Division, inspectors found 1 office had 3 evidence custodians that had not attended evidence training, 1 office had not regularly conducted quarterly inventories of seized and recovered monies, and 1 office had 11 seizures in which the chain of custody was not properly documented. The inspection report stated that the Tucson District Office had made significant improvements since a 2006 unannounced audit.
- In a September 2007 review of the San Diego Division, inspectors reported that the chain of custody of seized cash was not well documented in the case files and that two agents had not received formal training concerning their roles as evidence custodians. In a follow-up review in December 2007, inspectors reported that all money seizures made after September 2007 had complete chain of custody documentation.
- In an August 2008 review of the St. Louis Division, inspectors reviewed the documentation for 158 seizures at the St. Louis airport and could not establish a clear chain of custody for 10 of those seizures. Because of gaps in chain-of-custody documentation, the location of these cash seizures was not documented for 1 to 14 days.
- In a March 2007 review of the Washington Division, inspectors found that sub-offices did not complete chain of custody documentation, did not complete quarterly audits as required, and did not record seized and recovered monies in a control ledger.

DEA's Office of Professional Responsibility Case Reports

The DEA's Office of Professional Responsibility (OPR) receives allegations of misconduct by agents and other DEA personnel, including the mishandling of property such as seized cash. We requested that the DEA

provide us with documentation of all OPR investigations related to the handling of seized and recovered monies from January 1, 2007 through December 1, 2008. In response to our request, the DEA provided us with documentation from 44 OPR investigations involving the mishandling of seized and recovered monies.

We reviewed the 44 OPR investigative case files and noted that in 7 cases agents were found to have not properly handled, processed, or disposed of seized cash. The OPR investigations found that agents: (1) signed receipts for specific amounts of currency without verifying the amounts signed for were correct in three cases, (2) did not provide a receipt when transferring custody of the seized currency in four cases, and (3) did not seal the seized currency in an evidence bag or other container in four cases. Some of the cases involved multiple violations of DEA policies. In four of the seven cases, the responsible agents received a Letter of Caution for Failure to Follow Instructions. For the remaining three cases, the final investigative reports were sent to a Board of Professional Conduct in March 2008, April 2008, and May 2008, and as of June 24, 2009, disciplinary actions in those three cases were still pending.²⁵

This current audit is a follow-up audit to our 2007 audit. Next we discuss in detail the corrective actions the DEA took in response to our 2007 audit. In Finding II, we discuss whether those actions improved the DEA's handling of seized cash.

²⁵ A Board of Professional Conduct determines whether misconduct occurred and proposes disciplinary actions. A 2004 OIG review found the DEA experienced significant delays in processing OPR cases. U.S. Department of Justice Office of the Inspector General, *Review of the Drug Enforcement Administration's Disciplinary System*, Evaluation and Inspections Report I-2004-002 (January 2004).

FINDINGS AND RECOMMENDATIONS

I. THE DEA IMPLEMENTED ALL BUT ONE OF OUR 2007 AUDIT RECOMMENDATIONS

Our 2007 audit made seven recommendations to strengthen the DEA's controls and reduce the risk of loss or theft of seized cash. DEA implemented six of those recommendations. However, in response to the seventh recommendation, it did not complete actions needed to ensure seized cash is wire transferred to the USMS whenever possible.

2007 Audit Results

Our 2007 audit found that while the DEA had established internal control policies for safeguarding seized cash, some of those policies needed clarification and strengthening. The DEA needed to better define when seized cash was to be counted, how quickly the cash should be transported to a bank, and when agents should use wire transfers to transfer seized funds to the USMS. Moreover, our testing of the cash-seizure documentation at 29 DEA offices found that the DEA did not adequately follow many of its controls already in place regarding cash seizures. For most seizures we tested, documentation did not show that a witnessing agent or task force officer was present at critical stages of the cash-handling process, as required by the DEA Agents Manual (the Manual). Further, we found that agents and task force officers generally did not follow DEA requirements on when to count the seized currency; did not provide a receipt to the subject from whom the currency was taken; did not complete documents transferring custody of the currency to an evidence custodian; and did not record the receipt, transfer, or disposal of the currency in a temporary or permanent control ledger. We noted that following and documenting adherence to these important internal controls are critical to ensure that seized cash is properly safeguarded from loss, theft, or misuse.

The DEA's Response to our 2007 Audit

Our 2007 audit made seven recommendations to strengthen DEA's controls and reduce the risk of loss or theft of seized cash. Our recommendations and steps the DEA took to implement those recommendations are explained below.

Recommendation No. 1 – Define When to Count Seized Cash

We recommended that the DEA clarify its policy on counting seized cash and clearly define the circumstances under which it is and is not required to count cash at the time of seizure.

A senior DEA official told us that counting seized cash, especially large volumes of cash, consumes agent resources and can result in miscounts due to human error and counterfeit bills among the seized cash. Any differences between the agents' count of seized cash and an official count by bank personnel can result in accusations by the persons from whom the currency was seized and subject the agents to a DEA Office of Professional Responsibility investigation. Differences between the agents' count and the bank's count can also create legal problems for the DEA in prosecuting cases. Further, most banks have currency-counting machines that can quickly count large sums of cash, are sophisticated enough to detect high-quality counterfeit currency, and staff who are trained to operate that equipment.

For these reasons, in April 2007 the DEA changed its policy on counting seized cash by issuing a memorandum that cash should not be counted at the time of seizure. The memorandum reiterated the DEA's existing policy that: (1) seized currency is to be immediately placed in an evidence bag and transported by two law enforcement officers to the field office where it is to be secured or to the bank for an official count; (2) agents are to issue a Receipt for Cash or Other Items (DEA-12) indicating the "undetermined amount of currency pending official count" to the owner, or person asserting ownership, and request that this person sign the form; and (3) agents are to leave a copy of the DEA-12 receipt at the seizing location. The DEA made an exception to the policy so that cash will be counted when, during a joint investigation, the other agency requires that a count be conducted. Based on the steps the DEA took, we closed this recommendation.

Later in this report we discuss the results of our testing to determine whether agents followed the DEA's new policy that cash should not be counted at the time of seizure.

Recommendation No. 2 – Timely Transfer Cash to Banks

We recommended that the DEA research best practices associated with the timely transport of seized cash to banks, including those in several DEA

offices where the timely transfer of cash to banks occurs, and implement those practices as widely as possible.

In March 2008, the DEA surveyed 57 of its offices at 7 divisions and found the average time between seizure and an official count at a bank or other financial institution was 3.93 working days.²⁶ In May 2008, the DEA implemented a new policy requiring that currency be transported to a bank or other financial institution within 5 working days from the date the DEA acquired the currency.²⁷ In October 2008, the DEA conducted a follow-up survey at those same 57 offices and found the average time between seizure and an official count at a bank or other financial institution had risen to 4.17 working days. Exhibit 11 shows the results of the DEA's two surveys.

Exhibit 11: Average Number of Working Days Between Seizure and Transport to a Bank

Division	Average Number of Working Days	
	Quarter ended March 31, 2008	Quarter ended September 30, 2008
New Orleans Division	1.91	2.33
Houston Division	1.93	2.43
Miami Division	5.01	2.68
Detroit Division	1.57	3.19
New York Division	4.35	3.80
Washington Division	5.02	4.50
Los Angeles Division	6.40	8.12
Average for all Seizures Reviewed	3.93	4.17

Source: Internal DEA studies

The DEA's survey results showed that for the quarter ending on March 31, 2008, four of seven DEA divisions surveyed had timely transported seized cash to a bank within an average of 5 working days from the date of the seizure. For the quarter ending on September 30, 2008, six of seven DEA divisions had timely transported seized cash to a bank within

²⁶ The DEA surveyed the same seven divisions that we tested during our 2007 audit.

²⁷ In November 2008, the DEA incorporated the 5-working-day requirement into Agents Manual Section 6682.

an average of 5 working days from the date of the seizure. The survey reports explained that some divisions had difficulty in timely transporting the seized cash because: (1) banks restricted the DEA from making deposits on certain days, (2) the DEA did not always have sufficient staff to transport the currency, and (3) the DEA could not coordinate with the armored car company to count and deposit the seized currency.

Because the DEA defined a timeframe of 5 working days from the date law enforcement officers seized the cash to the date the cash is transported to a bank or other financial institution, this recommendation is now closed.²⁸ Later in this report we discuss the results of our testing as to whether DEA offices met this new timeframe.

Recommendation No. 3 – Wire-Transfer Cash to the USMS

We recommended that the DEA ensure seized cash is wire-transferred to the USMS whenever possible.

In 2006, the USMS required the DEA to participate in a Department of Treasury (Treasury) program designed to streamline all cash deposits by federal agencies. The Treasury awarded a contract to process government cash seizures to a major U.S. bank (the Bank) and the Bank subcontracted with an armored car company to count DEA cash seizures and deposit them into the Seized Assets Deposit Fund (SADF) controlled by the USMS.

Under the Treasury program, when the DEA seizes currency a supervisor should immediately notify the armored car company and, within 24 hours, DEA agents will transport the currency to an armored car company facility where company staff count the currency, prepare the deposit slip, and wire the funds to the Bank. The Bank then wires the funds to the USMS.

In the summer of 2006, the DEA initiated a 90-day pilot project to test the Treasury cash deposit program at its New York Division. According to a DEA headquarters official, the pilot project was successful and the DEA began implementing the program at other DEA offices across the country. However, the DEA experienced problems in implementing the Treasury program nationwide.

²⁸ The DEA implemented the 5-working-day policy in May 2008 and incorporated the policy into the Agents Manual in November 2008.

The first problem the DEA had in implementing the Treasury cash deposit program was that most DEA offices are not located near an armored car company facility. The DEA provided documentation showing that 166 of 268 DEA offices are located more than 30 miles from the nearest armored car money-counting facility.²⁹ Of the 166 offices, 72 are more than 100 miles from the nearest armored car company facility. The Treasury and the Bank promised the DEA they would identify other banks that would provide currency deposit services to those 166 DEA offices. The DEA followed up with the Treasury and the Bank on several occasions, but no new banks have been identified since the DEA implemented the program in 2006. The Treasury's most recent plan for implementing currency deposit services at additional locations is for the DEA to provide Treasury with a list of priority DEA offices, and Treasury will work with the Bank to implement currency deposit services at those locations.

Another problem the DEA had with the Treasury program pertains to how the Treasury and the Bank resolved miscounts by the armored car company. According to the Treasury, the only time a miscount occurs is when the Federal Reserve identifies counterfeit bills in the seized funds that were not detected by the armored car company. The DEA and the Treasury agreed the Federal Reserve would recount the funds and the Treasury would investigate any miscounts and provide the DEA with the results of the investigation and the correct amount of the deposit.³⁰ However, as discussed in the following paragraphs, the DEA experienced problems with the Treasury, Bank, and armored car company.

DEA offices that used the Treasury system reported that armored car company personnel made mistakes when they prepared bank deposit slips. In one example, the armored car company deposited \$99,980 more than it had recorded on the bank deposit slip. A Bank official believed the contract between the Bank and the Treasury allowed the Bank to retain ownership of the \$99,980. A preliminary investigation by the Treasury Office of the Inspector General in 2007 found problems with the terms and management of the contract. The Bank eventually agreed the money belonged to the DEA. In another example, the armored car company made a \$2,002 mistake on a bank deposit slip. The error was not discovered until the DEA reviewed the cash-seizure documentation and found the error. The

²⁹ A DEA official told us that when the armored car company is more than 30 miles from the DEA office, it takes agents more time to transport the seized currency and there is increased risk of loss or theft of the seized funds.

³⁰ To meet certain legal requirements, the DEA must advertise the amount of currency that was seized.

armored car company said it was aware of its mistake but had not notified the DEA. Other DEA offices also reported that the armored car company made mistakes when it prepared bank deposit slips.

DEA offices also reported that the armored car company's money counting machines were slow and not sophisticated enough to identify counterfeit bills. In one example, the armored car company's currency counting machines did not detect \$29,500 in high-quality counterfeit currency. When the Federal Reserve bank recounted the seized currency, its machines detected the counterfeit bills. The Bank gave the DEA credit for the full amount of the deposit because the Bank could not tie the counterfeit bills to a specific DEA deposit. Some DEA offices reported that agents sometimes spent hours at the armored car company facility because its cash counting machines were antiquated and took excessive time to count large numbers of bills.

DEA offices also had difficulty making appointments with the armored car company. Beginning May 21, 2008, the DEA's written policy required agents to transport seized currency to a bank or other financial institution for an official count within 5 working days from when the DEA acquired the currency. For offices that use currency deposit services, a DEA supervisor should notify the armored car company when a seizure occurs and the armored car company will count and deposit the seized currency within 24 hours. For each seizure, agents are required to document in the Report of Investigation the dates they contacted the bank or the armored car company. Our testing of cash seizures found that 6 of 13 offices using the armored car company took longer than 5 working days to count and deposit seized cash. We could not determine whether the DEA or the armored car company was responsible for the delays because the DEA generally did not document when it contacted the armored car company. A DEA headquarters official stated that all DEA offices using the Treasury system had difficulty in making appointments with the armored car company to count and deposit seized currency.

As of May 2009, 42 of 102 DEA offices that were within 30 miles of an armored car company facility were using the armored car company to count seized cash and deposit it into the SADF. A headquarters DEA official told us that because of the problems the DEA had with the Treasury system, the DEA had not made a substantial effort to establish currency deposit services at the other 60 offices.

In its plan to implement our 2007 audit recommendation, the DEA also said it would develop deposit slips that could be used to deposit seized funds

into the SADF. The DEA developed those deposit slips, and the armored car company now uses the slips to wire the seized currency. The plan for DEA offices not using an armored car counting facility is for those offices to open an account at a local bank and use standard deposit slips to deposit seized funds.

In summary, the DEA implemented currency deposit services at 42 of 268 DEA offices. It did not implement those services at 226 other offices because: (1) DEA offices that used the armored car company had problems in making appointments to count and deposit seized funds; (2) the armored car company frequently miscounted the seized currency and made errors when it prepared bank deposit slips; (3) the Treasury and the Bank did not find other banks to provide currency deposit services to those DEA offices that were more than 30 miles from an armored car company facility; and (4) the Treasury, the Bank, and the armored car company had not made sufficient progress in correcting these problems. A senior DEA official contacted the Treasury several times about these ongoing problems, but because the Treasury and the Bank had not responded to the DEA's concerns, the DEA proposed a direct-deposit program under Department of Justice control. To that end, some DEA offices have identified other banks that can provide more timely currency deposit services. Because the DEA is not using currency deposit services to achieve wire transfers whenever possible, this 2007 audit recommendation is still open. We will continue to follow up with the DEA to ensure it identifies banks and other financial institutions that can timely count and transfer seized funds to the USMS and uses those institutions whenever possible.

Recommendation No. 4 – Remind Staff to Follow Controls

We recommended that the DEA issue to all staff involved in cash seizure activities periodic reminders of the internal controls to be followed and documented, including: (1) documenting that another officer or agent witness the seizure of the cash, seal the cash in an evidence bag or container, transport the cash to the DEA office, and transport the cash to the bank; (2) documenting the rationale for not counting cash; (3) documenting the receipt provided to the suspect from whom cash was seized; (4) recording cash seized in the High Value Seized and Recorded Monies (HVS RM) ledger; and (5) documenting the transfer of cash to the evidence custodian on the proper form.

In August 2007, the DEA provided documentation showing it had revised its policies for handling seized cash and updated the Agents Manual Frequently Asked Questions (FAQ) on its internal website with those revised

policies. The DEA also incorporated into several training classes detailed instructions on the proper handling of cash seizures and the importance of having a second agent or officer present at various stages of the cash seizure and handling process. The updated Agents Manual FAQ and revised training program provide that agents should follow policies requiring that:

- seized currency not be counted at the time of seizure;
- the DEA-12, Receipt for Cash or Other Items, issued at the time the currency is seized indicate an undetermined amount of currency pending an official count;
- the DEA-12, Receipt for Cash or Other Items, be signed and witnessed by two law enforcement personnel;
- seized currency be sealed in an evidence envelope and transported to the DEA field office by two law enforcement officers where it will be held until it is processed as an evidence exhibit or transported to the bank for an official count;
- a Special Agent or Task Force officer and another witnessing agent or officer be present when processing or transporting seized cash in DEA custody; and
- every change in custody of seized currency be documented on a DEA-12, Receipt for Cash or Other Items.

In summary, the DEA took appropriate corrective actions and we closed this 2007 audit recommendation. Later in this report we discuss the results of our testing to determine whether these corrective actions improved the DEA's handling of seized cash.

Recommendation No. 5 – Monitor Cash-Seizure Documentation

We recommended that the DEA instruct DEA staff who supervise cash handling activities to monitor documentation such as the Report of Investigation (DEA-6), and other cash-handling forms completed by agents to ensure the forms are sufficiently detailed to show cash-handling controls are followed. We also recommend the DEA instruct the supervisors to ensure that the required forms are maintained in the case files.

To implement this recommendation, the DEA held a training class for supervisors that focused on monitoring all cash-seizure documentation to

ensure agents had documented the complete chain of custody, the presence of a witness at each phase of the cash-seizure process, that DEA staff completed the proper forms, recorded the seizures in a ledger, and maintained file copies of all associated documentation.

Based on the corrective actions the DEA took, we closed this 2007 audit recommendation. However, as discussed in Finding II, DEA supervisors did not ensure cash-seizure documentation was complete and accurate and maintained in the cash-seizure files.

Recommendation No. 6 – Train Evidence Custodians

We recommended the DEA identify all evidence custodians who have not attended the DEA's comprehensive classroom training course, which includes training on cash-handling controls and ensure these custodians receive the appropriate training.

To implement this recommendation, the DEA revised Agents Manual Section 6681.12 to require that the Special Agent in Charge of each division ensure the evidence custodians attend DEA's training program as soon as practical. Based on the steps the DEA took, we closed this 2007 audit recommendation.

Recommendation No. 7 – Revise Inspection Procedures

We recommended that after the DEA clarifies its policy on counting cash and implements best practices for timely transferring cash to banks, it ensure that inspection procedures are revised to include steps to measure implementation of the controls, established for counting cash and for transporting seized cash to the bank in a timely manner.

In April 2007, the DEA implemented new policies that agents should not immediately count seized currency at the time of the seizure. In May 2008, the DEA implemented a new policy that seized currency should be transported to a bank within 5 working days. In January 2009, the DEA revised its Office of Inspections checklist by including procedures to test whether agents followed those policies. Based on the steps the DEA took, we closed this 2007 audit recommendation. Because the DEA did not provide us the updated Office of Inspection checklist until after we completed our audit testing, we could not determine whether the DEA used the checklist to test compliance with the new policies pertaining to counting and transporting the seized cash.

Conclusion

Our 2007 audit made seven recommendations that, if implemented, could improve the DEA's handling of seized cash. The DEA took appropriate corrective actions to implement six of those recommendations. The DEA: (1) clarified its policy on counting seized cash by issuing a policy that seized cash should not be counted at the time of seizure; (2) defined a timeframe for transporting seized cash to banks; (3) reminded staff that they need to follow, and document that they followed, internal controls related to seized cash; (4) held a training class for supervisors on documenting cash seizure activities; (5) ensured that evidence custodians were properly trained to process and handle seized cash; and (6) revised its Office of Inspections checklist to test whether agents followed DEA policies for counting and transporting seized cash.

The DEA did not completely implement our 2007 audit recommendation that it ensure seized cash is wire-transferred to the USMS whenever possible. In 2006, the DEA began participating in a Treasury program to streamline cash deposits by federal agencies. Under that program the DEA notifies an armored car company when it has made a seizure and, within 24 hours, the armored car company counts and wire-transfers the seized cash to a bank, which then wires the funds to the USMS. However, 166 of 268 DEA offices were located more than 30 miles from the nearest armored car facility.³¹ The Treasury and the bank agreed it would find other banks to provide currency deposit services to those offices but as of July 2009, they had not done so. All DEA offices that used the armored car company reported problems in scheduling appointments with the armored car company, as well as frequently miscounted seized cash. A senior DEA official proposed a currency deposit program under Department of Justice control. To that end, some DEA offices have identified other financial institutions that can count and deposit the DEA's seized cash more timely.

Recommendations

The DEA implemented six of seven of our 2007 audit recommendations. The DEA did not completely implement our recommendation that it ensure seized cash is wire-transferred to the USMS whenever possible. We make no recommendations for Finding I. However, we will continue to follow up with the DEA to ensure it implements our

³¹ When DEA offices are more than 30 miles from an armored car company facility, there is increased risk of loss or theft of seized cash.

2007 audit recommendation that it wire transfers seized funds to the USMS whenever possible. The DEA should seek banks and other financial institutions that can provide timely currency deposit services, including counting and transferring custody of seized funds to the USMS by wire-transfer or direct deposit.

II. THE DEA IMPROVED AT FOLLOWING CONTROLS FOR SEIZED CASH BUT FURTHER IMPROVEMENTS ARE NEEDED

The DEA has made progress in safeguarding seized cash from loss or theft, but supervisors need to do a better job of reviewing the cash-seizure documentation. The cash-seizure documentation showed that since the 2007 audit the DEA more often: (1) had a witness present at each phase of the cash-seizure process, (2) issued a receipt or warrant for the seized cash, (3) followed the appropriate policy for counting the seized cash, (4) transferred control of the seized cash to the evidence custodian using the proper form, (5) recorded the seized funds in a control ledger, and (6) transferred control of the seized funds to the USMS within 15 working days. The DEA took slightly longer to transport seized cash to a bank or other institution for an official count than it took during the 2007 audit, which we attribute to the DEA's required participation in a Treasury program designed to streamline cash deposits by federal agencies. In addition, the DEA did not identify and correct deficiencies in many cash-seizure documents until we began our audit. The DEA needs to make further improvements at following and documenting that it followed internal controls for safeguarding seized cash and must ensure that supervisors conduct a more thorough and timely review of the cash-seizure documentation.

The DEA's Internal Controls Over Cash Seizures

Our 2007 audit found the DEA had developed comprehensive internal control policies to safeguard cash during seizure and during transfer to the local DEA office or to the bank and to safeguard the cashier's checks until transfer to the USMS. However, these controls were not always followed. We recommended the DEA strengthen some of these controls and also remind staff they should follow and document that they had followed these policies. In the discussion that follows, we describe each control, present our 2007 and 2009 testing of the DEA's compliance with these controls, and determine whether the DEA has improved since our 2007 audit.

Controls to Safeguard Cash upon Seizure

Section 6682 of the DEA Agents Manual describes multiple controls to safeguard cash during seizure. Except as noted, these controls were in effect during both the 2007 and 2009 audits.³²

Upon locating currency, the locating agent must immediately summon a second agent or law enforcement officer to serve as a witness. A witness must be present when seized cash is sealed in an evidence envelope and when the cash is transported to the local DEA office or to the bank or other financial institution for an official count. The Agents Manual further requires that seized currency be sealed in an evidence envelope in the presence of the person from whom the currency was seized, providing the person does not present a threat to the law enforcement officers.

During the 2007 audit, the Agents Manual required agents to count seized currency if it was "practical" to do so. We recommended the DEA clarify its policy on when seized cash should be counted. During the 2009 audit, the DEA's policy was that agents should not count the seized cash except during a joint investigation with another law enforcement agency where the other agency's policy requires that a count be conducted.

During the 2007 audit, the Agents Manual required agents to issue a Form DEA-12 to the person from whom the currency was seized showing the amount seized or that "an undetermined amount of U.S. currency pending an official count" was seized.³³ When currency is seized as the result of a seizure warrant, law enforcement officers are not required to issue a DEA-12.³⁴ Instead, the officers must provide the person from whom the items were seized with a copy of the warrant and a list of the items seized, or leave a copy of the warrant and the list of items seized at the seizure location if the person from whom the items were seized is not present.

³² Our 2007 audit covered the period October 1, 2003, through November 3, 2005. Our 2009 audit covered the period August 1, 2007, through November 24, 2008.

³³ The DEA-12, Receipt for Cash or Other Items, is a multi-purpose form used to document the following actions: (1) providing a receipt to the owner, or person claiming ownership, of property that is seized; (2) documenting the return of property held less than 5 working days; (3) placing non-drug evidence into temporary custody; and (4) recording the short-term transfer of non-drug evidence exhibits between agents and evidence custodians or other law enforcement personnel for production in court.

³⁴ A seizure warrant is a written order by the court authorizing the search or seizure of property.

During the 2009 audit, the DEA's policy directed that seized cash should not be counted at the time of seizure and the DEA-12 or warrant should indicate that "an undetermined amount of U.S. currency pending an official count" was seized. For the 2009 audit, if currency was counted to comply with another law enforcement agency's policy, the amount seized should have been recorded on the DEA-12 with the words "pending official count."

When cash is seized, the seizing agent is required to prepare, within 10 working days, a Form DEA-6, to document the events surrounding the seizure. According to the DEA Agents Manual, the DEA-6 should record details about the acquisition of any high-value item worth more than \$1,000 and should include details of the seizure and a description of the articles, exhibit numbers, and chain of custody information for each item of evidence.

The DEA Agents Manual also required the DEA evidence custodians to document the receipt, transfer, and disposition of any high-value item in a HVSRM ledger book.

Controls for Transferring Seized Cash to the Local DEA Office or to the Bank

The DEA also established controls in the DEA Agents Manual to safeguard seized cash during its transfer to the local DEA office or bank. When the seized cash is taken to the local DEA office during regular duty hours, the agent or task force officer is to release custody of the seized cash to the DEA evidence custodian using a DEA-12; Acquisition of Non-drug Property form (DEA 7-a); or Standard Seizure Form (SSF).³⁵ After regular duty hours, the agent is to place the cash in temporary overnight storage using the appropriate transferring document and make an entry in the temporary overnight ledger.³⁶ Copies of the DEA-6, DEA-7a, DEA-12, and SSF should be maintained in the case files as part of the chain-of-custody records.

During our 2007 audit, Section 6682 of the DEA Agents Manual stated that seized currency not retained as evidence had to be transported to a

³⁵ The SSF is a five-page form that includes case and asset information, names and addresses of potential claimants, and other details such as probable cause and chain of custody information.

³⁶ According to the DEA Agents Manual, temporary storage refers to a safe, locker, or other secure place. Many DEA offices have bank-style night-drops or similar facilities for overnight temporary storage of high-value items such as currency. Agents are not permitted to store seized currency in locked desks, unoccupied vehicles, or hotel rooms.

bank or other financial institution as soon as arrangements could be made with the bank. We recommended the DEA research best practices associated with timely transport of cash to banks and implement those practices as widely as possible. In September 2007 the DEA issued a new policy that agents had 2 business days to make arrangements with a bank or other financial institution to count the seized currency. In May 2008 the DEA issued another new policy requiring that seized currency be transported to a bank as soon as possible by two law enforcement officers to obtain an official count, but not to exceed 5 working days from the date the DEA acquired the currency.

Our 2009 audit found that the DEA took an average of 3.3 working days to transport seized cash to a bank or other financial institution, which is within the 5-working-day requirement the DEA established in May 2008. During the 2007 audit, the DEA took 3.2 working days to transport seized cash to a bank. Later in this report and in Appendix 11 we present our assessment of the time taken by 7 DEA divisions and 29 individual DEA offices to transport cash to a bank or other financial institution.

Controls for Transferring Seized Cash to the USMS

The Attorney General's Guidelines on Seized and Forfeited Property provide that seized cash, except when held as evidence, is to be deposited promptly into the SADF.³⁷ Transfers of cash to the USMS must be completed within 60 days of seizure or 10 days of indictment. However, Section 6654 of the DEA Agents Manual requires that seized cash be transferred to the USMS within 15 working days of seizure. This control was in effect during both the 2007 and 2009 audits.

As discussed later in this report and as detailed in Appendix 12, on average, DEA offices complied with the 15-day requirement. However, the San Diego Division had an average transfer time of 2.1 working days as compared with 5.8 to 13.0 working days for the other six divisions. We attribute the quicker transfer time by the San Diego Division to its use of an armored car company to count and deposit seized cash directly into an account controlled by the USMS. As we discuss later in this report, offices that used an armored car company to count and deposit seized cash took longer to transport seized cash to the armored car company for an official count but took less time to transfer custody of the seized funds to the USMS than offices that did not use the armored car company. We believe the DEA

³⁷ United States Attorneys Manual, Chapter 9-118, *The Attorney General's Guidelines on Seized and Forfeited Property*, July 31, 1990.

could continue to strengthen the control for transferring cash to the USMS by implementing currency-deposit services at other DEA offices. Banks also provide those services by counting and transferring custody of seized cash to the USMS using a wire transfer or direct deposit process. We will continue to follow up with the DEA on our 2007 audit recommendation that it ensure seized cash is wire transferred to the USMS whenever possible.

Controls for Documenting Cash Seizure Activities

The DEA uses various forms to document the acquisition, transfer, and disposal of any high-value item, including seized currency. According to the DEA Agents Manual, the details of the seizure and handling, including the chain of custody of any high-value item, must be fully reported on a DEA-6 within 10 working days from the date of seizure. The DEA-6 must include:

- a particular description of the article that was seized and an exhibit number;
- the chain of custody of the seized cash from the time agents seize the currency until it is submitted to the evidence custodian;
- the identity of the agents, task force officers, and evidence custodians involved in the seizure, transport, and custody of the seized funds;
- details of the opening and resealing of any currency exhibits; and
- the date agents made an appointment to count the currency and the date the currency was counted.

According to the DEA Agents Manual, if agents find a mistake in a DEA-6, the responsible agent has 5 working days from when the mistake was discovered to prepare an amended DEA-6.

The Agents Manual also requires agents to document in a memorandum to the case file other events related to the seizure and handling of the seized cash. For example, the DEA must document the reasons why two agents were not involved in transporting the seized cash or why agents did not adhere to the 5-working-day rule for transporting seized cash to a bank or other financial institution for an official count. The DEA Office of Inspections reviews the cash-seizure documentation during periodic inspections and the offices being reviewed prepare amended DEA-6s to correct any deficiencies that were identified. However the DEA did not

always timely document, in the cash-seizure documentation, the details of the seizure, including details of the chain of custody of the seized cash.

Changes to the Cash-Seizure Documentation

At the start of our 2009 audit DEA, officials told us they had reviewed the investigative case files and amended the DEA-6, Reports of Investigation, and prepared other memoranda to better explain the handling and processing of the seized cash in anticipation of our audit. The DEA did not have a policy specifying how quickly case file documents should be reviewed by a supervisor after they are prepared by an agent. Because of the timing of changes made, we were concerned about the reliability of the amended documents. We reviewed the amended DEA-6s and memoranda to determine when and why the DEA amended the cash-seizure files. None of the additional documents created in anticipation of our audit appeared to have been back-dated.

We found that for 107 of 682 (about 16 percent) seizures in our sample, the DEA prepared 118 amended DEA-6s that added or changed information related to the seizure or to the chain of custody of the seized cash.³⁸ Details of the amended DEA-6s are presented in Appendix 14. Of the 118 amended DEA-6s, 85 added the names of the law enforcement officers present at the discovery, sealing, or transporting of the seized cash. We reviewed these amended DEA-6s to determine when the DEA had identified and corrected these deficiencies in the cash-seizure documentation.

Exhibit 12 shows that of the 118 amended DEA-6s, 28 (24 percent) were prepared before our audit and 90 (76 percent) were prepared during our audit.³⁹ For the amended DEA-6s prepared during our audit, it took the DEA an average of 294 days after the date of the seizure to identify and correct deficiencies in the cash-seizure documentation. For one seizure at the Indianapolis District Office, it took the DEA 548 days after the date of the seizure to document the agents involved in handling the seized cash.

³⁸ Some seizures had more than one amended DEA-6. At 8 of 29 DEA offices we tested, we saw no amended DEA-6s or other memoranda prepared during our audit. At the Charleston Resident Office, an official told us he instructed his staff not to make changes to the cash-seizure files for our audit.

³⁹ We could not determine whether the DEA prepared the amended DEA-6s within 5 working days of the date an agent discovered an error in a DEA-6 because we did not find those dates recorded in the cash-seizure documentation.

Exhibit 12: Analysis of Amended DEA-6s

When Prepared	Number of DEA-6s Prepared Before the Audit	Number of DEA-6s Prepared During the Audit	Total Amended DEA-6s
0 to 30 days after seizure	21	2	23
31 to 90 days after seizure	3	5	8
more than 90 days after seizure	4	83	87
Total	28	90	118

Source: OIG analysis of DEA documents

Below are examples of changes the DEA made to the DEA-6s pertaining to the seizure or the chain of custody of the seized cash.

- One cash-seizure file we reviewed at the Atlanta Division Office had three DEA-6s. Both the initial DEA-6 dated August 2007 and an amended DEA-6 dated February 2008 stated that agent "A" had custody of \$1,045 in seized currency and agent "B" was a witness. A December 2008 amended DEA-6 stated that agent "B" had custody of \$1,005 in seized currency and that agents "C" and "D" were witnesses. Agents prepared the December 2008 amended DEA-6 more than 15 months after the date of the seizure. Agents prepared the February 2008 amended DEA-6 after DEA inspectors found the initial DEA-6 did not contain all the required information.
- One cash-seizure file we reviewed at the Orlando District Office had three DEA-6s. The initial DEA-6 dated August 2007 stated that agents seized \$23,000. An amended DEA-6 dated January 2009 stated that agents seized \$91,660. Another amended DEA-6 dated February 2009 stated that agents seized \$23,000. The DEA prepared the most recent DEA-6 more than 17 months after the seizure.
- One cash-seizure file we reviewed at the Chicago Division Office had three DEA-6s. The DEA prepared the initial DEA-6 in August 2008. During our February 2009 audit work at the Chicago

Division, the DEA prepared an amended DEA-6 to identify the agents who transported the seized cash to the DEA and then to the armored car company for an official count. Also during our February 2009 audit, the DEA prepared another amended DEA-6 explaining that the names of the agents recorded on another cash-seizure document were incorrect. The DEA prepared the amended DEA-6s 6 months after it prepared the initial DEA-6s.

- One cash-seizure file we reviewed at the San Diego Division Office had two DEA-6s. The initial DEA-6 dated February 4, 2008, stated that agents seized the currency on January 23, 2008. An amended DEA-6 dated January 16, 2009, stated that agents seized the currency on January 31, 2008. The DEA prepared the amended DEA-6 almost a year after the date of the seizure.

We asked officials at these DEA offices how they determined the details needed to prepare the amended DEA-6s. An Assistant Special Agent in Charge at the Atlanta Division Office told us that agents and task force officers involved in those seizures met and discussed the case and then wrote the amended reports. That official also told us that agents generally only keep case notes when they conduct interviews and no notes were kept for the seizures we reviewed. A Group Supervisor at the Orlando District Office told us agents used signed DEA-12s and deposit slips to make the appropriate corrections to the DEA-6s. An official from the Indianapolis Resident Office told us he instructed his agents to document the chain of custody as best they could from memory. A supervisor at the San Diego Division Office told us the information for the amended DEA-6s could come from case notes, agents' memory, or from other documents in the case files.

We also found that for 44 of 682 (about 6 percent) seizures we tested, the DEA prepared memoranda that added or changed information about the seizure or the chain of custody of the seized cash. Exhibit 13 shows that of the 44 memoranda, 41 (93 percent) were prepared during our audit. For the memoranda prepared during our audit, it took the DEA an average of more than 276 days after the date of the seizure to identify and correct these deficiencies in the cash-seizure documentation. Details of the memoranda we reviewed are presented in Appendix 15.

**Exhibit 13: Analysis of Memoranda
Added to the Cash-Seizure Files**

When Prepared	Number of Memoranda Prepared Before the Audit	Number of Memoranda Prepared During the Audit	Total Memoranda
0 to 30 days after seizure	2	0	2
31 to 90 days after seizure	0	0	0
more than 90 days after seizure	1	41	42
Total	3	41	44

Source: OIG analysis of DEA documents

These are some examples of memoranda that added or changed information related to the cash seizure.

- One seizure at the Miami Division Office contained a memorandum that adds the names of agents who transported the seized cash to the armored car company for an official count. The memorandum is dated 518 days after the seizure.
- Four seizures at the Tampa District Office contained memoranda that added the names of officers present at various stages of the cash-handling process. The memoranda are dated from 94 to 447 days after the seizure.
- One seizure at the Laredo Resident Office contained a memorandum that corrected the date the DEA transferred custody of the seized asset to the USMS. The DEA did not identify and correct the error until our audit work at that office, which was 121 days after the date of the seizure.
- One seizure at the Baltimore District Office contained a memorandum explaining that a witnessing agent was present during various cash handling activities, but the memorandum did not name the witnessing agent. The memorandum is dated 350 days after the seizure.

We asked DEA officials at these offices how they determined to add the information discussed in the memoranda to the case file. Supervisors from three of these offices told us they reviewed the cash-seizure files and when they noted discrepancies they prepared a memorandum. These supervisors did not provide the source of the information in the memoranda. As of June 26, 2009, the official from the Miami Division Office had not responded to our question.

In summary, during our audit the DEA prepared 90 amended DEA-6s and 41 memoranda that added or changed information about the seizure or the chain of custody of the seized cash. Because it took the DEA an average of more than 276 days to identify and correct these deficiencies and because of uncertainty about the source of the information used to make the corrections, we are also concerned about the accuracy of the amendments. Consequently, in the next section of this report we compare our audit test results based on the cash-seizure documents prepared before our audit with those prepared during our audit.

Conclusion about DEA's Controls over Cash Seizures

The DEA has implemented internal control policies to safeguard seized cash, but we believe the following improvements are needed.

- The DEA should identify best practices associated with the timely transport of seized cash and implement those practices as widely as possible.
- The DEA should implement currency deposit services, such as having the armored car company or banks and other financial institutions count and deposit or wire transfer the funds to the USMS, wherever possible.
- The DEA should ensure that agents fully document the details of the cash seizures, including the details of the chain of custody, in the cash-seizure files and that supervisory agents should timely review those files and, if needed, timely amend the cash-seizure documents.
- The DEA should require supervisory agents to review the cash-seizure documentation for completeness and accuracy within a reasonable period of time after its preparation.

Next we present the details of our testing to determine the DEA's compliance with controls over cash seizures.

Implementation of Controls for Safeguarding Seized Cash

Our 2007 audit found that while the DEA had established internal control policies for safeguarding seized cash, some of those controls were not adequately implemented. We recommended the DEA clarify and strengthen some of those policies. In Finding I, we discuss whether the DEA took appropriate corrective actions to implement those recommendations. In the following sections we discuss the results of our testing to determine whether those corrective actions resulted in improved handling of seized cash.

Initial Audit Testing (Phase I)

The database of cash seizures for our audit period included 10,390 adopted and non-adopted seizures from 21 DEA field divisions. For this audit we only considered 6,701 non-adopted seizures at 169 DEA offices within 21 field divisions. For our initial audit testing we selected a statistical sample of 116 cash seizures valued at \$35,298,680 from the division's universe of 484 cash seizures valued at \$56,504,062, from 1 of 7 divisions.⁴⁰ The 116 cash seizures sampled were handled by 4 Atlanta Division offices (Atlanta Division Office, Raleigh Resident Office, Greensboro Resident Office, and Memphis Resident Office). Our tested sample included mostly non-adopted seizures made by the DEA and seizures from both open and closed investigative cases.⁴¹

For each of the seizures sampled, we interviewed DEA officials and reviewed documentation from case files to determine the following:

- Were two agents present when the cash was discovered?
- Did the agents or officers count the cash?

⁴⁰ During our 2007 audit we tested seven DEA divisions, but we excluded the Atlanta Division from testing because of an ongoing investigative case in that division where an agent was accused of stealing seized cash.

⁴¹ Some seizures we selected for testing were seized by state and local law enforcement agencies, but were included in our sample as seizures made by the DEA because they had not yet been adopted by the DEA for processing under federal forfeiture laws and coded as such in the CATS database.

- Did the agents issue a DEA-12 receipt to the person claiming ownership of the currency or, if the cash was seized under a warrant, did the agents leave a copy of the warrant on the premises?
- Were two agents present when the cash was sealed in an evidence container, transported to the local DEA office, and transported to the bank?
- Did the agents or officers complete the proper chain of custody documents when transferring custody of the cash to the evidence custodian?
- Were the chain of custody documents signed and witnessed by two law enforcement officers?
- Did the evidence custodians record the receipt and disposition of cash and cashier's checks in the HVSRM Ledger?
- How long did it take the agents or officers to transport the cash to a bank or other financial institution for an official count?
- Did the DEA transfer custody of seized cash to the USMS within 15 working days of seizure?

Our preliminary testing indicated that the Atlanta Division generally transported seized currency to the bank or other financial institution for an official count and transferred custody of the seized funds to the USMS in a timely manner. However, the division did not always follow or maintain documentation to show that:

- agents followed the DEA's policy that seized cash should not be counted;
- agents issued a DEA-12 receipt to the owner of seized cash or left a copy of the seizure warrant on the premises;
- two agents were present when cash was sealed in an evidence bag or other container, transported to the DEA office, and transported to the bank;
- seized and recovered cash was recorded in a control ledger;

- chain of custody records were maintained to document the custody of the cash from seizure until the cash was taken to the bank; and
- the DEA-6, included sufficient details concerning the seizure and handling of cash such as the names of the two agents involved in the discovery, counting, sealing, and transporting of the currency.

Additional Audit Testing (Phase II)

In addition to our initial testing in the Atlanta Division, we also tested 566 cash seizures totaling \$69,538,990 at 25 DEA offices within 6 additional DEA divisions. Our sample design included three divisions tested during our 2007 audit and three divisions that were not tested during that audit. We selected the Houston, Miami, and Washington Divisions because those Divisions had low rates of compliance with internal controls during our 2007 audit. We selected the New England, Chicago, and San Diego Divisions to provide broad geographic coverage of audit testing.⁴² Within each of the divisions we tested, we selected cash seizures using statistical sampling techniques to be representative of all cash seizures from the universe of seizures made by those divisions. The statistical sample design we used is presented in Appendix 2. The number and dollar value of seizures we tested at each DEA office and division are shown in Exhibit 14.

⁴² The overall universe of adopted and non-adopted seizures was 10,390 seizures valued at \$522 million. Our statistical sample was derived from a sample universe of 6,701 non-adopted seizures valued at \$408,519,428. From those non-adopted seizures we selected a statistical sample of 683 seizures valued at \$104,875,919. We only tested 682 seizures valued at \$104,837,670 because 1 seizure valued at \$38,250 was a duplicate record.

Exhibit 14: Number and Dollar Value of Cash Seizures Tested⁴³

Division/Office	Number of Seizures	Dollar Value of Seizures
Atlanta Division		
Atlanta Division Office	40	\$32,726,512
Raleigh Resident Office	22	\$1,026,830
Greensboro Resident Office	15	\$489,967
Memphis Resident Office	39	\$1,055,371
Total	116	\$35,298,680
Chicago Division		
Chicago Division Office	50	\$16,278,072
Indianapolis District Office	35	\$1,375,511
Minneapolis-St. Paul District Office	34	\$1,386,227
Total	119	\$19,039,810
Houston Division		
Houston Division Office	27	\$5,948,870
San Antonio District Office	26	\$453,135
Austin Resident Office	5	\$2,905,491
Beaumont Resident Office	4	\$417,121
Laredo Resident Office	17	\$3,495,126
Total	79	\$13,219,743
Miami Division		
Miami Division Office	30	\$7,958,089
Orlando District Office	15	\$1,232,680
Tampa District Office	21	\$1,107,149
Gainesville Resident Office	15	\$1,585,752
Jacksonville District Office	15	\$592,521
Total	96	\$12,476,191
New England Division		
Boston Division Office	31	\$1,482,154
New Bedford Resident Office	3	\$433,649
Providence Resident Office	16	\$164,992
Burlington Resident Office	20	\$652,428
Total	70	\$2,733,223
San Diego Division		
San Diego Division Office	40	\$908,423
Imperial County District Office	26	\$11,069,554
Carlsbad Resident Office	21	\$1,998,191
San Ysidro Resident Office	9	\$282,003
Total	96	\$14,258,171
Washington Division		
Washington Division Office	30	\$521,822
Baltimore District Office	41	\$6,871,701
Charleston Resident Office	30	\$402,036
Hagerstown Resident Office	5	\$16,292
Total	106	\$7,811,852
Grand Total	682	\$104,837,670

Source: Statistical sample taken from CATS

⁴³ Totals may differ slightly from individual office amounts due to rounding.

Results of Audit Testing

As explained above, 21 of 29 DEA offices that we tested reviewed and amended their cash-seizure files while our audit was underway.⁴⁴ DEA staff at those offices prepared 118 amended Reports of Investigation and 44 other memoranda that provide additional details about the seizure, including the chain of custody of the seized cash. Because the DEA prepared the amended reports and memoranda an average of more than 231 days after law enforcement officers seized the currency, we are concerned that those documents may not accurately reflect the activities surrounding the seizure of the cash. Thus, we report our test results based on the cash-seizure files as they existed before the start of our audit in the text of our report. The footnotes take into account DEA's file changes during the audit.

Our 2009 audit found the DEA generally increased its rate of compliance with controls established to safeguard seized cash. However, DEA staff did not always follow or document that they had followed those controls for all the seizures we tested. The detailed results of our testing of controls for the 683 sampled seizures are contained in the sections that follow.

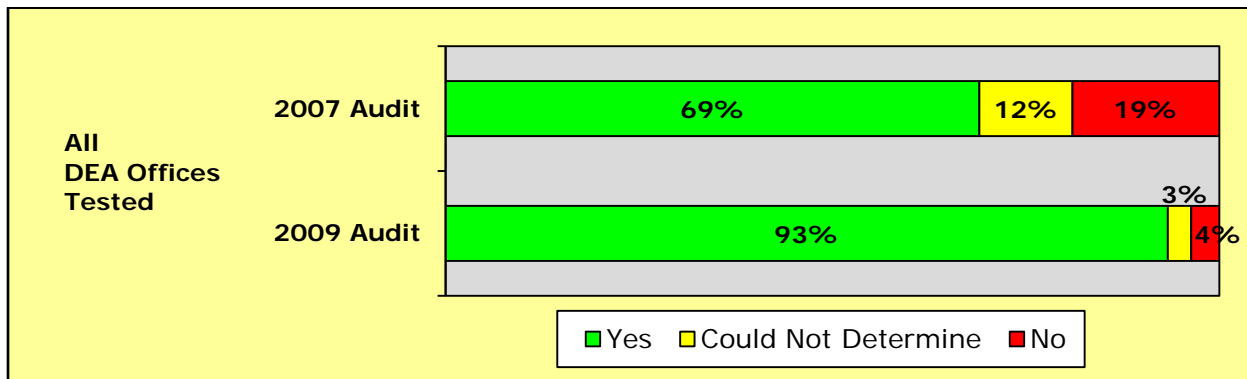
Presence of a Witnessing Agent or Officer When Cash is Seized

When an agent locates cash, the agent is required to immediately summon a witnessing agent or officer. This control is essential to ensure that seized cash is always handled in the presence of two or more agents or officers to minimize the risk that seized cash is lost or stolen. For the prior and current audits, we reviewed the DEA-6 and other documentation from the DEA case files to determine if DEA agents followed the control. Exhibit 15 shows that the DEA increased its overall rate of compliance with this control from 69 percent in the 2007 audit to 93 percent in the 2009 audit.⁴⁵

⁴⁴ The eight DEA offices where we saw no amended DEA-6s or other memoranda prepared during our audit were the: (1) Austin Resident Office, (2) Beaumont Resident Office, (3) Jacksonville District Office, (4) Boston Division Office, (5) New Bedford Resident Office, (6) Carlsbad Resident Office, (7) Charleston Resident Office, and (8) Hagerstown Resident Office.

⁴⁵ Based on the 2009 amended cash-seizure documents, the DEA complied with this control in 96 percent of the seizures we tested.

Exhibit 15: Presence of a Witnessing Agent or Officer when Cash was Discovered⁴⁶



Source: OIG analysis of DEA records

Within the 29 DEA offices tested, the compliance rate ranged from 67 percent in the Minneapolis-St. Paul office to 100 percent in 19 other DEA offices. The 2007 and 2009 audit test results for each office and division tested are presented in Appendix 4.

Overall, the DEA has improved at following or documenting that it followed the internal control requiring the presence of a witnessing agent or officer when cash is discovered. Although the DEA’s rate of compliance with this control has reached 93 percent, there is still room for improvement in the DEA’s compliance with this critical control.

Counting Seized Cash

During the 2007 audit, DEA policy required that the seizing and witnessing agents or officers count the cash upon seizure if the amount of seized currency was such that an immediate count was “practical.” However, the DEA Agents Manual did not define when it was “practical” to count seized cash. We recommended in our 2007 audit report that the DEA clarify its policy on counting seized cash and clearly define the circumstances under which it is and is not required to count cash at the time of seizure.

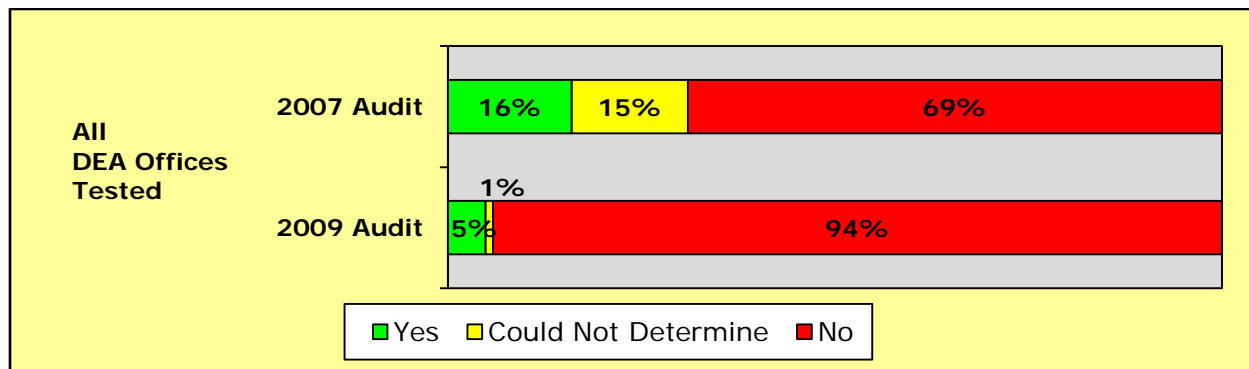
⁴⁶ “Yes” means the DEA-6, or other documentation showed that a witnessing agent or officer was involved. “No” means the DEA-6 or other documentation showed that only one agent or officer was involved. “Could not determine” means the DEA-6 or other documentation did not provide sufficient information to confirm whether a witnessing agent or officer was involved. Based on our statistically valid projected point estimates, the percentages reported in this analysis of the sampled items are within plus or minus 1 percent of what they would have been if the entire population had been tested. The percentages reported are within 95 percent of the confidence intervals of the projected point estimates.

As explained earlier, the DEA issued a new policy in April 2007 which stated that agents should not count seized currency at the time of seizure. Upon locating currency, agents are to immediately place it in an evidence bag. Two law enforcement officers should transport the bag to the field office where it will be secured immediately or to the bank or other financial institution for an official count and conversion to a cashier's check or deposited into an account maintained by the USMS.

During our 2007 audit, documentation demonstrated that agents counted cash for 16 percent of the seizures tested when the DEA's policy was to count cash when it was practical to do so.

During our 2009 audit, we tested 682 cash seizures at 29 DEA offices and found documentation demonstrated that agents counted cash for 5 percent of the seizures tested when DEA's policy was to not count seized cash. The results of our 2007 and 2009 audits are shown in Exhibit 16.

Exhibit 16: Agents Counted the Seized Cash⁴⁷



Source: OIG analysis of DEA records

⁴⁷ During our 2007 audit, the DEA required agents to count seized cash when it was practical to do so. During our 2009 audit, the DEA's policy was that agents should not count seized cash. For the test of whether agents counted the seized cash, "Yes" means the DEA-6 or other documentation showed the agents counted the cash. "No" means the DEA-6 or other documentation showed that agents did not count the cash. "Could not determine" means the DEA-6 or other documentation did not provide sufficient information to confirm whether the agents counted the cash. For our 2009 test results, "No" means agents complied with the policy to not count seized cash. Based on our statistically valid projected point estimates, the percentages reported in this analysis of the sampled items are within plus or minus 1 percent of what they would have been if the entire population had been tested. The percentages reported are within 95 percent of the confidence intervals of the projected point estimates.

Agents sometimes counted seized cash to determine whether the amount being seized met the DEA's minimum threshold for seizure and when, in conjunction with a joint law enforcement operation, another agency required that a count be conducted.⁴⁸ Given these reasons for counting seized cash, we considered that a noncompliance rate of 5 percent was reasonable.

Exhibit 16 shows that in 94 percent of the seizures we tested, the DEA complied with the new control to not count the seized cash. Among the 29 DEA offices tested, the compliance rate ranged from 67 percent in the New Bedford, Massachusetts, office, to 100 percent in 19 other DEA offices.⁴⁹ The five offices we tested in the Miami Division and the four offices we tested in the San Diego Division were in 100 percent compliance with this control. However, other Divisions did not consistently implement the control across the Division. For example, agents complied with the policy in 72 percent of the seizures we tested in the Baltimore District Office in the Washington Division, while agents complied with the policy in 100 percent of the seizures we tested in the Charleston Resident Office in the Washington Division. The 2007 and 2009 audit test results for each office and division tested are presented in Appendix 5.

Providing a Receipt to the Owner of Seized Cash

According to the DEA Agents Manual, DEA agents are required to issue a DEA-12, to the person from whom the cash was seized showing that "an undetermined amount of U.S. currency pending an official count" was seized. The owner or person claiming ownership should be asked to sign the receipt. If the individual refuses to sign the receipt, this fact should be noted on the DEA-12 and the DEA-6. If no one claims ownership of the cash, this fact should also to be noted on the DEA-12 and DEA-6. When cash is seized as the result of a warrant, agents are not required to issue a DEA-12. Instead, the agents are required to leave a copy of the warrant on the premises

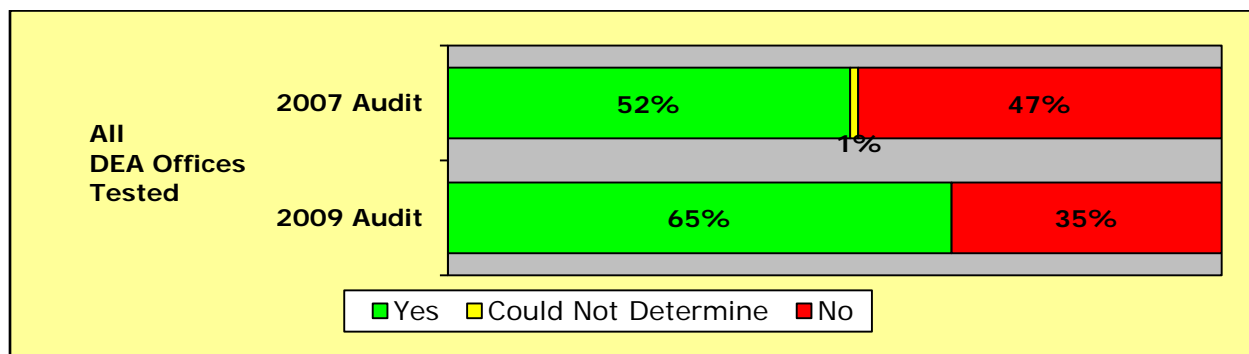
⁴⁸ According to the Agents Manual, Section 6654.48(4), the minimum amount that may be seized without supervisory approval is \$2,000 if the person from whom the currency is seized is being arrested for a drug-related felony and \$5,000 if the person from whom currency is being seized is not being arrested for a drug-related felony.

⁴⁹ We tested three seizures in the New Bedford office. Agents counted the currency in one seizure and did not count the currency in two seizures. Offices that were in 100 percent compliance with the policy were: Providence, Rhode Island; Miami, Orlando, Tampa, Gainesville, and Jacksonville, Florida; San Diego, Imperial County, Carlsbad, and San Ysidro, California; Chicago, Illinois; Washington, DC; Charleston, West Virginia; Hagerstown, Maryland; Memphis, Tennessee; and Austin, Beaumont, San Antonio, and Laredo, Texas.

showing either the amount of cash seized or that an undetermined amount of cash was seized. To test this control, we reviewed the DEA-6, DEA-12, and other documentation from the DEA case files.

Exhibit 17 shows that the DEA increased its rate of compliance with this control from 52 percent in the 2007 audit to 65 percent in the 2009 audit. Although the DEA has improved since 2007, further improvement is needed because the DEA still was not complying with this control in 35 percent of the case files we reviewed.⁵⁰

Exhibit 17: Agents Provided a Receipt or Warrant⁵¹



Source: OIG analysis of DEA records

Among the 29 DEA offices we tested, the compliance rate ranged from 28 percent in the Baltimore District Office to 100 percent in the New Bedford Resident Office, Jacksonville District Office, and Carlsbad Resident Office.⁵² The detailed results for each office and division we tested are shown in Appendix 6.

⁵⁰ Based on the 2009 amended cash-seizure documents, the DEA’s rate of compliance with this control was also 65 percent.

⁵¹ “Yes” means the DEA-12, DEA-6, or other documentation showed that agents provided a receipt or warrant to the owner of the cash. “No” means the DEA-12, DEA-6, or other documentation showed that agents did not provide a receipt or warrant to the owner of the cash. “Could not determine” means the DEA-6 did not contain sufficient information to confirm whether the agents provided a receipt or warrant to the owner of the cash, and the DEA provided no other documentation to show a receipt or warrant was provided to the owner. Based on our statistically valid projected point estimates, the percentages reported in this analysis of the sampled items are within plus or minus 1.5 percent of what they would have been if the entire population had been tested. The percentages reported are within 95 percent of the confidence intervals of the projected point estimates.

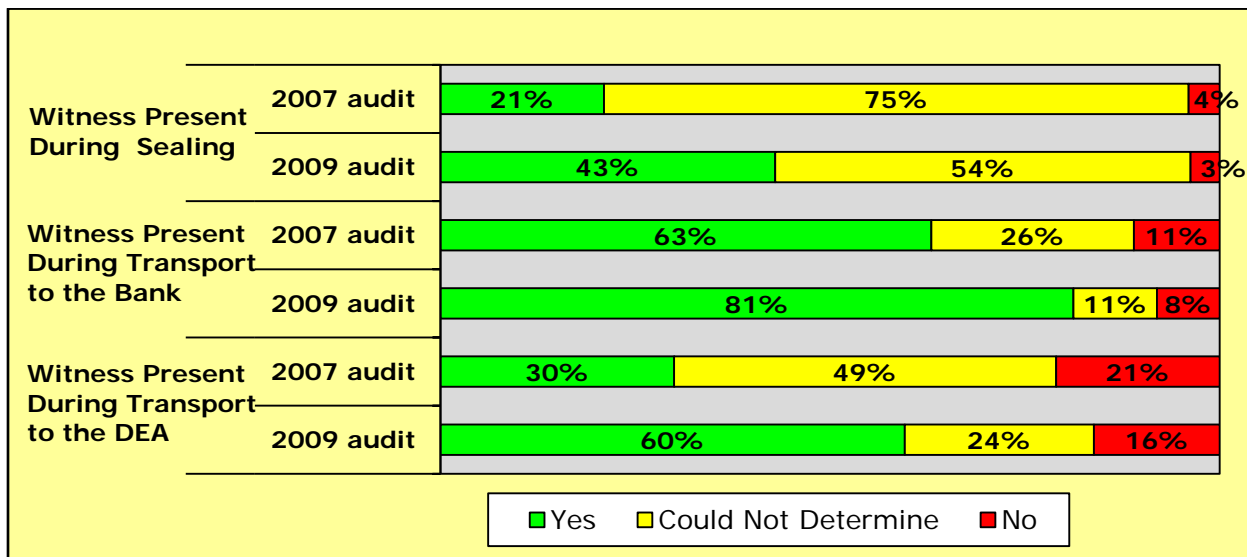
⁵² We did not apply this audit test when documentation showed that: (1) a state or local law enforcement agency seized the currency, (2) the DEA acquired the currency during an undercover operation, or (3) another DEA Division seized the currency and did not forward the complete case file documentation to the office we tested.

Overall, the DEA improved at following or documenting that agents followed the requirement to issue a DEA-12 receipt or warrant.

Presence of a Witnessing Agent or Officer When Handling Seized Cash

The DEA's controls require that a witnessing agent or officer be present when the cash is sealed in an evidence envelope or other suitable container, transported to the bank or other financial institution for an official count, or to a DEA office for safekeeping. We reviewed the DEA-6 and other documentation from the DEA case files to determine if the DEA followed these controls. Exhibit 18 shows a summary of our test results for the 2007 and 2009 audits. Details for the 7 divisions and 29 offices tested during the 2009 audit are presented in Appendices 7, 8, and 9.

Exhibit 18: Presence of a Witnessing Agent or Officer at Various Stages of the Cash-Handling Process⁵³



Source: OIG analysis of DEA documents

Our 2007 and 2009 audit results for each of these three tests are discussed below.

Presence of a Witness During Sealing. As shown in Exhibit 18, the DEA increased its rate of compliance with this control from 21 percent in the 2007 audit to 43 percent in the 2009 audit.⁵⁴ The compliance rate ranged from 23 percent in the Houston Division to 73 percent in the Atlanta

⁵³ "Yes" means the DEA-6 or other documentation showed that a witnessing agent or officer was involved. "No" means the DEA-6 or other documentation showed that only one agent or officer was involved. "Could not determine" means the DEA-6 or other documentation did not provide sufficient information to confirm whether a witnessing agent or officer was involved. Based on our statistically valid projected point estimates, the percentages reported in this analysis of the sampled items ranged from plus or minus: (1) 2.5 percentage points of what they would have been if the entire population had been tested for the presence of a witness during the sealing of the currency, (2) 2 percentage points of what they would have been if the entire population had been tested for the presence of a witness present during the transport of the currency to the bank, and (3) 1 percentage point of what they would have been if the entire population had been tested for the presence of a witness during the transport of the currency to the DEA. The percentages reported are within 95 percent of the confidence intervals of the projected point estimates.

⁵⁴ Based on the 2009 amended cash-seizure documents, the DEA's overall rate of compliance with this control was 49 percent.

Division. Within the individual offices tested, the compliance rate ranged from 0 percent in the Hagerstown Resident Office, Austin Resident Office, and Beaumont Resident Office to 100 percent in the New Bedford Resident Office and Gainesville Resident Office. Details for the 7 divisions and 29 offices we tested are presented in Appendix 7.

Overall, the DEA improved at following or documenting that it followed the internal control requiring the presence of a witness when cash is sealed in an evidence bag or other container.

Presence of a Witness During Transport to a Bank. Exhibit 18 shows the DEA increased its overall rate of compliance with this control from 63 percent in the 2007 audit to 81 percent in the 2009 audit.⁵⁵ The compliance rate ranged from 59 percent in the New England Division to 97 percent in the San Diego Division. Within individual offices tested, the compliance rate ranged from 0 percent at the Hagerstown and Beaumont Resident Offices to 100 percent in eight offices.⁵⁶ Details for the 7 divisions and 29 offices we tested are presented in Appendix 8.

Overall, the DEA has improved at following or documenting that it followed the internal control requiring the presence of a witness during transport to a bank or other financial institution.

Presence of a Witness During Transport to the DEA. Exhibit 18 shows the DEA increased its overall rate of compliance with this control from 30 percent in the 2007 audit to 60 percent in the 2009 audit.⁵⁷ The compliance rate ranged from 29 percent in the Washington Division to 95 percent in the Atlanta Division. Within individual offices, the compliance rate ranged from 0 percent in the Hagerstown Resident Office and Beaumont

⁵⁵ Based on the 2009 amended cash-seizure documents, the DEA's overall rate of compliance with this control was 87 percent.

⁵⁶ At the Hagerstown Resident Office we tested five seizures. At the Beaumont Resident Office we tested four seizures. DEA offices with a 100 percent compliance rate were located in New Bedford, Massachusetts; Burlington, Vermont; Orlando and Jacksonville, Florida; San Ysidro, California; Atlanta, Georgia; Raleigh, North Carolina, and Austin, Texas.

⁵⁷ Based on the 2009 amended cash-seizure documents, the DEA's overall rate of compliance with this control was 71 percent.

Resident Office to 100 percent in five offices.⁵⁸ Details for the 7 divisions and 29 offices we tested are presented in Appendix 9.

Overall, the DEA improved at following or documenting that it followed the internal control requiring the presence of a witness when transporting seized cash to the DEA.

For each of these tests the DEA increased its rate of compliance since the 2007 audit. Having a witness present during sealing of seized cash increased from 21 percent in the 2007 audit to 43 percent in the 2009 audit. Having a witness present during transport of seized cash to a bank increased from 64 percent in the 2007 audit to 81 percent in the 2009 audit. Having a witness present during transport of seized cash to the DEA increased from 30 percent in the 2007 audit to 60 percent in the 2009 audit. While the DEA has improved its performance, there still is significant non-compliance with each of these three critical controls. Thus, further improvement is needed.

Recording Cash Seizures in the High-Value Seized and Recovered Monies Ledger (HVSRM)

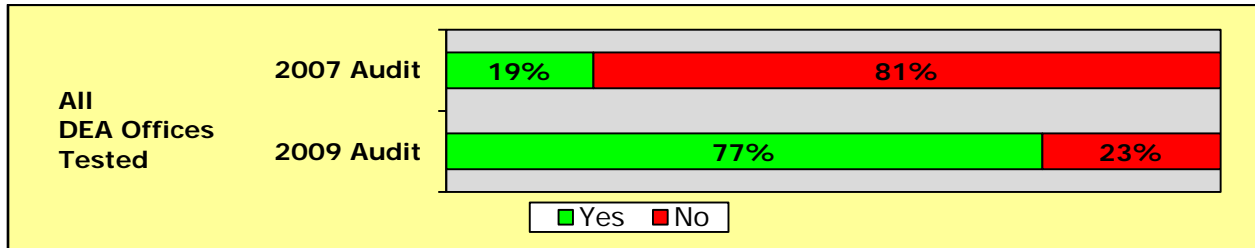
Beginning January 1, 2005, the DEA required that all high-value seized items, including cash, cashier's checks, and recovered Official Advanced Funds, valued at \$1,000 or more be recorded in a HVSRM ledger. The HVSRM ledger should be used to record the receipt, transfer, and disposition of the high-value items.

Exhibit 19 shows that the DEA increased its rate of compliance with this control from 19 percent in the 2007 audit to 77 percent in the 2009 audit.⁵⁹

⁵⁸ We tested five seizures at the Hagerstown Resident Office and four seizures at the Beaumont Resident Office. The offices where the rate of compliance was 100 percent were the: (1) New Bedford Resident Office, (2) Gainesville District Office, (3) San Ysidro Resident Office, (4) Raleigh Resident Office, and (5) Austin Resident Office.

⁵⁹ Based on the 2009 amended cash-seizure documents, the DEA's overall rate of compliance with this control was also 77 percent.

Exhibit 19: Recording Seized Cash in the HVSRM Ledger⁶⁰



Source: OIG analysis of DEA records

Among the 29 DEA offices we tested, the compliance rate with this control ranged from 0 percent in the Chicago Division Office and the Tampa District Office to 100 percent in 17 offices.⁶¹ The detailed results for each office and division we tested are shown in Appendix 10. Overall, the DEA improved at following the control requiring that seized cash of \$1,000 or more be recorded in the HVSRM ledger.

We asked DEA officials at the Chicago Division Office and Tampa District Office why they did not use the HVSRM ledger to record the receipt and disposition of seized funds. An official at the Chicago Division Office told us his office was in compliance with DEA's written policy because agents recorded seized cash in a temporary overnight ledger; however, seized cash must also be recorded in a HVSRM ledger.⁶² An official at the Tampa District

⁶⁰ "Yes" means documentation showed that the cash seizure tested was recorded on the HVSRM ledger. "No" means documentation showed that the cash seizure tested was not recorded on the HVSRM ledger. Based on our statistically valid projected point estimates, the percentages reported in this analysis of the sampled items are within plus or minus 1 percentage point of what they would have been if the entire population had been tested. The percentages reported are within 95 percent of the confidence intervals of the projected point estimates.

⁶¹ The offices with a 100 percent rate of compliance were the: (1) New Bedford Resident Office, (2) Providence Resident Office, (3) Burlington Resident Office, (4) Gainesville District Office, (5) Jacksonville District Office, (6) Imperial County District Office, (7) Indianapolis District Office, (8) Minneapolis-St. Paul District Office, (9) Charleston Resident Office, (10) Atlanta Division Office, (11) Memphis Resident Office, (12) Raleigh Resident Office, (13) Greensboro Resident Office, (14) Houston Division Office, (15) San Antonio District Office, (16) Austin Resident Office, and (17) Beaumont Resident Office.

⁶² The Chicago Division Office began using a HVSRM ledger in January 2005, but the ledger fell into disuse. During the 16-month period covered by our audit, DEA staff made only five entries in that ledger. Two of those entries were for seized or recovered monies, two entries were for seized vehicles, and one entry was for a seized watch. After our audit, the Chicago Division Office started using the HVSRM ledger again to be in compliance with DEA's policy.

Office told us his office did not use the ledger because they did not have one. The requirement to record seizures valued at \$1,000 or more in the HVSRM ledger has been in effect since January 1, 2005.

Not recording cash in the HVSRM ledger can lead to uncertainty about the chain of custody and difficulty in prosecuting cases. We found numerous instances where other chain of custody forms were not completed making it difficult or impossible to identify who had custody of the cash. Not using the ledgers or other chain of custody forms also increases the risk of loss or theft of seized cash.

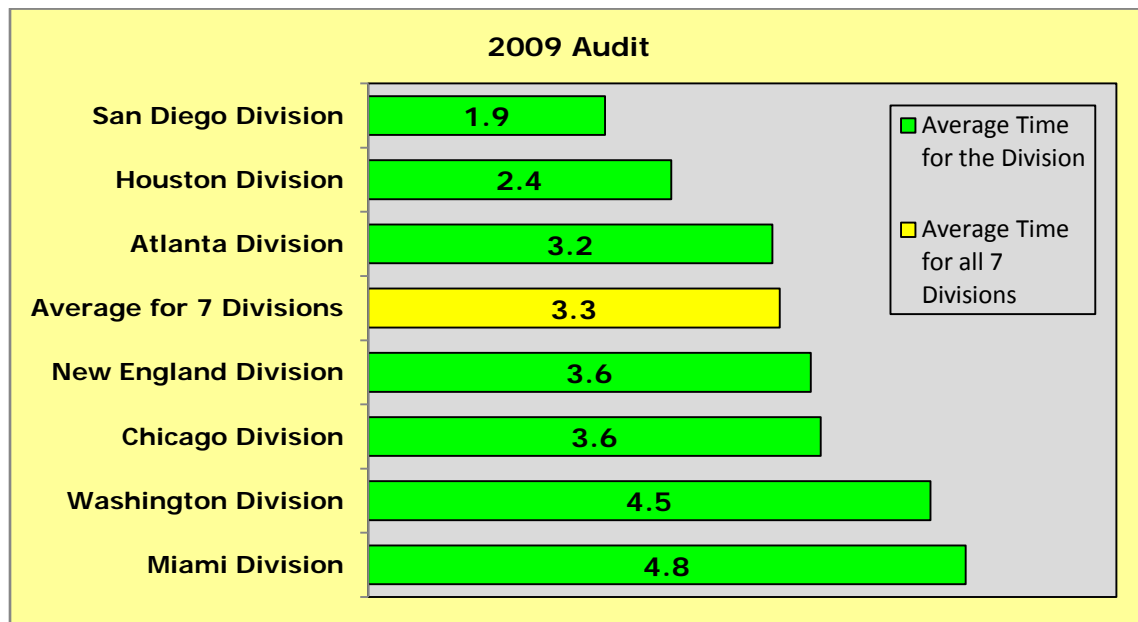
Timeliness of Transporting Seized Cash to the Bank or Other Financial Institution

During the 2007 audit, DEA policy required that agents transfer seized cash to the bank for an official count and conversion to a cashier's check as soon as arrangements could be made with the bank. Our audit recommended the DEA research best practices associated with timely transport of seized cash to banks, and implement those practices as widely as possible. In response to that recommendation, the DEA implemented a new policy requiring that currency be transported to the bank or other financial institution within 5 working days of seizure.

During the 2007 audit we found the DEA transported seized cash to the bank in an average of 3.2 working days after seizure. For the 2009 audit, we tested 682 cash seizures by reviewing documentation contained in the DEA case files and found the DEA transported seized cash to the bank in an average time of 3.3 working days after seizure, which is 0.1 working day longer than during the 2007 audit. We attribute the slight increase to the difficulties some DEA offices had making appointments with the armored car company to count and deposit seized cash. As we explained in Finding I, in 2006 the DEA began participating in a Treasury program whereby agents were to transport seized cash to an armored car company where its staff counted and deposited seized cash directly into an account maintained by the USMS.

During our 2009 audit, 13 of 29 offices we tested were using the armored car company to count and deposit seized cash. However, six of those offices took longer than 5 working days to transport seized cash to a bank or other financial institution. Only 1 of 16 offices that did not use the armored car company did not transport seized cash to a bank or other financial institution within 5 working days of the seizure.

Exhibit 20: Average Number of Working Days from Seizure to Transport of Cash to a Bank or Other Financial Institution (by division)⁶³



Source: OIG analysis of DEA documents

Exhibit 20 shows that three of the seven divisions we tested averaged below that of the seven divisions combined and the other four divisions had average times ranging from 3.6 to 4.8 working days. Results for individual DEA offices ranged from 1.1 working days at the Raleigh Resident Office to 7.6 working days at the Washington Division Office. Exhibit 22 shows offices that used the armored car company took an average of 4.0 working days while individual offices that did not use the armored car company took an average of just 2.8 working days to transport seized cash to banks.

A 2008 internal DEA study found that some divisions had difficulty in timely transporting seized cash to banks and other financial institutions because banks restricted the DEA from making deposits on certain days, the DEA did not always have sufficient staff to transport the currency, or the DEA could not coordinate with the armored car company to count and deposit seized currency. The detailed results for each office we tested are shown in Appendix 11.

⁶³ In this exhibit and the exhibit that follows, we did not include our 2007 audit test results because we did not test the same seven divisions in both audits.

The risk of mishandling all seized cash and particularly cash that is not counted prior to transportation to the bank increases the longer the cash is held. Although the 3.3 working days is within the DEA's 5-working-day policy for transporting seized cash to banks, further improvement in timeliness would reduce the risks to the uncounted cash. We believe the DEA should continue its efforts to ensure all DEA offices timely transport seized cash to a bank or other financial institution for an official count and conversion to a cashier's check or deposit into the SADF.

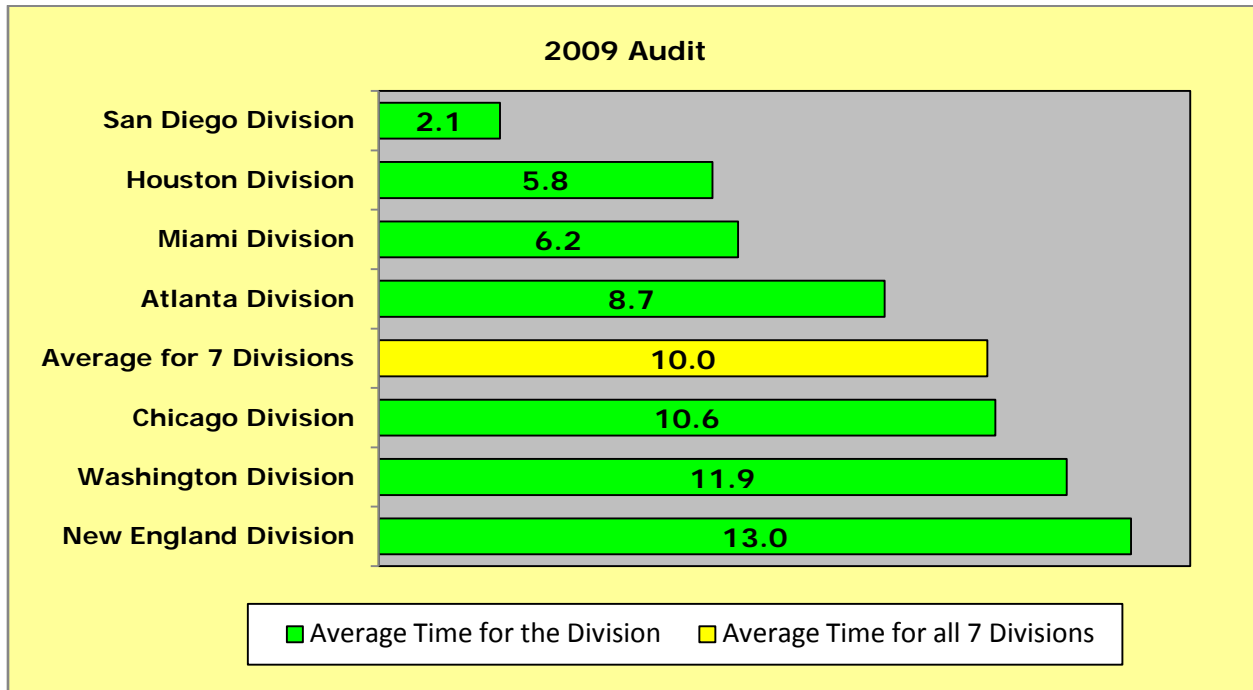
Timeliness of Transferring Seized Cash to the USMS

To minimize the time cash is held, the DEA requires that seizures subject to forfeiture and not retained as evidence be transferred to the custody of the USMS within 15 working days of seizure. To test this control we reviewed case file records showing the date cash was seized and the Form DEA-48a (Disposition of Non-drug Evidence) or other documentation showing the date cash was transferred to the USMS to determine if the DEA followed this control. For offices that used an armored car company to count and directly deposit seized cash to the USMS we reviewed the bank deposit slip showing the date cash was transferred to the USMS.

During the 2007 audit, we found the DEA transferred seized cash to the custody of the USMS in an average of 10.6 working days from seizure. For the 2009 audit, we tested 682 cash seizures and found the DEA generally transferred seized cash to the USMS in a timely manner. Overall, the DEA decreased the average time from seizure to transfer of the seized cash to the USMS from 10.6 working days during the 2007 audit to 10.0 working days during the 2009 audit.

Exhibit 21 shows that 4 of 7 divisions had average times of 2.1 to 8.7 working days and the other 3 divisions had average times ranging from 10.6 to 13.0 working days. While the overall averages for all 7 divisions tested were within the 15-working-day limit established by the DEA, we found that 5 of the 29 individual offices tested exceeded the limit for the cash seizures we tested. As shown in Appendix 12, the average time from seizure to transfer of the cash to the USMS for these 29 offices ranged from 1.3 to 25.9 working days.

Exhibit 21: Average Number of Working Days from Seizure to Transfer of Cash to the USMS



Source: OIG analysis of DEA records

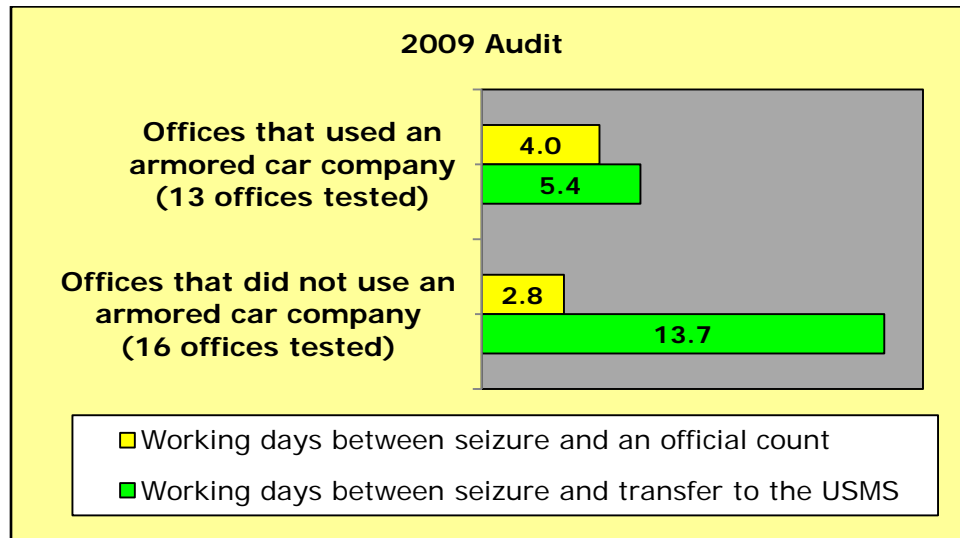
Some DEA offices, such as all four San Diego Division offices we tested, used the armored car company to count and deposit seized funds directly into a bank account maintained by the USMS instead of obtaining a cashier’s check from a bank and then delivering the check to the USMS. All four of those offices transferred custody of seized funds to the USMS in an average of less than 15 working days. The five DEA offices that exceeded the 15-day limit did not use the armored car company to count and transfer custody of seized funds to the USMS by wire transfer or direct deposit process.

Exhibit 22 shows offices that used an armored car company took an average of 4.0 working days from the date of the seizure to transport seized cash to the armored car company for an official count and an average of 5.4 working days from the date of the seizure to transfer custody of the seized funds to the USMS.⁶⁴ Offices that did not use the armored car

⁶⁴ DEA offices that used the armored car company were to notify the armored car company when agents had made a seizure and armored car company staff would count and deposit the seized cash within 24 hours. The 4.0 working days to count the cash and 5.4 working days to transfer the cash to the USMS are averages for the seizures we tested at 13 offices that used the armored car company.

company took 2.8 working days and 13.7 working days respectively to complete these activities.

Exhibit 22: Using an Armored Car Company to Count and Deposit Seized Cash



Source: OIG analysis of DEA documents

Offices that used the armored car company took 1.2 working days longer to have seized currency counted but 8.3 working days less to have custody of seized currency transferred to the USMS than offices that did not use an armored car company. Offices that did not use an armored car company took longer to transfer seized funds to the USMS because those offices generally converted seized cash to a cashier’s check and then transmitted the cashier’s check to the USMS. All DEA offices that used the armored car company reported that they had difficulty in making appointments with the armored car company to count seized cash.

Our 2007 audit recommended the DEA ensure that seized cash is wire-transferred to the USMS whenever possible. As discussed earlier, the DEA had problems in implementing this recommendation, including making appointments with the armored car company to count seized cash. We will continue to follow up with the DEA on our 2007 audit recommendation that the DEA ensure seized cash is wire-transferred to the USMS whenever possible. The DEA can obtain currency deposit services from banks and other financial institutions, including counting and transferring custody of seized cash to the USMS by wire transfer or direct deposit.

Maintaining Chain of Custody Records

The DEA Agents Manual specifies that all due care must be exercised to create an unimpeachable record of the chain of custody and processing of high-value items. Thus, DEA agents and officials are required to use a DEA-12, signed by the transferring agent and witnessed by another law enforcement person, to document the transfer of any high-value item. The DEA established this requirement to avoid any discrepancies, accusations of theft, or misappropriation of the seized item.

In some cases, the manual allows the transfer of cash using the DEA-12 or another acceptable form, such as the DEA-7a, or SSF.⁶⁵ When cash is seized and taken to the local DEA office during regular duty hours, the agent is to release custody of the seized cash to the evidence custodian using a DEA-12, DEA-7a, or SSF. After regular duty hours, the agent is required to place the cash in temporary overnight storage using a DEA-12 or DEA-7a and make an entry in the temporary overnight ledger.⁶⁶ Copies of the DEA-12, DEA-7a, and SSF documenting the delivery of the cash are to be put in the case files and preserved as part of the chain of custody records.

Exhibit 23 shows the DEA increased its rate of compliance with this control from 26 percent in the 2007 audit to 69 percent in the 2009 audit.⁶⁷ During the 2009 audit, the compliance rate for transferring seized funds to the evidence custodian using the proper form ranged from 32 percent in the Chicago Division to 95 percent in the Atlanta Division. Within individual DEA offices the compliance rate ranged from 0 percent in the Indianapolis District Office and the Miami Division Office to 100 percent in 8 offices.⁶⁸ Although

⁶⁵ The SSF is a five-page form that includes case and asset information, names and addresses of potential claimants, and other details such as probable cause and chain of custody information.

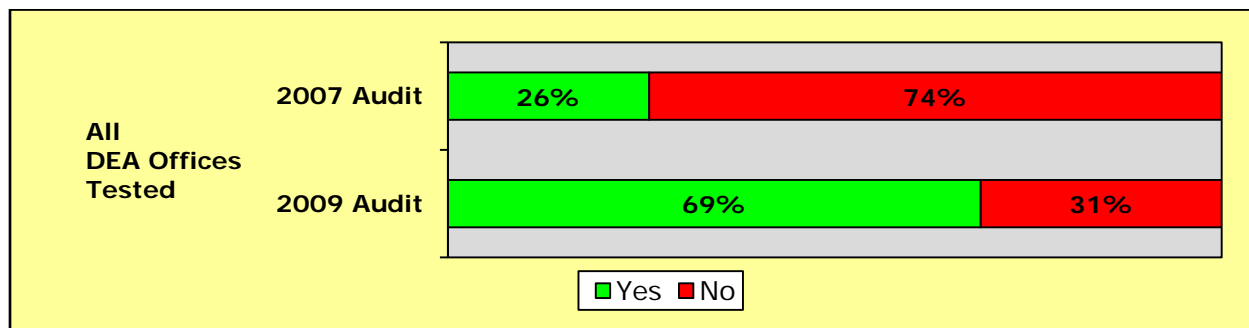
⁶⁶ According to the DEA Agents Manual, temporary storage refers to a safe, locker, or other secure place. Many DEA offices have bank style night-drops or similar facilities for overnight temporary storage of high-value items such as cash. Agents are not permitted to store seized currency in locked desks, unoccupied vehicles, or hotel rooms.

⁶⁷ Based on the 2009 amended files, the DEA's rate of compliance with this control was also 69 percent.

⁶⁸ The offices were the: (1) Raleigh Resident Office, (2) Greensboro Resident Office, (3) Beaumont Resident Office, (4) Jacksonville Resident Office, (5) New Bedford Resident Office, (6) Burlington Resident Office, (7) Carlsbad Resident Office, and (8) San Ysidro Resident Office.

overall the DEA made substantial improvement since the 2007 audit, compliance varied widely among offices and further improvement is still needed.

Exhibit 23: Transfer of Cash to the Evidence Custodian Using the Proper Chain of Custody Form⁶⁹



Source: OIG analysis of DEA records

The detailed results for each office and division we tested are shown in Appendix 13. Overall, the DEA has shown significant improvement at following or documenting that DEA staff followed this control.

Failure to maintain the proper chain of custody records unnecessarily increases the risk that seized cash can be misappropriated. We identified 48 cash seizures in which the risk of misappropriation of the uncounted cash was exceptionally high because: (1) the agents did not take the cash directly to the bank or other financial institution for an immediate count, (2) the agents did not document the transfer of the cash to the evidence custodian using a DEA-12 or other appropriate chain of custody form, and (3) the seized cash was not recorded in the temporary overnight ledger. As shown in Exhibit 24, the location of these 48 cash seizures totaling about \$10.3 million was not documented from 1 to 23 days.

⁶⁹ "Yes" means documentation showed that the agents transferred the seized cash to the evidence custodian using a DEA-12 or other appropriate form. "No" means documentation showed that the agents transferred the seized cash to the evidence custodian without using a DEA-12 or other appropriate form. Based on our statistically valid projected point estimates, the percentages reported in this analysis of the sampled items are within plus or minus 1 percent of what they would have been if the entire population had been tested. The percentages reported are within 95 percent of the confidence intervals of the projected point estimates.

Exhibit 24: Seizures with Significant Risk of Loss or Theft

Division	Number of Seizures	Dollar Value of Seizures	Days Unaccounted For
Atlanta	2	\$26,864	2 to 4
Chicago	9	\$2,482,583	1 to 22
Houston	2	\$29,500	2 to 7
Miami	23	\$7,660,191	1 to 16
New England	3	\$16,255	1 to 6
San Diego	2	\$5,027	1 to 5
Washington	7	\$99,034	1 to 23
Totals	48	\$10,319,454	1 to 23

Source: OIG analysis of DEA records

Supervisors at five of these divisions had safes in their offices where they secured currency pending an official count.⁷⁰ However, we found no evidence that these supervisors recorded cash seizures on a ledger and obtained a DEA-12 or other chain of custody form to document receipt of seized cash from the agents.

Training and Website Guidance

As discussed in the Prior Audits, Inspections, and Reviews section of this report, the DEA: (1) reviewed and updated its training programs to ensure staff involved in the handling of cash seizures were properly trained; (2) updated the Frequently Asked Questions (FAQ) section of its electronic library with new and updated policies for the handling of evidence including seized and recovered monies; and (3) required that newly appointed evidence custodians attend training on evidence handling procedures as soon as practical.

We reviewed the content of the updated training programs and the FAQ section and found that they appeared to cover the problem areas that we identified during the 2007 audit.

To determine if the evidence custodians had attended and were using the training and website to improve their knowledge of handling seized cash, we interviewed the evidence custodians at the seven divisions we tested.

⁷⁰ Divisions where supervisors had their own safes were the: (1) Chicago Division, (2) Houston Division, (3) Miami Division, (4) San Diego Division, and (5) Washington Division.

We found that 33 of 59 evidence custodians we interviewed (about 56 percent) had attended evidence custodian training and 50 of 56 evidence custodians we interviewed (about 89 percent) were familiar with the FAQ document available on the DEA's electronic library.⁷¹ During the 2007 audit, only 16 of 72 evidence custodians (about 22 percent) had received current training but most knew about the FAQ document in the DEA electronic library. It appears that since the 2007 audit, agents and evidence custodians are better trained to handle seized and recovered monies; however the DEA should ensure all staff who handle seized and recovered monies receive the updated training as soon as practical and are familiar with the FAQ segment of the DEA electronic library.

Conclusion

We found that since the 2007 audit the DEA generally increased its rate of compliance with controls for safeguarding seized cash by documenting more often in the case files that it: (1) ensured a witness was present at various phases of the cash seizure and handling process, (2) followed the DEA's policy for counting seized cash, (3) prepared the appropriate cash-seizure documentation, (4) recorded the seizures in the appropriate ledgers, and (5) transferred the currency to the USMS more timely. Exhibit 25 shows our 2007 and 2009 audit results for the 10 controls we tested.

⁷¹ During our 2007 audit, only about 22 percent of the evidence custodians had attended the mandatory training program and about 85 percent were familiar with the FAQ.

Exhibit 25: 2007 and 2009 Audit Results

Internal Control Tested	2007 Audit Results	2009 Audit Results	Difference
A witness was present at the discovery of the currency.	69%	93%	+ 24%
Agents counted the seized cash. ⁷²	16%	5%	See footnote
Agents issued a receipt or warrant.	52%	65%	+ 13%
A witness was present during the sealing of the currency.	21%	43%	+ 22%
A witness was present during transport to a bank or other financial institution.	63%	81%	+ 18%
A witness was present during transport to the DEA.	30%	60%	+ 30%
Staff recorded the seizure in the High Value Seized and Recovered Monies Ledger.	19%	77%	+ 58%
Agents transferred the currency to the evidence custodian using the proper form.	26%	69%	+ 43%
Average number of working days from seizure until transport to a bank or other financial institution.	3.2 working days	3.3 working days	+ 0.1 working day
Average number of working days from seizure until the currency was transferred to the custody of the USMS.	10.6 working days	10.0 working days	- 0.6 working days

Source: OIG analysis of DEA documentation

Our 2009 audit test results show that it took the DEA 0.1 working day longer to transport seized cash to a bank or other financial institution than it took during the 2007 audit. We attribute the slight increase to the difficulties that many DEA offices had in making appointments with the armored car company to count and deposit seized cash. However, using the armored car company helped the DEA reduce the time it took to transfer seized cash to the USMS. We recommend the DEA continue its efforts to speed the transfer of uncounted seized cash to a bank or other financial institution and the USMS. Our 2009 audit found that since the 2007 audit the DEA has improved at following other controls for seized cash; however, a sizable percentage of DEA agents still did not follow or document that they had followed those controls. The detailed results for the 7 divisions and 29 offices we tested are shown in Appendix 4 through Appendix 13.

⁷² During the 2007 audit the DEA's policy was to count seized cash when it was practical to do so. During the 2009 audit the DEA's policy was to not count seized cash. Thus, we could not measure the difference in the rate of compliance.

Given the volume of cash seizures handled by DEA staff and the importance of controls to safeguard seized cash, we are concerned that many agents still do not consistently follow or document that they follow those controls. The DEA should establish a permanent system to monitor and achieve greater compliance with controls for safeguarding seized cash.

We also found that for 148 of 682 seizures we tested (22 percent), the DEA reviewed the cash-seizure files during our audit and added or changed the cash-seizure documentation to better explain the handling of the seized cash. The DEA did not identify and correct those deficiencies in the cash-seizure documentation until an average of more than 293 days after the date of the seizure. Not conducting complete and timely reviews of the cash-seizure files can lead to errors in the cash-seizure documentation which can make it difficult for the DEA to successfully prosecute cases. We believe the DEA needs to implement a process that ensures the initial DEA-6, Reports of Investigation, and other cash-seizure documents show complete and accurate chain of custody information, including the identity of the law enforcement officers present at each phase of the cash seizure and handling process.

Recommendations

We recommend that the DEA:

1. Implement a policy that defines how quickly supervisors should review case file documentation pertaining to cash seizures after preparation by an agent to ensure the documentation is complete and accurate.
2. Implement a plan to ensure agents receive periodic training on internal controls for handling seized cash and preparing cash-seizure documentation, including instruction on preparing complete and accurate DEA-6, Reports of Investigation, and maintaining copies of all cash-seizure documentation in the case files.
3. Ensure all evidence custodians attend DEA's mandatory training program.
4. Implement a plan to ensure all DEA staff who supervise cash handling activities receive periodic training on reviewing cash-seizure documentation, including DEA-6, Reports of Investigation, to ensure they include the identity of the law enforcement personnel present from the acquisition to the disposal of the seized cash.

5. Design and implement a permanent system to monitor and improve compliance with each of the controls we tested.

STATEMENT ON COMPLIANCE WITH LAWS AND REGULATIONS

The Federal Managers Financial Integrity Act of 1982 requires agencies to establish and maintain internal controls. The Office of Management and Budget Circular No. A-123, Management's Responsibility for Internal Control, defines management's responsibilities related to internal controls. The DEA's controls for handling of seized cash are established by applicable sections of the DEA Agents Manual. To obtain reasonable assurance that the DEA complied with laws and regulations that, if not complied with, could have a material effect on the DEA's handling of seized cash, we tested the DEA's compliance with DEA guidelines for handling seized cash contained in the following sections of the DEA Agents Manual.

- Section 6682, Currency and High-Value Items
- Section 6654, Asset Forfeiture
- Section 6681, Non-drug Property

Except for instances of noncompliance identified in the Finding and Recommendations section of this report, we did not identify any other instances of noncompliance with the guidelines contained in the DEA Agents Manual sections cited above.

ABBREVIATIONS

Abbreviation	Description
AFF	Asset Forfeiture Fund
AFP	Asset Forfeiture Program
CATS	Consolidated Asset Tracking System
DEA	Drug Enforcement Administration
DEA-6	Report of Investigation
DEA-7a	Acquisition of Non-drug Property
DEA-12	Receipt for Cash or Other Items
Department	Department of Justice
FAQ	Frequently Asked Questions
GAO	Government Accountability Office
HVSRM	High-Value and Seized/Recovered Monies
OIG	Department of Justice, Office of the Inspector General
OPR	DEA Office of Professional Responsibility
SADF	Seized Asset Deposit Fund
SSF	Standard Seizure Form
Treasury	Department of Treasury
USMS	United States Marshals Service

Audit Objectives, Scope, and Methodology

Objectives

The objectives of the audit were to determine what actions the DEA took in response to our 2007 audit and whether those actions improved the DEA's handling of seized and recovered monies.

Scope and Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We performed fieldwork at the following locations.

DEA Headquarters	Arlington, Virginia
------------------	---------------------

Atlanta Division

Atlanta Division Office	Atlanta, Georgia
Raleigh Resident Office	Raleigh, North Carolina
Greensboro Resident Office	Greensboro, North Carolina
Memphis Resident Office	Memphis, Tennessee

Washington Division

Washington Division Office	Washington, D.C.
Baltimore District Office	Baltimore, Maryland
Charleston Resident Office	Charleston, West Virginia
Hagerstown Resident Office	Hagerstown, Maryland

San Diego Division

San Diego Division Office	San Diego, California
Imperial County District Office	Imperial, California
Carlsbad Resident Office	Carlsbad, California
San Ysidro Resident Office	San Ysidro, California

Miami Division

Miami Division Office	Miami, Florida
Orlando District Office	Orlando, Florida
Tampa District Office	Tampa, Florida
Gainesville District Office	Gainesville, Florida
Jacksonville District Office	Jacksonville, Florida

Houston Division

Houston Division Office	Houston, Texas
San Antonio District Office	San Antonio, Texas
Austin Resident Office	Austin, Texas
Beaumont Resident Office	Beaumont, Texas
Laredo Resident Office	Laredo, Texas

Chicago Division

Chicago Division Office	Chicago, Illinois
Indianapolis District Office	Indianapolis, Indiana
Minneapolis-St. Paul District Office	Minneapolis, Minnesota

New England Division

Boston Division Office	Boston, Massachusetts
New Bedford Resident Office	New Bedford, Massachusetts
Providence Resident Office	Providence, Rhode Island
Burlington Resident Office	Burlington, Vermont

As a result of our 2007 audit, the DEA revised and updated its controls for safeguarding seized cash. The new controls were implemented during the period April 2007 through November 2008. To determine whether the DEA complied with appropriate requirements governing the handling of cash from seizure through distribution, we identified and evaluated the controls established by the DEA to safeguard seized cash. During the initial phase of our audit we tested a statistical sample of 116 cash seizures totaling \$35,298,680 from the Atlanta Division's universe of 484 non-adopted cash seizures totaling \$56,504,062 from August 1, 2007, through November 24, 2008. The 116 cash seizures tested were handled by four Atlanta Division offices (Atlanta Division Office, Memphis Resident Office, Raleigh Resident Office, and Greensboro Resident Office).

At each office we audited, we interviewed DEA officials and reviewed documentation from case files to determine the following:

- Were two agents present when the cash was discovered?
- Did the agents or officers count the cash?
- Did the agents issue a receipt to the person claiming ownership of the currency or, if the cash was seized under a warrant, did the agents leave a copy of the warrant on the premises?
- Were two agents present when the cash was sealed in an evidence container, transported to the local DEA office, and transported to the bank?
- Did the agents or officers complete the proper chain of custody documents when transferring custody of seized cash to the evidence custodian?
- Did the evidence custodians record the receipt and disposition of cash and cashier's checks in the HVSRM Ledger?
- Did the agents or officers transport the cash to the bank for an official count within 5 working days from when the currency was seized?
- Did the DEA transfer custody of seized cash to the USMS within 15 working days of the seizure?

During our initial audit testing an Atlanta Division Office official told us that his staff had reviewed the investigative case files for all the currency seizures his office had made during our audit period and amended the cash-seizure documents, including the DEA-6, Reports of Investigation, to better explain the chain of custody of the seized cash. Because the DEA amended the cash-seizure documents to prepare for our audit, we required a management official in each DEA office tested to sign a management representation letter attesting to any changes made to the files.

Because the objective of our 2009 audit was to determine whether the DEA had improved its handling of seized cash since our 2007 audit, we performed additional testing at other DEA divisions and select sub-offices.

In addition to our initial testing in the Atlanta Division, we also tested 566 cash seizures totaling \$69,538,990 at 25 additional DEA locations within 6 additional DEA divisions. We tested seizures at the Houston Division, Miami Division, and Washington Division because those divisions had low rates of compliance with internal controls during our 2007 audit. Our 2009 audit sampling methodology took us to different sub-offices within those divisions than it did during our 2007 audit. We also tested the New England Division, Chicago Division, and San Diego Division to provide broad geographic coverage of divisions not tested during our 2007 audit. Within each of the divisions we tested, we selected cash seizures using statistical sampling techniques to be representative of all cash seizures from the universe of seizures made by those DEA divisions.⁷³ Including the initial sample reviewed for the Atlanta Division, our total sample consisted of 682 cash seizures totaling \$104,837,670 at 29 DEA locations within 7 DEA divisions from the sample universe of 6,701 seizures valued at \$408,519,428.⁷⁴ Further details of our statistical sample design are presented in Appendix 2. The number and dollar value of seizures we tested at each DEA office and division are shown in Exhibit 26.

⁷³ Some seizures we selected for testing were made by state and local law enforcement agencies, but they were included in our sample as seizures made by the DEA because they had not yet been adopted by the DEA for processing under federal forfeiture laws.

⁷⁴ We selected 683 seizures valued at \$104,875,920 for testing. We tested only 682 seizures valued at \$104,837,670 because 1 seizure valued at \$38,250 was a duplicate record.

Exhibit 26: Number and Dollar Value of Cash Seizures Tested⁷⁵

Division/Office	Number of Seizures	Dollar Value of Seizures
Atlanta Division		
Atlanta Division Office	40	\$32,726,512
Raleigh Resident Office	22	\$1,026,830
Greensboro Resident Office	15	\$489,967
Memphis Resident Office	39	\$1,055,371
Total	116	\$35,298,680
Chicago Division		
Chicago Division Office	50	\$16,278,072
Indianapolis District Office	35	\$1,375,511
Minneapolis-St. Paul District Office	34	\$1,386,227
Total	119	\$19,039,810
Houston Division		
Houston Division Office	27	\$5,948,870
San Antonio District Office	26	\$453,135
Austin Resident Office	5	\$2,905,491
Beaumont Resident Office	4	\$417,121
Laredo Resident Office	17	\$3,495,126
Total	79	\$13,219,743
Miami Division		
Miami Division Office	30	\$7,958,089
Orlando District Office	15	\$1,232,680
Tampa District Office	21	\$1,107,149
Gainesville Resident Office	15	\$1,585,752
Jacksonville District Office	15	\$592,521
Total	96	\$12,476,191
New England Division		
Boston Division Office	31	\$1,482,154
New Bedford Resident Office	3	\$433,649
Providence Resident Office	16	\$164,992
Burlington Resident Office	20	\$652,428
Total	70	\$2,733,223
San Diego Division		
San Diego Division Office	40	\$908,423
Imperial County District Office	26	\$11,069,554
Carlsbad Resident Office	21	\$1,998,191
San Ysidro Resident Office	9	\$282,003
Total	96	\$14,258,171
Washington Division		
Washington Division Office	30	\$521,822
Baltimore District Office	41	\$6,871,701
Charleston Resident Office	30	\$402,036
Hagerstown Resident Office	5	\$16,292
Total	106	\$7,811,852
Grand Total	682	\$104,837,670

Source: Statistical sample taken from CATS

⁷⁵ Totals may differ slightly from individual office amounts due to rounding.

Statistical Sample Design

The database contained 10,390 cash seizures from August 1, 2007 through November 24, 2008 within 21 DEA Field Divisions around the country. These seizures included both adopted cash seizures made by state and local law enforcement agencies and non-adopted cash seizures made by the DEA. We only considered non-adopted for audit testing. There were 6,701 non-adopted cash seizures at 169 DEA offices within 21 field divisions across the country.

Considering our 2007 audit work and the locations of the offices, we selected cash seizures within seven field divisions for testing. There were 2,580 items (non-adopted cash seizures) present in these 7 DEA field divisions which formed our sampling universe. In order to effectively cover the sampling universe and obtain good estimates, we employed a stratified cluster sample design. We selected the clusters using a probability proportional to size sampling method. Within each of these clusters, samples were selected randomly. The statistically selected sample consisted of 683 cash seizures from 21 clusters within the 7 field divisions, which resulted in a sample fraction of 26.47%. There were eight attribute tests employed on each of the sampled item. The details of sample allocations, the locations, tests, and the testing process are presented elsewhere in the report.

We projected our test results to the sampling universe (or population) and computed their 95% confidence intervals. To arrive at the results, the mathematical model notations and formulae used to compute unbiased estimates of totals and the confidence intervals are as follows:

- H The number of strata
- N_h The number of primary units in the stratum h
- n_h The number of primary units sampled in stratum h
- M_{hi} The number of secondary units in the i^{th} sampled primary unit in the stratum h
- m_{hi} The number of secondary units sampled from the i^{th} primary unit selected within the stratum h

y_{hik} Random variable and its value corresponding to the k^{th} secondary unit sampled from the i^{th} primary unit within the stratum h

$$y_{hik} = \begin{cases} 1 & \text{If } k^{\text{th}} \text{ sampled secondary unit within the } i^{\text{th}} \text{ primary unit found} \\ & \text{to have the attribute} \\ 0 & \text{Otherwise} \end{cases}$$

Thus $y_{hik} \in \{0,1\}$

\hat{Y} Estimate of the total number of items with the attribute in the population

π_{hi} The probability of including the i^{th} primary unit in the sample within the stratum h

π_{hij} The probability of including in the sample both the i^{th} primary unit and the j^{th} primary unit within the stratum h

$$\hat{Y}_{hi} = \sum_{k=1}^{m'_{hi}} y_{hik} \quad \hat{Y} = \sum_h \sum_{i=1}^{n'_h} \frac{\hat{Y}_{hi}}{\pi_{hi}}$$

To compute the variance of the estimate \hat{Y} the formula used is as follows.

$$V(\hat{Y}) = \sum_h \left(\sum_{i=1}^n \sum_{j>i}^n (\pi_{hi}\pi_{hj} - \pi_{hij}) \left(\frac{\hat{Y}_{hi}}{\pi_{hi}} - \frac{\hat{Y}_{hj}}{\pi_{hj}} \right)^2 + \sum_{i=1}^n \frac{M_{hi}(M_{hi} - m_{hi}) S_{Li}^2}{m_{hi} \pi_{hi}} \right)$$

Where S_{Li}^2 indicates variance of the i^{th} unit at the next lower level.

The 95% confidence limits on the estimate are given by

$$\hat{Y} \pm t * \sqrt{V(\hat{Y})}$$

Where the multiplier t is the standard normal variable at $\alpha/2 = 0.025$.

Appendix 3

Summary of 2009 Audit Test Results

A witness was present at discovery.												
Agents counted the seized cash.											Seizures Tested	DEA Offices Tested
Agents provided a receipt or warrant.												
A witness was present when currency was sealed.									3.2	8.7	116	Atlanta Division
A witness was present during transport to a bank.												
A witness was present during transport to the DEA.							95%	3.2	8.7	116	Atlanta Division	
Staff recorded the seizure in the high-value ledger.												
Agents transferred custody of the seizure using the proper form.					95%	3.2	8.7	116	Atlanta Division			
Working days from seizure to transport to a bank.												
Working days from seizure to transport to the USMS.			73%	94%	95%	100%	95%	3.2	8.7	116	Atlanta Division	
100%		4%										
100%	4%	74%	73%	94%	95%	100%	95%	3.2	8.7	116	Atlanta Division	
100%	6%	63%	65%	100%	97%	100%	86%	5.03	5.3	40	Atlanta Division Office	
100%	0%	97%	92%	97%	95%	100%	97%	2.2	8.9	39	Memphis Resident Office	
100%	9%	75%	82%	100%	100%	100%	100%	1.1	12.5	22	Raleigh Resident Office	
100%	10%	30%	11%	38%	60%	100%	100%	3.3	17.9	15	Greensboro Resident Office	
93%	5%	60%	33%	72%	46%	57%	32%	3.6	10.6	119	Chicago Division	
100%	0%	36%	33%	98%	64%	0%	14%	5.5	5.5	50	Chicago Division Office	
100%	4%	88%	8%	41%	4%	100%	0%	1.5	14.8	35	Indianapolis District Office	
67%	18%	80%	59%	64%	71%	100%	90%	2.4	15.2	34	Minneapolis-St. Paul District Office	
100%	6%	50%	23%	70%	53%	97%	79%	2.4	5.8	79	Houston Division	
100%	23%	67%	15%	43%	42%	100%	71%	2.5	12.0	27	Houston Division Office	
100%	0%	30%	41%	85%	62%	100%	92%	2.3	2.4	26	San Antonio District Office	
100%	0%	50%	0%	100%	100%	100%	50%	4.0	11.0	5	Austin Resident Office	
100%	0%	n/a	0%	0%	0%	100%	100%	4.0	11.0	4	Beaumont Resident Office	
100%	0%	54%	7%	67%	47%	88%	67%	1.7	11.1	17	Laredo Resident Office	
99%	0%	75%	54%	96%	78%	47%	42%	4.8	6.2	96	Miami Division	
96%	0%	71%	11%	94%	66%	14%	0%	7.1	7.1	30	Miami Division Office	
100%	0%	67%	93%	100%	92%	79%	50%	2.4	2.4	15	Orlando District Office	
100%	0%	62%	31%	95%	59%	0%	20%	6.1	6.3	21	Tampa District Office	
100%	0%	90%	100%	92%	100%	100%	92%	1.6	11.1	15	Gainesville Resident Office	
100%	0%	100%	93%	100%	93%	100%	100%	3.5	3.5	15	Jacksonville District Office	
91%	8%	50%	41%	59%	53%	62%	80%	3.6	13.0	70	New England Division	
92%	7%	33%	18%	45%	29%	8%	58%	3.4	10.6	31	Boston Division Office	
100%	33%	100%	100%	100%	100%	100%	100%	2.3	12.3	3	New Bedford Resident Office	
85%	0%	33%	27%	42%	40%	100%	81%	2.2	13.3	16	Providence Resident Office	
93%	8%	85%	92%	100%	92%	100%	100%	5.6	18.8	20	Burlington Resident Office	
78%	0%	78%	31%	97%	52%	93%	94%	1.9	2.1	96	San Diego Division	
72%	0%	81%	48%	97%	37%	92%	87%	1.3	1.3	40	San Diego Division Office	
85%	0%	63%	14%	93%	71%	100%	96%	1.5	2.6	26	Imperial Co. District Office	
71%	0%	100%	28%	95%	43%	86%	100%	1.5	1.5	21	Carlsbad Resident Office	
100%	0%	44%	22%	100%	100%	89%	100%	5.8	5.8	9	San Ysidro Resident Office	
91%	12%	57%	30%	71%	30%	81%	69%	4.5	11.9	106	Washington Division	
76%	0%	60%	15%	83%	25%	73%	61%	7.6	14.4	30	Washington Division Office	
97%	28%	28%	22%	72%	42%	73%	67%	3.6	3.6	41	Baltimore District Office	
100%	0%	94%	71%	71%	16%	100%	81%	4.0	25.9	30	Charleston Resident Office	
100%	0%	67%	0%	0%	0%	75%	80%	2.0	21.0	5	Hagerstown Resident Office	
93%	5%	65%	43%	81%	60%	77%	69%	3.3	10.0	682	2009 Audit Results	
69%	16%	52%	21%	63%	30%	19%	26%	3.2	10.6	742	2007 Audit Results	
24%	n/a	13%	22%	18%	30%	58%	43%	0.1	-0.6		Difference from 2007	

Source: OIG analysis of DEA documents

Presence of a Witnessing Agent or Officer when Cash was Discovered⁷⁶

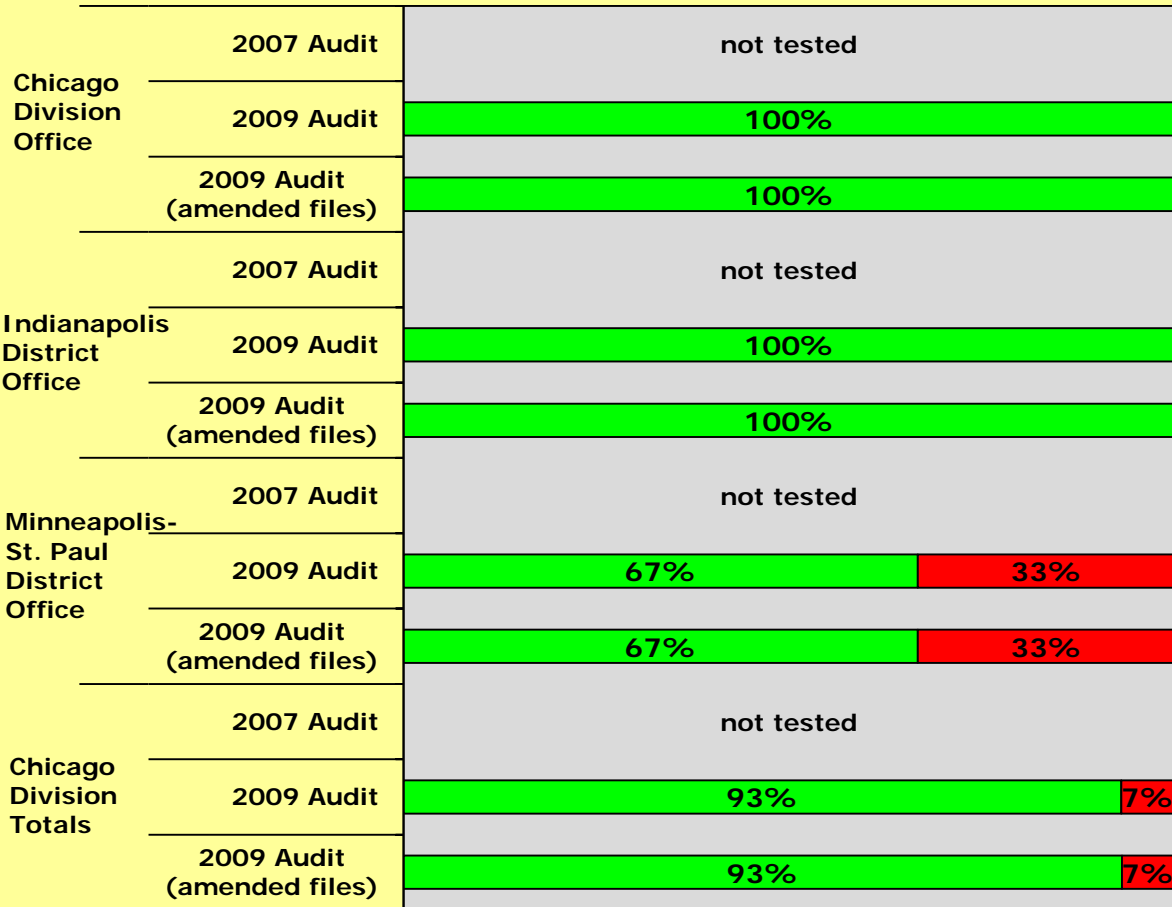
Atlanta Division		
Witness Present During Discovery		
Atlanta Division Office	2007 Audit	not tested
	2009 Audit	100%
	2009 Audit (amended files)	100%
Memphis Resident Office	2007 Audit	not tested
	2009 Audit	100%
	2009 Audit (amended files)	100%
Raleigh Resident Office	2007 Audit	not tested
	2009 Audit	100%
	2009 Audit (amended files)	100%
Greensboro Resident Office	2007 Audit	not tested
	2009 Audit	100%
	2009 Audit (amended files)	100%
Atlanta Division Totals	2007 Audit	not tested
	2009 Audit	100%
	2009 Audit (amended files)	100%

■ Yes
 ■ Could Not Determine
 ■ No

Source: OIG analysis of DEA records

⁷⁶ "Yes" means documentation showed that a witnessing agent or officer was involved. "No" means documentation showed that only one witnessing agent or officer was involved. "Could not determine" means the documentation did not provide sufficient information to confirm whether a witnessing agent or officer was involved.

Chicago Division Witness Present During Discovery



■ Yes
 ■ Could Not Determine
 ■ No

Source: OIG analysis of DEA records

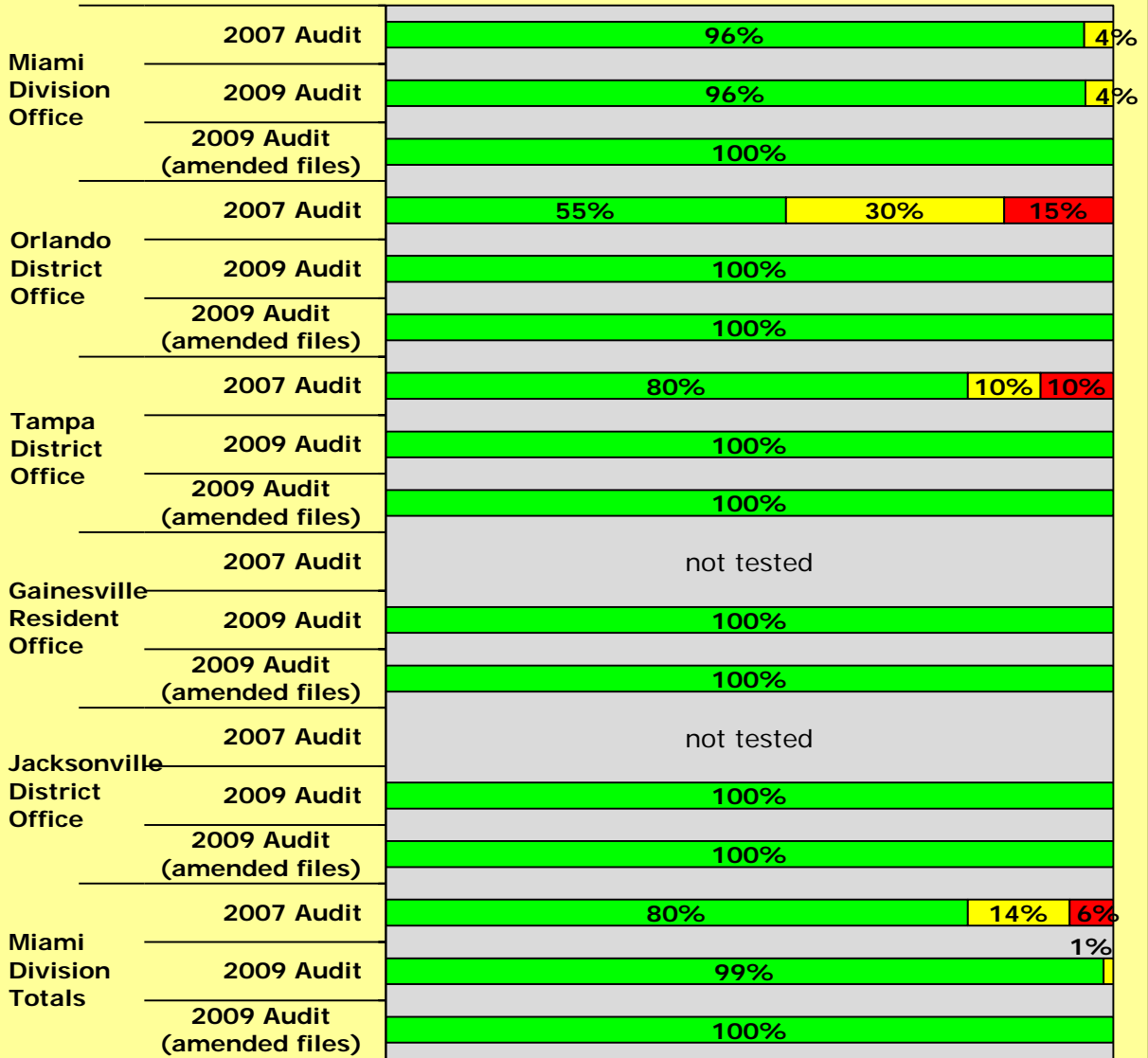
Houston Division Witness Present at Discovery

Houston Division Office	2007 Audit	56%	22%	22%
	2009 Audit	100%		
	2009 Audit (amended files)	100%		
San Antonio District Office	2007 Audit	not tested		
	2009 Audit	100%		
	2009 Audit (amended files)	100%		
Austin Resident Office	2007 Audit	100%		
	2009 Audit	100%		
	2009 Audit (amended files)	100%		
Beaumont Resident Office	2007 Audit	not tested		
	2009 Audit	100%		
	2009 Audit (amended files)	100%		
Laredo Resident Office	2007 Audit	not tested		
	2009 Audit	100%		
	2009 Audit (amended files)	100%		
Houston Division Totals	2007 Audit	84%	10%	6%
	2009 Audit	100%		
	2009 Audit (amended files)	100%		

■ Yes
 ■ Could Not Determine
 ■ No

Source: OIG analysis of DEA records

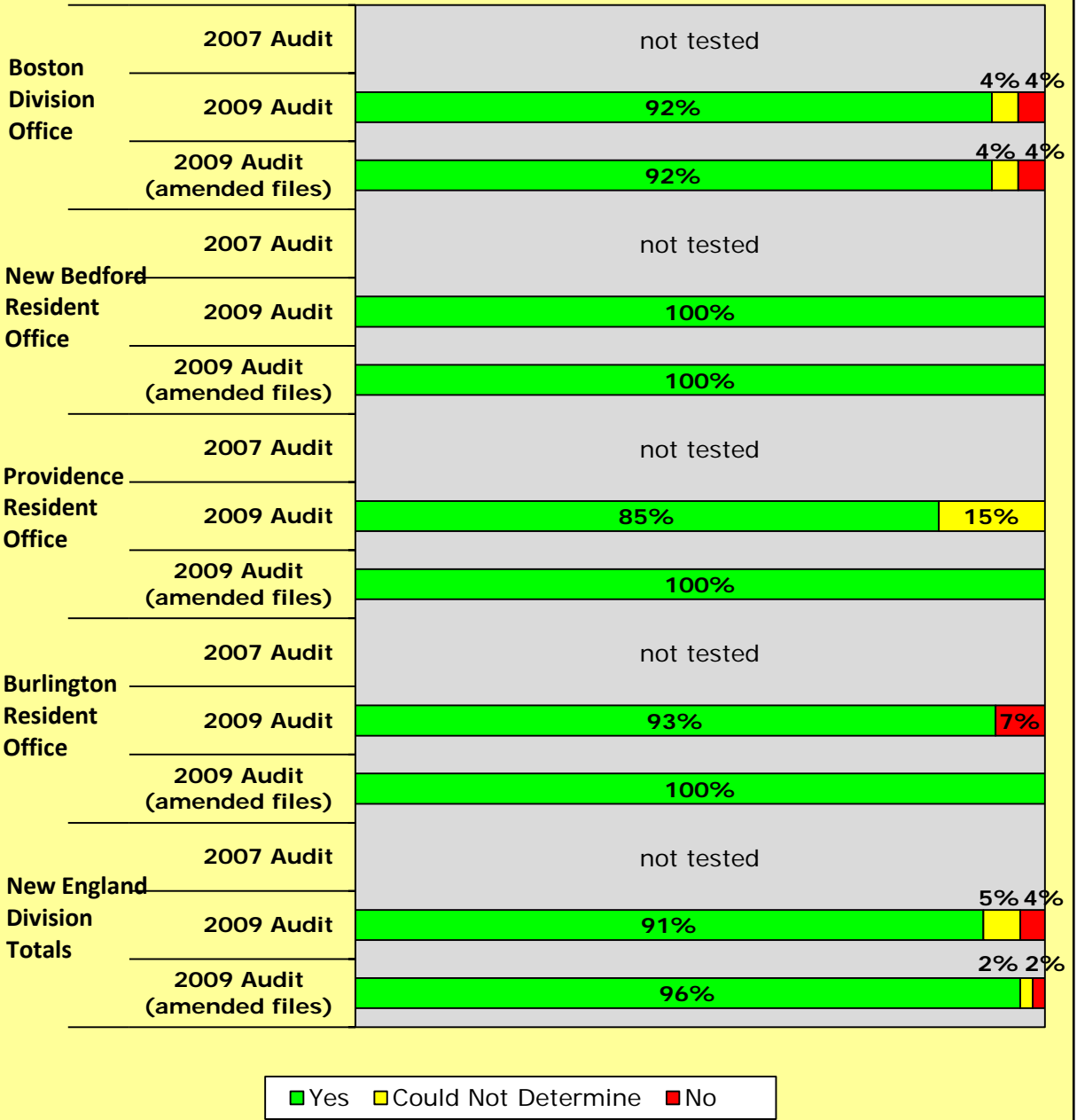
Miami Division Witness Present During Discovery



■ Yes
 ■ Could Not Determine
 ■ No

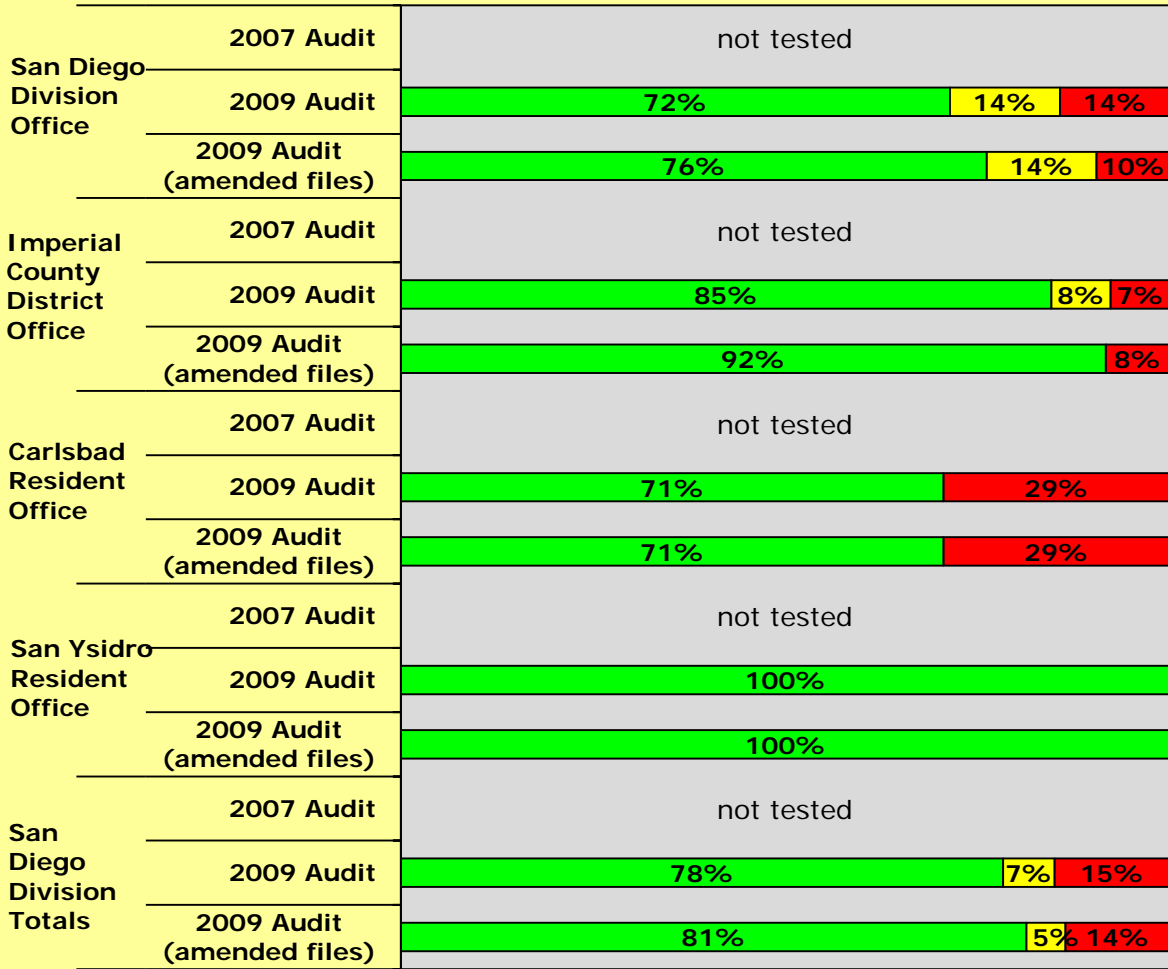
Source: OIG analysis of DEA records

New England Division Witness Present During Discovery



Source: OIG analysis of DEA documents

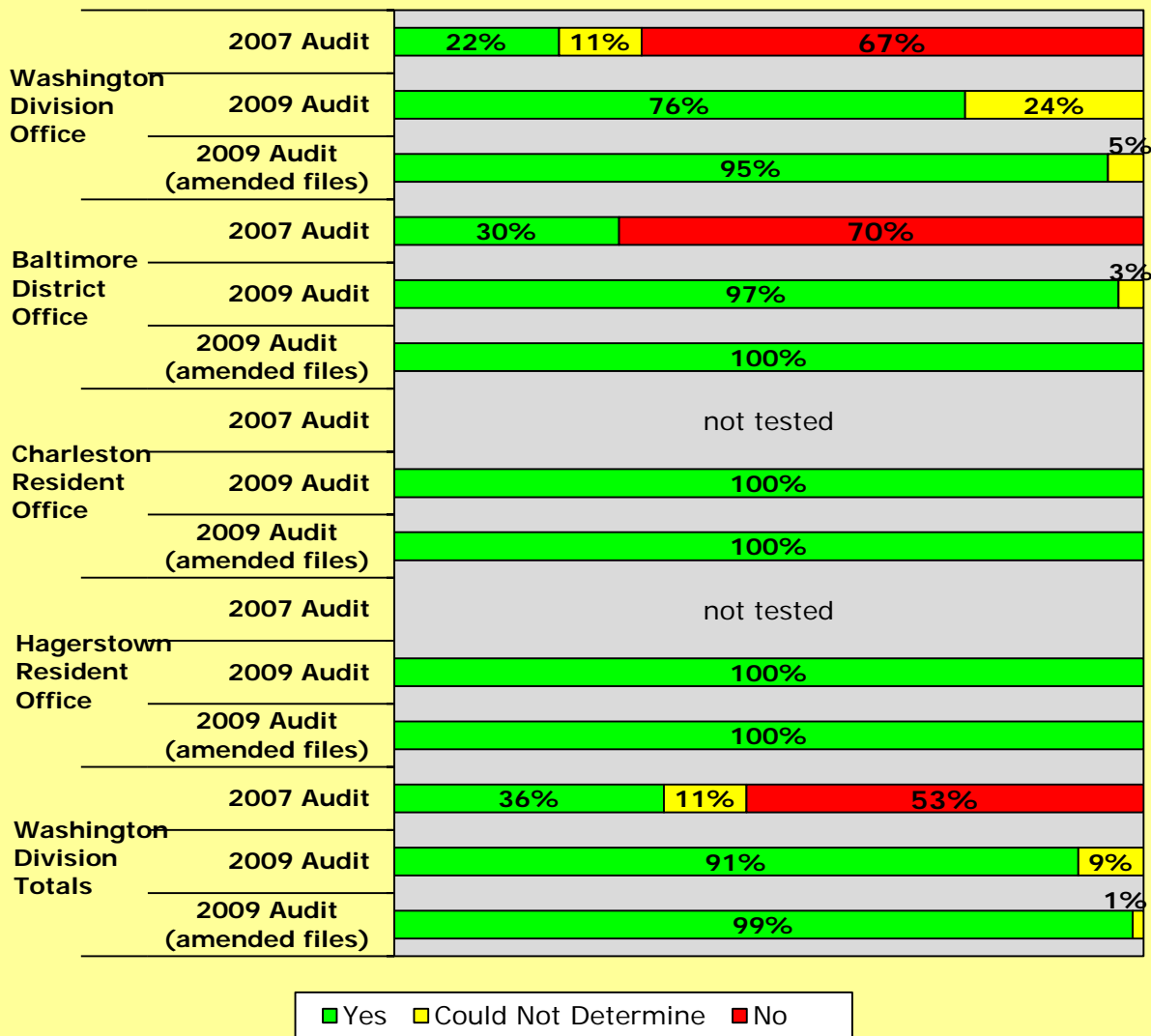
San Diego Division Witness Present During Discovery



■ Yes
 ■ Could Not Determine
 ■ No

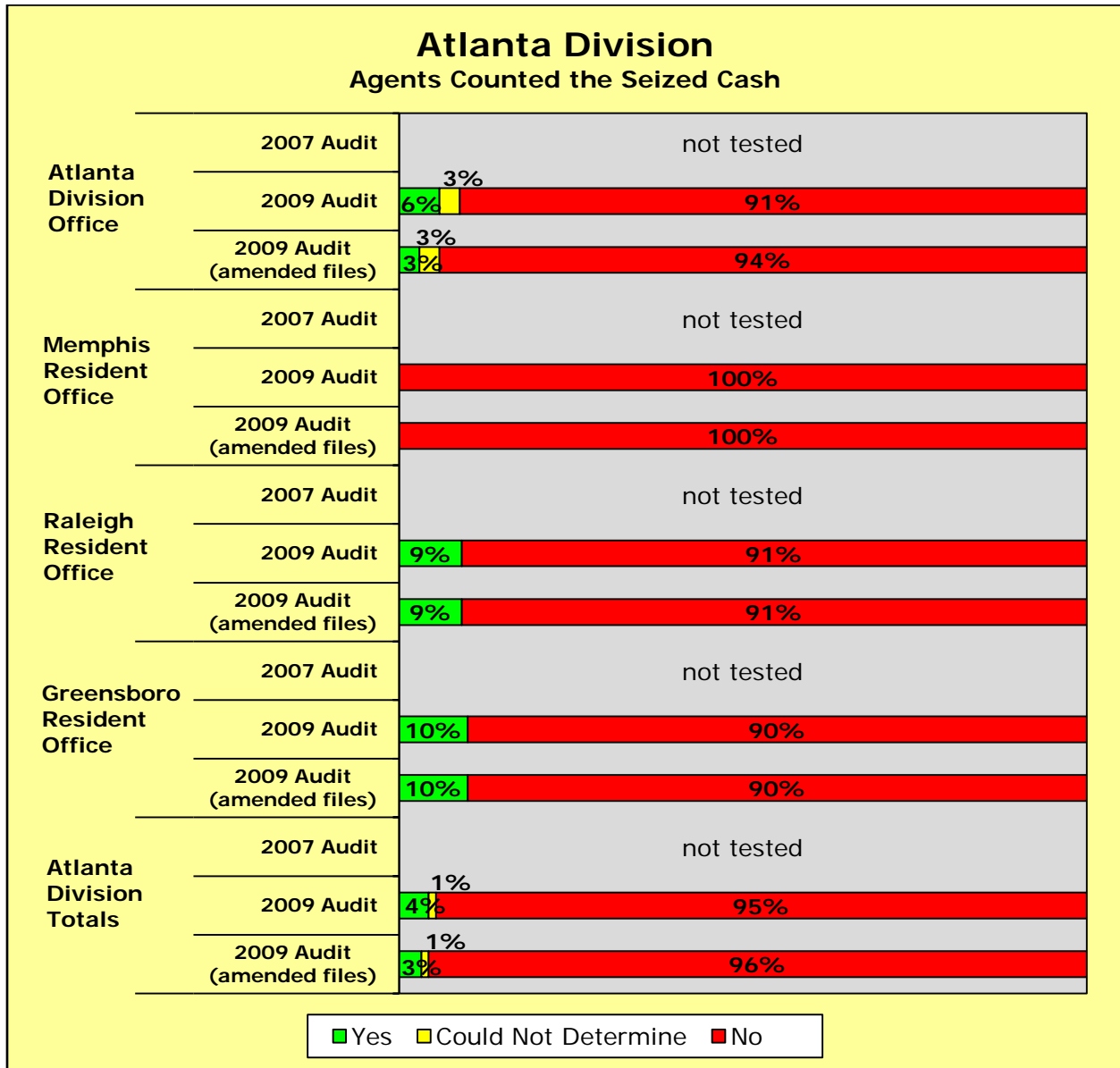
Source: OIG analysis of DEA documents

Washington Division Witness Present During Discovery



Source: OIG analysis of DEA documents

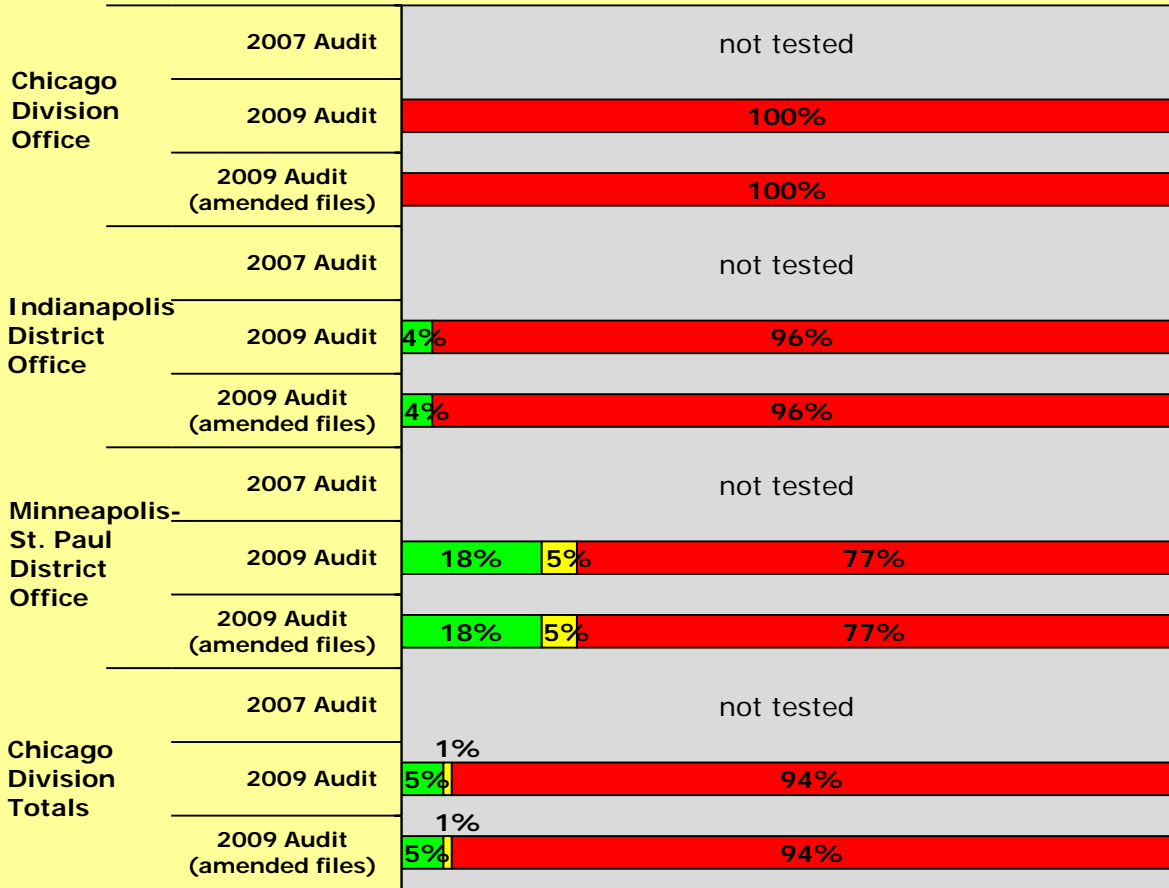
Agents Counted the Seized Cash⁷⁷



Source: OIG analysis of DEA documents

⁷⁷ For the counting of seized cash, "Yes" means documentation showed the seized cash was counted, "No" means documentation showed the seized cash was not counted, and "Could not determine" means the documentation did not provide sufficient information to confirm whether the seized cash was counted.

Chicago Division Agents Counted the Seized Cash



■ Yes
 ■ Could Not Determine
 ■ No

Source: OIG analysis of DEA documents

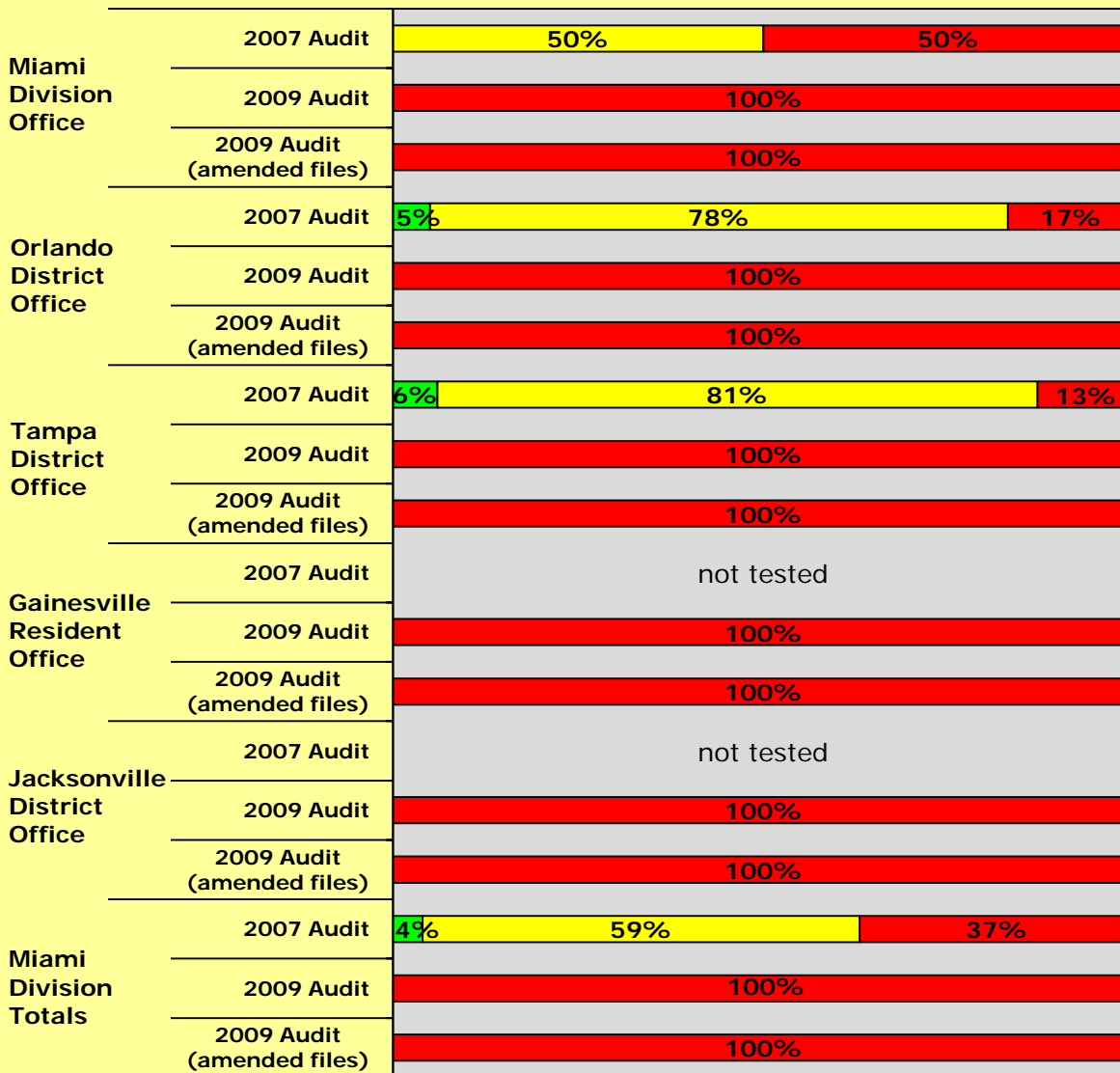
Houston Division Agents Counted the Seized Cash



■ Yes
 ■ Could Not Determine
 ■ No

Source: OIG analysis of DEA documents

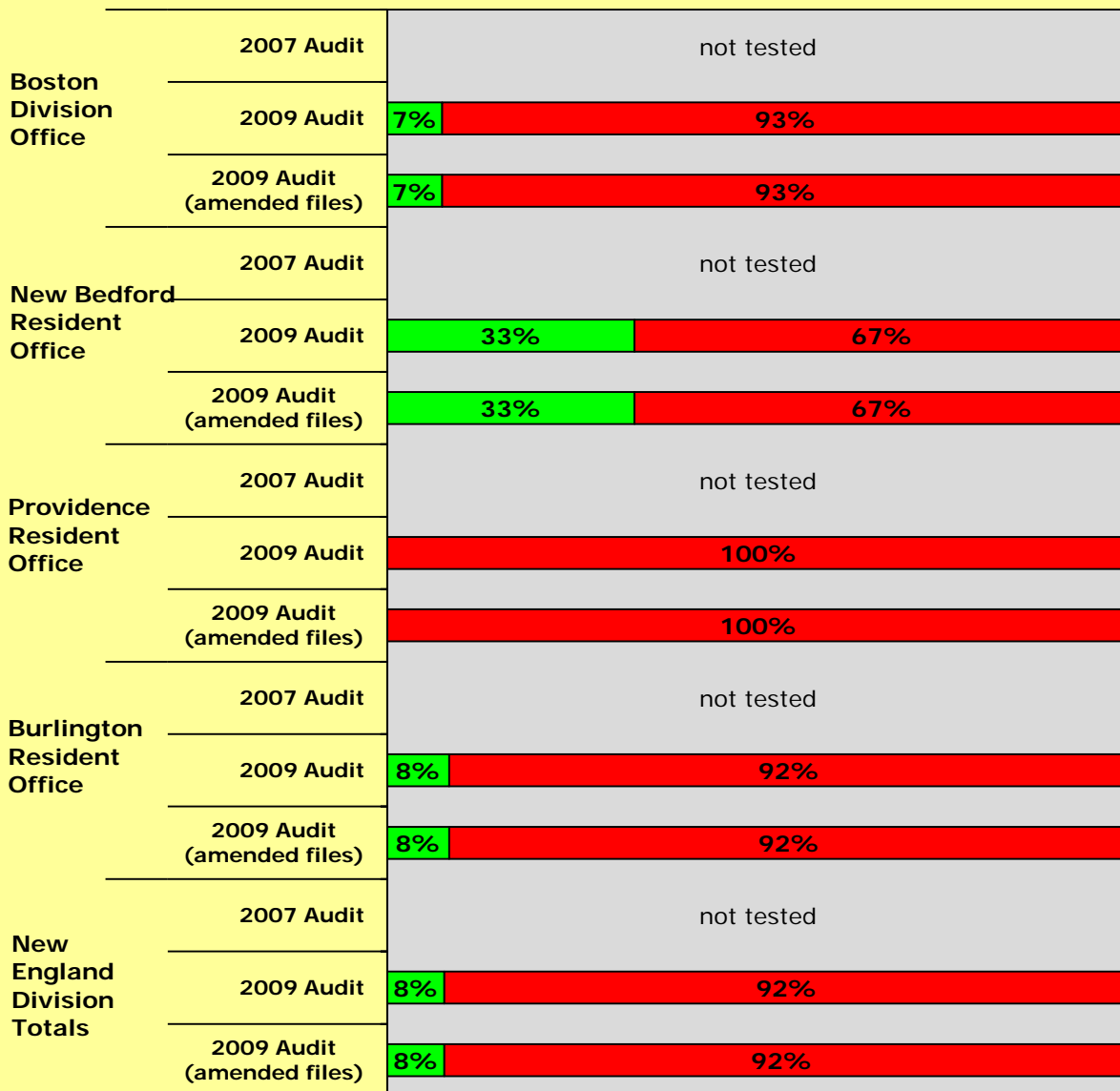
Miami Division Agents Counted the Seized Cash



■ Yes
 ■ Could Not Determine
 ■ No

Source: OIG analysis of DEA documents

New England Division Agents Counted the Seized Cash



■ Yes
 ■ Could Not Determine
 ■ No

Source: OIG analysis of DEA documents

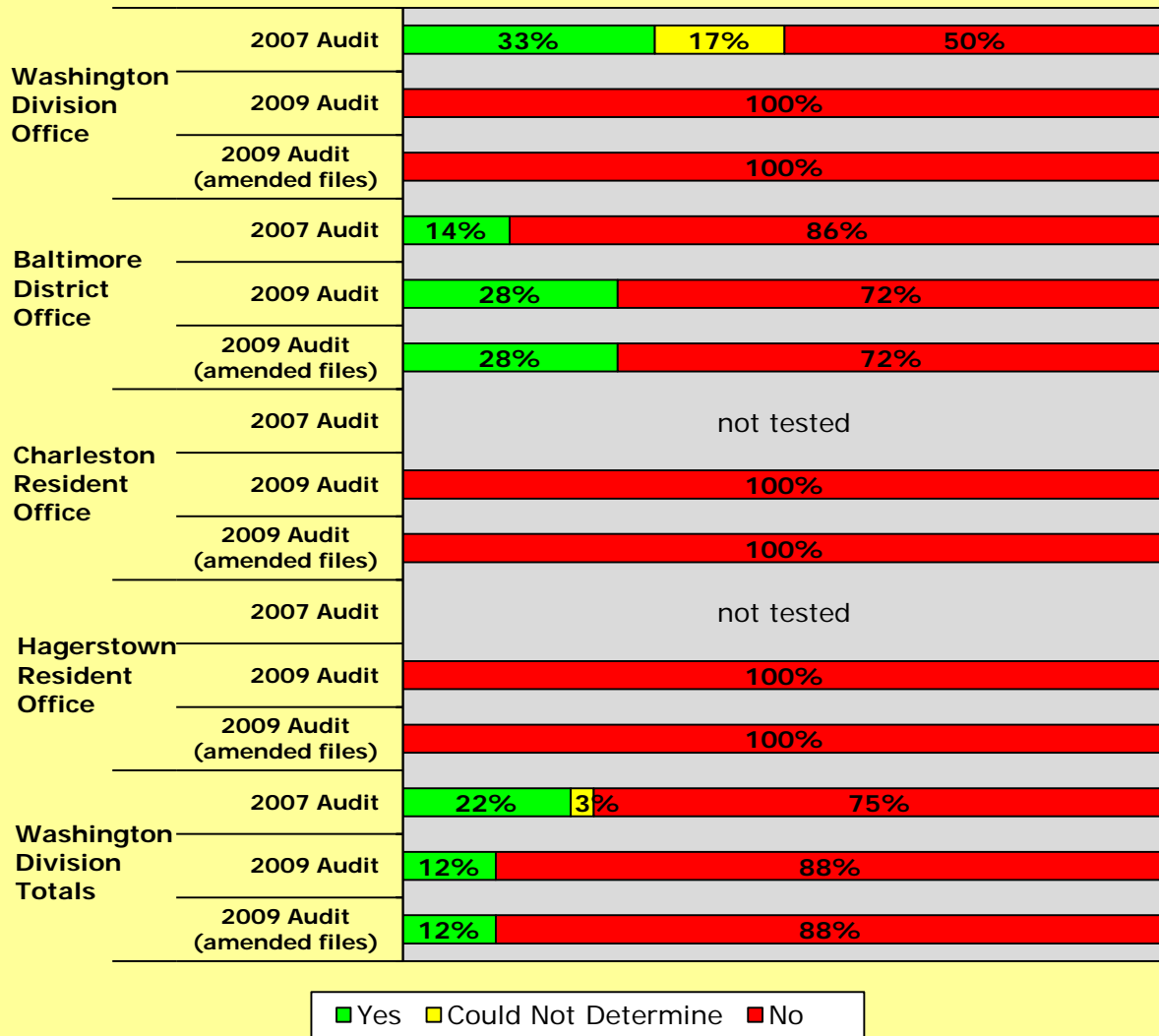
San Diego Division Agents Counted the Seized Cash

San Diego Division Office	2007 Audit	not tested
	2009 Audit	100%
	2009 Audit (amended files)	100%
Imperial County District Office	2007 Audit	not tested
	2009 Audit	100%
	2009 Audit (amended files)	100%
Carlsbad Resident Office	2007 Audit	not tested
	2009 Audit	100%
	2009 Audit (amended files)	100%
San Ysidro Resident Office	2007 Audit	not tested
	2009 Audit	100%
	2009 Audit (amended files)	100%
San Diego Division Totals	2007 Audit	not tested
	2009 Audit	100%
	2009 Audit (amended files)	100%

■ Yes
 ■ Could Not Determine
 ■ No

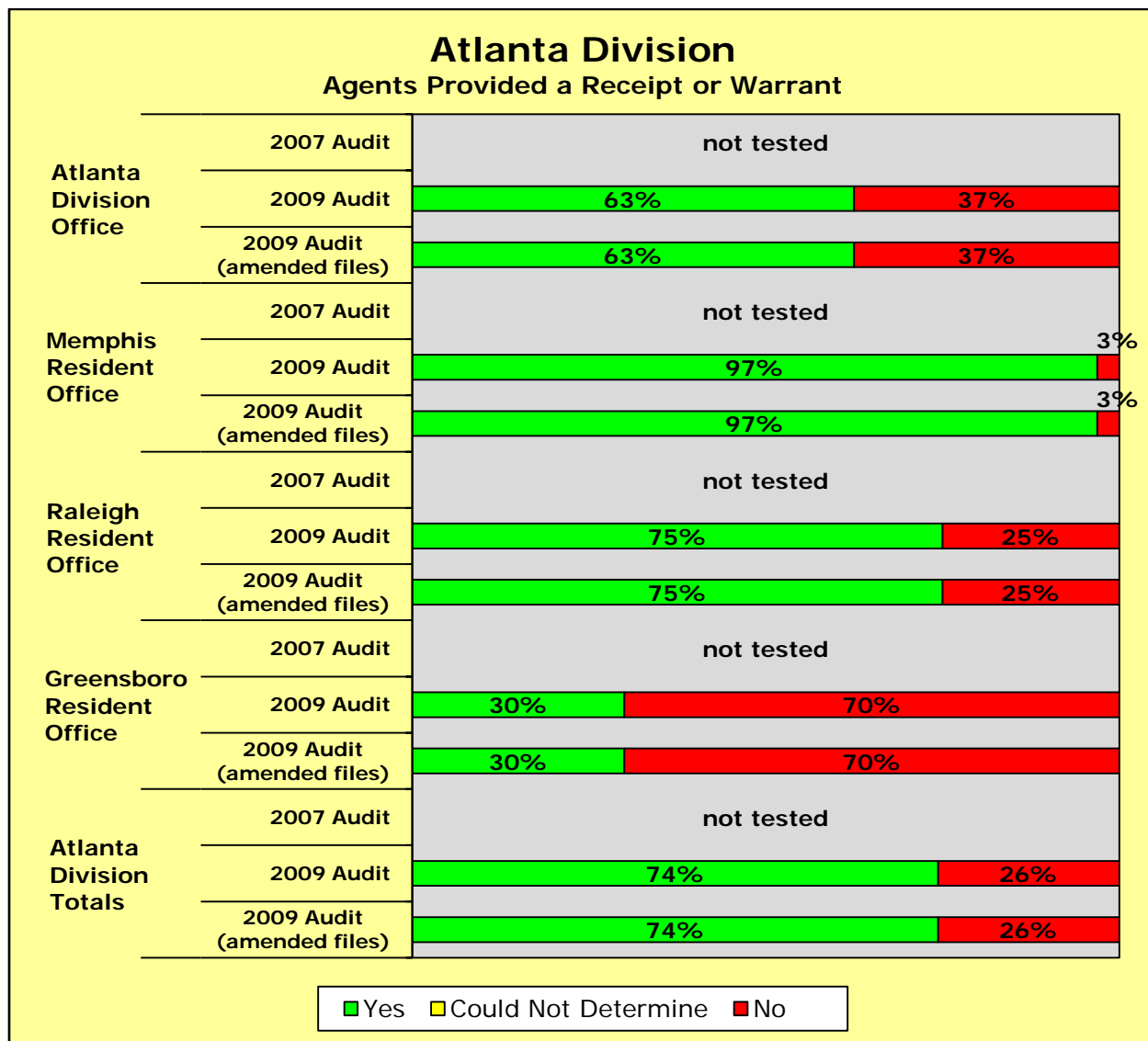
Source: OIG analysis of DEA documents

Washington Division Agents Counted the Seized Cash



Source: OIG analysis of DEA documents

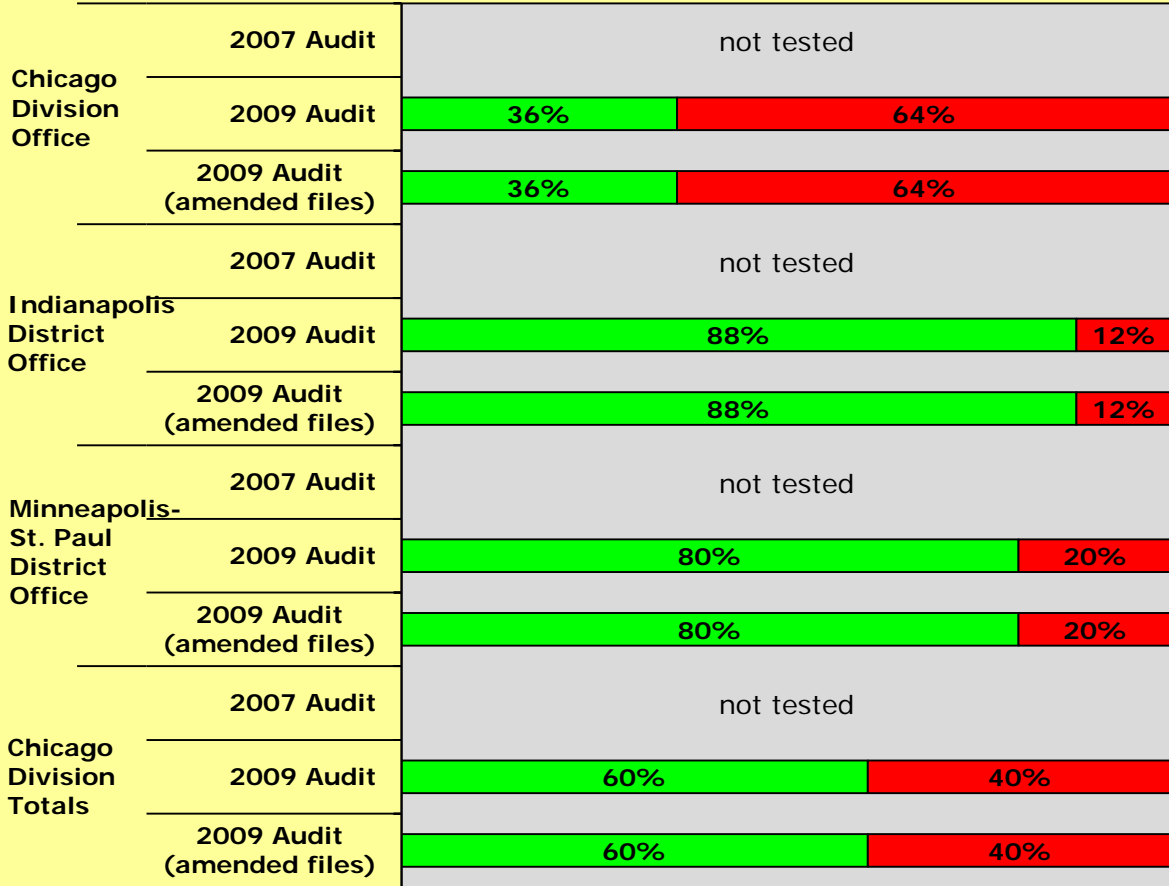
Agents Provided a Receipt or Warrant to the Owner of the Seized Cash⁷⁸



Source: OIG analysis of DEA documents

⁷⁸ "Yes" means documentation showed the agents provided the owner of the seized cash either a receipt (DEA-12) or a copy of the seizure warrant if applicable. "No" means documentation showed the agents did not provide the owner of the seized cash either a receipt (DEA-12) or a copy of the seizure warrant if applicable. "Could not determine" means the documentation did not provide sufficient information to confirm whether the agents provided the owner of the seized cash either a receipt (DEA-12) or a copy of the seizure warrant if applicable.

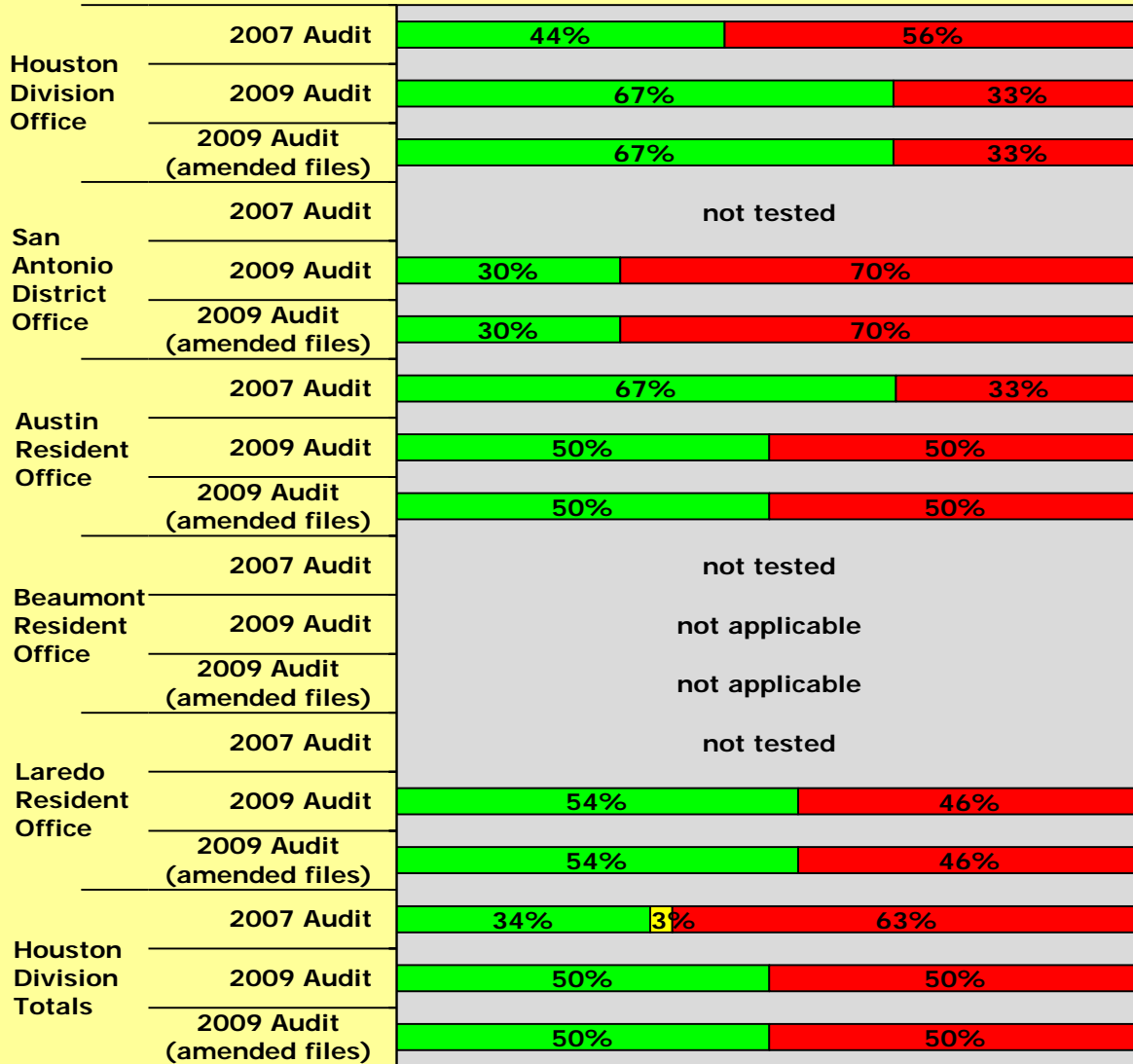
Chicago Division Agents Provided a Receipt or Warrant



■ Yes
 ■ Could Not Determine
 ■ No

Source: OIG analysis of DEA documents

Houston Division Agents Provided a Receipt or Warrant

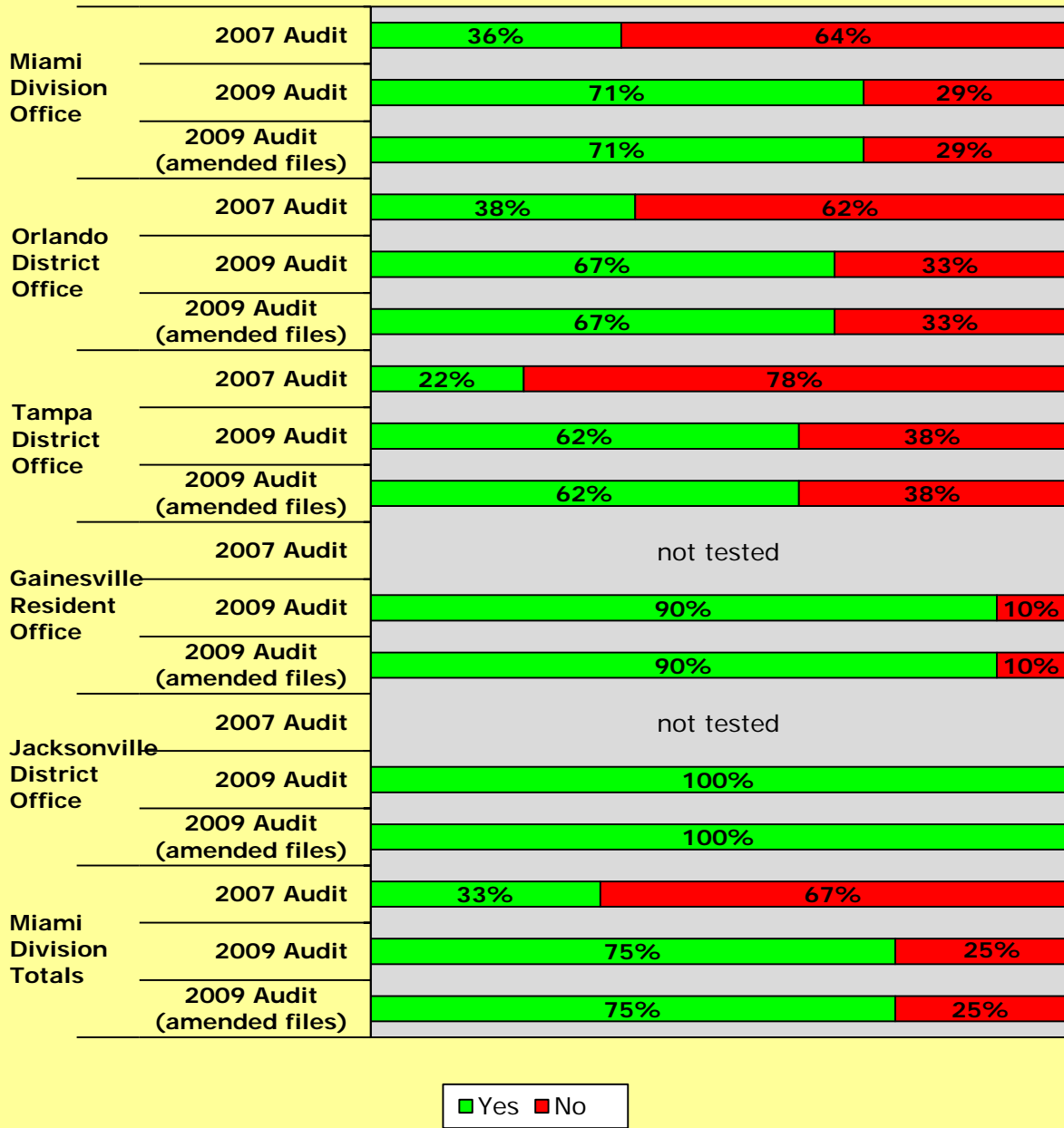


■ Yes
 ■ Could Not Determine
 ■ No

Source: OIG analysis of DEA documents

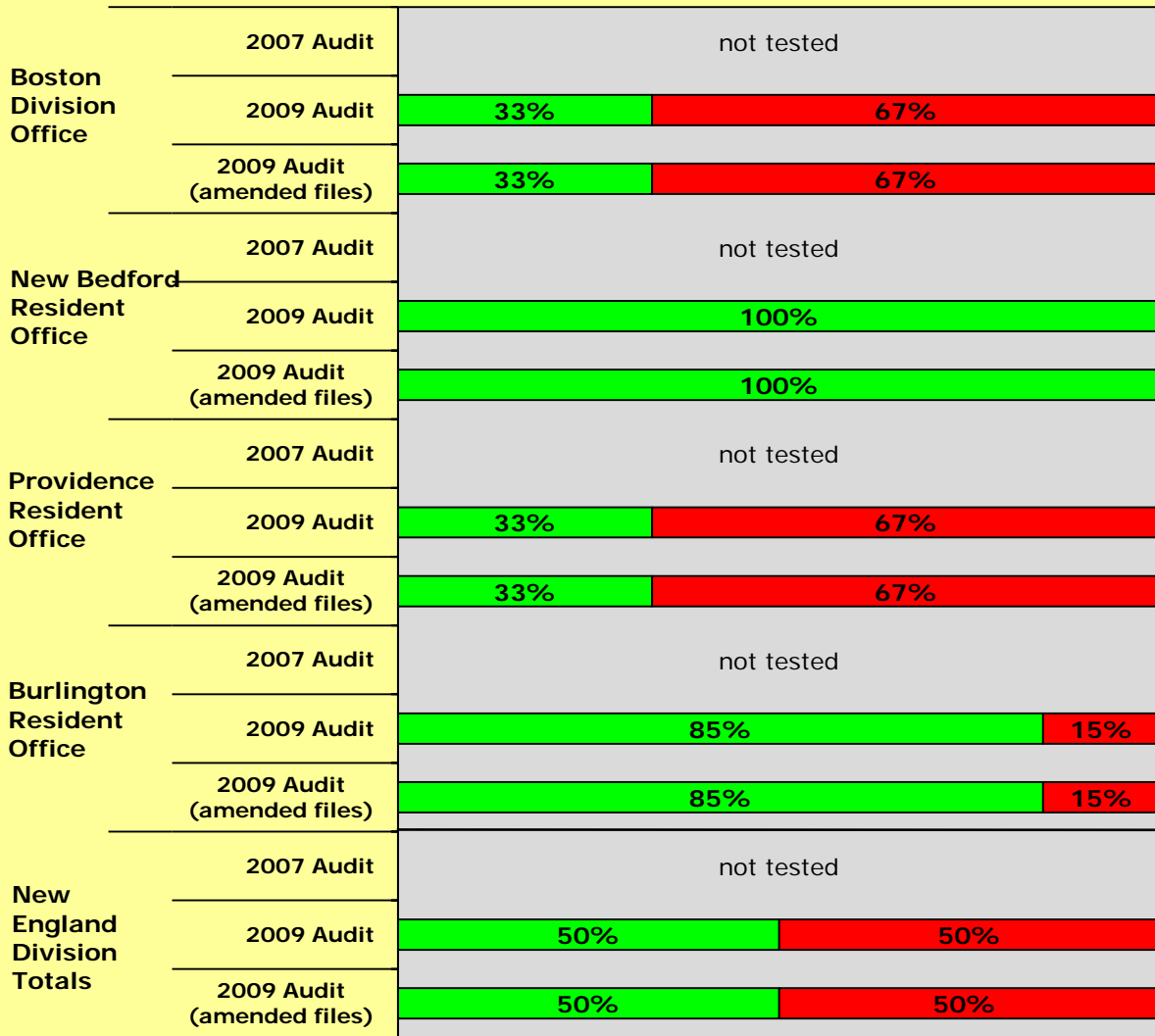
At the Beaumont Resident Office our audit test was not applicable to the four seizures we tested because a local law enforcement agency made those seizures.

Miami Division Agents Provided a Receipt or Warrant



Source: OIG analysis of DEA documents

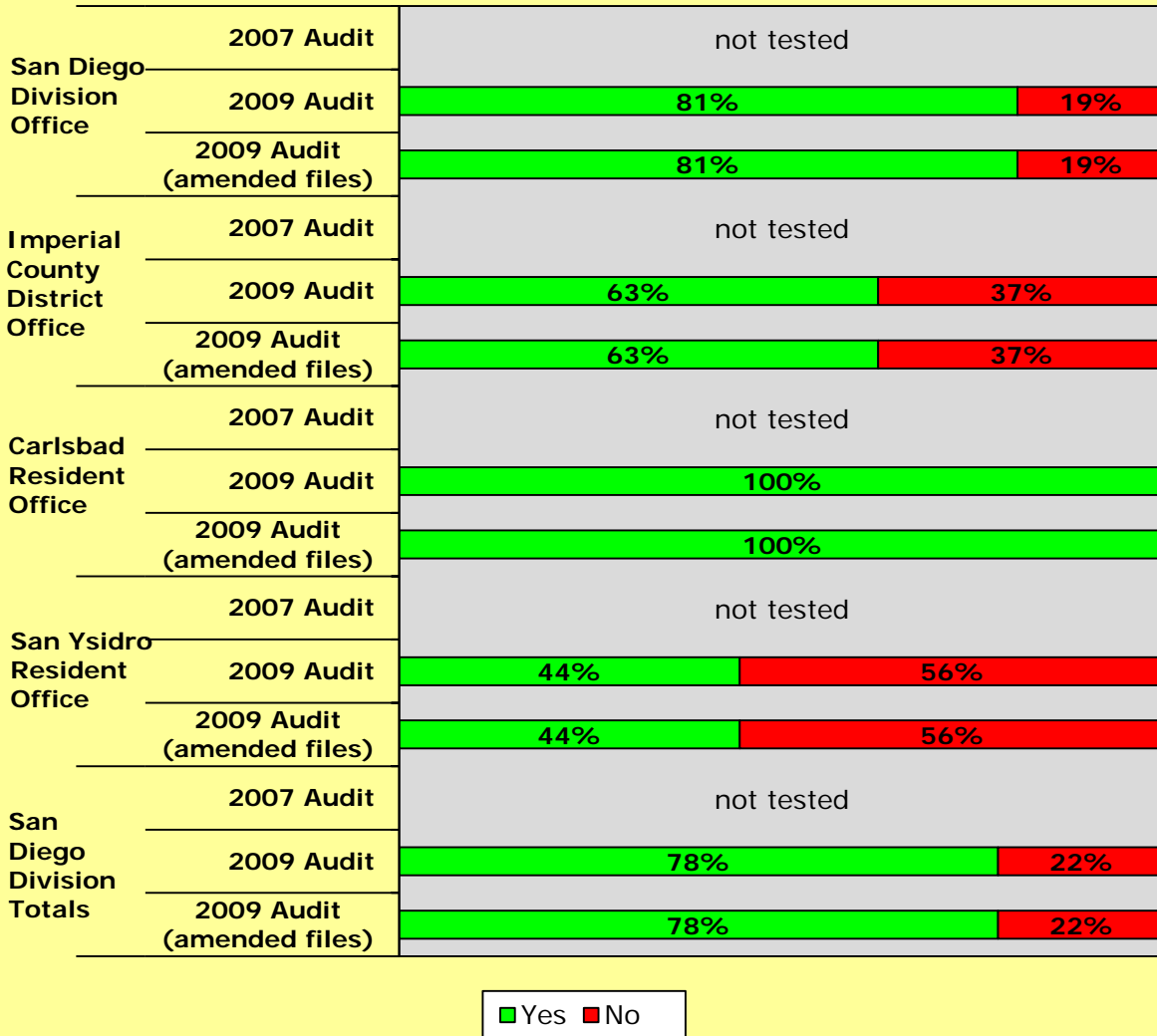
New England Division Agents Provided a Receipt or Warrant



■ Yes
 ■ Could Not Determine
 ■ No

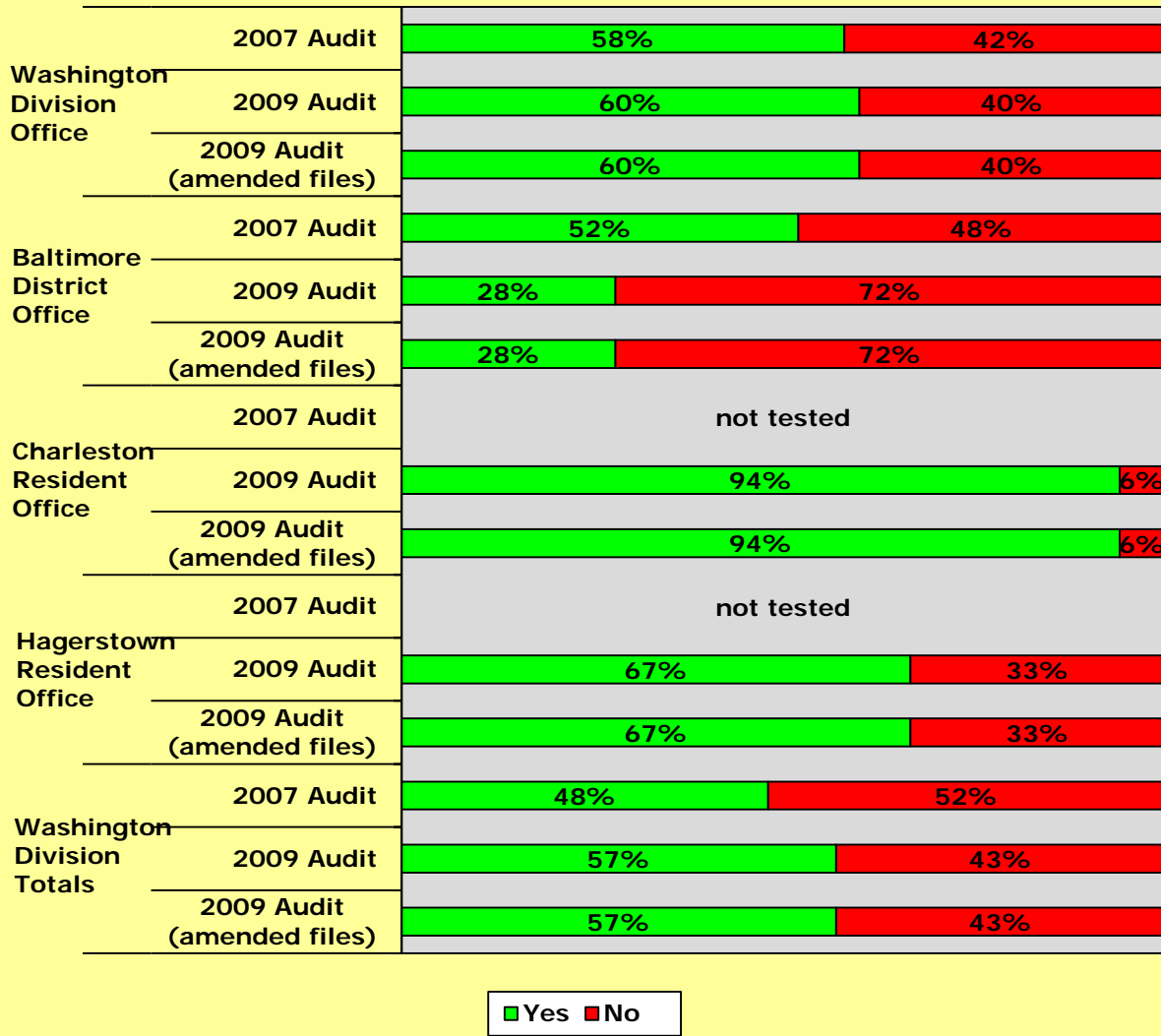
Source: OIG analysis of DEA documents

San Diego Division Agents Provided a Receipt or Warrant



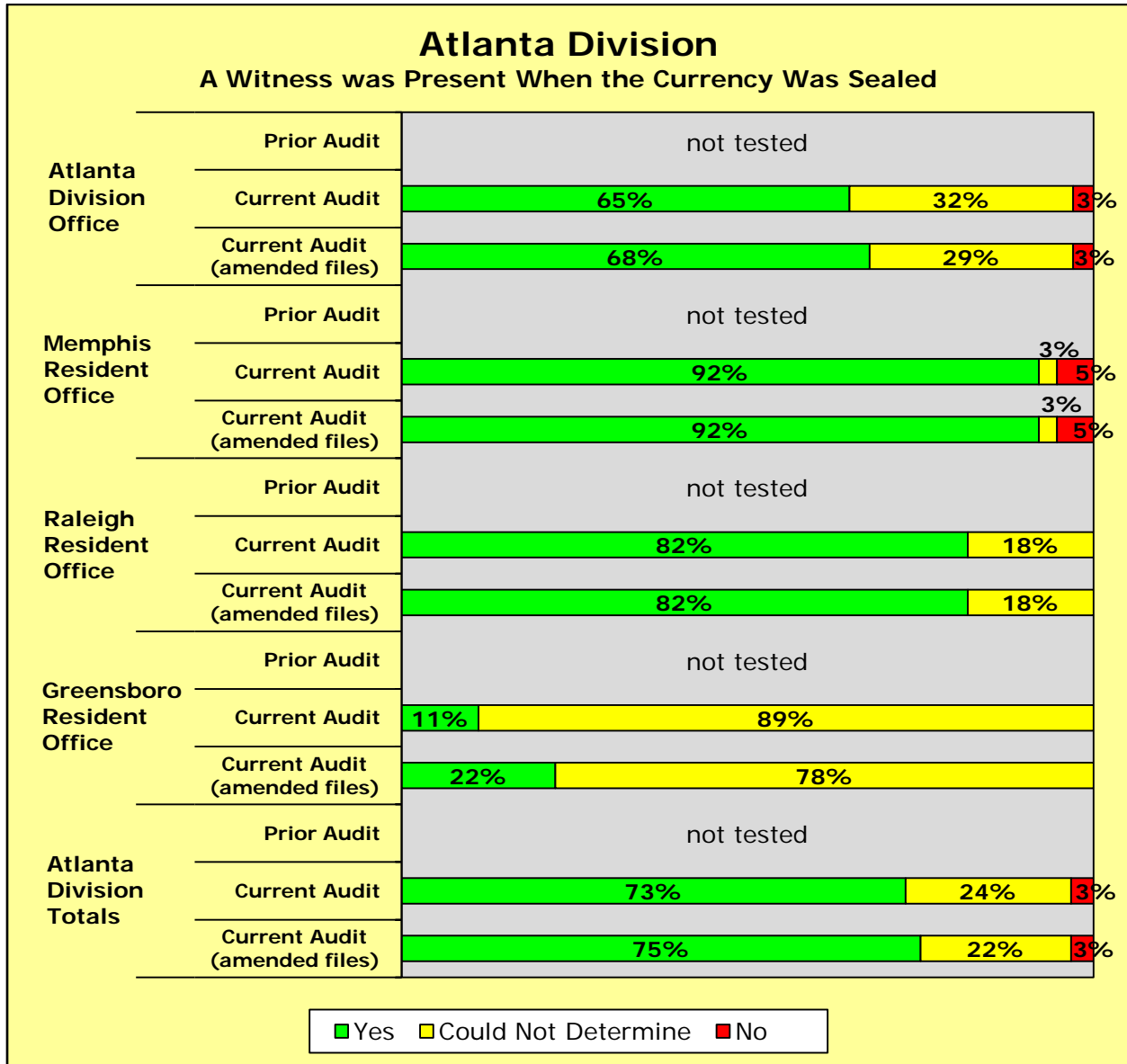
Source: OIG analysis of DEA documents

Washington Division Agents Provided a Receipt or Warrant



Source: OIG analysis of DEA documents

**Presence of a Witnessing Agent or Officer
at the Sealing of the Currency⁷⁹**

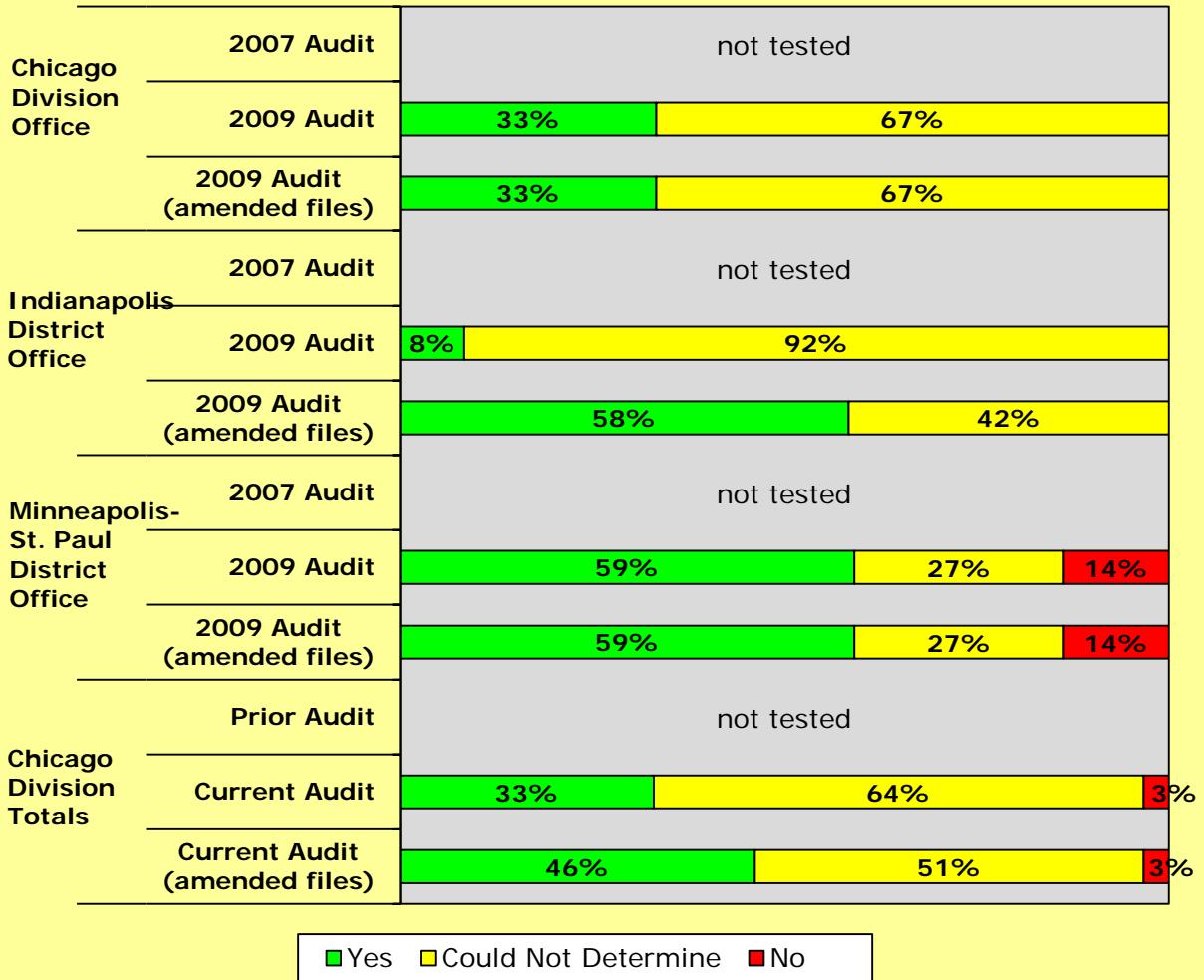


Source: OIG analysis of DEA documents

⁷⁹ "Yes" means documentation showed the name of the witnessing agent or officer who was present or involved. "No" means documentation showed the name of only one agent or officer who was present or involved. "Could not determine" means the documentation did not provide sufficient information to confirm whether a witnessing agent or officer was present or involved.

Chicago Division

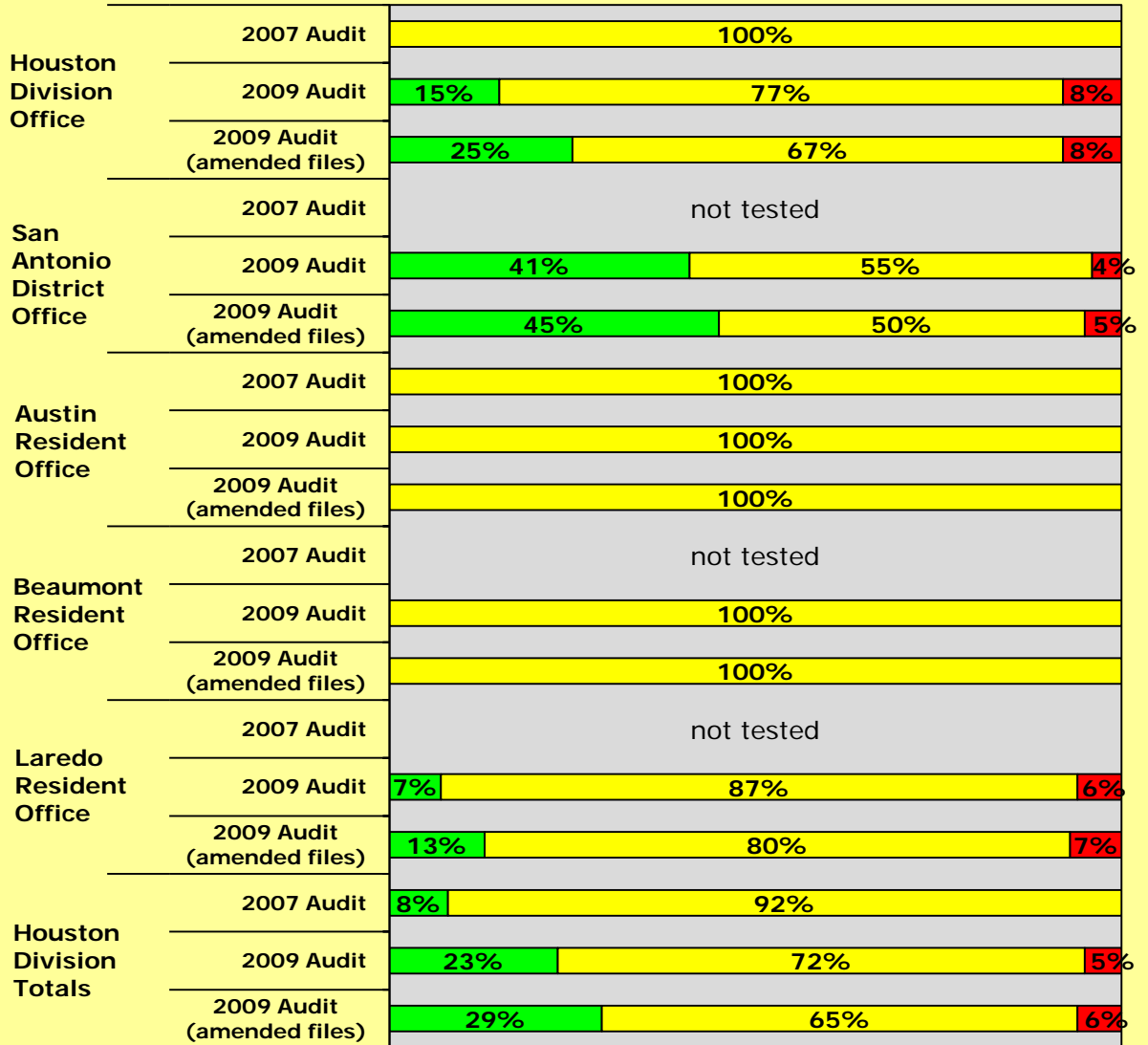
A Witness was Present When the Currency was Sealed



Source: OIG analysis of DEA documents

Houston Division

A Witness was Present When the Currency was Sealed

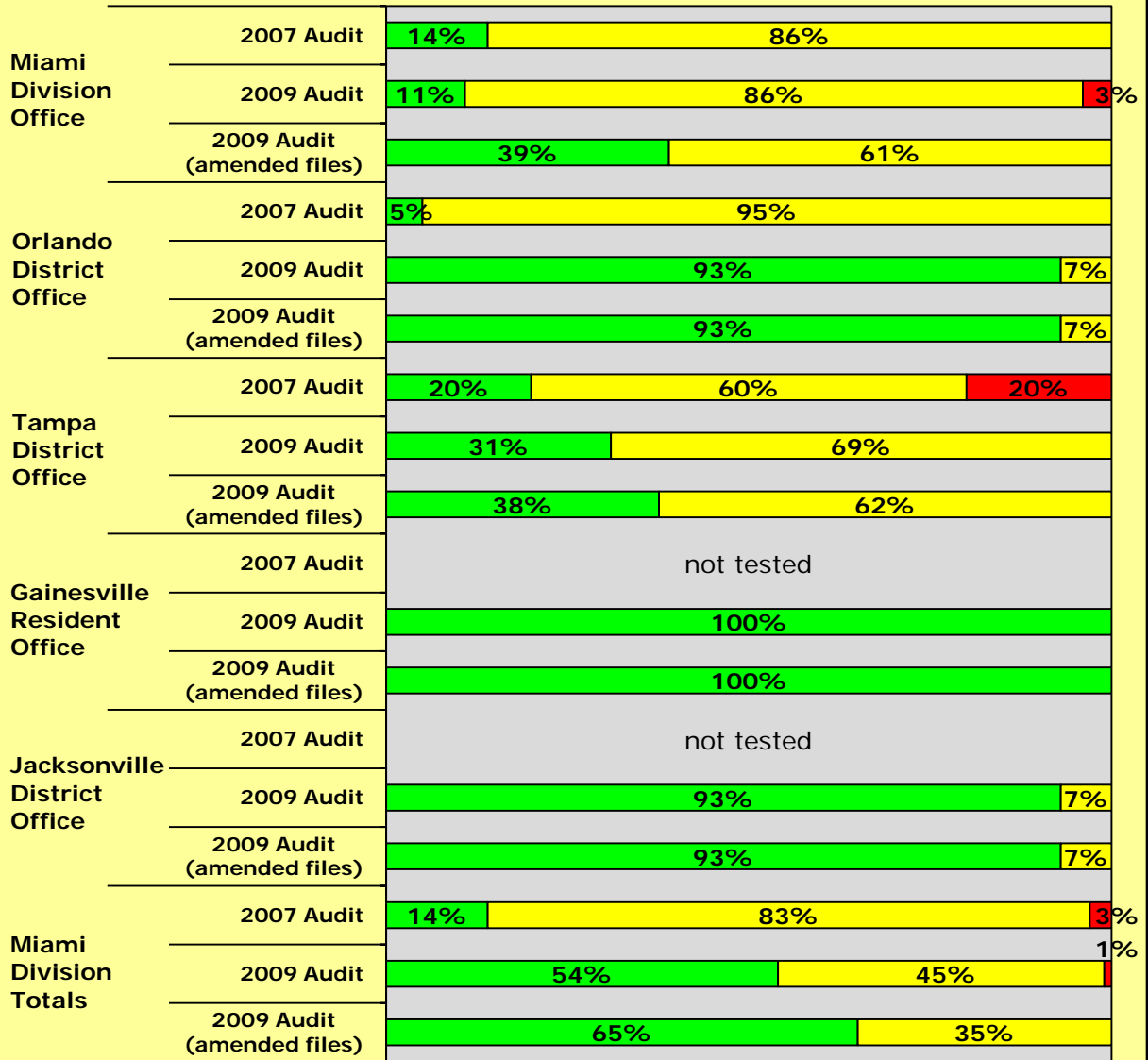


■ Yes
 ■ Could Not Determine
 ■ No

Source: OIG analysis of DEA documents

Miami Division

A Witness Was Present When the Currency was Sealed

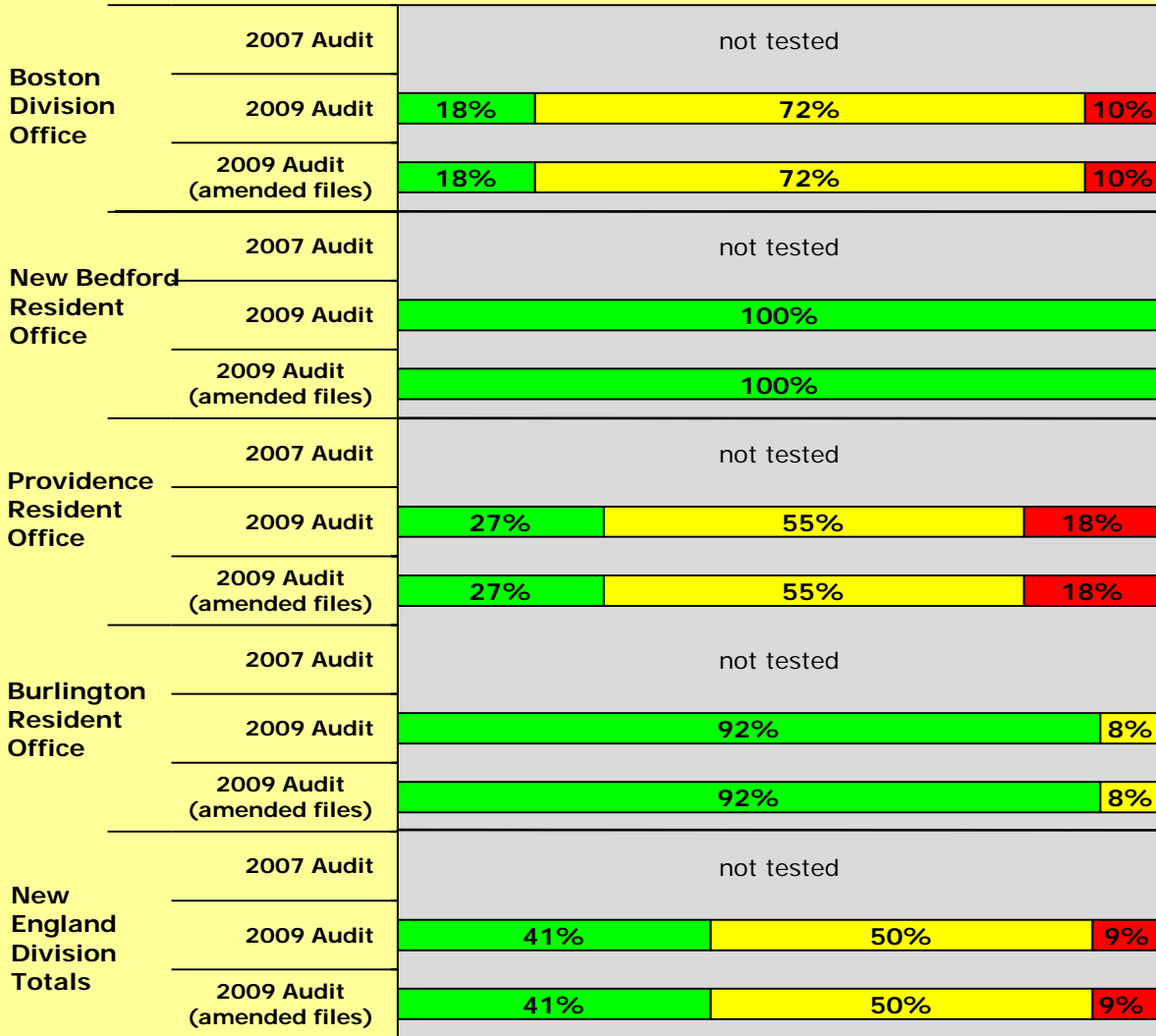


■ Yes
 ■ Could Not Determine
 ■ No

Source: OIG analysis of DEA documents

New England Division

A Witness Was Present at the Sealing of the Currency

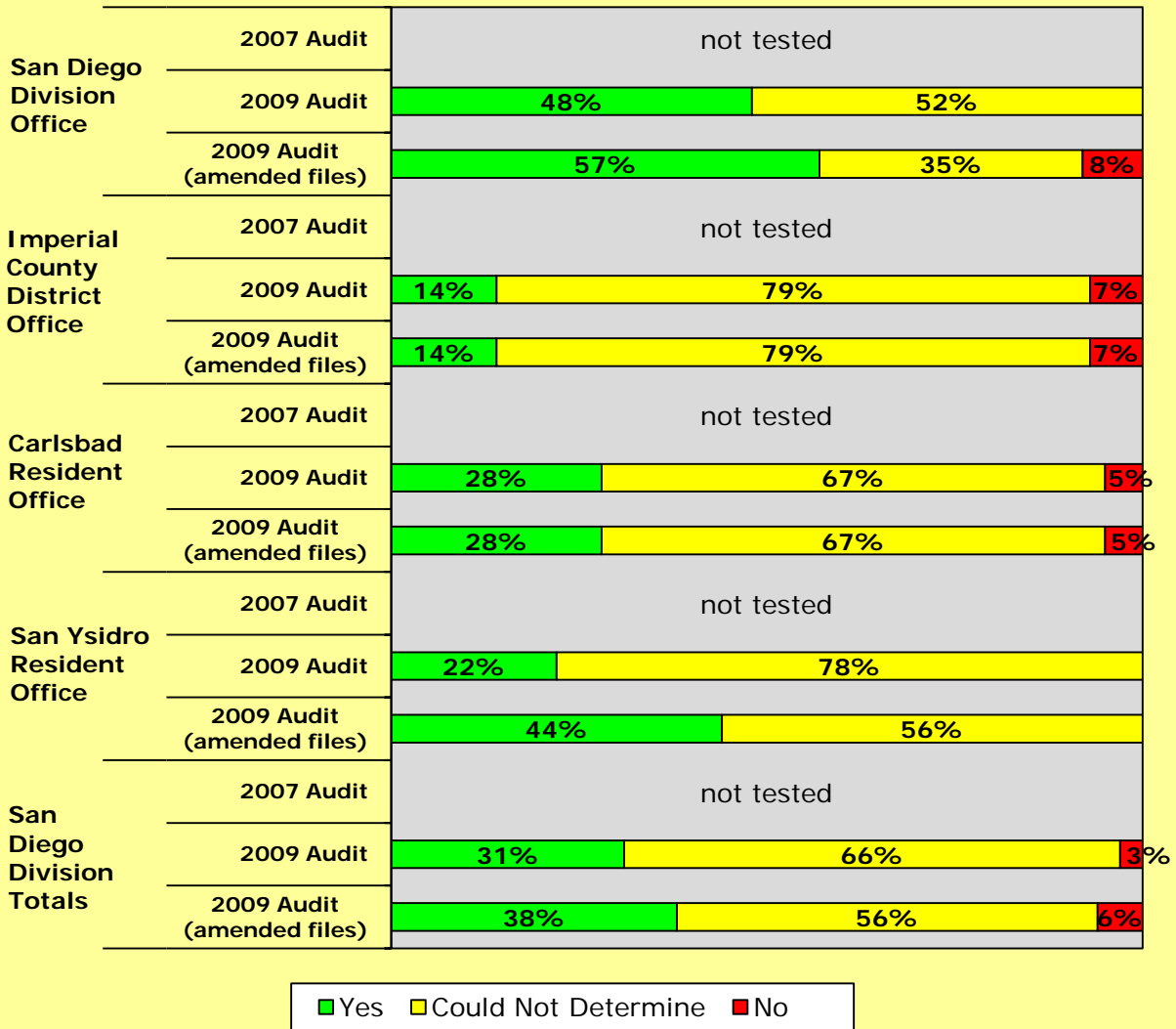


■ Yes
 ■ Could Not Determine
 ■ No

Source: OIG analysis of DEA documents

San Diego Division

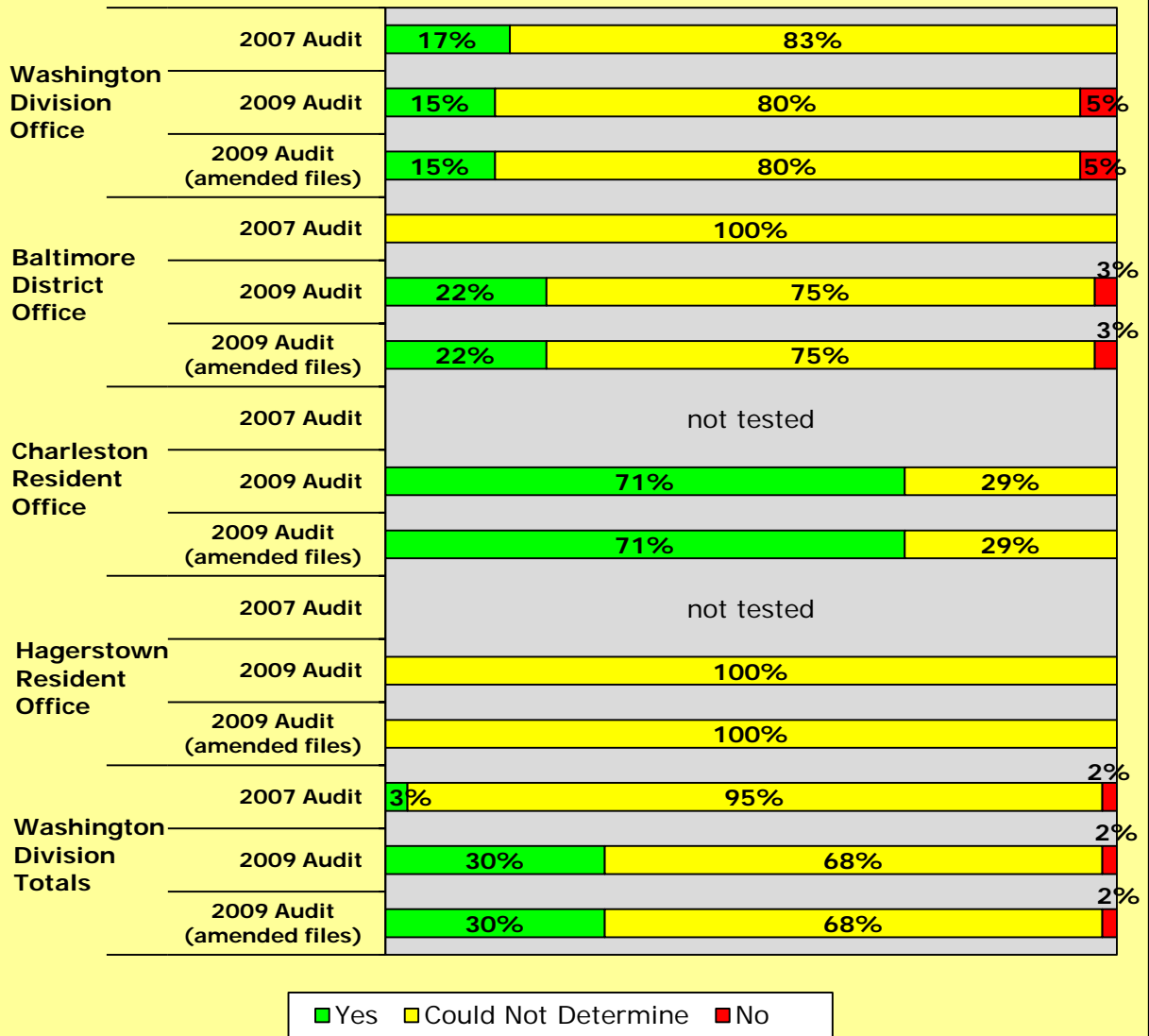
A Witness was Present When the Currency Was Sealed



Source: OIG analysis of DEA documents

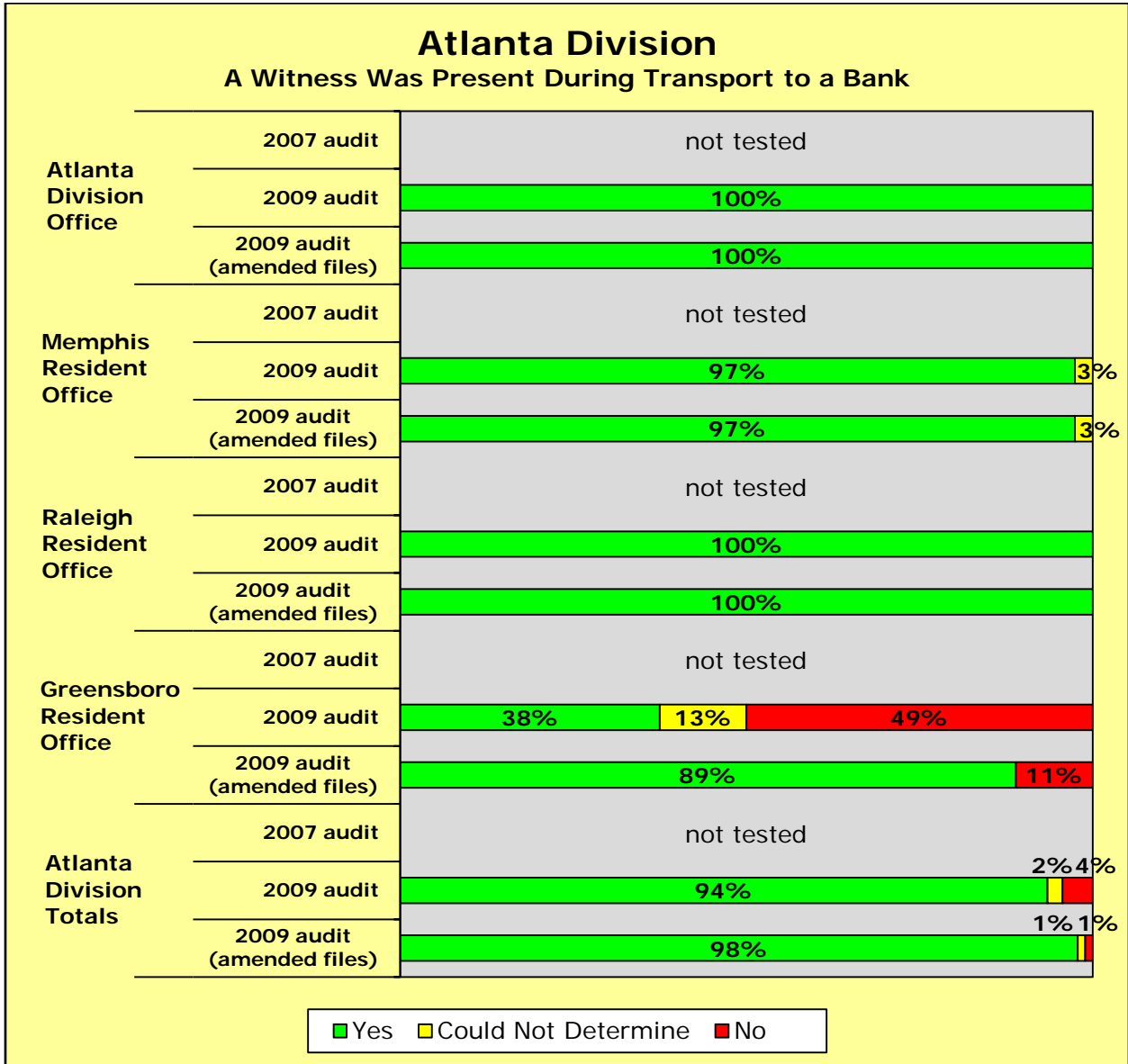
Washington Division

A Witness was Present at the Sealing of the Currency



Source: OIG analysis of DEA documents

Presence of a Witnessing Law Enforcement Officer During Transport to the Bank or Other Financial Institution⁸⁰

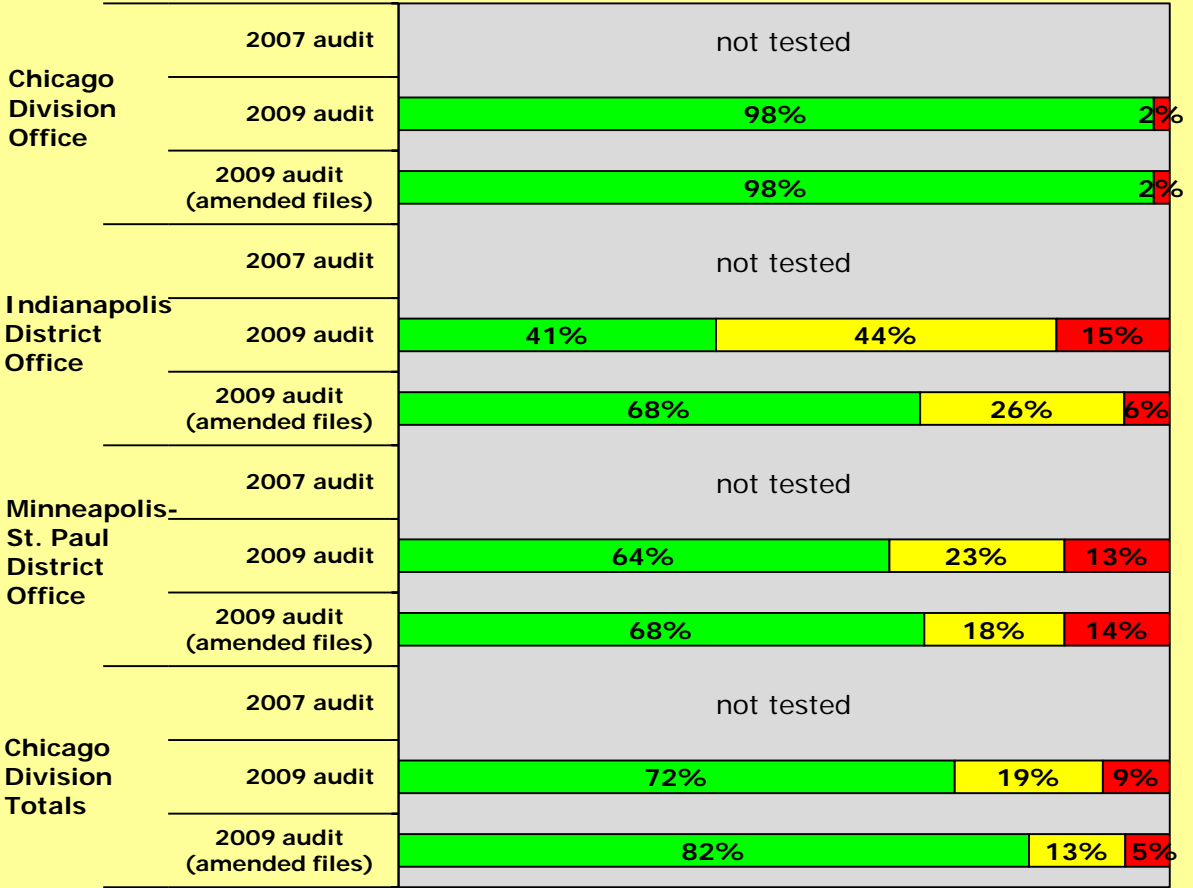


Source: OIG analysis of DEA documents

⁸⁰ "Yes" means documentation showed the name of the witnessing agent or officer who was present or involved. "No" means documentation showed the name of only one agent or officer who was present or involved. "Could not determine" means the documentation did not provide sufficient information to confirm whether a witnessing agent or officer was present or involved.

Chicago Division

A Witness Was Present During Transport to a Bank

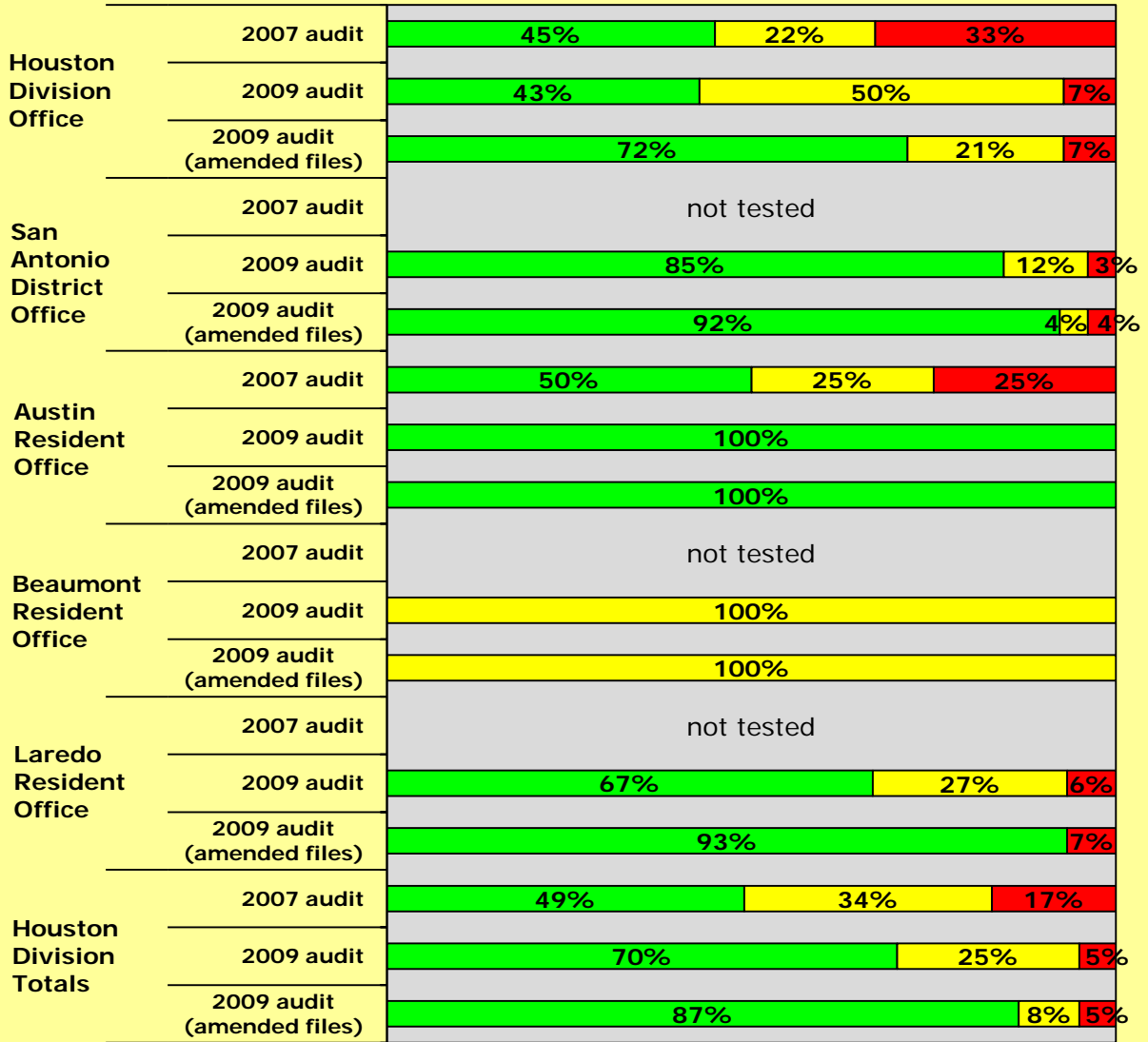


■ Yes
 ■ Could Not Determine
 ■ No

Source: OIG analysis of DEA documents

Houston Division

A Witness Was Present During Transport to a Bank

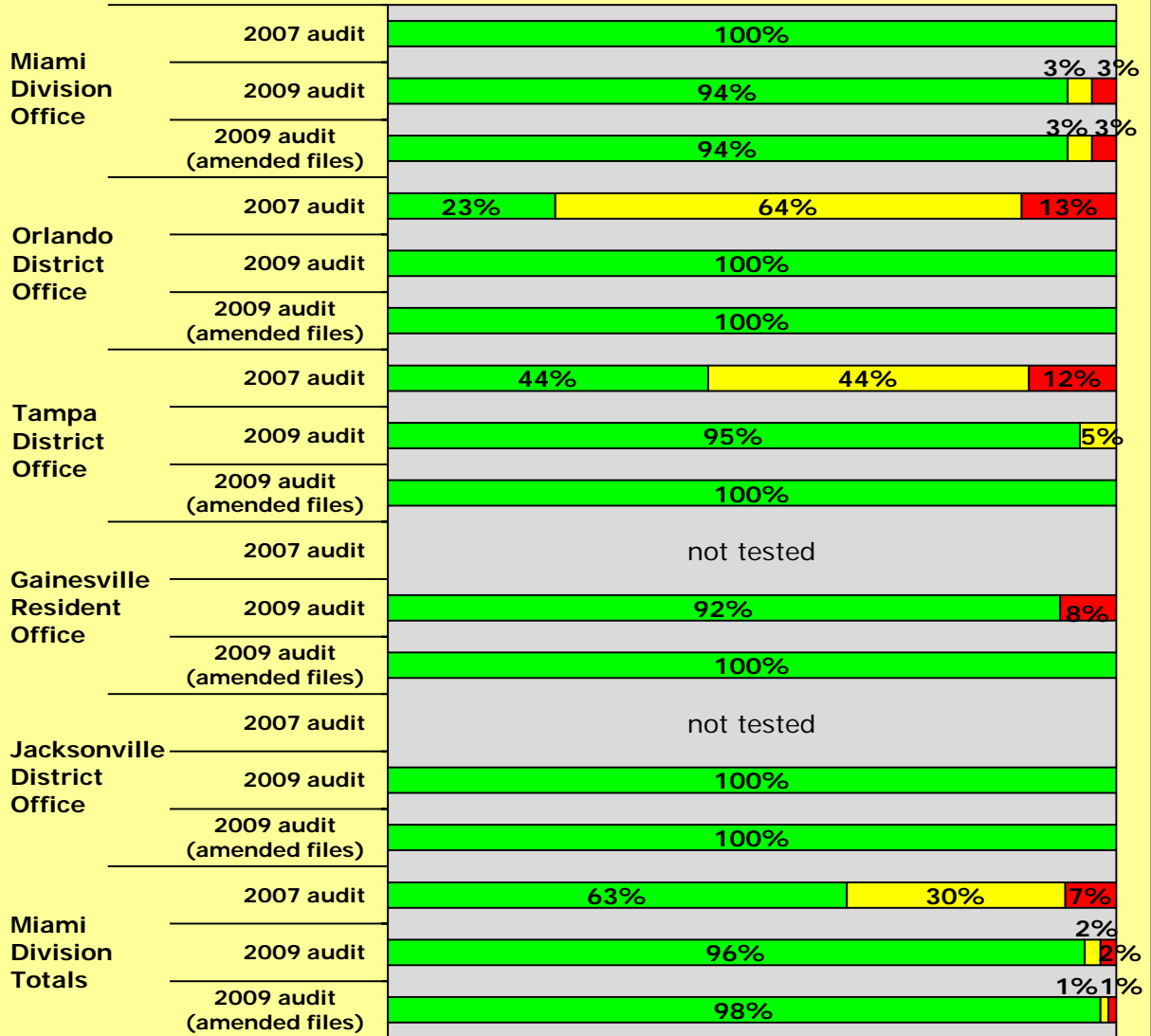


■ Yes
 ■ Could Not Determine
 ■ No

Source: OIG analysis of DEA documents

Miami Division

A Witness Was Present During Transport to a Bank

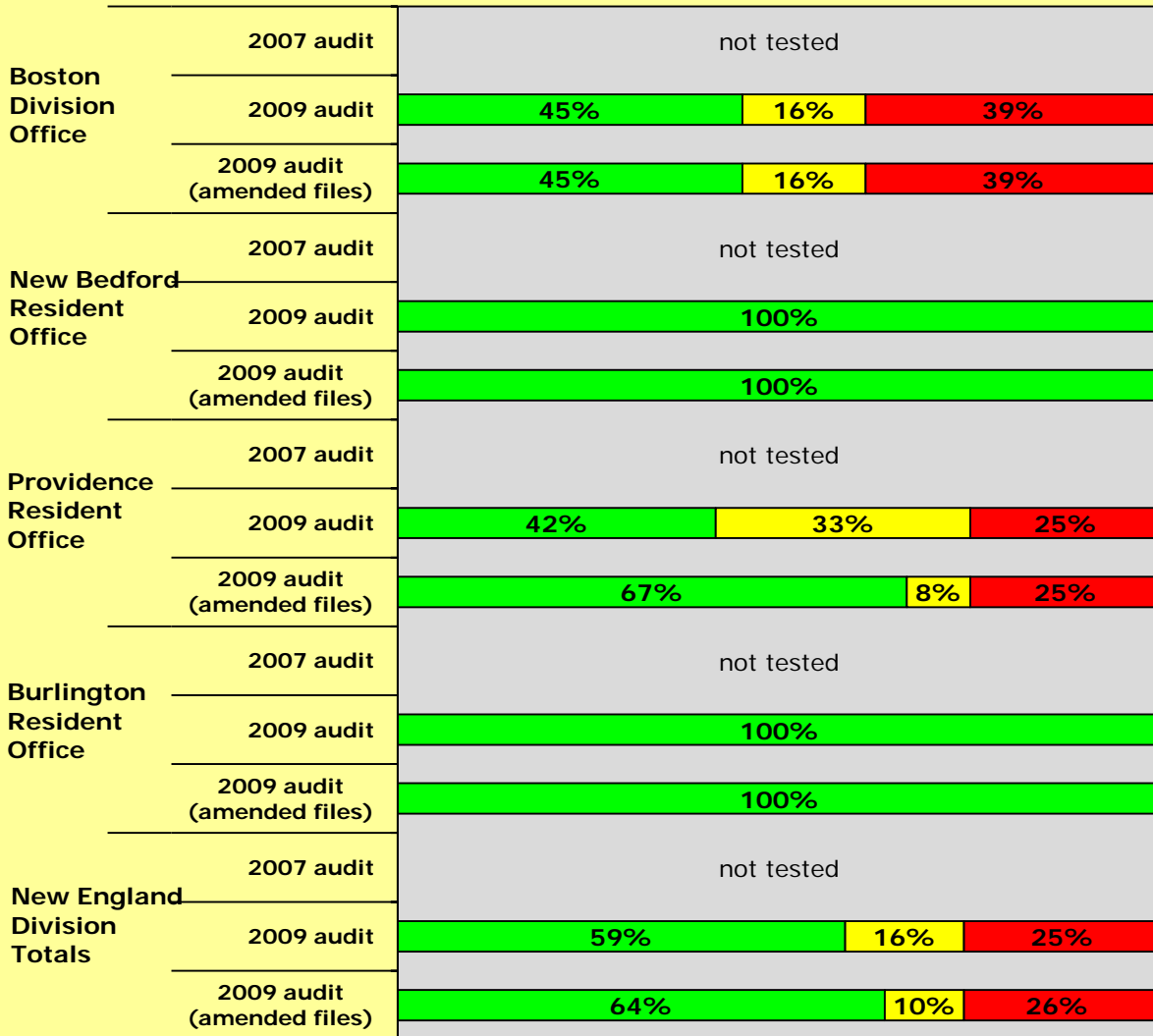


■ Yes
 ■ Could Not Determine
 ■ No

Source: OIG analysis of DEA documents

New England Division

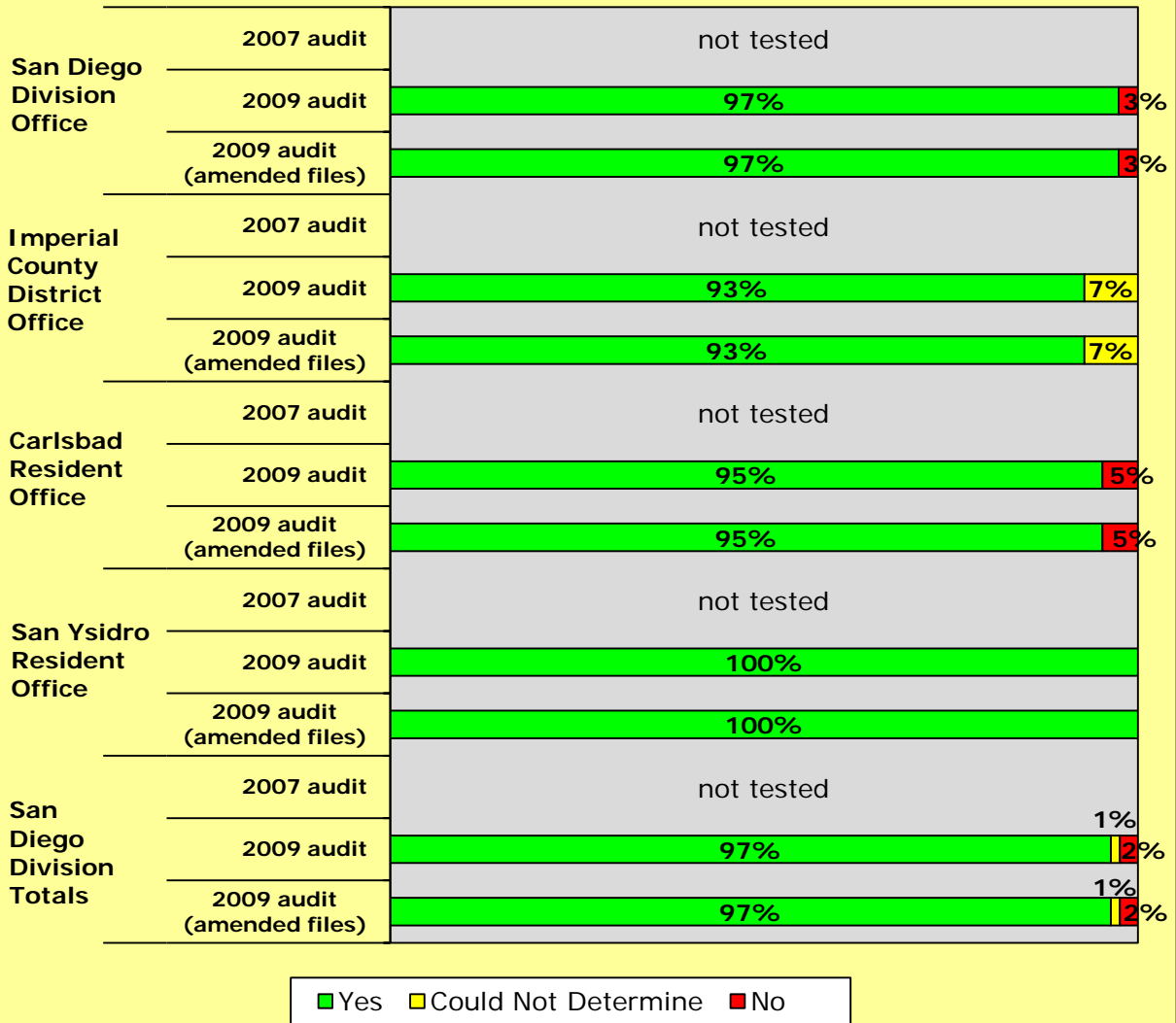
A Witness Was Present During Transport to a Bank



■ Yes
 ■ Could Not Determine
 ■ No

Source: OIG analysis of DEA documents

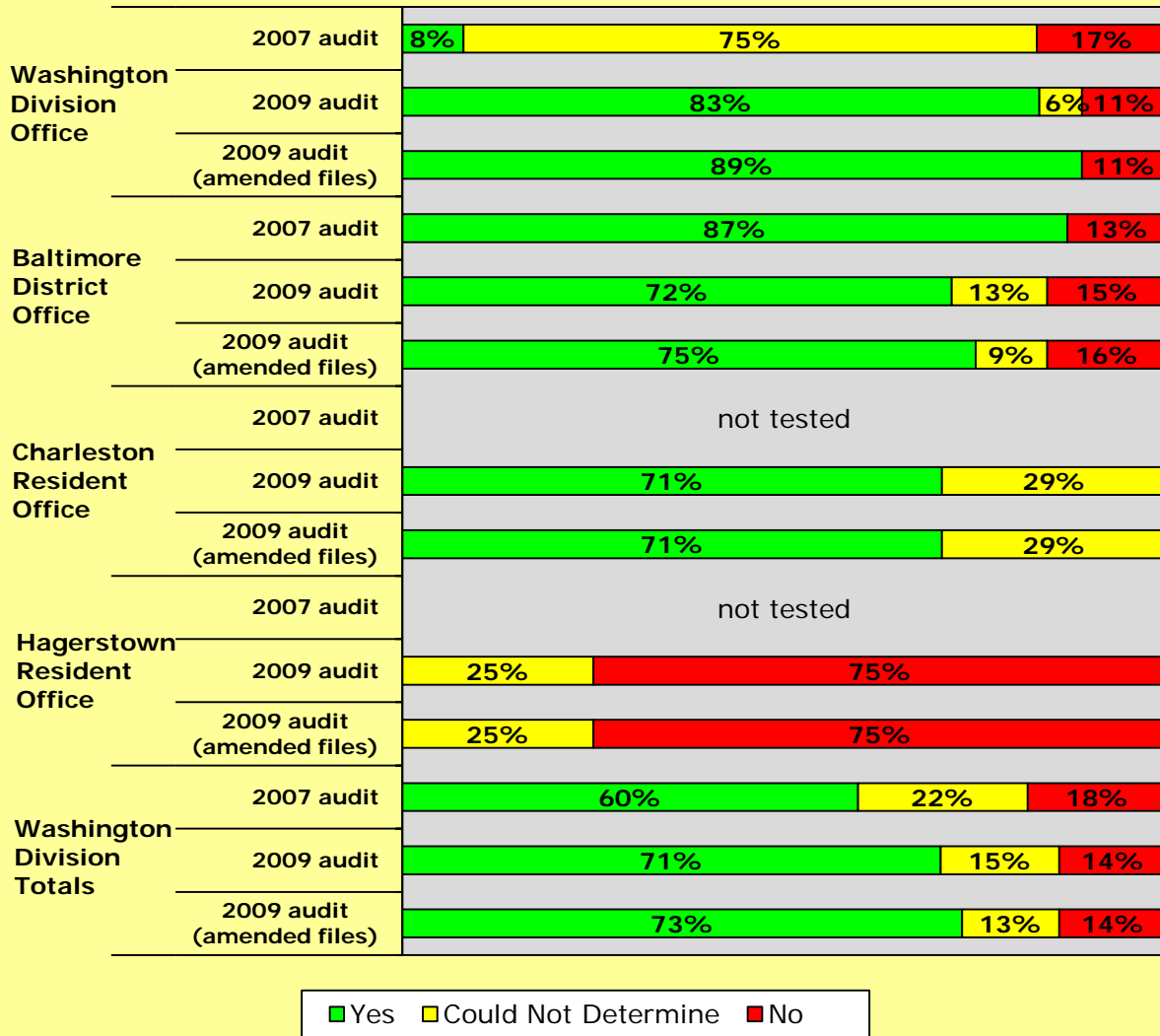
San Diego Division A Witness Was Present During Transport to a Bank



Source: OIG analysis of DEA documents

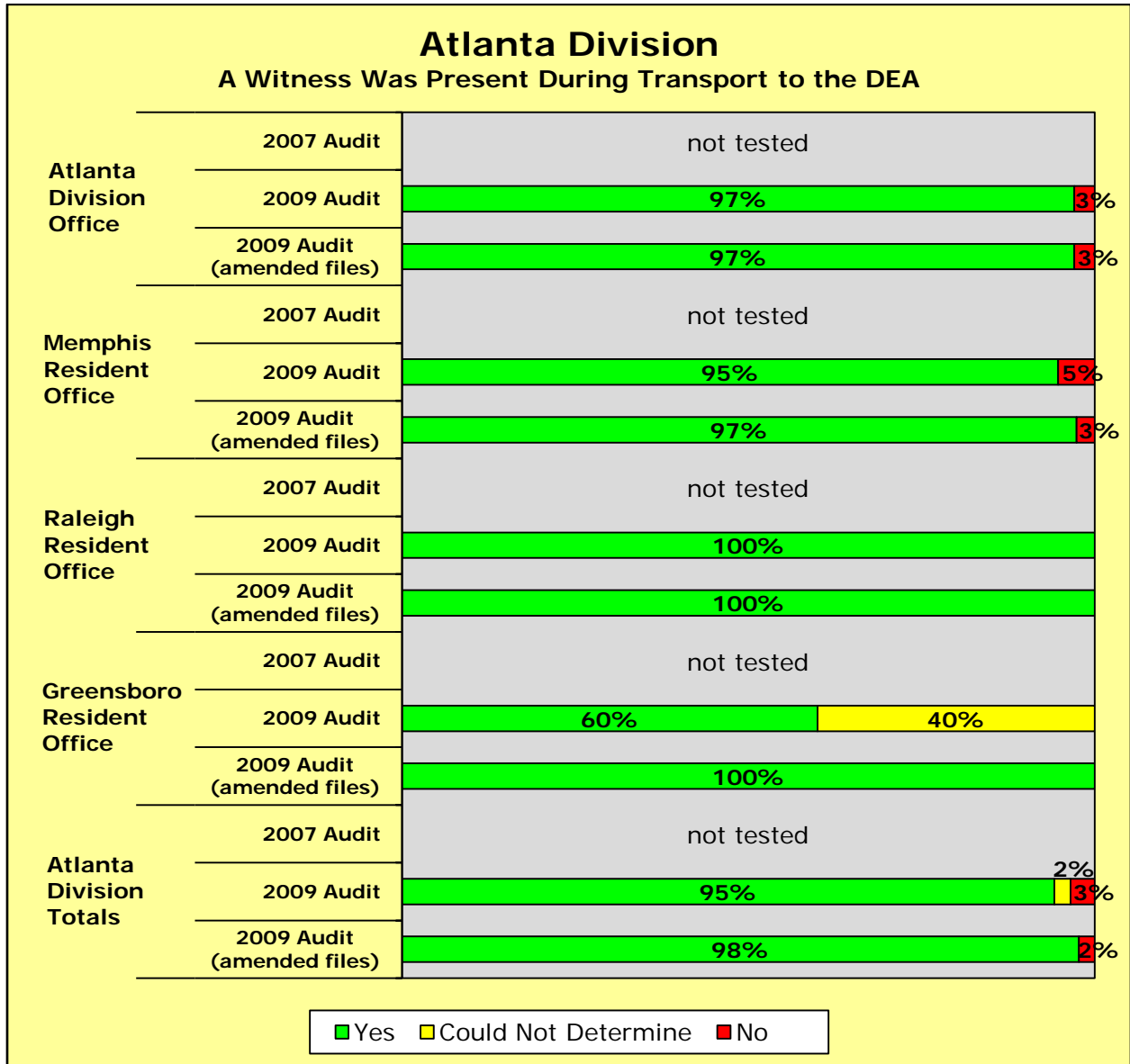
Washington Division

A Witness Was Present During Transport to a Bank



Source: OIG analysis of DEA documents

Presence of a Witness During Transport to the DEA⁸¹

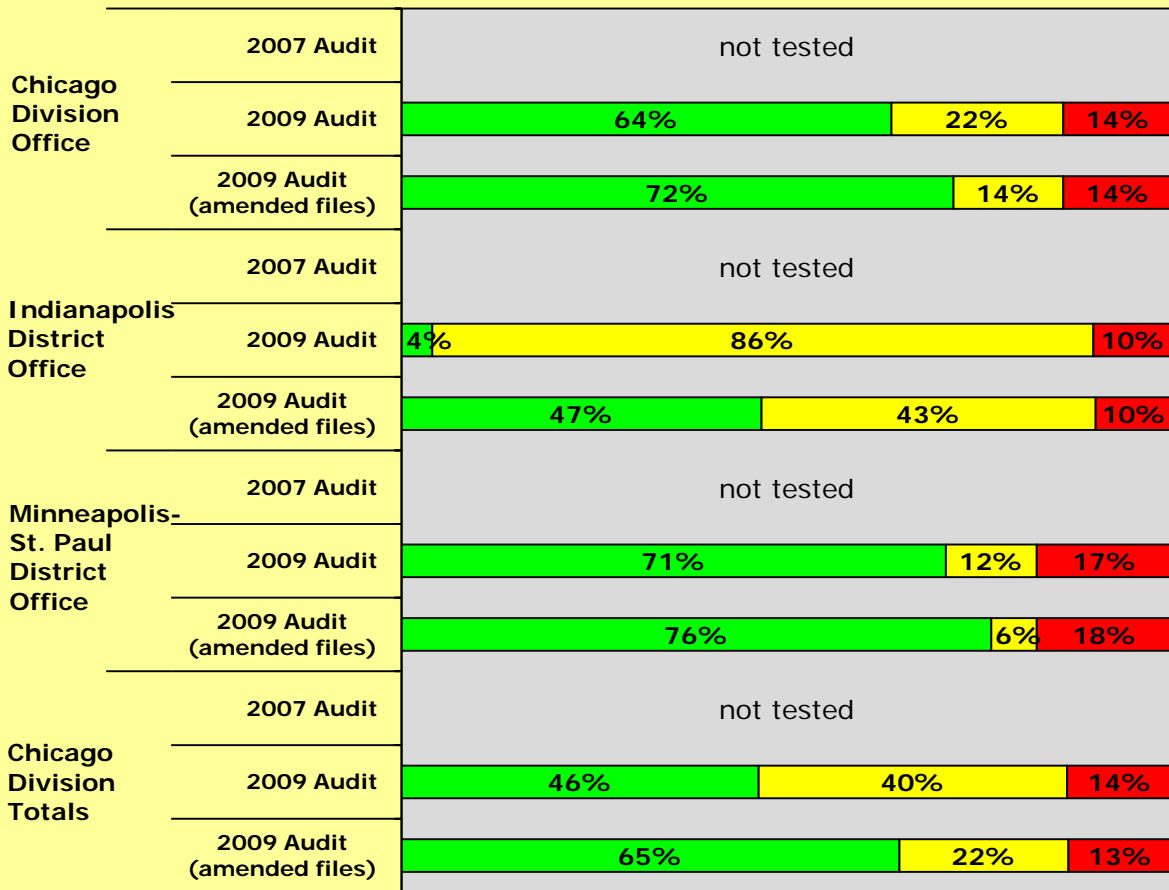


Source: OIG analysis of DEA records

⁸¹ "Yes" means documentation showed the name of the witnessing agent or officer who was present or involved. "No" means documentation showed the name of only one agent or officer who was present or involved. "Could not determine" means the documentation did not provide sufficient information to confirm whether a witnessing agent or officer was present or involved.

Chicago Division

A Witness Was Present During Transport to the DEA

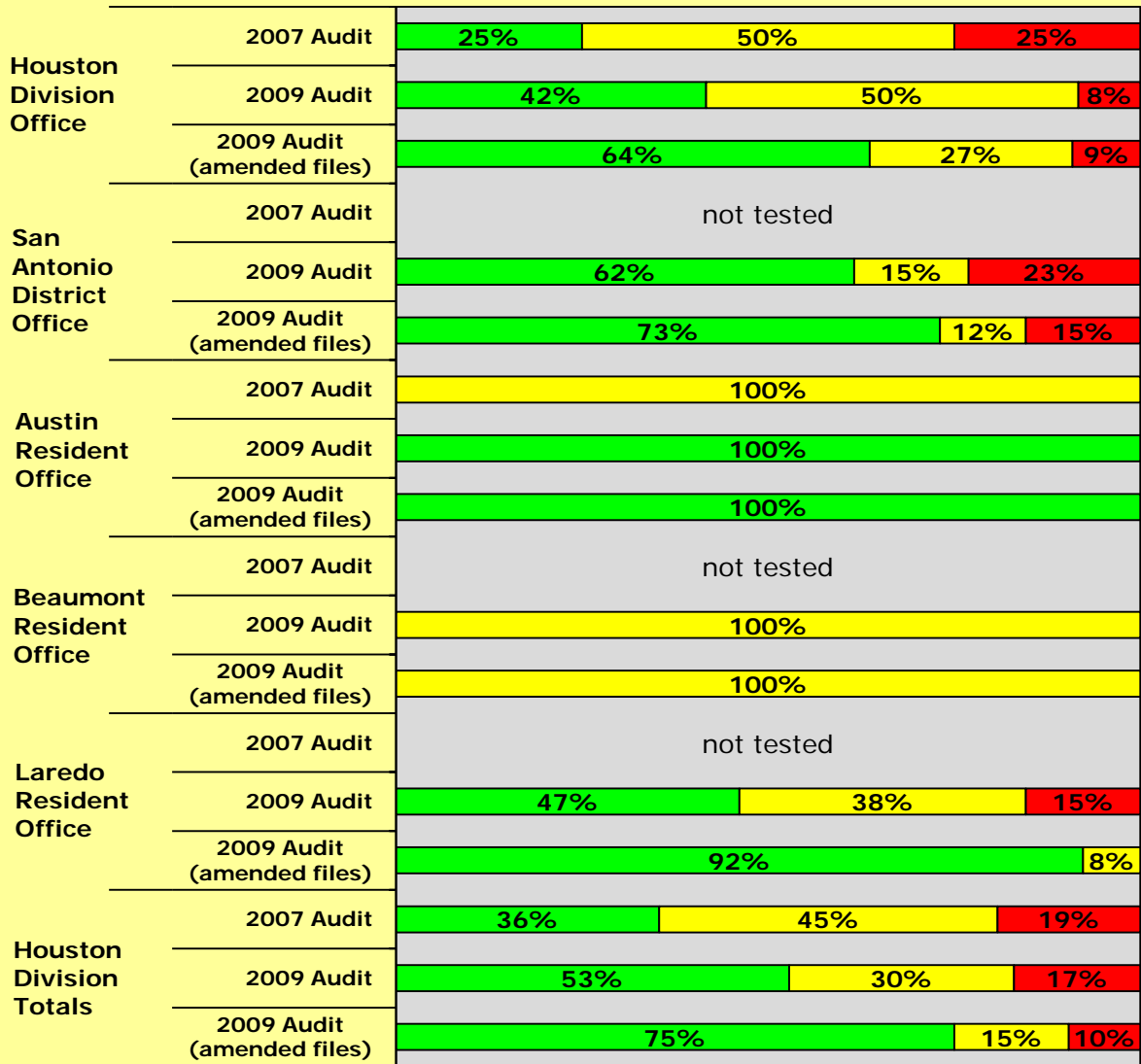


■ Yes
 ■ Could Not Determine
 ■ No

Source: OIG analysis of DEA documents

Houston Division

A Witness Was Present During Transport to the DEA



■ Yes
 ■ Could Not Determine
 ■ No

Source: OIG analysis of DEA documents

Miami Division

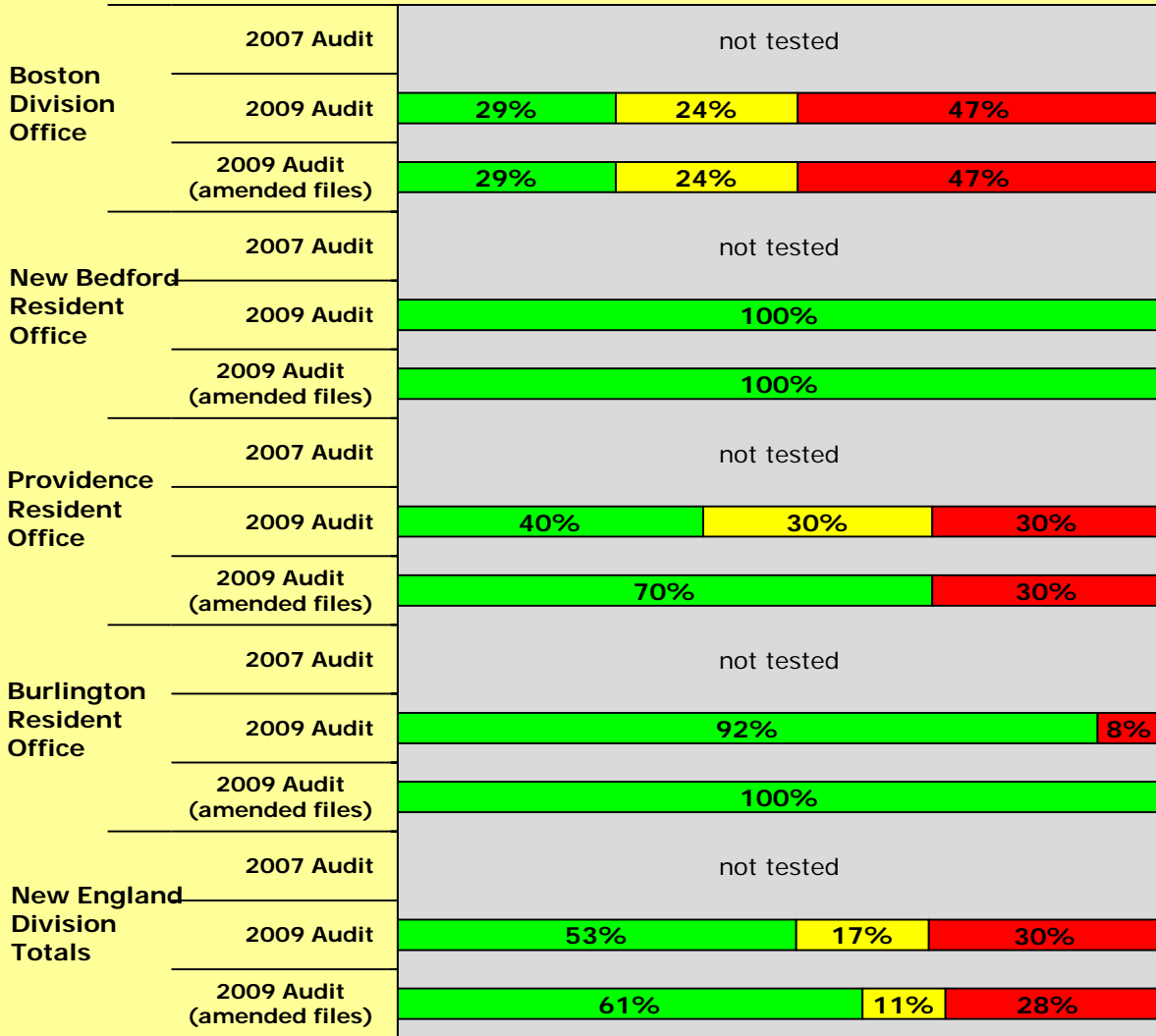
A Witness Was Present During Transport to the DEA



■ Yes
 ■ Could Not Determine
 ■ No

Source: OIG analysis of DEA documents

New England Division A Witness Was Present During Transport to the DEA

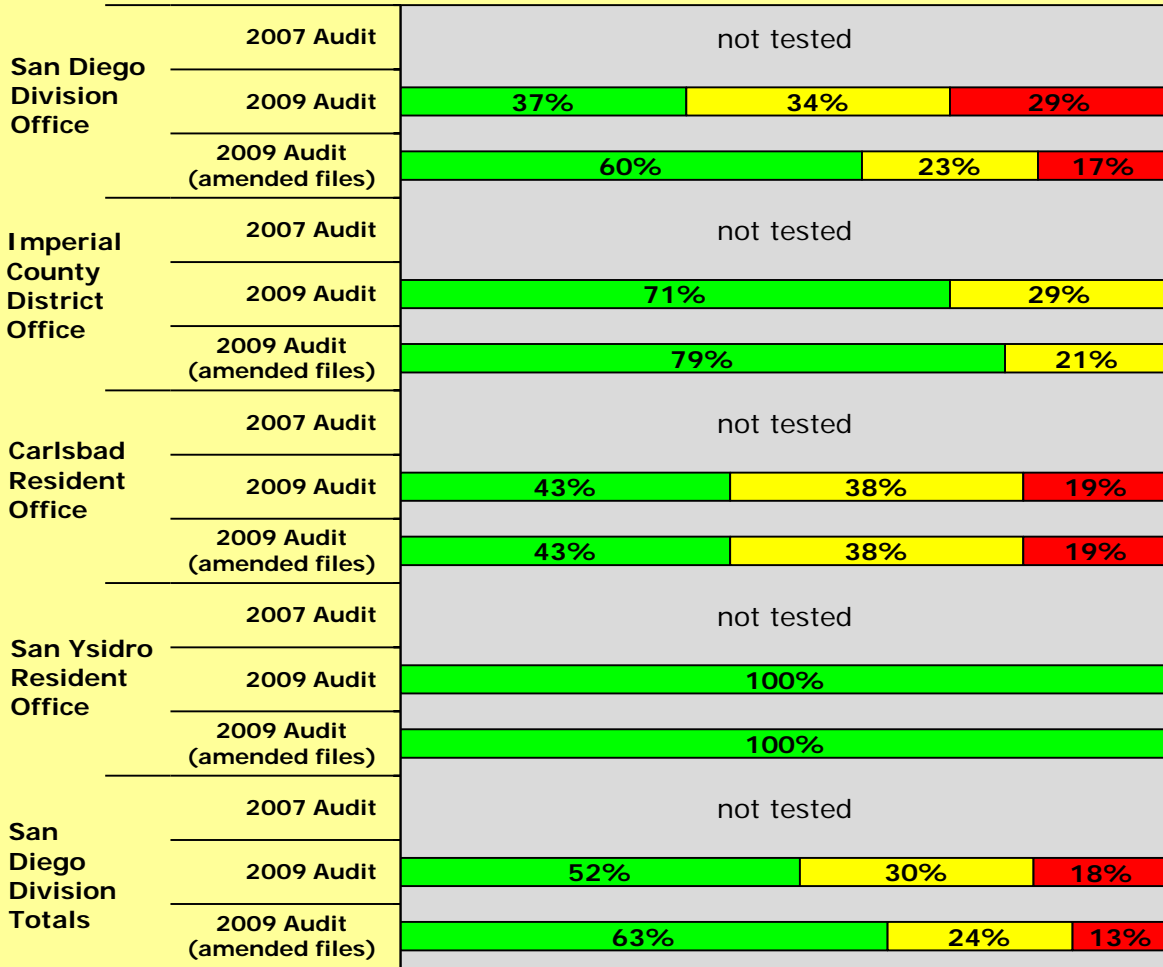


■ Yes
 ■ Could Not Determine
 ■ No

Source: OIG analysis of DEA documents

San Diego Division

A Witness Was Present During Transport to the DEA

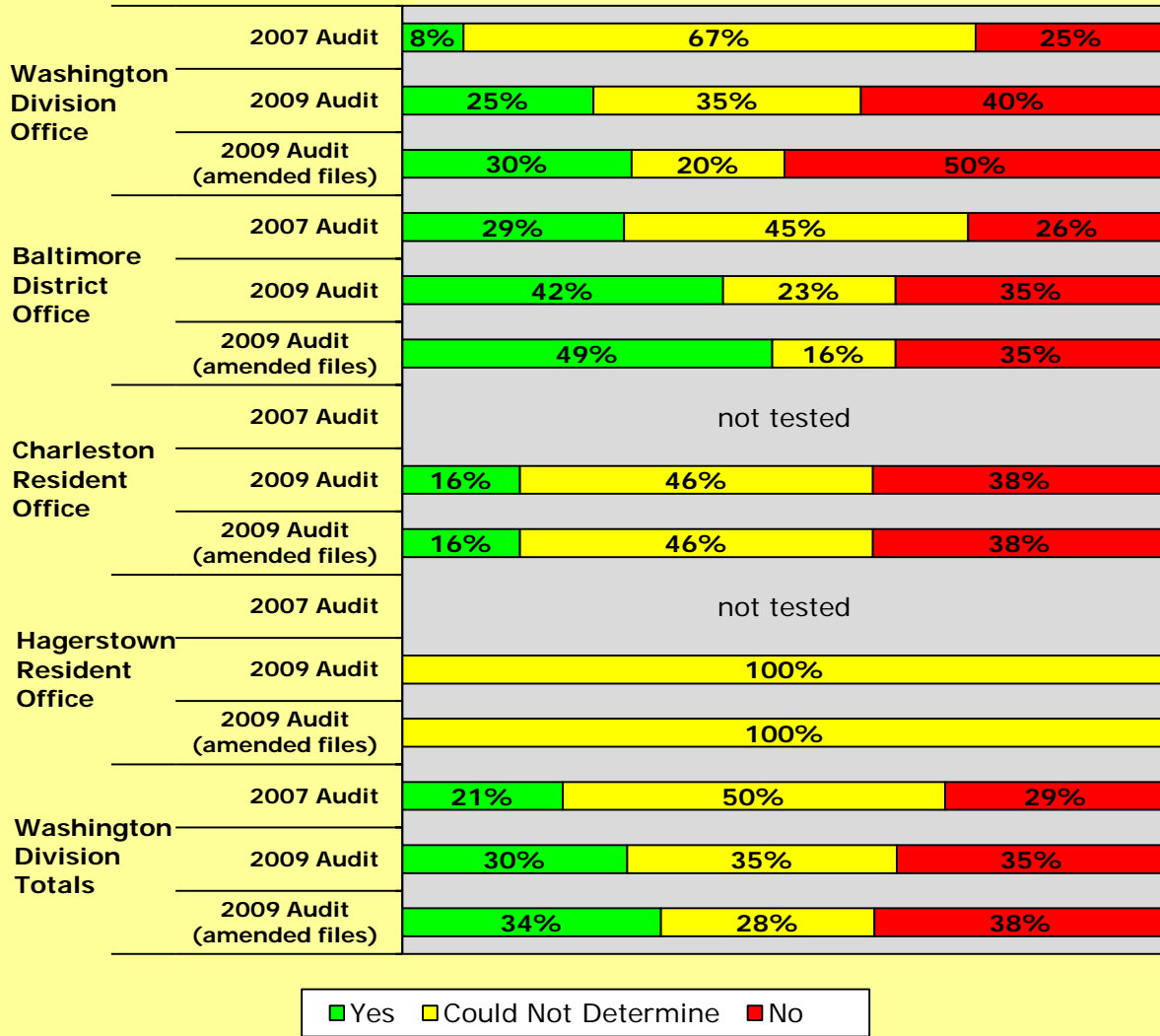


■ Yes
 ■ Could Not Determine
 ■ No

Source: OIG analysis of DEA documents

Washington Division

A Witness Was Present During Transport to the DEA



Source: OIG analysis of DEA documents

Recording Seized Cash in the HVSRM Ledger⁸²

Atlanta Division Recording Seized Cash in the HVSRM Ledger		
Atlanta Division Office	2007 Audit	not tested
	2009 Audit	100%
	2009 Audit (amended files)	100%
Memphis Resident Office	2007 Audit	not tested
	2009 Audit	100%
	2009 Audit (amended files)	100%
Raleigh Resident Office	2007 Audit	not tested
	2009 Audit	100%
	2009 Audit (amended files)	100%
Greensboro Resident Office	2007 Audit	not tested
	2009 Audit	100%
	2009 Audit (amended files)	100%
Atlanta Division Totals	2007 Audit	not tested
	2009 Audit	100%
	2009 Audit (amended files)	100%

Yes No

Source: OIG analysis of DEA records

⁸² "Yes" means documentation showed the name of the witnessing agent or officer who was present or involved. "No" means documentation showed the name of only one agent or officer who was present or involved. "Could not determine" means the documentation did not provide sufficient information to confirm whether a witnessing agent or officer was present or involved.

Chicago Division

Recording Seized Cash in the HVSRM Ledger

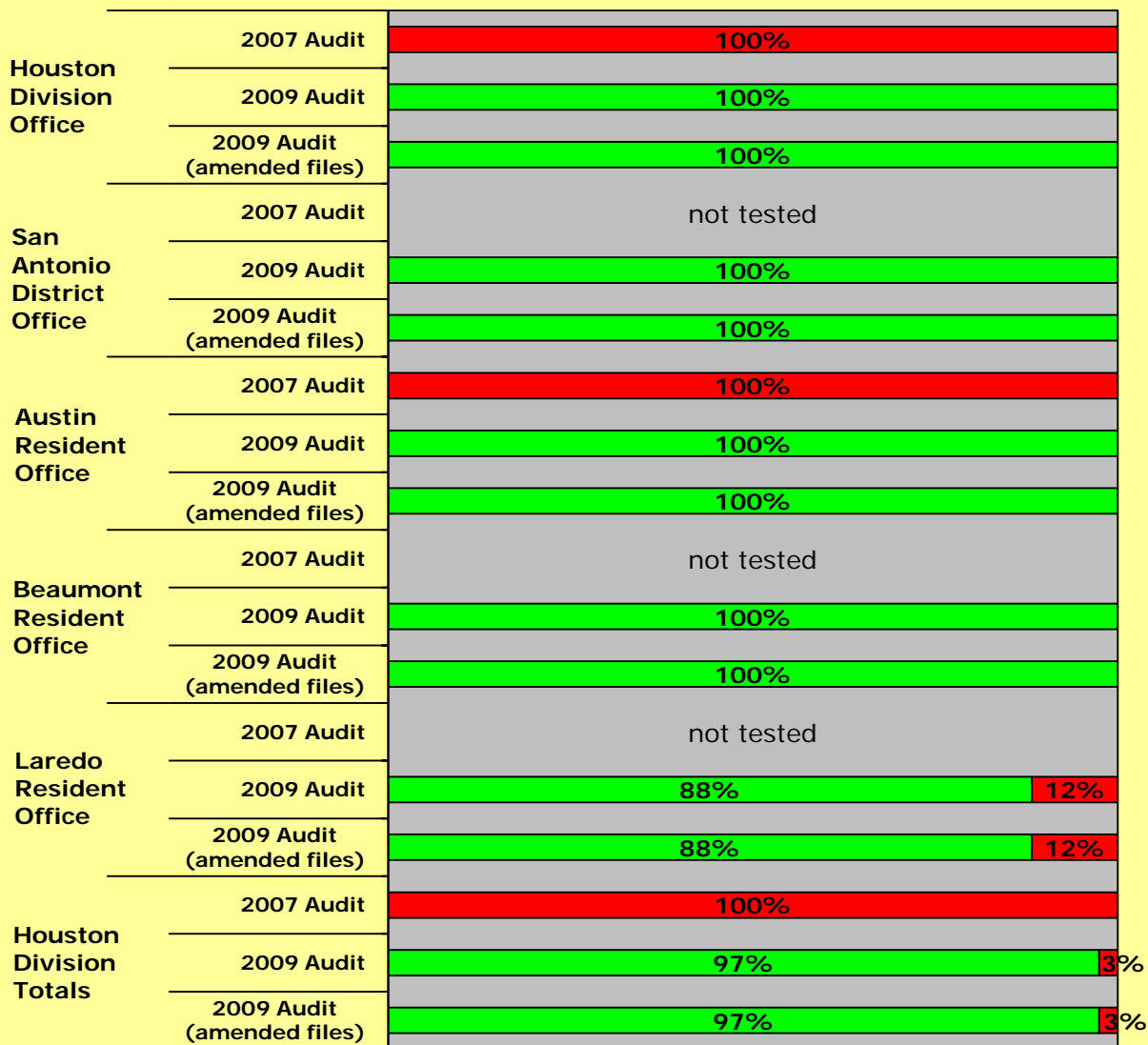
Chicago Division Office	2007 Audit	not tested	
	2009 Audit	100%	
	2009 Audit (amended files)	100%	
Indianapolis District Office	2007 Audit	not tested	
	2009 Audit	100%	
	2009 Audit (amended files)	100%	
Minneapolis-St. Paul District Office	2007 Audit	not tested	
	2009 Audit	100%	
	2009 Audit (amended files)	100%	
Chicago Division Totals	2007 Audit	not tested	
	2009 Audit	57%	43%
	2009 Audit (amended files)	57%	43%

■ Yes ■ No

Source: OIG analysis of DEA documents

Houston Division

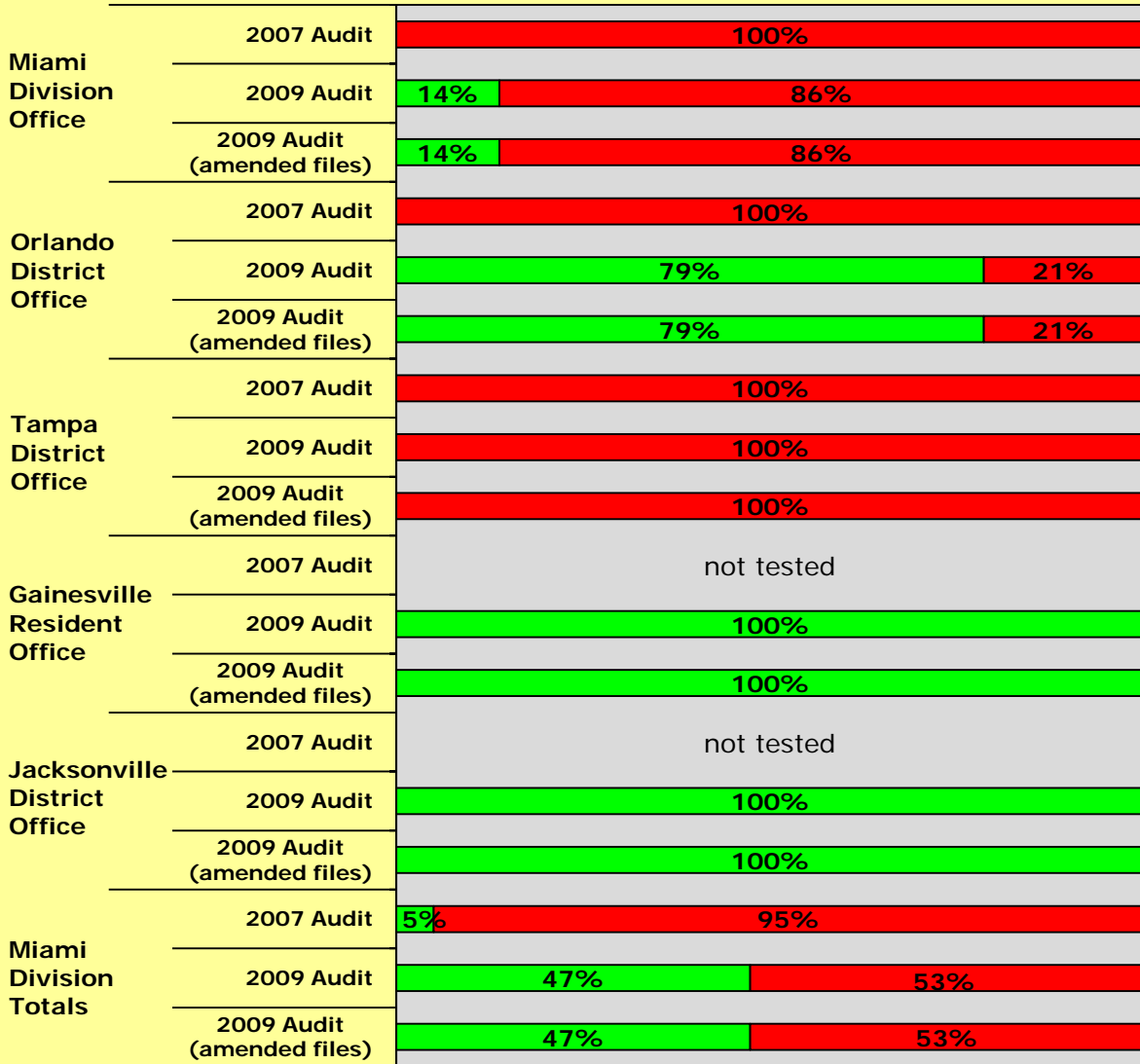
Recording Seized Cash in the HVSRM Ledger



■ Yes ■ No

Source: OIG analysis of DEA documents

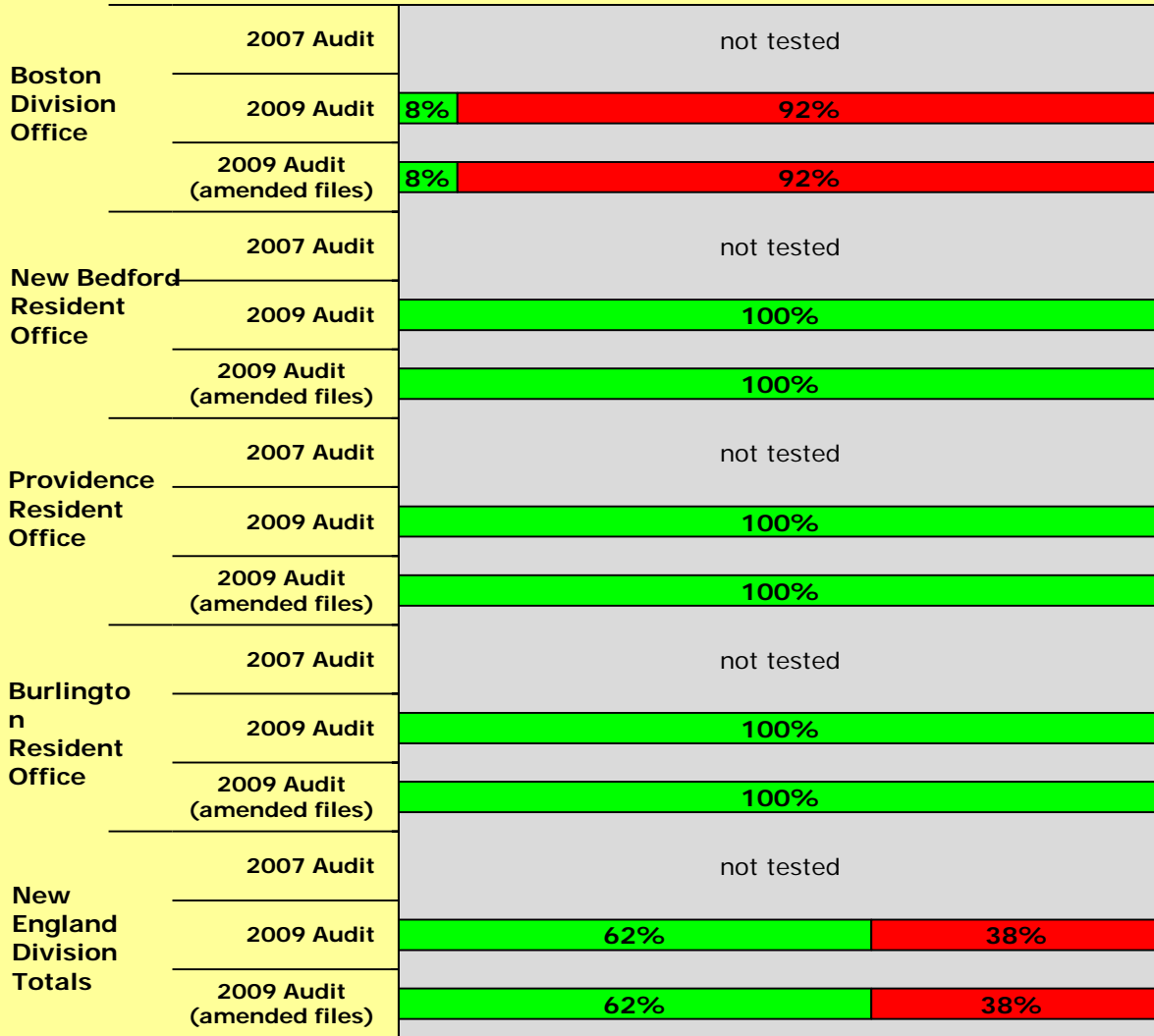
Miami Division Recording Seized Cash in the HVSRM Ledger



■ Yes ■ No

Source: OIG analysis of DEA documents

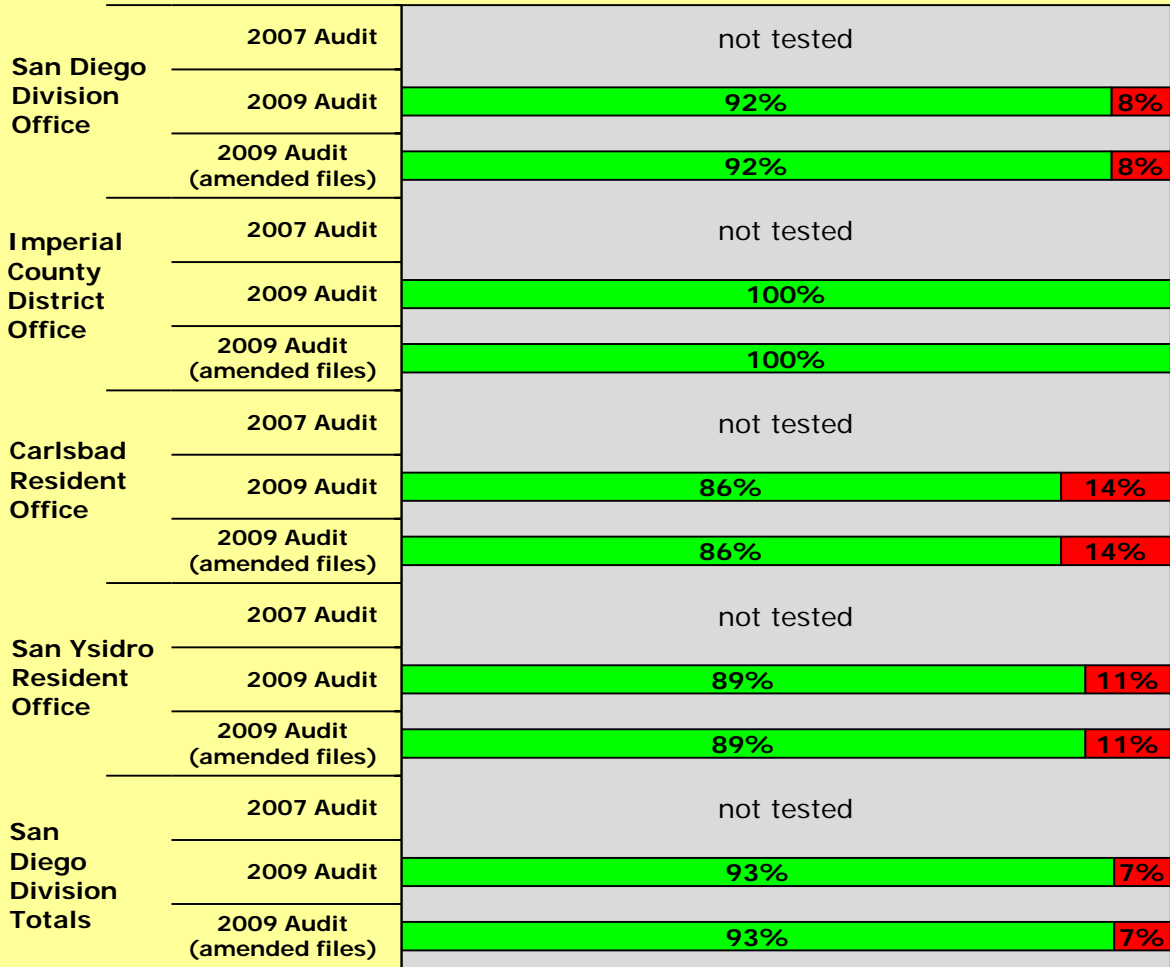
New England Division Recording Seized Cash in the HVSRM Ledger



■ Yes ■ No

Source: OIG analysis of DEA documents

San Diego Division Recording Seized Cash in the HVSRM Ledger



■ Yes ■ No

Source: OIG analysis of DEA documents

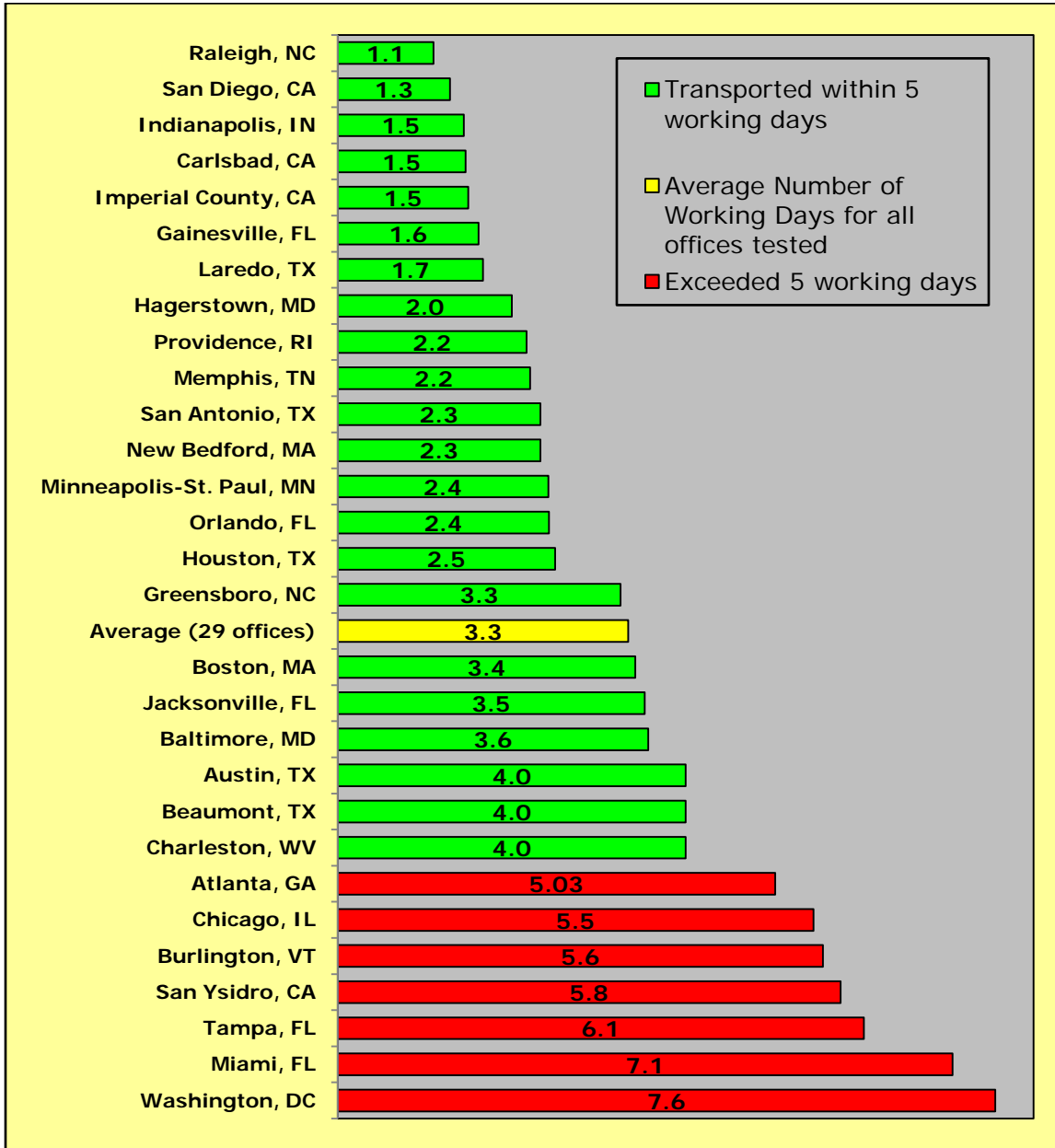
Washington Division Recording Seized Cash in the HVSRM Ledger



■ Yes ■ No

Source: OIG analysis of DEA documents

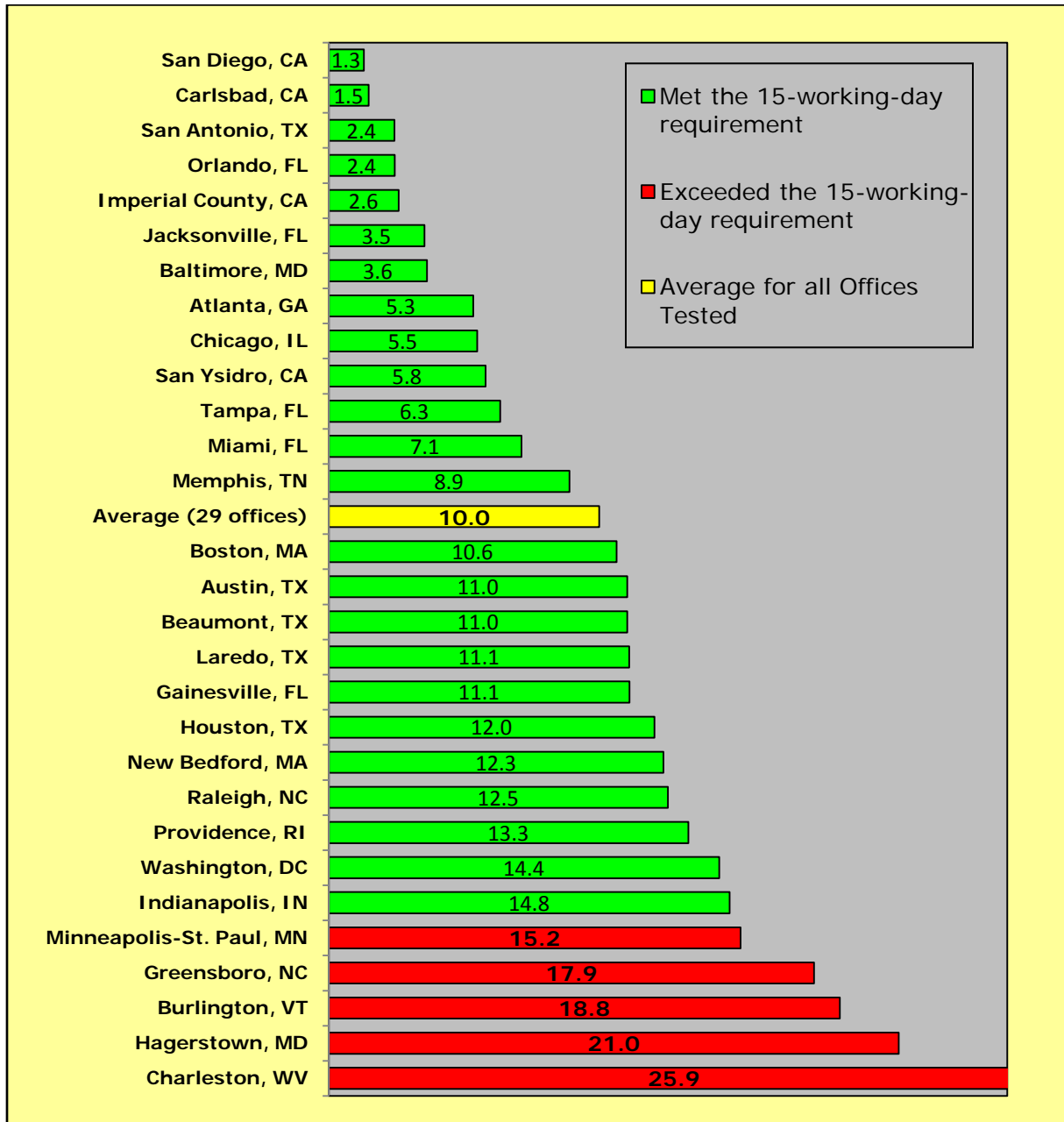
Average Number of Working Days from Seizure to Transport to a Bank or Other Financial Institution⁸³



Source: OIG analysis of DEA documents

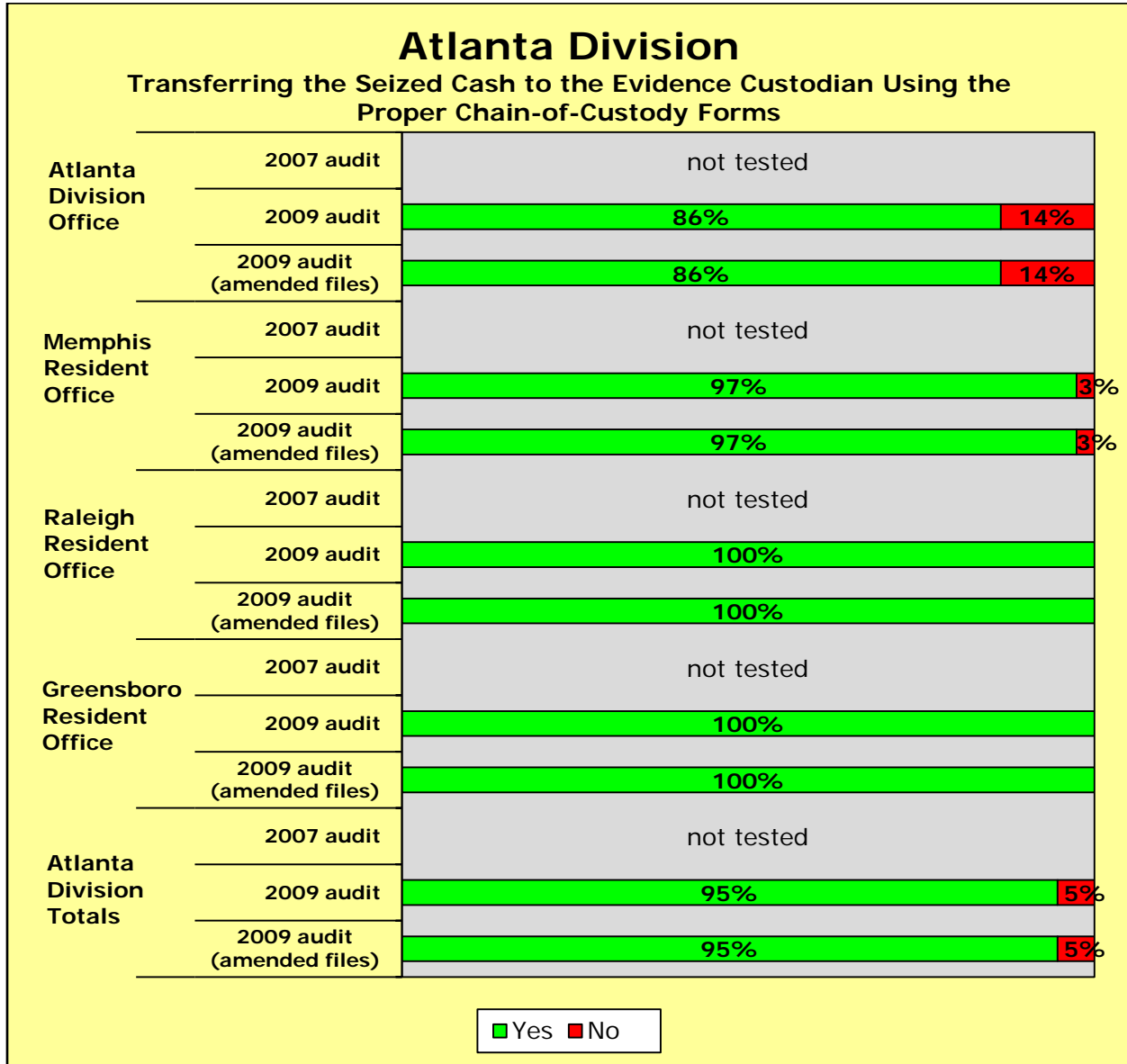
⁸³ In May 2008, the DEA implemented a policy requiring that seized cash be transported to a bank or other financial institution no later than 5 working days after the DEA acquired the currency.

Average Number of Working Days from Seizure to Transfer of the Funds to the USMS



Source: OIG analysis of DEA documents

Transferring Seized Cash to the Evidence Custodian Using the Proper Chain of Custody Forms⁸⁴

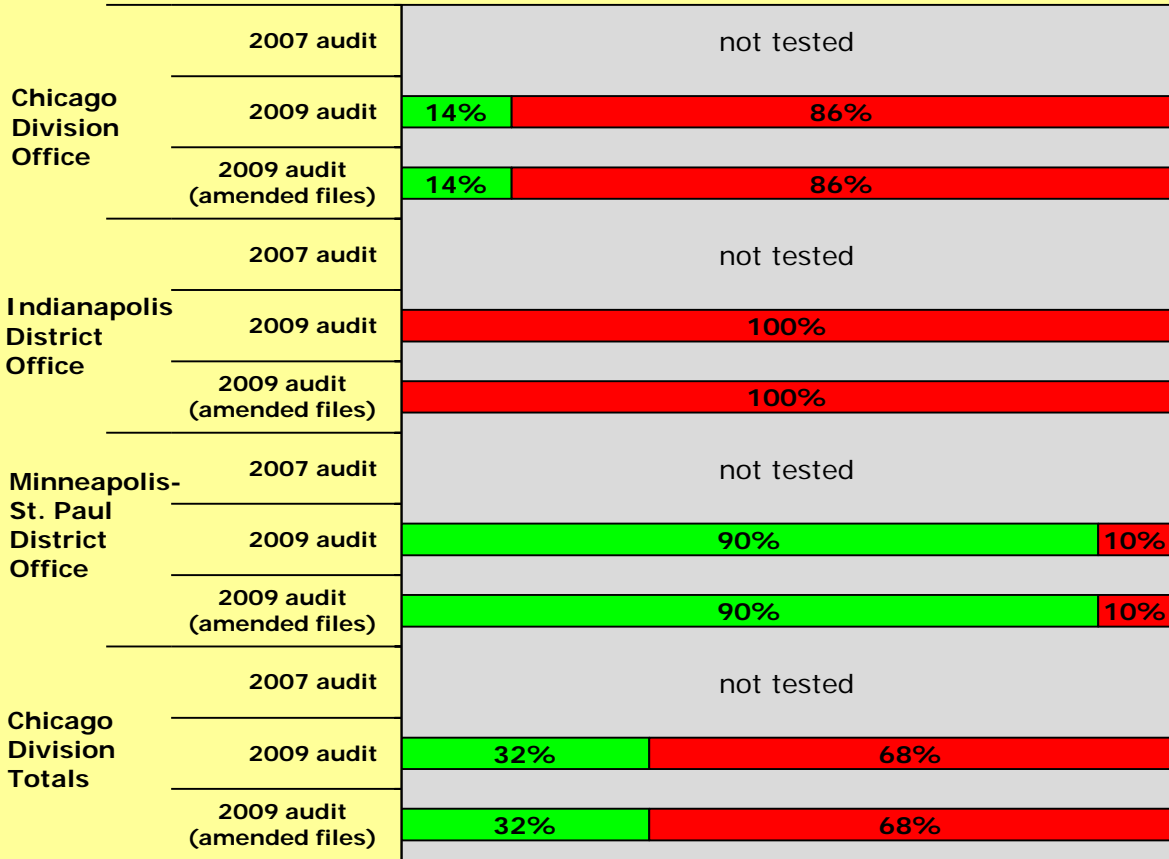


Source: OIG analysis of DEA documents

⁸⁴ "Yes" means documentation showed the name of the witnessing agent or officer who was present or involved. "No" means documentation showed the name of only one agent or officer who was present or involved. "Could not determine" means the documentation did not provide sufficient information to confirm whether a witnessing agent or officer was present or involved.

Chicago Division

Transferring the Seized Cash to the Evidence Custodian Using the Proper Chain-of-Custody Forms

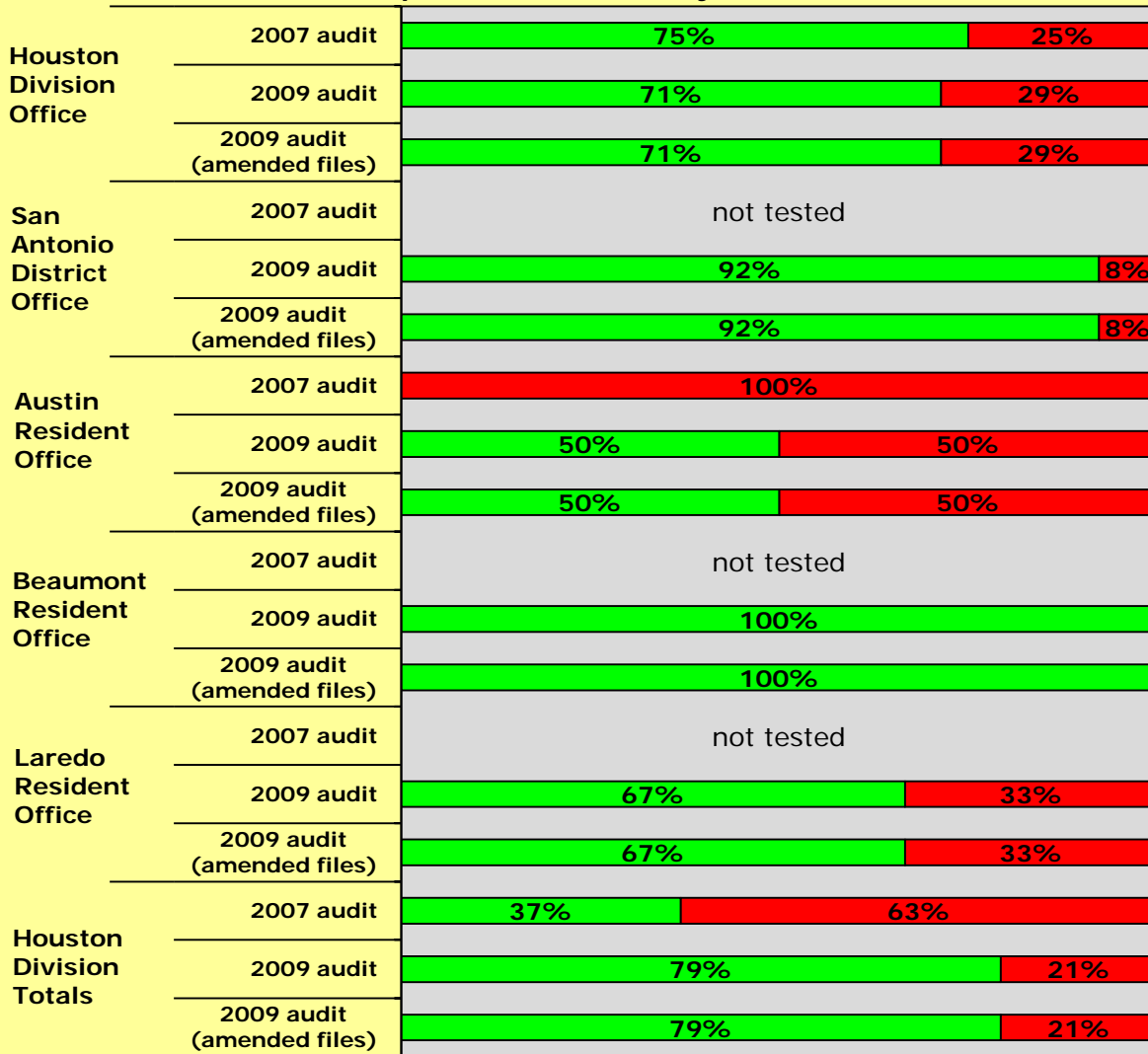


■ Yes ■ No

Source: OIG analysis of DEA documents

Houston Division

Transferring the Seized Cash to the Evidence Custodian Using the Proper Chain-of-Custody Forms

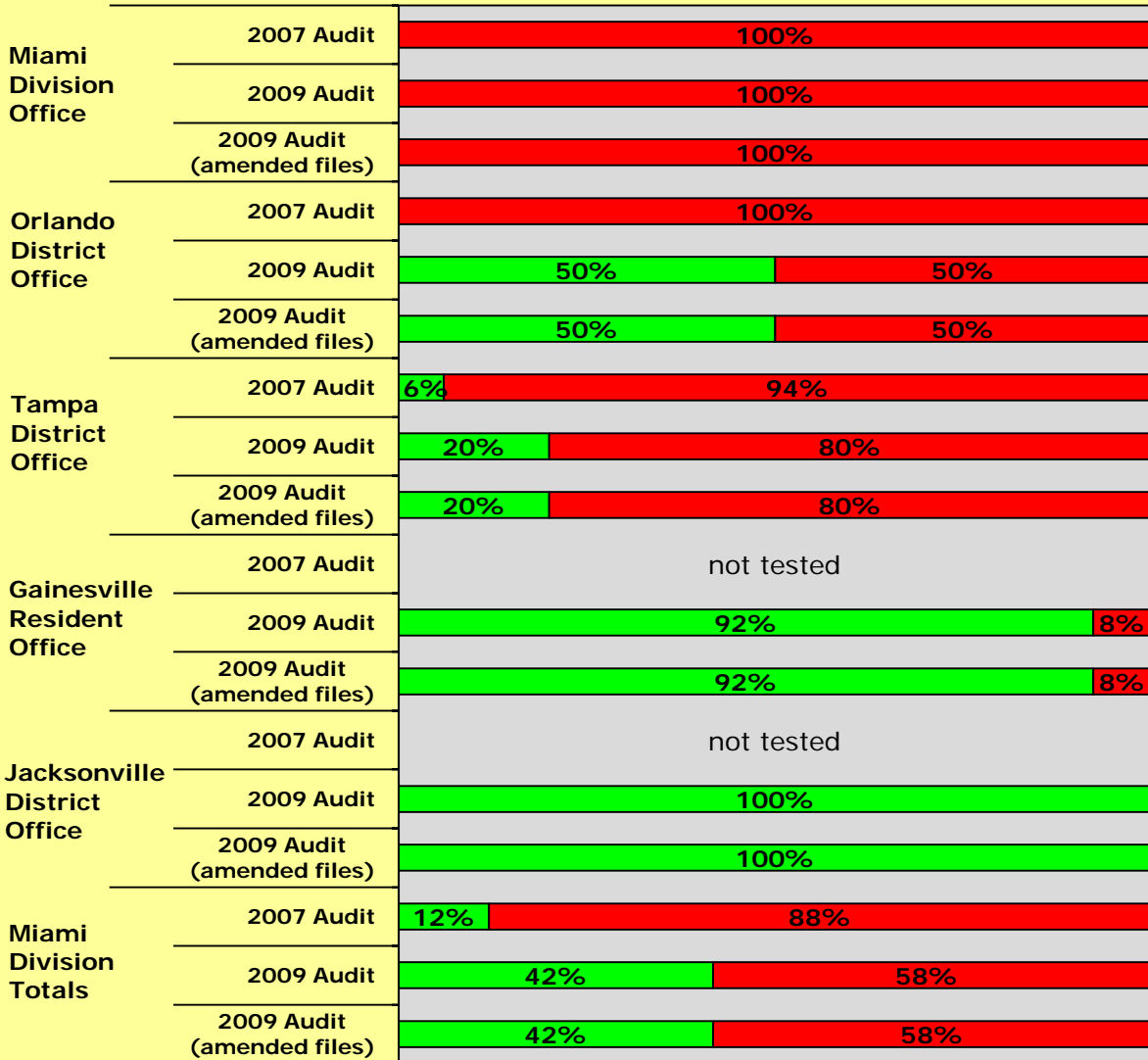


■ Yes ■ No

Source: OIG analysis of DEA documents

Miami Division

Transferring Seized Cash to the Evidence Custodian Using the Proper Chain-of-Custody Forms

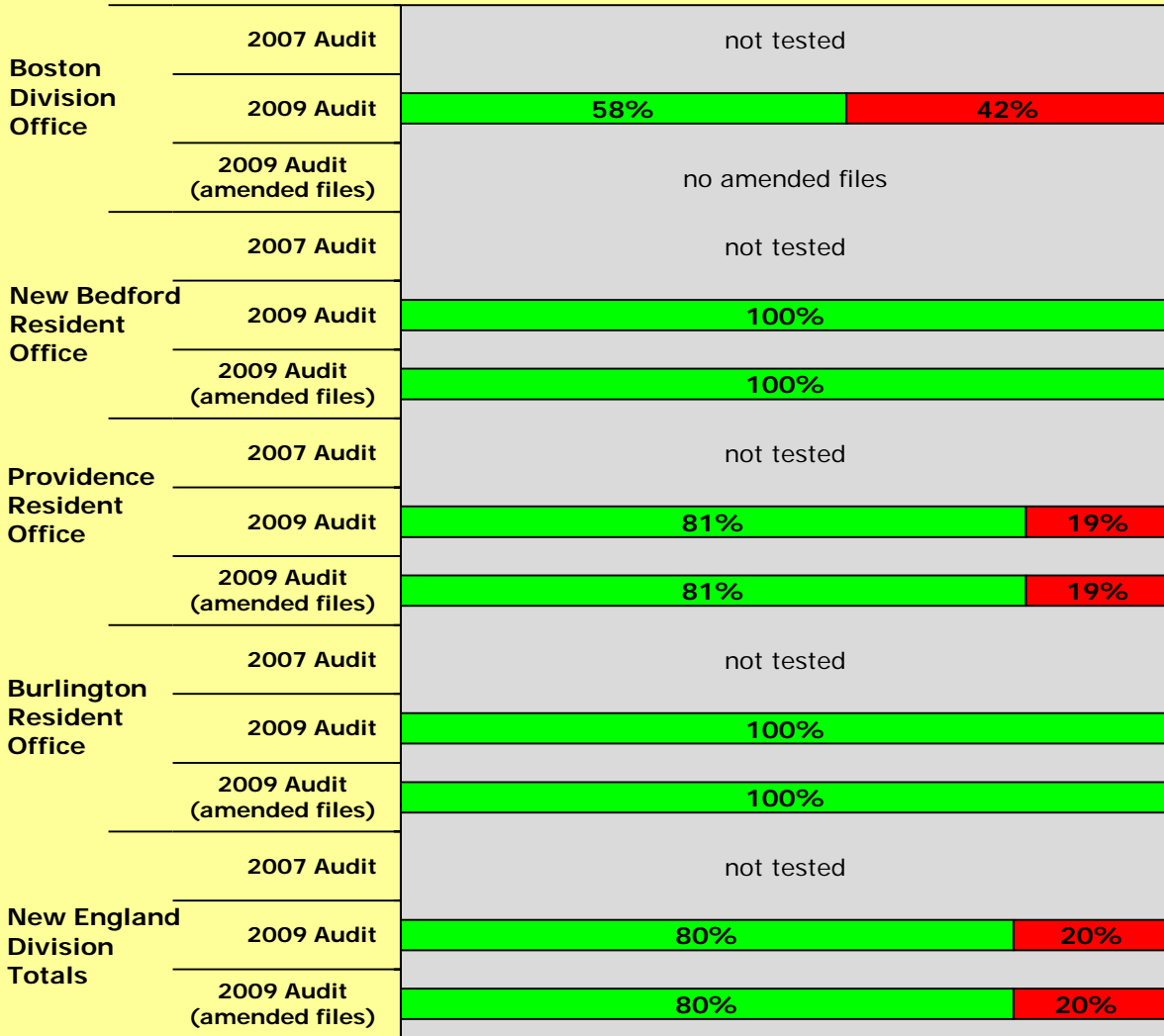


■ Yes ■ No

Source: OIG analysis of DEA documents

New England Division

Transferring Seized Cash to the Evidence Custodian Using the Proper Chain-of-Custody Forms

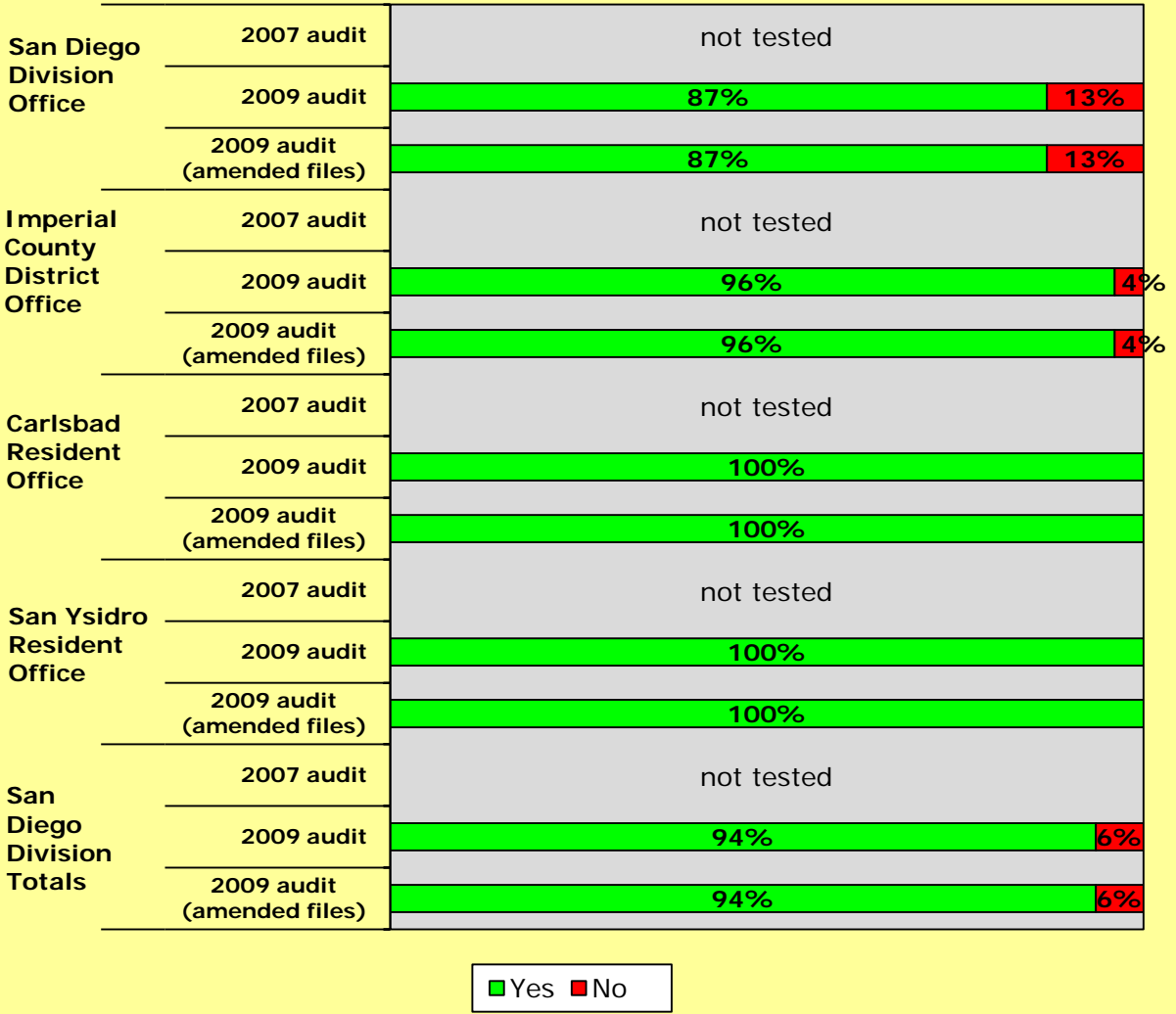


■ Yes
 ■ No

Source: OIG analysis of DEA documents

San Diego Division

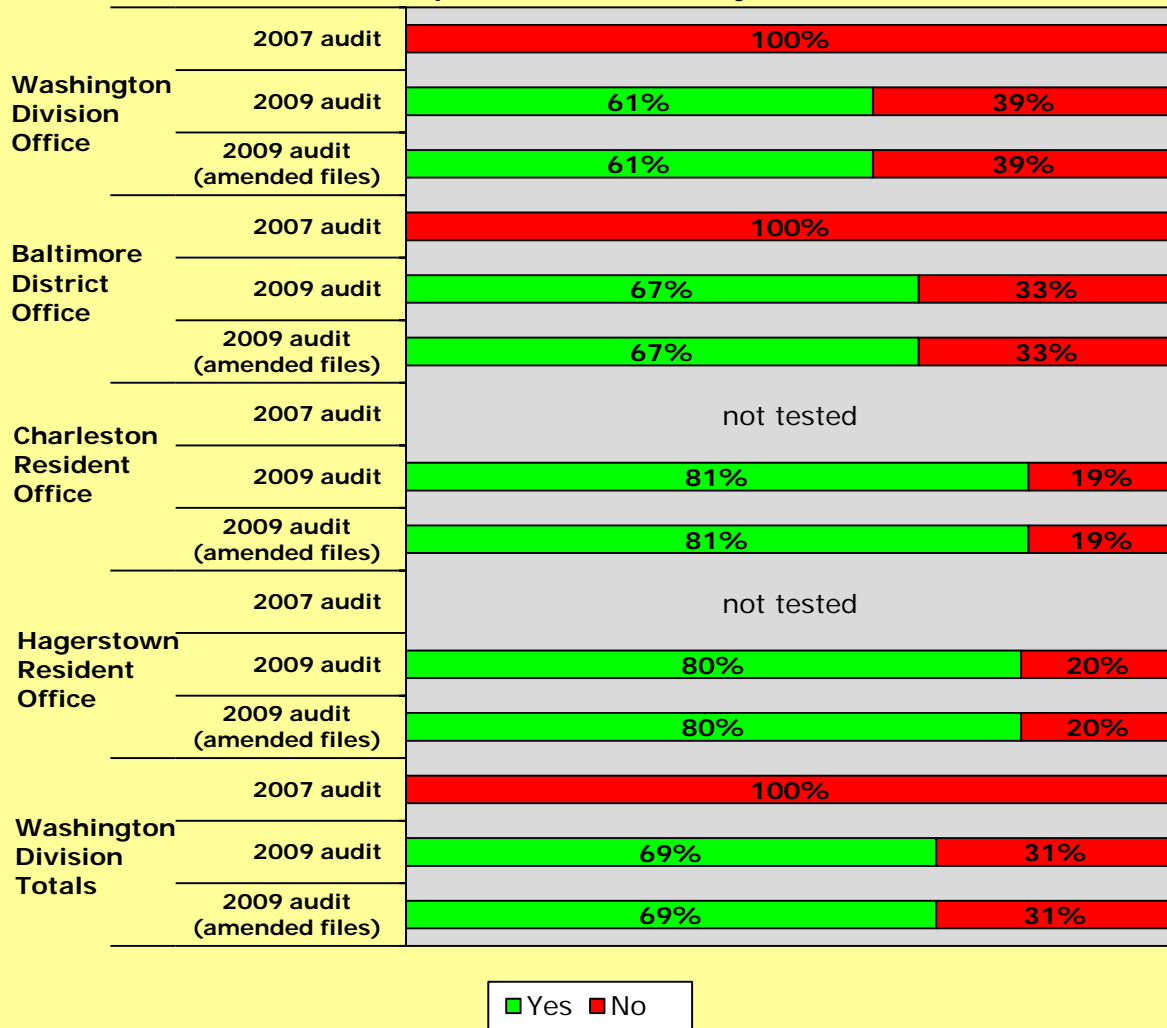
Transferring Seized Cash to the Evidence Custodian Using the Proper Chain-of-Custody Forms



Source: OIG analysis of DEA documents

Washington Division

Transferring the Seized Cash to the Evidence Custodian Using the Proper Chain-of-Custody Forms



Source: OIG analysis of DEA documents

Appendix 14

Amended DEA-6, Reports of Investigation⁸⁵

No.	Office	Sample Number	Exhibit Number	Date Seized	Date of Amended DEA-6	Calendar Days after Seizure	Explanation
1	Atlanta Division Office	1	N-110 & N-111	08/22/07	02/07/08	169	Adds the name of a second agent who transported the cash to the DEA and two agents who transferred custody to the USMS.
2	Atlanta Division Office	1	N-110 & N-111	08/22/07	12/02/08	468	Adds the names of two agents present at seizure, transport to the DEA, and transport to the armored car company for an official count.
3	Atlanta Division Office	2	N-129	08/30/07	12/02/08	460	Adds the names of two agents present at seizure, sealing, and transport to the DEA office. Also states that a receipt was not prepared for several changes in custody.
4	Atlanta Division Office	3	N-2	08/30/07	02/08/08	162	Adds the name of the agent who witnessed the currency being deposited into the temporary overnight drop box and the names of the agents involved in other chain of custody activities.
5	Atlanta Division Office	3	N-2	08/30/07	12/02/08	460	Adds the names of agents involved in the chain of custody.
6	Atlanta Division Office	4	N-9	08/30/07	12/02/08	460	Adds the names of agents involved in the chain of custody.
7	Atlanta Division Office	8	N-97	10/17/07	12/04/08	414	Adds the names of agents who transported the seized cash to the armored car company.

⁸⁵ The amended DEA-6s shown are those that added or changed information related to the seizure or the chain of custody of the seized cash.

No.	Office	Sample Number	Exhibit Number	Date Seized	Date of Amended DEA-6	Calendar Days after Seizure	Explanation
8	Atlanta Division Office	12	N-132	12/06/07	12/02/08	362	Adds the name of a second officer who participated in the seizure and transport of the cash to the armored car company.
9	Atlanta Division Office	15	N-150	12/06/07	12/02/08	362	Adds the names of second officers who were present at seizure and transport of the currency.
10	Atlanta Division Office	16	N-181	12/06/07	12/02/08	362	Adds the names of second officers who were present at seizure and transport of the cash.
11	Atlanta Division Office	20	N-5	04/08/08	12/04/08	240	States that two officers transported the cash to an armored car company. Also states that state police released the currency to the DEA but the DEA did not provide a DEA-12 receipt.
12	Atlanta Division Office	22	N-28	05/12/08	12/04/08	206	Adds the names of agents who participated in various chain of custody activities.
13	Atlanta Division Office	31	N-1	09/17/08	09/22/08	5	Provides a more comprehensive narrative about the seizure and names the agents who took custody and transferred the currency to the evidence custodian.
14	Atlanta Division Office	36	N-2	10/27/08	12/05/08	39	Adds the names of agents involved in chain of custody activities not described in the initial DEA-6.
15	Atlanta Division Office	38	N-21	11/03/08	12/04/08	31	Changes the date of a DEA-12 receipt and adds names of officers who participated in chain of custody activities but were not listed on the initial DEA-6.
16	Atlanta Division Office	39	N-28	11/06/08	12/04/08	28	Adds the names of agents involved in chain of custody activities.

No.	Office	Sample Number	Exhibit Number	Date Seized	Date of Amended DEA-6	Calendar Days after Seizure	Explanation
17	Greensboro Resident Office	1	N-47	11/01/07	12/16/08	411	Adds the name of a second agent present during the initial seizure.
18	Greensboro Resident Office	2	N-103	12/06/07	12/16/08	376	Adds the name of a witness present when the DEA acquired a check from a local law enforcement agency.
19	Greensboro Resident Office	3	N-97	12/06/07	12/16/08	376	Adds the name of a second agent present at the initial seizure.
20	Greensboro Resident Office	4	N-92	11/29/07	12/16/08	383	Adds the name of a second agent present at the initial seizure.
21	Greensboro Resident Office	6	N-86	10/10/08	12/16/08	67	Corrects the time of seizure and the time the exhibit was placed into temporary storage at the DEA office.
22	Greensboro Resident Office	14	N-3	08/23/08	12/16/08	115	Adds the name of a second agent present when the seized cash was transferred to the bank for an official count and conversion to a cashier's check.
23	Greensboro Resident Office	15	N-2	10/28/08	12/16/08	49	Adds the names of two agents present at initial seizure confirmation that two agents sealed the cash in an evidence envelope, and the name of the agent who transported the cash to the bank for an official count.
24	Memphis Resident Office	8	N-3	02/12/08	3/17/08	34	Adds the names of officers who transported the seized cash to the bank for an official count, transported the cashier's check to the DEA office, and surrendered the check to the evidence custodian.
25	Memphis Resident Office	10	N-1	09/06/07	01/25/08	141	Corrects chain of custody information in the initial DEA-6.
26	Memphis Resident Office	12	N-13	09/11/07	09/19/07	8	Adds the names of two agents who transported the cashier's check to the evidence custodian and then to the USMS.

No.	Office	Sample Number	Exhibit Number	Date Seized	Date of Amended DEA-6	Calendar Days after Seizure	Explanation
27	Memphis Resident Office	22	N-320	11/23/07	12/17/08	390	Adds the names of the agents who sealed the currency in an evidence bag and, transported the cash to the DEA, the bank, and the USMS.
28	Memphis Resident Office	27	N-1	09/21/07	10/12/07	21	Adds the names of officers who sealed the currency and transported it to the DEA and to the bank for an official count and conversion to a cashier's check, and the agent who released the check to the USMS.
29	Memphis Resident Office	29	N-19	07/01/08	10/16/08	107	Explains that the day after the suspect was arrested agents discovered additional money on his person. Agents sealed the currency in an evidence envelope and transported it to the DEA office for safekeeping.
30	Memphis Resident Office	33	N-62	06/13/08	12/16/08	186	Corrects an error in the initial DEA-6. Initial DEA-6 stated that agent X received a DEA-12 for the currency; however, agent X received the currency and agent Y received a DEA-12.
31	Memphis Resident Office	34	N-1	09/06/07	09/19/07	13	Adds the names of agents who transported the cash to a bank for an official count and then transported the cashier's check back to the DEA office and surrendered it to the evidence custodian.
32	Memphis Resident Office	35	N-341	11/23/07	01/31/08	69	Adds the names of two agents who transported seized cash to the DEA and later to the bank for the official count.

No.	Office	Sample Number	Exhibit Number	Date Seized	Date of Amended DEA-6	Calendar Days after Seizure	Explanation
33	Raleigh Resident Office	2	N-19	08/04/08	08/11/08	7	Adds the names of two agents present when the currency was sealed confirms that a DEA-12 was provided to the suspect, and names the two agents who transported the seized cash to the bank for the official count.
34	Raleigh Resident Office	3	N-103	12/13/07	12/15/08	368	Adds more detail to the chain of custody activities, including the names of the agents involved.
35	Raleigh Resident Office	16	N-28	06/23/08	12/16/08	176	Corrects an error in the initial DEA-6. Amounts reported in two sections of the initial DEA-6 were different. The amount reported in the Custody of Evidence section was incorrect.
36	Raleigh Resident Office	19	N-9	03/04/08	04/16/08	43	Provides details of the chain of custody and reports that the initial DEA-6 did not include the exhibit number.
37	Chicago Division Office	7	N-1	08/05/08	02/18/09	197	Adds that a second officer was present at seizure. Memo adds the names of two officers who transported exhibit to the DEA office. Memo names officers who secured the exhibit in the overnight vault and transported the cash for an official count and to the USMS.
38	Chicago Division Office	11	N-98	08/29/08	02/13/09	168	Adds the names of the two officers present at seizure, transport to a DEA office, and transport to the armored car company for an official count. Original DEA-6 did not include the identity of the officers.

No.	Office	Sample Number	Exhibit Number	Date Seized	Date of Amended DEA-6	Calendar Days after Seizure	Explanation
39	Chicago Division Office	14	N-83	08/29/08	02/13/09	168	Adds the names of the officers who transported the seizure to the DEA office, secured it in a vault, then transported it to the armored car company for an official count.
40	Chicago Division Office	14	N-83	08/29/08	02/18/09	173	Changes the names of two agents who were recorded on another cash-seizure form.
41	Chicago Division Office	29	N-84	08/29/08	02/13/09	168	Adds the names of the officers who transported the seizure to the DEA office, secured it in a vault, then transported it to the armored car company for an official count.
42	Indianapolis District Office	1	N-1	08/20/08	02/19/09	183	Adds that agents sealed the currency in an evidence bag and provided a receipt to the suspect.
43	Indianapolis District Office	3	N-130	01/24/08	02/19/09	392	Adds that agents sealed the currency in an evidence bag and provided a receipt to the suspect.
44	Indianapolis District Office	4	N-1	07/01/08	02/20/09	234	Adds the names of the agents present from seizure through transport to a DEA office. Original DEA 6 did not account for custody activity prior to the official count and conversion to a check.
45	Indianapolis District Office	5	N-148	01/24/08	02/19/09	392	Adds the names of the agents who sealed the currency in an evidence bag and transported the bag to the DEA and then to the bank.
46	Indianapolis District Office	6	N-99	08/22/07	02/20/09	548	Adds the names of the agents who sealed the currency in an evidence envelope, provided a receipt, and transported the currency to the bank for an official count.

No.	Office	Sample Number	Exhibit Number	Date Seized	Date of Amended DEA-6	Calendar Days after Seizure	Explanation
47	Indianapolis District Office	7	N-28	04/23/08	02/23/09	306	Adds the names of witnesses present when a state law enforcement agency transferred the currency to the DEA. Also names the agents who transported the cash to a bank for an official count.
48	Indianapolis District Office	8	N-3	06/19/08	01/06/09	201	Explains that the amount described in the initial DEA-6 was for two seizures. This amended DEA-6 identifies the amount of this seizure.
49	Indianapolis District Office	10	N-2	09/11/08	02/19/09	161	Adds the names of agents who sealed and transported the currency to a bank.
50	Indianapolis District Office	11	N-1	08/13/08	02/19/09	190	Adds the names of agents who sealed and transported the currency to a bank.
51	Indianapolis District Office	12	N-24	08/01/08	02/19/09	202	Adds the names of the agents present when currency was seized and sealed in an evidence envelope.
52	Indianapolis District Office	13	N-40	09/16/08	02/26/09	163	Adds the names of officers present at seizure, sealing, and transport of the currency to a bank. Original DEA-6 was vague regarding the chain of custody.
53	Indianapolis District Office	15	N-3	02/13/08	02/19/09	372	Adds the name of a second agent present at seizure and the names of two agents who transported the cash to the DEA and to the bank for an official count.
54	Indianapolis District Office	16	N-4	11/10/08	02/19/09	101	Adds the names of two agents who transported seized cash to the DEA, photographed the cash, and then sealed the cash in evidence envelopes.

No.	Office	Sample Number	Exhibit Number	Date Seized	Date of Amended DEA-6	Calendar Days after Seizure	Explanation
55	Indianapolis District Office	19	N-23	12/14/07	02/19/09	433	Adds the name of a second agent present at seizure, names of two agents who transported seized cash to the DEA and sealed it in an evidence envelope, and names of two agents who transported the currency to the bank for an official count.
56	Indianapolis District Office	20	N-60	09/16/08	02/24/09	161	Adds the name of the agent who sealed the seized cash, placed it in temporary storage at the DEA, and the name of the witnessing agent.
57	Indianapolis District Office	26	N-2	09/25/08	02/18/09	146	Adds that the seizing agents sealed the currency and provided a receipt to the person from whom the cash was seized.
58	Indianapolis District Office	27	N-37	07/16/08	02/24/09	223	Adds the names of agents who received cash from a state trooper, transported it to the DEA, and secured it.
59	Indianapolis District Office	28	N-53	09/16/08	02/24/09	161	Adds the name of the agent who sealed and secured the cash at the DEA office and the name of the witness.
60	Indianapolis District Office	29	N-11/N-2	04/02/08	01/06/09	279	Changes the amount of the seizure. The amount in the original DEA-6 was for two seizures from two different locations.
61	Indianapolis District Office	30	N-134	10/09/07	02/20/09	500	Adds the names of the agents present when the currency was sealed, that a receipt was provided, and the names of agents who transported the seized cash to the bank.
62	Indianapolis District Office	34	N-2	08/20/08	02/19/09	183	Adds the names of two agents present when the currency was sealed and reports that a receipt was provided to the owner.

No.	Office	Sample Number	Exhibit Number	Date Seized	Date of Amended DEA-6	Calendar Days after Seizure	Explanation
63	Minneapolis District Office	6	N-23	11/09/07	01/26/09	444	Adds the official count, the name of the Task Force Officer who transported the exhibit to the DEA and the name of the witness when the exhibit was submitted to the evidence custodian.
64	Minneapolis District Office	20	N-74	10/16/08	02/20/09	127	Adds the names of two agents present at seizure and transport to a bank for an official count.
65	Austin Resident Office	5	N-1	08/07/07	08/09/07	2	Corrects a miscount by the bank.
66	Houston Division Office	1	N-125	04/21/08	01/30/09	284	Adds the names of the officers who sealed the cash in an evidence container and transported the seized cash to the DEA and the bank.
67	Houston Division Office	14	N-4	08/28/08	01/30/09	155	Adds the date and names of officers who witnessed and transported the seized cash to the bank and the DEA.
68	Houston Division Office	16	N-16	11/08/07	11/14/07	6	Adds a narrative about the seizure and the chain of custody of the cash.
69	San Antonio District Office	4	N-1	06/23/08	07/07/08	14	Describes the acquisition and sealing of the cash in an evidence envelope and the identity of the officers who witnessed, transported, and submitted the seizure to the evidence custodian.
70	San Antonio District Office	14	N-3	08/25/08	02/05/09	164	Corrects an error in a date in the chain of custody.
71	Miami Division Office	2	N-1	11/06/08	11/17/08	11	Provides additional information about the chain of custody of the currency.
72	Miami Division Office	20	N-3	03/20/08	02/04/09	321	Adds the name of a second agent present during transport of the currency to the armored car company.

No.	Office	Sample Number	Exhibit Number	Date Seized	Date of Amended DEA-6	Calendar Days after Seizure	Explanation
73	Miami Division Office	21	N-29	09/24/07	01/29/09	493	Corrects the names of the officers who transported the seized currency to the armored car company.
74	Miami Division Office	28	N-24	09/12/07	09/18/07	6	Adds that the seized funds were transferred to the USMS.
75	Miami Division Office	29	N-174	02/14/08	02/19/08	5	Explains that the seized funds were deposited into an undercover account for forfeiture at a later date.
76	Miami Division Office	29	N-174	02/14/08	02/26/08	12	Explains that the seized cash was placed on a DEA aircraft for transport to another location.
77	Orlando District Office	1	N-1	11/20/08	11/30/08	10	Adds the names of two agents who transported the seized cash from the DEA to the armored car company for an official count.
78	Orlando District Office	2	N-16	04/29/08	05/05/08	6	Adds the names of two agents who transported the seized cash from the DEA to the armored car company.
79	Orlando District Office	3	N-15	03/03/08	02/03/09	337	Changes the date of the seizure.
80	Orlando District Office	4	N-8	08/23/07	02/04/09	531	Changes the date the seizure was recorded in the overnight ledger.
81	Orlando District Office	5	N-2	08/08/07	01/26/09	537	Explains that after the seizure, two agents transported the exhibit to the DEA office and secured it, and later transported the cash to the armored car company for an official count.
82	Orlando District Office	6	N-1	10/03/07	10/15/07	12	Explains that two agents transported the exhibit cash to an armored car company for the official count.

No.	Office	Sample Number	Exhibit Number	Date Seized	Date of Amended DEA-6	Calendar Days after Seizure	Explanation
83	Orlando District Office	8	N-530	01/26/08	02/03/09	374	Corrects a statement in the initial DEA-6. The initial DEA-6 stated the seized cash was transferred to the evidence custodian. The amended DEA-6 stated the cash was sealed and secured in a DEA supervisor's office by two agents.
84	Orlando District Office	9	N5A &5B	12/19/07	02/04/09	413	Corrects an error in the initial DEA-6. The initial DEA-6 stated the seized currency was stored in the DEA office's non-drug vault. The amended DEA-6 stated that due to the size of the seizure, the currency was stored in the HIDTA safe.
85	Orlando District Office	11	N-84	10/18/07	02/04/09	475	Corrects an error in the initial DEA-6. The initial DEA-6 stated the seized currency was stored in the DEA office's non-drug vault. The amended DEA-6 stated that the currency was stored in a supervisor's office.
86	Orlando District Office	12	N-1	08/30/07	01/27/09	516	Explains that two agents transported the currency to the armored car company for the official count.
87	Orlando District Office	12	N-1	08/30/07	02/09/09	529	Corrects an error in a prior DEA-6. Changes the amount of the seizure from \$91,600 to \$23,000.
88	Orlando District Office	13	N-3	10/09/08	10/21/08	12	Explains that the currency was transported to the evidence custodian for safekeeping.
89	Burlington Resident Office	4	N-3	08/08/08	02/24/09	200	Adds the names of agents who transported the seized cash to the bank.

No.	Office	Sample Number	Exhibit Number	Date Seized	Date of Amended DEA-6	Calendar Days after Seizure	Explanation
90	Providence Resident Office	2	N-14	10/24/07	02/12/09	477	Adds the names of agents who transported the seized cash to the bank.
91	Providence Resident Office	12	N-15	10/26/07	02/12/09	475	Adds the names of agents who transported the seized cash to the bank.
92	San Diego Division Office	4	N-32	01/30/08	01/16/09	352	Corrects a date in the initial DEA-6. Adds the names of agents present at seizure, sealing, and transport of the currency.
93	San Diego Division Office	7	N-23	09/22/08	01/20/09	120	Adds the names of agents present at seizure, sealing, and transport of the currency.
94	San Diego Division Office	11	N-1	01/14/08	01/20/09	372	Adds the names of officers involved in the chain of custody activities and that two agents sealed the currency before depositing it into an overnight vault for safekeeping.
95	San Diego Division Office	19	N-5	06/06/08	01/20/09	228	Clarifies chain of custody activities. Adds the two officers who sealed the currency in an evidence bag and deposited it into the overnight vault for safekeeping.
96	San Diego Division Office	28	N-166	05/01/08	01/20/09	264	Adds that a second officer was present at discovery, seizure, sealing, and transport of the seized currency.
97	San Diego Division Office	33	N-2	11/19/08	01/16/09	58	Adds that a second agent was present at the seizure and transport of the currency to the evidence custodian for safekeeping.

No.	Office	Sample Number	Exhibit Number	Date Seized	Date of Amended DEA-6	Calendar Days after Seizure	Explanation
98	San Diego Division Office	39	N-1	10/07/08	01/20/09	105	Adds the seizing police officer transferred the cash to the custody of two DEA agents, transported the cash for an official count, and transported the cashier's check to the USMS.
99	San Ysidro Resident Office	3	N-12	02/27/08	01/20/09	328	Adds the name of a witnessing agent.
100	San Ysidro Resident Office	4	N-2	09/06/07	01/29/09	511	Adds the name of a witnessing agent.
101	San Ysidro Resident Office	7	N-10	10/27/08	01/29/09	94	Adds additional details about the seizure.
102	San Ysidro Resident Office	8	N-1	03/20/08	01/21/09	307	Adds the names of the agents involved in chain of custody activities.
103	Baltimore District Office	1	N-40	05/22/08	01/12/09	235	Adds the name of a second agent involved in transporting the seizure.
104	Baltimore District Office	5	N-102	05/09/08	01/12/09	248	Adds the names of the agents present at the seizure, transport to the DEA, and transfer to the bank.
105	Baltimore District Office	11	N-8	02/20/08	01/12/09	327	Adds the names of the agents present at the seizure, transport to the DEA, and transport to the bank.
106	Washington Division Office	6	N-61	04/19/08	01/08/09	264	Adds the names of the officers who witnessed and transported the seizure to the DEA, the bank, and the USMS. Also describes where the currency was temporarily stored and who witnessed the storage.
107	Washington Division Office	7	N-62	11/15/07	11/28/07	13	Adds the names of the officers who acquired and transported the cash to the bank, to a DEA office, then to another DEA office, and who had custody of the cashier's check until it was turned over.

No.	Office	Sample Number	Exhibit Number	Date Seized	Date of Amended DEA-6	Calendar Days after Seizure	Explanation
108	Washington Division Office	7	N-62	11/15/07	01/13/09	425	Adds the name of the person who processed the cashier's check.
109	Washington Division Office	8	N-59	11/15/07	11/28/07	13	Adds the names of the officers who obtained and transported the cash to a bank, obtained a cashier's check, transported the check to a DEA office, then another DEA office, then to the person who processed the cashier's check. Also names the person who had custody of the cashier's check until it was turned over for processing.
110	Washington Division Office	8	N-59	11/15/07	01/13/09	425	Adds the name of the person who processed the cashier's check.
111	Washington Division Office	13	N-43	11/16/07	11/28/07	12	Adds the names of officers who obtained and transported the cash to a bank, obtained a cashier's check, transported the check to one DEA office, then another DEA office, and, then to the person who processed the cashier's check. Also names the person who had custody of the cashier's check until turned over for processing.
112	Washington Division Office	13	N-43	11/16/07	01/13/09	424	Adds the name of the person who processed the cashier's check.
113	Washington Division Office	14	N-48	11/15/07	11/28/07	13	Adds the names of the officers who obtained and transported the cash to a bank, obtained a cashier's check, transported the check to one DEA office, then another DEA office, then to the person who processed the cashier's check. Also names the person who had custody of the cashier's check until they turned it over for processing.

No.	Office	Sample Number	Exhibit Number	Date Seized	Date of Amended DEA-6	Calendar Days after Seizure	Explanation
114	Washington Division Office	14	N-48	11/15/07	01/13/09	425	Adds the name of the person who processed the cashier's check.
115	Washington Division Office	16	N-46	11/15/07	11/28/07	13	Adds the names of the officers who obtained and transported the cash to a bank, the cashier's check to the DEA office, then to the person who processed the cashier's check. Also names the person who had custody of the cashier's check until turned over for processing.
116	Washington Division Office	16	N-46	11/15/07	01/13/09	425	Adds the name of the person who processed the cashier's check.
117	Washington Division Office	24	N-52, N-53	11/15/07	11/28/07	13	Adds the names of the officers who obtained and transported the cash to a bank, obtained a cashier's check, transported the check to one DEA office, to another DEA office, and then to the person who processed the cashier's check. Also names the person who had custody of the cashier's check until turned over for processing.
118	Washington Division Office	24	N-52, N-53	11/15/07	01/13/09	425	Adds the name of the person who processed the cashier's check.

Source: DEA cash-seizure documents

Appendix 15

Other Memoranda Added to the Case Files⁸⁶

No.	Office	Sample Number	Exhibit Number	Date Seized	Date of Memorandum	Calendar Days After Seizure	Explanation
1	Baltimore District Office	5	N-102	05/09/08	05/22/08	13	Explains that two officers transported the sealed currency to the DEA, secured it in the overnight drop safe, and later transferred the currency to the HVSRM vault.
2	Baltimore District Office	17	N-1	08/03/07	01/07/09	523	States that the DEA-6 did not note a second investigator as the witness throughout the processing of the exhibit. The memo did not provide the name of the witness.
3	Baltimore District Office	21	N-17	05/30/08	01/09/09	224	Adds that a witness was present when the currency was transferred to the HVSRM custodian.
4	Baltimore District Office	40	N-27	01/23/08	01/07/09	350	Explains that a second officer witnessed chain of custody activities, including the official count. The memo also states that agents did not provide DEA-12 receipts upon seizure or transfer to the evidence custodian.
5	Burlington Resident Office	20	N-5	05/21/08	03/03/09	286	Corrects and updates information regarding individuals involved with chain of custody activities.

⁸⁶ The other memoranda shown are those that added or changed information about the seizure of the chain of custody of the seized cash.

No.	Office	Sample Number	Exhibit Number	Date Seized	Date of Memorandum	Calendar Days After Seizure	Explanation
6	Gainesville Resident Office	4	N-9	04/28/08	01/23/09	270	Adds the name of a second officer who witnessed the sealing of the evidence and its transport to the DEA office and adds the names of two agents who transported cash to the bank for the official count.
7	Houston Division Office	18	N-379, A-C	09/07/07	01/23/08	138	Adds the names of two Fort Bend (Texas) County Narcotic Task Force (FBCNTF) officers who made the seizures and transported seized cash to a police safe, and adds the names of the two DEA agents who transported the cash to a credit union for official counting.
8	Laredo Resident Office	1	N-5	09/23/08	02/05/09	135	Adds the names of agents involved in chain of custody activity from the HVSRM vault on 10/7/08 to the USMS' Asset Removal Specialist.
9	Laredo Resident Office	2	N-1	10/07/08	02/05/09	121	Corrects a date in the chain of custody.
10	Laredo Resident Office	3	N-5	10/21/08	02/09/09	111	Adds the name of a second officer present during sealing, transport to the DEA office and the two officers who transported the currency to the bank.

No.	Office	Sample Number	Exhibit Number	Date Seized	Date of Memorandum	Calendar Days After Seizure	Explanation
11	Laredo Resident Office	4	N-7	03/05/08	02/09/09	341	Adds the name of a witness present when the currency was seized. The original DEA-6 did not state that a second officer was present at the time of seizure.
12	Laredo Resident Office	5	N-10	06/30/08	02/09/09	224	Explains that a witnessing officer was present when another officer secured seized currency in a temporary vault prior to transferring the currency to the HVSRM custodian. Memo also states that DEA-12 forms were missing from the file but that the chain of custody was documented in a DEA-6 dated 7/15/2008.
13	Laredo Resident Office	6	N-11	08/11/07	02/04/09	543	Explains that two officers transported the currency to the HVSRM custodian, but the initial DEA-6, Report of Investigation, failed to specify that two officers transported the currency.
14	Laredo Resident Office	7	N-1	09/03/08	02/05/09	155	Adds the name of the agent who transported the seized funds.
15	Laredo Resident Office	8	N-20	11/28/07	02/02/09	432	Explains that a second officer was present when the cash was transported to the bank for official counting. The initial DEA-6 did not state that a second officer was present.

No.	Office	Sample Number	Exhibit Number	Date Seized	Date of Memorandum	Calendar Days After Seizure	Explanation
16	Laredo Resident Office	9	N-3	05/30/08	02/09/09	255	Explains that two officers transported the seized cash to the HVSRM custodian and then to the bank for an official count. This was not discussed in the original DEA-6.
17	Laredo Resident Office	10	N-10	07/18/08	02/04/09	201	Adds the names of the officers involved in the chain of custody activities.
18	Laredo Resident Office	11	N-13	02/06/08	02/05/09	365	Adds the name of a second special agent who was present when DEA accepted cash from a local law enforcement officer.
19	Laredo Resident Office	12	N-4	08/10/07	02/04/09	544	Adds the names of the agents who transported the cash to the bank for an official count.
20	Laredo Resident Office	13	N-1	09/10/08	02/09/09	152	Adds names of the HVSRM custodian who transferred the seized funds to the USMS.
21	Laredo Resident Office	14	N-13	12/06/07	02/02/09	424	Adds the name of the second officer who assisted in transporting the cash to the bank.
22	Laredo Resident Office	15	N-90	02/08/08	02/02/09	360	Adds the names of the officers involved in chain of custody activities.
23	Laredo Resident Office	16	N-1	05/28/08	02/04/09	252	Adds names of the HVSRM custodian who transferred the seized funds to the USMS.
24	Laredo Resident Office	17	N-7	08/26/08	02/04/09	162	Explains that four officers transported the seized cash to the DEA and then to the bank for an official count.

No.	Office	Sample Number	Exhibit Number	Date Seized	Date of Memorandum	Calendar Days After Seizure	Explanation
25	Miami Division Office	6	N-33	04/22/08	02/04/09	288	Adds the names of agents who transported seized cash to the DEA and secured it in a supervisor's safe but did not make an entry in an overnight ledger because no ledger was kept for that safe.
26	Miami Division Office	7	N-10	04/10/08	02/04/09	300	Adds the names of the seizing agents and an explanation that agents did not issue a DEA-12 required by DEA policy.
27	Miami Division Office	8	N-1	05/23/08	02/04/09	257	Adds the names of officers involved in the chain of custody and reports that the DEA was not keeping a ledger.
28	Miami Division Office	10	N-12	02/20/08	02/05/09	351	Adds the names of the agents involved in the chain of custody.
29	Miami Division Office	15	N-30	09/24/07	02/04/09	499	Explains that a second officer was present during the seizure. The memorandum acknowledges that agents failed to sign evidence control documents, and identifies actions DEA will take to ensure these mistakes are not repeated.
30	Miami Division Office	16	N-26	09/10/08	02/04/09	147	Clarified the chain of custody. Also explains that agents stored the seized currency in a supervisor's safe but the supervisor did not maintain a log in which to document this activity.

No.	Office	Sample Number	Exhibit Number	Date Seized	Date of Memorandum	Calendar Days After Seizure	Explanation
31	Miami Division Office	19	N-15	09/05/07	02/04/09	518	Adds the names of agents involved in the chain of custody from the time of seizure until it was transported to the armored car company for an official count.
32	Miami Division Office	20	N-3	03/20/08	02/04/09	321	Adds the names of agents involved in the chain of custody from the time of seizure until it was transported to the armored car company for an official count.
33	Miami Division Office	22	N-25	09/10/08	02/04/09	147	Clarifies the chain of custody activities described on the original DEA-6. Also explains that agents stored the currency in a group supervisor's safe but the supervisor did not maintain a log to document this activity.
34	Miami Division Office	30	N-21	10/30/08	02/03/09	96	Adds names and clarifies the chain of custody. The DEA-6 did not include these items.
35	Minneapolis District Office	14	N-20	09/30/08	02/02/09	125	Adds the name of a witness to the chain of custody.
36	San Antonio District Office	4	N-1	06/23/08	06/26/08	3	Explains that one DEA agent and one local law enforcement officer transported seized cash to the DEA office. Also, adds the date that the currency was transported.
37	San Antonio District Office	6	N-1	07/16/08	02/04/09	203	Explains that an officer was present when the currency was transported.

No.	Office	Sample Number	Exhibit Number	Date Seized	Date of Memorandum	Calendar Days After Seizure	Explanation
38	San Diego Division Office	8	N-17	05/05/08	01/21/09	261	Explains that a local police officer transferred the currency to agents who then transported the currency to the DEA office and secured the currency for safekeeping.
39	Tampa District Office	9	N-87	05/19/08	02/01/09	258	Adds the name of the witnessing agent present when the cash was surrendered for an official count. Also, clarifies that two officers made the initial seizure.
40	Tampa District Office	10	N-12	11/15/07	02/04/09	447	Adds the names of two officers who seized and transported the currency to the DEA and secured the currency in a supervisor's safe.
41	Tampa District Office	12	N-5	02/22/08	01/26/09	339	Adds the name of a second officer who transported the seized cash to the armored car company for an official count.
42	Tampa District Office	14	N-1	09/29/08	01/27/09	120	Adds information about the chain of custody of the seized cash. The memorandum also explains that the currency was secured in a supervisor's safe but not recorded in the safe logbook. Also explains that the DEA did not issue a DEA-12 receipt when transferring the seized cash between agents.

No.	Office	Sample Number	Exhibit Number	Date Seized	Date of Memorandum	Calendar Days After Seizure	Explanation
43	Tampa District Office	15	N-10	10/24/08	01/26/09	94	Adds names of two additional agents present during transport of the seized currency. Memo also states the case file did not show agents provided a receipt to the subject.
44	Tampa District Office	20	N-45	09/10/08	01/26/09	138	Clarifies the chain of custody of the seized cash.

Source: OIG analysis of DEA documents

The Drug Enforcement Administration's Response to the Draft Audit Report



U. S. Department of Justice
Drug Enforcement Administration

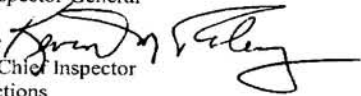
www.dea.gov

Washington, D.C. 20537

SEP 24 2009

MEMORANDUM

TO: Raymond J. Beaudet
Assistant Inspector General
for Audit
Office of the Inspector General

FROM: Kevin M. Foley 
Acting Deputy Chief Inspector
Office of Inspections

SUBJECT: DEA's Response to the OIG's Draft Report: *Follow-up Audit of the Drug Enforcement Administration's Handling of Cash Seizures*

The Drug Enforcement Administration (DEA) has reviewed the Department of Justice (DOJ), Office of the Inspector General's (OIG) draft audit report, entitled: *Follow-up Audit of the Drug Enforcement Administration's Handling of Cash Seizures*. DEA acknowledges OIG for its efforts in conducting a follow-up review of DEA's control over cash seized and transferred to the Department of Justice's Asset Forfeiture Program. As a result of this review, DEA concurs with the five recommendations in the draft report and will take the necessary steps to implement the recommendations.

DEA appreciates that OIG noted the DEA has improved in overall performance since the 2007 *Audit of DEA's Handling of Cash Seizures* and increased the rate of compliance with controls for safeguarding seized cash. OIG also noted that DEA completed and implemented six of the seven recommendations that were made in the 2007 report and have made several attempts to correct ongoing problems with the Treasury Program for currency deposit services to address the remaining recommendation.

OIG reported during its current review that DEA did not have a policy stating how quickly supervisors should review the cash-seizure documents after preparation by agents. OIG also stated that DEA did not identify and correct deficiencies in many cash-seizure documents until OIG began the 2009 audit. In July 2008, DEA revised policies that require supervisory investigative file reviews every 90 days. During the 90-day review, supervisors are required to review all case related documentation for accuracy and completion. The outcome of the reviews may identify the need for

amendments to DEA-6s to further explain case specifics.

DEA provides the following response to the OIG's recommendations:

Recommendation 1. Implement a policy that defines how quickly supervisors should review case file documentation pertaining to cash seizures after preparation by an agent to ensure the documentation is complete and accurate.

DEA concurs with the recommendation that a policy which defines timelines that supervisors should review case file documentation should be in place. DEA has current policy requiring investigative personnel to complete reports of their investigative activities within five working days and policy that states that immediate supervisors are required to review the content of their reports for accuracy and adequacy within a specific timeframe. These requirements were last revised in July 2008 and are set forth in the DEA Agents Manual Subsection 6211.2, Submission of Reports, and Subsection 6211.3, Supervisory Review. The Agents Manual Subsection 6213.21, Immediate Supervisor, delineates the factors that may be considered by immediate supervisors when reviewing investigative reports/case files. Subsection 6213.21(B) of the Agents Manual reflects that each investigation in an active status will be reviewed by the immediate supervisor as significant events occur or at maximum intervals of 90 days.

DEA requests closure of the recommendation in light that there is already a current policy that defines when a review of the case file documentation should occur.

Recommendation 2. Implement a plan to ensure agents receive periodic training on internal controls for handling seized cash and preparing cash-seizure documentation, including instruction on preparing complete and accurate DEA-6, Reports of Investigation, and maintaining copies of all cash seizure documentation in the case files.

DEA concurs with the recommendation. The Office of Operations Management (OM) and the Office of Training (TR) will develop an instructional video which details the proper procedures regarding internal controls for the handling and documenting of seized cash and high value exhibits. This video will incorporate instructions for properly completing various forms involved in processing/handling of seized cash and high value exhibits. It will stress the requirement of having witnessing investigative personnel present when cash is discovered. The video will inform the viewer of the policy regarding counting cash and stress that investigative personnel provide the owner with an itemized receipt of seized cash or high valued items. It will focus on ensuring that cash is timely transported to a bank or other financial institution and transferred to the United States Marshal Service. It will include proper procedures for the transfer of seized cash and high valued exhibits to the High Value Seized and Recovered Monies (HVSRM) Custodian using the proper chain of custody forms.

The instructional video will be yearly mandatory refresher training for all field investigative personnel to include diversion investigators and supervisors. The video will become part of the DEA Learning System (DEALS) which is an electronic database that provides automatic notification to individuals who are required to view mandatory training videos and stores each

employee's history of training. Investigative personnel, including supervisors and managers, will be required to view the instructional video and acknowledge completion of the refresher training. DEALS will continue to notify the investigative personnel and their supervisors/managers until the video is viewed.

Recommendation 3. Ensure all evidence custodians attend DEA's mandatory training program.

DEA concurs with the recommendation. In 2005, DEA instituted a comprehensive training program for evidence custodians to ensure that the custodians were receiving training. As a result of recommendations made in the 2004 OIG final report entitled, *Review of the Drug Enforcement Administration's Custodial Accountability for Evidence Held at the Field Division, Report Number I-2004-003*, the OIG recommended that DEA develop a comprehensive training program for personnel assigned evidence custodian duties. To respond to the 2004 recommendation, DEA revised the Agents Manual Subsection 6662.12, Drug Evidence Custodian (DEC)/Bulk Drug Evidence Custodian (BDEC), Subsection 6662.23 (B), Bulk Drug Evidence Custodian Responsibilities, Subsection 6681.12 (A), Nondrug Evidence Custodian (NDEC), and Subsection 6682.12 (A), High Value and Seized/Recovered Monies (HVS RM) Custodian, to reflect that the Special Agents in Charge of their respective divisions ensure that their primary and alternate Drug and Nondrug Evidence Custodians receive mandatory evidence custodian training.

In addition to revising evidence custodian policy, OM and TR coordinated a training program to ensure that evidence custodians received the mandatory training. Since 2005, OM and TR have conducted 29 seized cash and high value exhibit classes to primary and alternate Nondrug Evidence Custodians throughout DEA.

To further ensure that evidence custodians are being kept abreast of seized cash and high value procedures, in July 2009 the Office of Inspections (IN) began conducting presentations highlighting problem areas in the HVS RM Program. Attendees included specific personnel such as HVS RM Custodians and supervisors who are responsible for managerial oversight of the HVS RM Program in their respective offices. To date, IN has completed presentations in six divisions with the remaining divisions to be conducted in fiscal year 2010.

Based on the response to this recommendation, DEA requests closure.

Recommendation 4. Implement a plan to ensure all DEA staff who supervises cash handling activities receives periodic training on reviewing cash-seizure documentation, including DEA-6, Reports of Investigation, to ensure they include the identity of the law enforcement personnel present from the acquisition to the disposal of the seized cash.

OM and TR will develop an instructional video on the proper procedures on internal controls for handling and documenting seized cash and high value exhibits. The instructional video will include instructions on how to properly complete the various forms involved in processing/handling of seized cash and high value exhibits. It will also include instructions for

supervisory personnel on the importance of conducting timely and accurate review of reports submitted by investigative personnel involved in the seizure and processing of seized cash and high value exhibits.

The instructional video will become yearly mandatory refresher training for all evidence custodians, field agents, task force officers, diversion investigators, and supervisors. To ensure that all DEA investigative personnel and their respective supervisors/managers receive this training, the instructional video will become part of the DEALS. DEALS will continue to alert the investigative personnel and their supervisors/managers until the video is viewed.

Recommendation 5. Design and implement a permanent system to monitor and improve compliance with each of the controls we tested.

DEA concurs with this recommendation. IN is responsible for DEA's On-Site Inspection Program which is used to assist managers to identify areas with deficiencies and significant accomplishments. The inspection process is DEA's system to monitor and improve the operations of DEA. Currently, IN has drafted a revised checklist for the HVSRM Program to incorporate several of the internal controls used by OIG in this review. The revised checklist is currently being tested during an on-site inspection of a DEA division. Once the inspection is completed, the results will be evaluated to determine whether any changes are necessary in the draft HVSRM Program checklist. When completed, DEA will forward OIG a copy of the revised checklist.

Documentation detailing DEA's efforts to implement the recommendations will be provided to the OIG on a quarterly basis, until such time that all corrective actions have been completed. If you have any questions regarding DEA's response to the OIG's recommendations, please contact the Audit Liaison Team at (202) 307-8200.

Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Report

The OIG provided a draft of this audit report to the DEA. The DEA's response is incorporated in Appendix 16 of this final report. The following provides the OIG's analysis of the response and summary of actions necessary to close the report.

Recommendation Number:

1. **Resolved.** The DEA concurred with our recommendation to implement a policy that defines how quickly supervisors should review case file documentation pertaining to cash seizures after preparation by an agent to ensure the documentation is complete and accurate.

Although the DEA agreed with our recommendation, it stated that current policies require investigators to complete reports within 5 working days and supervisors to review those reports for accuracy and adequacy within a specific timeframe. The DEA stated that those policies were revised in July 2008 and are contained in the following Agents Manual Sections: 6211.2, Submission of Reports; 6211.3, Supervisory Review; and 6213.21, Immediate Supervisor. Based on these policies, the DEA requested that we close this recommendation. We disagree with the DEA's assessment that these policies address our recommendation.

Sections 6211.2 and 6213.3 of the Agents Manual state that agents must generally complete investigative reports within 5 working days and supervisors should review those reports for accuracy, adequacy, and proper reporting procedures. However, these policies do not define a timeframe for supervisors to review the reports.

Section 6213.21 of the Agents Manual states that supervisors should review each active investigation at 90-day intervals to determine whether there is sufficient evidence to continue the case or whether the case should be closed. However, this policy does not address the completeness and accuracy of the investigative reports or case files.

Further, the 90-day reviews the DEA conducted in accordance with this policy did not identify the errors and omissions in the cash seizure documentation that we found during our audit.

Because the DEA agreed with the recommendation but does not have a policy defining a timeframe for supervisory review of case files for completeness and accuracy, the status of this recommendation is resolved but not closed. This recommendation can be closed when the DEA provides documents to us demonstrating that it has implemented a policy that defines a timeframe for supervisors to review the cash seizure documentation for completeness and accuracy.

2. **Resolved.** The DEA concurred with our recommendation to implement a plan to ensure agents receive periodic training on internal controls for handling seized cash and preparing cash seizure documents, including instruction on preparing complete and accurate DEA-6, Reports of Investigation, and maintaining copies of all cash seizure documentation in the case files.

The DEA provided its plan to develop an instructional video with detailed procedures for handling seized cash and documenting cash seizure activities. The instructional video will provide viewers with training on: (1) completing various cash seizure documents and ledgers, (2) requirements for having a witness present at various phases of the cash seizure and handling process, (3) policies for counting seized cash, (4) providing receipts when acquiring and transferring custody of seized cash, (5) timely transporting seized cash to banks, and (6) transferring seized funds to the United States Marshals Service. The DEA's corrective action plan stated that this instructional video will become an annual training requirement for all investigative personnel and supervisors. The DEA also provided details for its plans to electronically notify all personnel about the required training, to require that all personnel acknowledge that they had taken the training, and to maintain employee training records through the DEA Learning System (DEALS).

This recommendation can be closed when we receive documentation showing the DEA has developed the training video, the video has been incorporated into DEALS, and that investigative and supervisory staff have met these annual training requirements.

3. **Resolved.** The DEA concurred with our recommendation to ensure that all evidence custodians attend DEA's mandatory training program.

The DEA stated that it had implemented a comprehensive training program for evidence custodians in 2005 and that evidence custodians were receiving the training. The DEA stated it had revised various sections of the DEA Agents Manual, and conducted 29 training classes for evidence custodians. The DEA also stated that in July 2009 it began making presentations to evidence custodians and supervisors that highlighted problems the DEA has had in handling seized cash. The DEA has conducted these presentations in 6 DEA divisions and plans to complete the presentations at the remaining DEA Divisions in 2010. Based on these completed and planned corrective actions, the DEA requested that this recommendation be closed. As explained in the following paragraph, we disagree with the DEA's assessment that these actions are sufficient to close the recommendation.

In our 2007 audit, we recommended the DEA ensure all evidence custodians receive appropriate training. For that recommendation, the DEA implemented a written policy requiring that supervisors ensure all evidence custodians attend DEA training. Based on the written policy, we closed our 2007 audit recommendation. However, during the current audit we found that only 56 percent of the evidence custodians we interviewed had attended DEA's "mandatory" training. Although this audit found that the DEA has improved at following its controls for handling seized cash, we concluded that the DEA can make further improvements by ensuring that all current and future evidence custodians are properly trained.

This recommendation can be closed when we receive documentation showing all current evidence custodians have completed the mandatory training and a process is implemented to ensure all future evidence custodians attend the training.

4. **Resolved.** The DEA concurred with our recommendation to implement a plan to ensure all DEA staff who supervise cash handling activities receive periodic training on reviewing cash seizure documentation, including DEA-6 Reports of Investigation, to ensure they include the identity of the law enforcement personnel present from the acquisition to the disposal of the seized cash.

The DEA stated that it will develop an instructional video for investigative staff and supervisors on how to complete various forms related to the handling and processing of seized cash. The video will also stress the importance of conducting timely supervisory reviews of

reports submitted by investigative staff to ensure they are complete and accurate. The DEA stated that the video will be an annual training requirement for evidence custodians, agents, task force officers, and supervisors. To implement its corrective action plan, the DEA will use an electronic database to automatically notify staff and supervisors until the training has been completed.

This recommendation can be closed when we receive documentation showing the DEA has developed the training video and evidence that custodians, agents, task force officers, and supervisors have met these annual training requirements.

5. **Resolved.** The DEA concurred with our recommendation to design and implement a permanent system to monitor and improve compliance with each of the controls we tested.

The DEA stated it has drafted a revised checklist that its Office of Inspections will use to review the seized monies program. The revised checklist includes controls we reviewed during the current audit, and the DEA is now testing the checklist during an inspection of a DEA division. After the inspection has been completed, the DEA will make any necessary changes to the checklist and forward a copy to the OIG.

We agree with the DEA's corrective action plan to have its Office of Inspections use a checklist to review compliance with the controls we tested during our audit. However, the Office of Inspections routinely reviews each DEA division only once every 3 years. We understand that the DEA also has a self-inspection program under which each division periodically reviews its own cash seizures. We believe that the revised checklist should also be included as part of the self-inspection system.

This recommendation can be closed when we receive a copy of the revised inspection checklist, the plan for completing the inspections over the next 3 fiscal years, and the DEA's decision as to whether the revised checklist should be made a component of the self-inspection system.