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**INTER-AMERICAN DRUG ABUSE  
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Secretariat for Multidimensional Security

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**EFFECTIVE MANAGEMENT AND DISPOSAL OF SEIZED/FROZEN AND CONFISCATED ASSETS  
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## Effective management and disposal of seized/frozen and confiscated assets



Lima, 1 October 2015



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## **UNODC in cooperation with Regione Calabria, Italy, initiated a project on the management, use and disposal of seized and confiscated assets:**

- Identify commonalities and good practices to develop tools and guidelines on the issue of administration of seized and confiscated assets, both at the domestic level and within the context of international asset recovery cases.



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## **Balancing policy objectives**

- ✓ Deprive the offender of ill-gotten gains
- ✓ Compensate victims
- ✓ Mitigate damages done to society
- ✓ Undermine organized crime, terrorism and economic crime
- ✓ Protect the legal economy against infiltration by organized crime
- ✓ Create an economically viable asset recovery system (cost-benefit analysis)
- ✓ Preserve the value of seized and confiscated assets for the benefit of the state, society and victims
- ✓ Ensure accountability and transparency of and public confidence in the asset recovery system



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## International standards and policy guidance

- United Nations Convention against Corruption, article 31(3)
- UNCAC COSP Resolution 5/3
- G8 Best Practices for the Administration of Seized Assets
- EU Council Decision requiring EU States to set up National Asset Recovery Offices
- FATF Best Practices on Confiscation (Recommendations 4 and 38) and a Framework for Ongoing Work on Asset Recovery
- OAS - CICAD Model regulations concerning laundering offences connected to illicit drug trafficking and related offences (article 7 on the administration of seized assets)



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## Diversity of Legal Frameworks

Providing legal powers to effectively manage seized assets and preserve their value, e.g. powers to:

- ✓ Invest in maintenance and storage
- ✓ Protect against abuse and damage by the owner/third parties
- ✓ Dispose of seized assets under certain conditions
- ✓ Use assets pending final confiscation
- ✓ Restrain the use of assets (in lieu of seizure)
- ✓ Pursue both conviction based and non-conviction based forfeiture



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## **Diversity of legal framework – Powers to dispose of seized assets, e.g. when:**

- ✓ assets are not suitable for storage;
- ✓ they are perishable (e.g. agricultural goods, livestock);
- ✓ they would lose value quickly (e.g. aircrafts, vessels, cars) ;
- ✓ the asset (and its storage) pose a public risk (e.g. flammable goods);
- ✓ their management is overly complex or costly;
- ✓ the asset has been abandoned;
- ✓ after a predetermined time that the asset has been under seizure;
- ✓ the sale would be in the objective “interest” of the suspect; and
- ✓ the owner agrees to the sale.



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## **International cooperation in the management of seized/frozen and confiscated assets**

- ✓ Recognition and direct enforcement of non-conviction based forfeiture orders in particular between jurisdictions;
- ✓ Recognition and direct enforcement of asset management orders for complex assets;
- ✓ Asset sharing among countries that contributed to the recovery.

## Institutional arrangements

Most countries have institutionalised their AR system using a combination/any of the below:

- ✓ Specialized asset recovery office (ARO)
- ✓ Specialized asset management office (AMO)
- ✓ Creating an asset management unit within an existing agency
  - “Law enforcement model”
  - “Asset management model”
- ✓ Outsourcing asset management: private players

## Operational arrangements

While operational arrangements vary significantly, most systems entail:

- ✓ Asset recovery fund
- ✓ Pre-seizure planning
- ✓ Centralized database
- ✓ Mix of skill sets required to manage different types of assets
- ✓ Allowing the contracting of outside expertise and capacity (storage, maintenance, auctioning/sales)



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<http://star.worldbank.org/star/>  
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