Commonwealth of the Northern Mariana Islands (CNMI)

Department of Finance

LAW ENFORCEMENT ASSISTANCE FUND (LEAF)

POLICIES AND PROCEDURES

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SECTION 1: PURPOSE

The purpose of this document is to establish clear, consistent, and compliant processes for the administration, management, disbursement, documentation, and reporting of the Division of Customs Law Enforcement Assistance Fund and the Department of Public Safety Law Enforcement Assistance Fund, as authorized under 1 CMC §2541. These funds are designated to supplement the budgets of law enforcement activities and do not require legislative appropriation for their use.

Section 1.1 Effective Date

The LEAF Policies and Procedures will take effect in Fiscal Year 2027, beginning **October 28, 2026**. The following requirements and activities will be implemented and enforced from that date forward.

SECTION 2: APPLICABLE LAW

This procedure is grounded in and guided by:

1 CMC §2541 – Law Enforcement Assistance Fund (LEAF) Act.

- Establishment of two separate, non-commingled accounts
- Equal 50/50 distribution of forfeited proceeds into each fund
- Exclusive use for law enforcement purposes
- No requirement for legislative appropriation for expenditures
- Annual reporting requirements to the Legislature and the Governor
- Deposits from both forfeited currency and proceeds from the sale of forfeited property

SECTION 3: DEFINITIONS

- **LEAF:** The Law Enforcement Assistance Fund accounts for Division of Customs and Biosecurity and Department of Public Safety
- **Custodian:** Secretary of Finance, responsible for maintaining, safeguarding, and reporting on the funds.
- **Expenditure Authority:** The Director of the Division of Customs and the Commissioner of DPS, authorized to request disbursements for eligible law enforcement purposes.
- **Asset Forfeiture Proceeds:** Funds or assets received from local or federal forfeiture actions, including proceeds from the sale of forfeited property.

SECTION 4: FUND MANAGEMENT RESPONSIBILITIES

1. ***Secretary of Finance (Custodian):***
    - Maintain two separate LEAF accounts: Customs LEAF and DPS LEAF
    - Ensure funds are not commingled with any other accounts or the General Fund
    - Verify that all deposits reflect the statutory 50/50 requirement
    - Verify availability of funds prior to disbursement
    - Disburse available funds as requested by the Director of Customs or the Commissioner of DPS, provided the request is solely for law enforcement purposes
    - Maintain accounting records, including obligations, disbursements, expenditures, encumbrances, and supporting documentation for audit purposes.
    - Prepare and submit the annual custodial report to the Governor and the presiding legislative officers

2. ***Division of Customs & Biosecurity Director and DPS Commissioner (Expenditure Authorities):***
    - Request disbursement of funds solely for law enforcement purposes
    - Ensure LEAF expenditures supplement existing budgets and do not replace baseline operational allocations.
    - Submit annual expenditure reports to the Legislature within 30 days after the end of each fiscal year.

SECTION 5: PROCEDURES

This section outlines the procedures for receiving, managing, and expending LEAF funds. These funds must be used exclusively for law enforcement purposes and maintained within designated project accounts. The Secretary of Finance provides custodial oversight, while the Director of Customs and Biosecurity and the DPS Commissioner hold expenditure authority for their respective accounts.

Section 5.1 Asset Forfeiture Funds Notification – CBS / DPS

Upon completion of the judgement or case, the assigned CBS or DPS agent shall access the DOJ e-Portal to obtain all required information regarding the forfeiture and associated funds. The DOJ e-Portal, also referred to as the Asset Forfeiture Management System (AFMS), is a secure online platform operated by the U.S. Department of Justice's Asset Forfeiture Management Staff. It serves as the centralized system used by enforcement agencies to manage forfeiture-related activities.

- A designated CBS Major is responsible for accessing the e-Portal to retrieve all necessary information. The CBS Major shall also renew CBS's e-Portal access annually each October to ensure continued compliance.

- The CBS Major shall prepare and submit the Equitable Sharing Request Form (DAG-71), the official DOJ form used by law enforcement agencies to request equitable sharing of federally forfeited assets.

- The DAG-71 must include a written justification indicating whether the requesting agency:
  - Initiated the tip or information that led to the seizure
  - Incurred extraordinary expenses (e.g., surveillance, third-party services)
  - Provided unique or indispensable assistance
  - Expended significant investigative or operational hours related to the seizure

This written justification establishes the agency's basis for receiving a share of the forfeited asset. The DOJ will evaluate the agency's contribution when determining equitable distribution. Final distribution percentages may vary depending on whether other agencies also submit a DAG-71 for the same forfeited asset.

Following completion of these steps, the agent shall provide written notification to the Treasurer and the Secretary of Finance via email or memorandum. The notification shall include, at a minimum, the amount of funds to be received and the purpose for which the funds are designated. *Refer to **Appendix A** for a sample of the notification.*

Section 5.2 Receiving Asset Forfeiture Funds – Treasury

Upon receipt of asset forfeiture funds into the designated bank account, the designated Treasury Staff shall ensure that all incoming funds are accurately recorded, verified, and credited to the appropriate project account in accordance with applicable financial management procedures. The Treasury Staff is responsible for confirming that all deposits correspond to the amounts indicated in the DOJ notification and any accompanying documentation.

The Treasury Staff shall allocate the funds using the charge code **CE010**, which is configured to automatically distribute the funds equally between CBS and DPS as mandated by the LEAF Act. Under this statutory requirement, funds received from asset forfeiture activities must be split in the following manner:

- 50% CBS (Asset Forfeiture Fund) – Project Account #3553
- 50% DPS (Asset Forfeiture Fund) – Project Account #3552

The Treasury Staff shall review the automated allocation to ensure accuracy and verify that the distribution complies with the statutory requirement. Any discrepancies identified during posting or reconciliation shall be immediately investigated and corrected.

Following allocation, the Treasury Staff shall update all relevant financial records and ensure proper documentation is maintained for audit purposes. This includes retaining deposit confirmations, allocation summaries, DOJ correspondence, and any internal communication received from CBS or DPS regarding the forfeiture case.

If additional verification is required, such as clarification of fund purpose, confirmation of asset type, or review of supporting DOJ documents, the Treasury Staff shall coordinate directly with the assigned CBS or DPS agent prior to final posting.

Section 5.3 Annual Reporting – CBS/DPS and Secretary of Finance

Pursuant to the Law Enforcement Assistance Fund (LEAF) Act, both the Division of Customs and Biosecurity (CBS) and the Department of Public Safety (DPS) shall each prepare and submit an annual LEAF report to the presiding officers of the Legislature no later than 30 days after the close of each fiscal year. Each report shall provide a complete and itemized accounting of all revenues, obligations, expenditures, and remaining balances within the respective LEAF account. The report shall also demonstrate compliance with all statutory restrictions and authorized uses governing forfeiture-derived funds.

In addition to agency-specific reports, the Secretary of Finance (SOF) shall prepare and submit a consolidated annual LEAF report with the Governor and the presiding officers of the Legislature. The consolidated report shall summarize the financial activities of both LEAF accounts, including deposits, obligations, disbursements, transfers, and ending balances. Reporting of LEAF account activities shall be incorporated into the Department of Finance's annual reporting process and include in the Department's year-end financial reports issued at the close of each calendar year.

These reporting requirements ensure full transparency in the use of asset-forfeiture-derived funds, enforce fiscal accountability, and support adherence to all statutory requirements governing the management and expenditure of LEAF funds.

SECTION 6: REVISION/VERSION HISTORY

*This Standard Operating Procedures will be periodically reviewed and updated to reflect changes in regulations or organizational requirements.

Revision History

Originator:	Department of Finance, Office of the Secretary
Effective Date:	October 28, 2026
Approved By:	Natalia M. Sablan, Acting Secretary of Finance
Approval Signature:	
Procedure Purpose:	The purpose of this procedure is to provide clear, consistent, and legally compliant guidance for managing and administering the Division of Customs LEAF and the Department of Public Safety Leaf within the CNMI Department of Finance.

Version History:

Version Number	Version Date	Description of Change	Point of Contact
Version 1.0	*10.28.26*	*Initial Release*	*SOF Office*

SECTION 7: APPENDICES

Section 7.1 Appendix A – Sample Notification

Sample Asset Forfeiture Fund Notification – Email

Subject: Notification of Forfeiture Funds to Be Received

Dear Treasurer and SOF Office,

This is to notify you that forfeiture funds in the amount of **$25,000.00** are expected to be received pursuant to a completed forfeiture judgment.

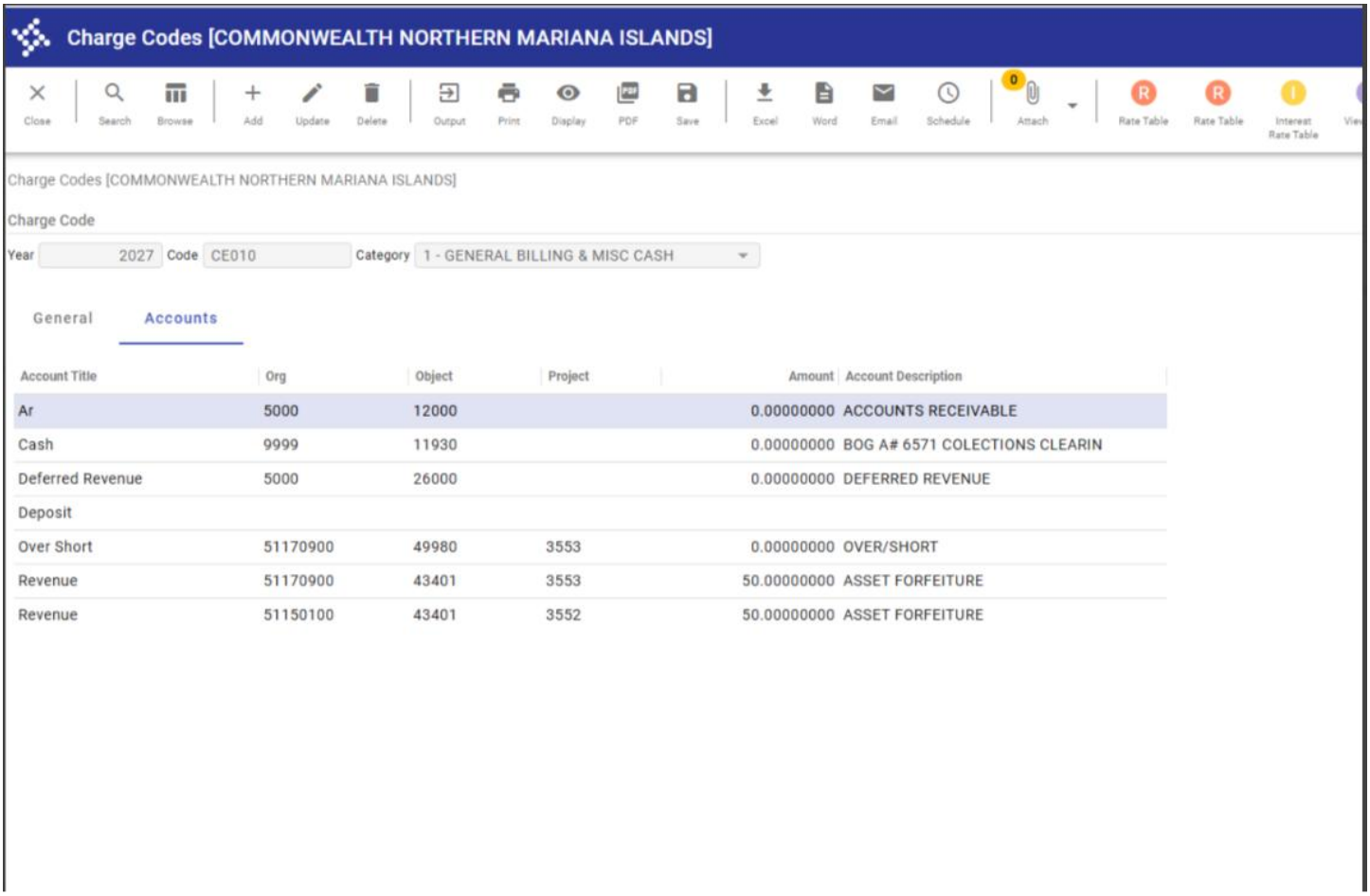
Amount to be Received: $25,000.00
Receiving Department/Agency: CBS (or DPS)
Purpose: Forfeiture funds pursuant to the LEAF Act of 1997
Case/Reference Number: [Case or Reference Number]
Date of Judgment: [Date]
Expected Date of Receipt: [Date, if known]

This notification is provided to ensure that the funds are properly monitored, recorded, and accounted for upon receipt.

Please contact the assigned agent if additional information or supporting documentation is required.

[Agent's Name]
[Title/Position]
CBS/DPS

Section 7.2 Appendix B – Tyler Munis Charge Code Setup



Account Title	Org	Object	Project	Amount	Account Description
Ar	5000	12000		0.00000000	ACCOUNTS RECEIVABLE
Cash	9999	11930		0.00000000	BOG A# 6571 COLECTIONS CLEARIN
Deferred Revenue	5000	26000		0.00000000	DEFERRED REVENUE
Deposit					
Over Short	51170900	49980	3553	0.00000000	OVER/SHORT
Revenue	51170900	43401	3553	50.00000000	ASSET FORFEITURE
Revenue	51150100	43401	3552	50.00000000	ASSET FORFEITURE