

From: [Klingerman, Nicholas](#)
To: [Klingerman, Nicholas](#)
Cc: [Cope, James](#); [Harvey, David](#)
Subject: RICO Fund Sweep Updates
Date: Friday, June 28, 2024 6:35:39 PM
Attachments: [Anti-Racketeering Revolving Fund.pdf](#)
[BG Sub-fund Revenues & Expenditures \(9\).pdf](#)
[Anti-Racketeering Revolving Fund Funds Sweep Balances - 06-24-2024.pdf](#)
[Copy of Anti-Racketeering Revolving Fund Funds Sweep Calculation - 06-18-2024.xls](#)
[az360.az.gov-prd - Accounting Journal.pdf](#)
[image001.png](#)
[FW ARRF Sweep balance.msg](#)

In January, the Governor's FY 2025 budget recommended a \$11.9 million fund sweep from the Anti-Racketeering Revolving Fund Pass Through Account (ARRF). When we met with the budget analyst from the Governor's Office earlier this year, we emphasized that this money was held in trust for law enforcement, that it belonged to each individual agency, that it did not belong to the Attorney General's Office, and because it was held in trust, we believed it would be improper to sweep it. We believed the Governor's plan would not move forward given those concerns, and we were surprised when a \$10 million ARRF sweep was included in the final budget.

Following the passage of the budget, the ARRF had an \$18.6 million balance, but a portion of that money was federal. Because the State cannot sweep federal monies, the Attorney General's Office was forced to reduce all State ARRF monies by 58% to meet the \$10 million funding sweep requirement. Affected agencies received notification from the Attorney General's Office concerning those sweeps earlier this week, and we shared the attached spreadsheet showing the total fund reductions with many of you.

After hearing concerns from your offices across the State, the Attorney General's Office asked the Governor's Office to consider delaying the \$10 million sweep so we could discuss our legal concerns. We did not receive a response to that request. Yesterday, and today, many of us met to discuss potential legal options, and many of you called the Governor's Office and Legislature to express concerns. We are thankful to all of you who called because, today, the Governor's Office circulated the attached letter, claiming that "ARRF funds will be available whenever you seek to access them."

We, however, are perplexed by the Governor's letter. The attached ARRF balance spreadsheets shows that \$10 million was swept earlier today, and no new monies were placed into the ARRF, leaving the balance at \$7.3 million. As of today, we do not have the ability to fully fund your RICO expenditures, and your monies will no longer accrue interest as explained in the attached email from our finance director. Equally confusing, the Governor's Office has indicated that it "has set aside other funds outside of the budget process" to backfill the ARRF. The Attorney General's Office has received no information from the Governor's Office outlining the source of funds to accomplish that task or how that process will function.

As you know, the money in the ARRF is "held for the benefit of the agency or agencies responsible for the seizure or forfeiture to the extent of their contribution," so we must track individual law enforcement deposits. A.R.S. § 13-2314.01(D). Moreover, your agencies are statutorily required to "submit an application in writing to the attorney general that includes a description of what the requested monies will be used for," and the Attorney General's Office must deny an "application

that requests monies” for an unauthorized purpose. A.R.S. § 13-2314.01. Presumably, the Governor’s Office is requesting that we notify them when we cannot process an approved request for funds due to an insufficient balance. It will then backfill the ARRF to meet the requested expenditure. If true, the Attorney General’s Office does not understand why it was even necessary to sweep the ARRF, given that sufficient monies are available elsewhere.

Regardless, we are thankful the Governor’s Office plans to backfill your ARRF monies in response to your efforts to stop the fund sweep. Civil asset forfeiture is an integral component of our efforts to fight the fentanyl crisis and other organized crime. It is an essential tool to protect Arizona’s communities, and ARRF monies are desperately needed by your agencies across the State to accomplish your missions. The Attorney General’s Office remains committed to working with all of Arizona’s elected officials to support law enforcement.

We are asking the Governor’s Office for more information, and we will keep you updated as we find out how this plan will work.

Nick Klingerman
Criminal Division Chief Counsel



Arizona Attorney General Kris Mayes
2005 N. Central Avenue
Phoenix, AZ 85004
Desk: 602-542-8482 Cell: 602-370-2813
nicholas.klingerman@azag.gov
<http://www.azag.gov>