

**INTRADEPARTMENTAL CORRESPONDENCE**

July 7, 2014  
14.2

**TO:** The Honorable Board of Police Commissioners

**FROM:** Chief of Police

**SUBJECT:** ASSET FORFEITURE REVENUE INSPECTION FOLLOW-UP  
(IAID No. 14-036)

**RECOMMENDED ACTION**

It is recommended that the Board of Police Commissioners REVIEW and APPROVE the attached Asset Forfeiture Revenue Inspection Follow-up.

**DISCUSSION**

Internal Audits and Inspections Division conducted the Asset Forfeiture Revenue Inspection to follow up on audit recommendations made within the previously approved Asset Forfeiture Revenue Audit (IAID No. 12-050).

If additional information regarding this audit is required, please contact Arif Alikhan, Special Assistant for Constitutional Policing, at (213) 486-8730.

Respectfully,



CHARLIE BECK  
Chief of Police

Attachments

LOS ANGELES POLICE DEPARTMENT

*ASSET FORFEITURE REVENUE  
INSPECTION*

*(IAID No. 14-036)*



CHARLIE BECK  
Chief of Police

*June 2014*

## **ASSET FORFEITURE REVENUE INSPECTION**

**Conducted by  
Internal Audits and Inspections Division  
Fourth Quarter, Fiscal Year 2013/2014**

### **PURPOSE**

Internal Audits and Inspections Division (IAID) conducted the Asset Forfeiture Revenue Inspection to follow up on the status of corrective actions taken for findings related to the training of Department Personnel in asset forfeiture cases and amendments in policies and procedures, identified in the previously conducted Asset Forfeiture Revenue Audit in the second quarter of fiscal year 2012/2013 (IAID No. 12-050).

### **BACKGROUND**

The Department's Gang and Narcotics Division (GND), Asset Forfeiture Investigative Detail (AFID), conducts preliminary investigations of asset forfeiture cases resulting in seizures of assets and the subsequent state and federal case filings. Accordingly, AFID reviews the Automated Property Information Management System (APIMS) for all narcotics related cash seized in the amount of \$1,000 and above.

The Office of the District Attorney, County of Los Angeles (LADA), handles the asset forfeiture cases adopted by the state. Asset Forfeiture cases adopted by federal agencies are prosecuted in southern California by the Office of the United States (US) Attorney, Central District of California, US Department of Justice.

The Asset Forfeiture Pre-Seizure Checking Account (PSCA) is established and maintained by AFID to facilitate the processing of currency seized for forfeiture purposes, prior to state and in some federal case filings, in accordance with Section 11470 of the California Health and Safety Code (H&S), and Section 881(a) of Title 21 of the US Code.

Monies from cases identified based on AFID's review of APIMS, or monies seized that were placed in money bags during a narcotics investigation are transferred/deposited into the PSCA. Once the LADA or the US Attorney adopts the case, a check is issued from the PSCA to LADA or the US Marshal Service. If the case is rejected by LADA or the US Marshal Service before the money is transferred, a check will be issued to "Cash." The assigned AFID officer will cash the check and rebook the monies to Property Division.<sup>1</sup> One of the key provisions of the state and federal asset forfeiture program is the authorization to share forfeiture proceeds with cooperating state and local law enforcement agencies.<sup>2</sup> The Department has agreed to participate in the state and federal asset forfeiture program.

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<sup>1</sup> Property Division will release the monies to the rightful owners based on Department established procedures.

<sup>2</sup> The State Forfeiture Distributions, 11489 H&S, and the Federal Guide to Equitable Sharing for State and Local Law Enforcement Agencies.

Proceeds from the equitable sharing program are deposited into the City of Los Angeles "Master Bank Account" and allocated to the Department's Asset Forfeiture Fund account: Department of Justice Asset Forfeiture Fund (44D); Department of Treasury Asset Forfeiture Fund (44E); and, State Asset Forfeiture Fund (44F). These funds are utilized for law enforcement purposes, in accordance with applicable state and federal guidelines.

## **METHODOLOGY**

This inspection evaluated a visual presentation titled "Asset Forfeiture Currency Seizures," prepared by GND, which was designed to provide training to Department personnel regarding seizures of \$1,000 or more. Internal Audits and Inspections Division also inspected the bank statements and monthly reports for the PSCA for the period of November 2013 to February 2014 to ensure that deposits were recorded timely.

Additionally IAID reviewed Special Order No. 2, 2014, *Property Seized Subject to Forfeiture – Revised*, to determine if the recommendations pertaining to large currency seizures were incorporated in the Special Order. The inspection examined the current status and corrective actions taken in the following areas found deficient in the previous audit:

- **Recommendation No. 1 – It is recommended that the Commanding Officer (C/O), Gang and Narcotics Division, provide training to Department personnel regarding the required notification to Asset Forfeiture Investigative Detail (AFID) in cases of narcotics related money seizures of \$1,000.00 or more.**

**Current Status:** Implemented. For the fourth quarter, 2012 roll call training, GND prepared a visual presentation titled "Asset Forfeiture Currency Seizures." The visual presentation compact disc was forwarded to Training Division for distribution to the concerned geographic Areas.

The Asset Forfeiture Revenue Audit indicated that at times, when officers seized \$1,000 or more, they booked it into Property Division, rather than abiding by asset forfeiture procedures. Asset forfeiture procedures require the officers to contact AFID, for advice on the hold that may be placed on such currency once it has been booked.

Internal Audits and Inspections Division reviewed the visual presentation and noted that prior to seizing the currency, the video instructs the officers to contact AFID during normal business hours or Real Time Analysis and Critical Response Division during off hours and weekends.

- **Recommendation No. 2 – It is recommended that the C/O, Gang and Narcotics Division, instruct AFID to record deposits in the Pre-Seizure Checking Account (PSCA) register immediately after the deposits are made into PSCA.**

**Current Status:** Internal Audits and Inspection Division reviewed the bank statements and monthly reports associated with the PSCA register for November 2013 to February 2014 and noted that 95 (96%) of the 99 deposits were recorded in the corresponding months.

The previous audit noted that in six of the 34 cases the amount deposited in the PSCA was not recorded in the PSCA register for the corresponding month. The unrecorded deposits were detected during bank reconciliations, however, were recorded in subsequent months.

One deposit made in January 2014 was recorded in the PSCA register in February 2014 and two additional deposits made in January 2014 were not recorded in the corresponding month or by the end of the review period. One deposit made in February 2014 was also not recorded in the corresponding month.

- **Recommendation No. 3 – It is recommended that the C/O, Gang and Narcotics Division, ensure investigators assigned to the asset forfeiture programs attend the “Basic Asset Forfeiture Course” and “Annual Asset Forfeiture Update Course,” and once completed, that such training be documented and archived for future reference.**

**Current Status:** Implemented. Gang and Narcotics Division provided documentation to IAID that indicated six out of seven AFID detectives attended the Basic Asset Forfeiture Course conducted by the Los Angeles County District Attorney’s Office. The remaining one detective is scheduled to attend the upcoming seminar in September 2014. Additionally, the documentation provided by GND also indicated four AFID detectives attended the Annual Asset Forfeiture Update Course in 2013. Three detectives are scheduled to attend the next update course as soon as it is available in 2014.

The previous audit noted that GND was unable to provide any documentation related to AFID officers attending Asset Forfeiture related training as required by 11469(e)H&S.

- **Recommendation No. 4 – It is recommended that the C/O, Gang and Narcotics Division, amend the current Integrity Assurance Plan, Section 4(B)6, thus reflecting that if a Lieutenant Officer – in Charge, is not available, the on-duty watch commander will respond to the scene of any seizure in the amount of \$10,000 or more.**

The Asset Forfeiture Revenue Audit reviewed 17 applicable cases, six (35%) of the 17 cases indicated a lieutenant or above was present at the seizure scene.

**Current Status:** Implemented. On March 5, 2013, the Chief of Detectives issued a Notice, *Procedures Involving Seized Currency in Excess of \$10,000*, to all Area Commanding Officers, underlining the procedures involving seized currency in excess of \$10,000. In recognition of the limited availability of lieutenants, the notice requires the on-duty watch commander to respond to the scene.

Additionally, Department Manual Section 4/201.65, *Property Seized Subject to Forfeiture*, has been revised to include the presence of at least the watch commander during the seizure of currency in excess of \$10,000.

**CONCLUSION**

Based on the corrective actions taken by Gang and Narcotics Division, it is LAID's request to close out these recommendations as implemented.