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penalty is considered as an item of cost payable by the petitioner.

(c) Mitigation of forfeiture can only be granted after a seized conveyance has been declared forfeited.

(d) A grant of mitigation of forfeiture must be conditioned upon:

(1) Execution of an instrument by the petitioner holding the United States, its agents and employees, harmless from all claims which may result from the grant of mitigation of forfeiture;

(2) Execution of an agreement that no property interest in the conveyance will be transferred to any violator, or any other violator if the petitioner is a violator; and

(3) Any other terms or conditions as the regional commissioner determines to be appropriate, including a provision for liquidated damages to guarantee compliance with any provisions of the agreement or terms and conditions of the mitigation of forfeiture.

(e) The following provisions apply only to an owner-petitioner that is granted mitigation of forfeiture:

(1) Within 20 days after receipt of the determination, that owner-petitioner shall comply with the conditions of mitigation and take possession of the forfeited conveyance; and

(2) If that owner-petitioner does not comply with the provisions of paragraph (e)(1) of this section, the forfeited conveyance shall be placed in official use, sold, or otherwise disposed of by the custodian under § 274.3 of this part. The proceeds of a sale of the forfeited conveyance shall be applied first to all costs and expenses of the seizure, forfeiture, and sale and any remaining balance shall be paid to that owner-petitioner. If the forfeited conveyance is placed in official use or otherwise disposed of, that owner-petitioner shall be paid an amount equal to the appraised value of the conveyance minus all costs and expenses of the seizure, forfeiture, and disposal.

(f) The following provisions apply only to a lienholder-petitioner that is granted mitigation of forfeiture:

(1) That lienholder-petitioner shall receive payment of the net equity of that lienholder-petitioner, if the forfeited conveyance is retained for official use; or either possession of the forfeited conveyance, or a monetary amount not to exceed the net equity of that lienholder-petitioner from the sale of the forfeited conveyance;

(2) Within 20 days after receipt of the determination, that lienholder-petitioner shall comply with the conditions of mitigation and take possession of the forfeited conveyance; and

(3) If the lienholder-petitioner does not comply with the provisions of paragraph (f)(2) of this section, the forfeited conveyance shall be placed in official use, sold, or otherwise disposed of by the custodian as provided in § 274.3 of this part. The proceeds of a sale shall be applied first to all costs and expenses of the seizure, forfeiture, and sale and any remaining balance not exceeding the net equity of that lienholder-petitioner shall be paid to that lienholder-petitioner. If the forfeited conveyance is placed in official use or otherwise disposed of, that lienholder-petitioner shall be paid the net equity of that lienholder-petitioner minus all costs and expenses of the seizure, forfeiture, and disposal.

§ 274.17 Restoration of proceeds or appraised value.

(a) The regional commissioner shall not grant restoration of proceeds of sale or the appraised value of a conveyance placed in official use or otherwise disposed of according to law unless the petitioner establishes that the petitioner:

(1) Did not know of the seizure prior to the declaration of forfeiture;

(2) Was in such circumstances as prevented the petitioner from knowing thereof; and

(3) Would otherwise have been granted the relief of remission of forfeiture.

(b) A grant of restoration of proceeds of sale or the appraised value of a conveyance placed in official use or otherwise disposed of according to law must be conditioned upon:

(1) Execution of an instrument by the petitioner holding the United States, its agents and employees, harmless from all claims which may result from the grant of restoration of proceeds of sale or the appraised value of a conveyance placed in official use or otherwise disposed of according to law; and

(2) Any other terms or conditions as the regional commissioner determines to be appropriate.

§ 274.18 Provisions applicable to particular situations.

(a) A straw purchaser is a person who purchases in his own name a conveyance for another person, the real purchaser, who has a record or reputation. A lienholder-petitioner that knows, or has reason to believe, that a purchaser of a conveyance is a straw purchaser, must satisfy the requirements of § 274.15(a) of this part as to both the straw purchaser and the real purchaser to be eligible for a grant of remission of forfeiture. This provision applies where money is borrowed on the security of property held in the name of the straw purchaser for the real purchaser.

(b) A petitioner engaged in the business of leasing conveyances must satisfy the requirements of § 274.15(a) of this part as to all lessees and sublessees or other persons having any interest under a lease of the subject conveyance on the date of seizure of that conveyance to be eligible for a grant of remission of forfeiture.

(c) In the consideration of a petition for relief from forfeiture the mere existence of a community property interest without proof of financial contribution to the purchase of a conveyance will not be deemed to have been a property interest in a seized and forfeited conveyance.

(d) A petitioner that submits a petition for remission of forfeiture as a subrogee must satisfy the requirements of § 274.15(a) of this part as to all prior possessors of the subrogated interest in the seized and forfeited conveyance to be eligible for a grant of remission of forfeiture.

§ 274.19 Determinations on petitions; reconsideration.

(a) Upon consideration of a petition for relief from forfeiture and all of the facts and circumstances surrounding the seizure of a conveyance, the regional commissioner shall issue a written determination. In making that determination the regional commissioner shall presume that the evidence is sufficient to support forfeiture of the conveyance. No hearing shall be held on any petitions for relief from forfeiture under this part.

(b) The regional commissioner may deny relief from forfeiture when there are unusual circumstances regarding a seizure which provide reasonable grounds for concluding that remission or mitigation of the forfeiture would be contrary to the interests of justice and would diminish the deterrent effect of section 274(b) of the Act, even if the petitioner has satisfactorily established compliance with the administrative conditions applicable to and eligibility for relief from forfeiture.

(c) Relief from forfeiture shall not be granted to any petitioner who has a subordinate property interest to another petitioner until the petition of the petitioner with the superior property interest has been finally adjudicated nor until any claim or petition of the owner has been finally adjudicated.

(d) The determination on a petition shall set forth either the conditions upon which relief has been granted and the procedures for obtaining possession of the forfeited conveyance or other relief granted; or the reasons for denial of relief from forfeiture and the procedures for requesting reconsideration. The determination on a petition shall be mailed to the petitioner or duly authorized counsel of the petitioner.

(e) Any request for reconsideration of a denial of relief from forfeiture must be submitted to the regional commissioner within 10 days of receipt of the determination on the petition. Such request for reconsideration can only be based on evidence recently developed or not previously considered.

(f) Only one request for reconsideration of a denial of relief from forfeiture shall be considered.

§ 274.20 Compromise of judicial forfeiture proceedings.

Judicial forfeiture proceedings commenced pursuant to section 274(b) of the Act and this part may be compromised by the United States Attorney only with the concurrence of the Director, Asset Forfeiture Office, Criminal Division, Department of Justice. In evaluating a compromise, the United States Attorney shall consider