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*****PRESS RELEASE*****

State Auditor Otto releases 2006 Criminal Forfeitures Report

~ Report finds that higher expenses are reducing law enforcement agencies' forfeiture-related proceeds ~

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ST. PAUL (06/12/2007) – State Auditor Rebecca Otto today announced the release of the 2006 Criminal Forfeitures Report which provides information on the amount of cash and property seized by Minnesota law enforcement agencies subject to forfeiture in 2006.

In 2006, 213 Minnesota law enforcement agencies (seven more agencies than reported in 2005) reported to the State Auditor a total of 4,888 incidents of property seized subject to forfeiture. This number represents an increase of 616 forfeiture incidents or a rise of 14.4 percent over the level reported in 2005. The majority of the increase in forfeited property came in the form of guns and vehicles. In addition to the 213 law enforcement agencies that completed forfeitures in 2006, 179 agencies reported that they had zero forfeitures, and 123 did not file reports with the Office of the State Auditor.

Gross sales of forfeited property totaled \$3,918,321 in 2006, up 5.6 percent from the \$3,709,487 reported in 2005. Administrative expenses and lien holder's obligations grew 62.2 percent between 2005 and 2006, rising from \$307,876 in 2005 to \$499,377 in 2006. Net proceeds totaled \$3,418,944 in 2006, just 0.5 percent more than the \$3,401,610 reported in 2005. While the number of completed forfeiture incidents increased, the type of property (guns and vehicles) that comprised most of the increase generally netted fewer dollars due to higher expenses and requirements that forfeited firearms not be sold in certain counties.

Of the 4,888 forfeiture incidents reported, 3,352 involved seized cash or seized property that was sold. Net proceeds involving agencies receiving cash or selling property ranged from negative \$6,323 to \$117,972. Net proceeds per forfeiture incident averaged \$1,020.

“Our report shows a noticeable trend of increased costs associated with the administration of forfeitures,” State Auditor Otto said. **“Our office will share this information with lawmakers as they make policy considerations.”**

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Cash or net proceeds from the sale of forfeited property (after administrative expenses and payment of liens are subtracted) are distributed in the following manner: 70 percent to the appropriate law enforcement agency; 20 percent to the county attorney or other prosecuting agency that handled the forfeiture; and 10 percent to be forwarded within 60 days after resolution of the forfeiture to the Treasury Division of the Department of Finance. In 2006, 4,208 incidents resulted in forfeitures, 347 resulted in an agreement, 195 incidents resulted in court ordered return to the owner, and 138 resulted in other disposition. Of the 4,208 incidents that resulted in a forfeiture of property, the net amount for distribution was \$3,113,532 of which 10 percent goes to the Treasury Division.

Building on the report's findings, the Office of the State Auditor is making two recommendations to the Legislature and law enforcement agencies:

1.) Reinstate the reporting requirement for forfeitures related to driving under the influence.

Although the report provides detailed information on forfeiture activity in the state of Minnesota, it lacks data from one significant basis of property seizure: seizures related to driving under the influence (DUI). Between 1995 and 1997, law enforcement agencies were required to report to the Office of the State Auditor DUI-related vehicle forfeitures. The reporting requirement was repealed in 1997. Since that time, there has been no tracking of these forfeitures. As the intent of the forfeiture reporting legislation was to track the nature and extent of forfeitures in the state, the inclusion of DUI-related forfeitures would provide a more comprehensive look at the extent to which forfeiture laws are being used in the state. In addition, with the trend of increased administrative expenses/liens for the handling of forfeited vehicles for law enforcement agencies, it would be informative for policy makers to know the full impact of the statute on law enforcement budgets.

2.) Law enforcement agencies should ensure that there are written policies and procedures for forfeiture reporting in their offices.

While cooperative efforts between law enforcement agencies and the Office of the State Auditor have increased awareness and compliance of the laws requiring the reporting of forfeited cash and property, many agencies are still unaware of not only their reporting obligations, but also of their requirement to remit forfeiture proceeds to the state where applicable. One of the primary reasons given for this lack of compliance is that many agencies have high turnover rates in the position that is responsible for tracking forfeitures. In discussions with these employees, the Office of the State Auditor is often told that the previous staff person in the job had not communicated to the new staff person the required details for reporting forfeitures. As a result, there is often a gap in reporting when a new staff person is given the duties.

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The State Auditor recommends that law enforcement agencies develop written policies and procedures and/or a calendar of reports due so that staff responsible for reporting forfeitures will have a clear understanding of the requirements to ensure that the agency is complying with the law. The State Auditor understands and appreciates that law enforcement agencies have many reporting requirements with which they must comply and believe that implementing this recommendation can lessen the burden for employees responsible for reporting forfeitures.

For the complete report, which includes tables and graphs, go to http://www.auditor.state.mn.us/reports/gid/2006/forfeiture/forfeiture_06_report.pdf.

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The Office of the State Auditor is a constitutional office that is charged with overseeing more than \$20 billion spent annually by local governments in Minnesota. The Office of the State Auditor does this by performing audits of local government financial statements, and by reviewing documents, data, reports, and complaints reported to the Office. The financial information collected from local governments is analyzed and is the basis of statutory reports issued by the State Auditor's Office.

Rebecca Otto is Minnesota's 18th State Auditor. A high-resolution headshot is available for download at http://www.auditor.state.mn.us/images/otto_hires.jpg.