



COMPTROLLER

OFFICE OF THE UNDER SECRETARY OF DEFENSE

1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

Monica R. Valentine
Executive Director
Federal Accounting Standards Advisory Board
441 G Street, NW, Suite 1155
Washington, DC 20548

Dear Ms. Valentine:

The Department of Defense (DoD or Department) greatly appreciates the opportunity to offer feedback on the Federal Accounting Standards Advisory Board's (FASAB) Seized and Forfeited Digital Assets Exposure Draft.

We recognize the importance of FASAB's mission to issue new and update the existing standards, and updated guidance may assist the Department in resolving some of its complex challenges with financial reporting. We look forward to continuing our working relationship with FASAB through active participation on the various task forces and working groups.

Thank you for considering the DoD's input.

Sincerely,

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Date: 2024.04.17 11:58:54 -04'00'

Kim R. Laurance
Assistant Deputy Chief Financial Officer

Enclosure:
As stated .

Exposure Draft Questions for Respondents (QFR)

Due: April 18, 2024

Technical Bulletin, Seized and Forfeited Digital Assets

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."

Accounting Firm

☐

Federal Entity (user)

☐

Federal Entity (preparer)

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Federal Entity (auditor)

☐

Federal Entity (other)

☐

If other, please specify:

Association/Industry Organization

☐

Nonprofit organization/Foundation

☐

Other

☐

If other, please specify:

Individual

☐

Please provide your name.

Name:

Kim R. Laurance

Please identify your organization, if applicable.

Organization:

Department of Defense (DoD)

Please email your responses to fasab@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

This proposal would clarify existing guidance in Statement of Federal Financial Accounting Standards (SFFAS) 3, *Accounting for Inventory and Related Property*, for seized and forfeited digital assets.

QFR 1 The proposed Technical Bulletin (TB) would clarify that reporting entities should treat central bank digital currencies as monetary instruments and treat all other digital assets (such as cryptocurrencies, stablecoins, non-fungible tokens, etc.) as nonmonetary property when applying the seized and forfeited property guidance in SFFAS 3 to digital assets.

Do you agree or disagree? Please provide the rationale for your answer.

DoD concurs with the treatment of central bank digital currencies as monetary and other digital assets as nonmonetary.

QFR 2 The proposed TB would clarify that, for purposes of reporting market value in accordance with the seized and forfeited property guidance in SFFAS 3, reporting entities should translate seized and forfeited foreign central bank digital currencies to

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U.S. dollars at the relevant exchange rate and report a market value for all other seized and forfeited digital assets only if management can determine that a publicly observable active market exists for the specific digital asset.

Do you agree or disagree? Please provide the rationale for your answer.

DoD concurs with reporting seized and forfeited currency at the U.S. dollar exchange rate and all other assets at market value, if a publicly observable market value exists.

QFR 3 The proposed TB would clarify that reporting entities should apply the existing SFFAS 3 disclosure requirements for seized and forfeited digital assets, including digital assets for which reporting entities cannot determine a market value. The proposed TB would also clarify that SFFAS 3 does not require reporting entities to disclose specific information about individual digital asset seizures or forfeitures.

Do you agree or disagree? Please provide the rationale for your answer.

The DoD concurs with the current disclosure requirements in SFFAS 3.

QFR 4 Do any ambiguous areas remain that could lead to challenges with implementing the SFFAS 3 reporting requirements for seized and forfeited digital assets? If so, please reference the specific issues, applicable guidance, and potential solutions.

Not at this time.

QFR 5 Do you wish to comment on any other specific aspects of this proposal?

Not at this time.