

## Attorney General's Office Anti-racketeering Revolving Fund

**CONCLUSION:** As required by law, we conducted a review of the Attorney General's Office use of anti-racketeering monies deposited in the Anti-racketeering Revolving Fund in fiscal years 2017 and 2018. We did not identify any improper use of monies spent from the Revolving Fund. However, our review of disbursements made to law enforcement agencies found that the Attorney General's Office did not follow its procedures for monitoring the use of monies advanced to law enforcement agencies.

### Attorney General's Office administers State anti-racketeering monies

Anti-racketeering monies are awarded through court order to law-enforcement agencies that performed investigations of racketeering crimes or crimes committed for financial gain. Federal guidelines and State laws define permissible uses of anti-racketeering monies. State law also requires the Attorney General's Office to administer State anti-racketeering monies, and it administers them through its Revolving Fund. The Revolving Fund is composed of three component funds. The cases fund holds all case-specific forfeited anti-racketeering monies pending distribution as directed by an order of forfeiture; the operating fund holds monies awarded to the Attorney General's Office that may be used for its case-related, operating, and community-based program expenditures; and the pass-through fund holds monies that have been awarded to other law enforcement agencies responsible for the seizure until they are requested by those agencies for permissible expenditures. The Attorney General's Office has developed a policies and procedures manual that guides its staff on how to process and monitor Revolving Fund expenditures.

### Attorney General's Office anti-racketeering monies have decreased

Our review found that the Attorney General's Office's fund balance of its operating fund, which holds its anti-racketeering monies, decreased by \$5.5 million in fiscal year 2017 and \$1.1 million in fiscal year 2018. According to the Attorney General's Office, the decrease in fiscal year 2017 was primarily due to a 1-time transfer of \$3.9 million to fund the Attorney General's Office's participation in the Arizona Financial Crimes Task Force for a 3-year period.<sup>1</sup>

During our review, we found the Attorney General's Office spent the majority of its anti-racketeering monies on payroll expenses for various personnel to administer, investigate, and prosecute anti-racketeering cases. Its remaining expenditures were for general operations; it did not make any expenditures to community-based programs.

### Attorney General's Office should follow its policies and procedures for monies advanced to law enforcement agencies

The Attorney General's Office is responsible for ensuring that anti-racketeering monies are expended in accordance with federal guidelines and State laws. This includes monies held on behalf of other law enforcement agencies in the pass-through fund. Law enforcement agencies may request monies to be reimbursed for actual expenditures or may request monies in advance to pay for expenditures that will be incurred in the near future. The Attorney General's Office policies and procedures manual establishes requirements for handling law enforcement agencies' requests for and expenditure of their monies from the Revolving Fund. We found that the Attorney General's Office did not follow these policies and procedures to help ensure that law enforcement agencies spent advanced anti-racketeering monies for the requested purposes. Specifically, the Attorney General's Office did not verify advanced anti-racketeering monies were expended for

<sup>1</sup> The Arizona Financial Crimes Task Force was established to investigate and interdict the money laundering activities of complex national and international organized crime and to mitigate the violence associated with the smuggling activities that fund these organizations.

**Attorney General’s Office administration of law enforcement agencies’ requests of anti-racketeering monies for 19 sampled requests  
Fiscal years 2017 and 2018**

	13 Reimbursement requests \$2.6 million	6 Advance requests \$5.0 million
Verified request met the permissible uses criteria	✓	✓
Verified actual expenditures were permissible	✓	X
Required unspent advanced monies be returned	Not applicable	X

permissible purposes or require law enforcement agencies to remit to the Attorney General’s Office any unspent anti-racketeering monies from the advance request to be redeposited into the Revolving Fund. Because the Attorney General’s Office’s did not follow its policies and procedures, it could not determine that local law enforcement agencies spent advanced anti-racketeering monies for permissible purposes. This

increases the risk that anti-racketeering monies may have been spent for impermissible purposes.

**Recommendation**

The Attorney General’s Office should follow its policies and procedures to ensure law enforcement agencies are spending advanced anti-racketeering monies for requested purposes and unspent monies are returned and redeposited into the Revolving Fund.