



Global Forum Illicit Financial Flows and sustainable development

Asset Management Forum

21st and 22nd September 2021

Opening by the head of the GIZ Global Programme “Combating Illicit Financial Flows” Mr Ferguson, followed by Mr. Fullin, Executive Secretary of the Financial Action Task Force of Latin America, GAFILAT and Ms. Thomas, Secretariat for the Balkan Asset Management Inter-Agency Network, BAMIN.

The purpose of this forum was to establish direct contact between key actors and the exchange of good practices on the topic of establishing domestic systems of asset management and disposal. In order to make the exchange as effective as possible, representatives of European, Latin American and US asset management agencies as well as respected international experts in the field of asset management and disposal accompanied the exchange and contributed to finding solutions. Finally, representatives of civil society presented their views.

Day One, 21st September 2021

Opening

Mr. Johannes Ferguson, Head of the GIZ Global Programme “Combating Illicit Financial Flows”, opened this forum reminding the audience that the myriad of challenges practitioners face in the field of asset management have been met partly, but asset recovery was not the end of their work. The task of proper and beneficial (re-) use of the confiscated assets remains a difficult one. Facing similar challenges, the partners from Latin America and the Western Balkans would benefit from direct contact and the exchange of best practices in order to find solutions and best methods for their issues. Finishing his opening remarks, Mr. Ferguson reminded the participants that the goal was to make sure that crime does not pay and that the effective management and re-use was part of this goal.

Mr. Esteban Fullin, Executive Secretary of the Financial Action Task Force of Latin America (GAFILAT), began his welcoming remarks with stressing the importance of the asset management issue for GAFILAT. Speaking for Latin America, he presented the problem that assets exist and are confiscated, but there are shortcomings in the care and management of these assets. He finished by stating that the proceedings and the re-use of confiscated assets should benefit the victims and the states.

Ms. Jill Thomas, Secretariat for the Balkan Asset Management Inter-Agency Network (BAMIN), started her welcoming remarks by sharing her impression that the proper management of assets is not seen as a priority in many jurisdictions even though the importance of this issue is growing.

Despite this analysis, she shared the progress the Balkan region has made since the establishment of the BAMIN network in 2014, which led to the Balkan countries having grown in knowledge but also being ahead of European countries in terms of asset management legislation and institutional set-up. Nevertheless, the issue remains relevant and practitioners need to continue discussing best practices throughout all phases of the asset management process. According to Ms. Thomas, the objective of asset management is to preserve the confiscated asset and turn it into something that benefits the victim and the state, or the owner, should it be returned. Concluding her opening remarks, Ms. Thomas appealed to the participants to manage assets well. If this was not done, there would be no value left at best, at worst it would cost more than the assets are worth, so mitigating the risks of this happening is a prime objective.

I. Panel on international standards and regional systems of asset management and disposal

Moderation: **Aidan Larkin**, Co-Founder & CEO, Asset Reality, UK

During the first panel, the presentations were focused on the international standards as well as the regional systems of asset management and disposal. **Mr. Jonathan Spicer** from ICAR began with the international standards, **Mr. Boban Misoski** from the Ss. Cyril and Methodius University Skopje and **Mr. Juan Cruz Ponce** from GAFILAT elaborated on the regional systems of the Balkans and Latin America respectively.

International standards for a solid asset management system

Mr. Spicer began his presentation with stressing the importance of having a **clear, adopted legislation on asset management with defined roles and responsibility of involved agencies**. However, the implementation was subject to differences in the legal systems (common or written law), domestic laws and state resources. On an EU level, according to the 2014 EU Directive on the freezing and confiscation of instrumentalities and proceeds of crime in the European Union, member states are supposed to establish centralized offices that make sure there is a possibility to sell or transfer property where necessary and use assets for the good of the public, which can serve as an example to others.

In the main part of his presentation, Mr. Spicer elaborated on a study he conducted, analysing **relevant international standards in the field of asset recovery**. The origin of these standards are treaties such as the “United Nations Convention against Corruption” (UNCAC – 2003) and the “Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds of Crime” (2005), but also international guidance such as the G8 Best Practice Principles on Training, Freezing and Confiscation of Assets, FATF Interpretative Note to Recommendation 4 and the Best Practices Document on Confiscation (2012) and Regulations from the Inter-American Drug Abuse Control Commission.

Based on this, Mr. Spicer elaborated a draft of international norms on asset management that could be consulted when establishing an asset management system.

Mr. Spicer warned that if there is no clear legislation on asset management, this task would fall to the police resulting in the management of confiscated assets being conducted in between their daily job, thus being far from efficient.

Asset Management Structures in the Western Balkans

Mr. Misoski elaborated on the asset management structures in the Western Balkan by starting with the fact that the changes in the legal system were heavily orientated on EU legislation as many countries from the region aspire to become members of the EU. However, the asset management structure was not uniform across the Balkan countries, with some having special directorates, asset management offices being independent institutions or part of specific government institutions.

The challenges are twofold: Institutional challenges concern the structure, budget issues, staffing, equipment, keeping frozen and confiscated assets, the sale of assets to internal or external people and which assets to keep with the agency. **Legal challenges** arise from laws being incomplete or imperfect, lacking provisions on the modalities of the sale of assets, the difficulty of assets belonging to several owners, the issue of valuing assets and electronic money.

Another big issue was the **proper coordination of assets**, which could be solved through connection databases and involved agencies, making the whole process more efficient. The cooperation between states remained a vital point for the successful recovery and management of assets.

Mr. Misoski concluded his presentation saying that whilst the EU rules are a very important and helpful guideline, they had to be adapted to the own culture of the country.

Status and challenges of AMOs in Latin America

Mr. Cruz Ponce began his presentation with raising awareness for the fact that FATF recommendations do not clearly state the necessity to establish an asset management agency, even though asset management is a vital step for combating money laundering. He went on to stress the importance of an agency that can **act on a national level but is also able to administer international assets**, as this is a transnational topic. He listed the **advantages of asset management offices** such as the increase of effectiveness of asset recovery, the disruption of criminal organisations and the prevention of people taking up criminal activities again. **Mr. Cruz Ponce** proceeded to elaborate on the necessity to improve the legal framework and international cooperation, the necessity to raise awareness of the importance of asset management offices, the structure and resources of these offices and the national coordination of asset management. Whilst all his comments focused on issues from GAFILAT member countries, Mr. Cruz Ponce acknowledged that these were issues many countries faced.

Discussion

The **discussion** centered around the question of **making asset recovery more effective**. The panelists agreed that the challenge is multi-faceted and could only be fully resolved on an international level. They shared the fact that whilst 2,2% of the proceeds of crime are seized and frozen, only 1,1% was eventually confiscated. Examples from Latin America showed the participants that many more assets can be seized if there is the possibility of non-conviction-based confiscation. However, many jurisdictions do not have this possibility. This example made it clear that it could be worthwhile thinking about introducing this mechanism, in order to be able to confiscate more assets. Another reason for the small amount of confiscation was **that legislation on asset recovery was not up to date in many countries**. If there was more

focus on the criminal prosecution, the amount of assets being seized would also increase. The necessity for clear legislation was reiterated once again.

II. Panel on regulatory framework, setting up a governing structure of an Asset Management Agency

Moderation: **Prof. Boban Misoski**, Ss. Cyril and Methodius University Skopje

The presentations of the second panel surrounded the regulatory framework of an Asset Management Agency and the task of setting up a governing structure. The panelists were **Mr. Vladimir Ceklic** from the Directorate for Management of Confiscated Property, **Ms. Jill Thomas** from BAMIN, **Mr. Jean-Michel Verelst** from COSC, **Ms. Claudia Lavechia** from the Confiscated Assets Fund and **Mr. Jan Knobbe** from the National Authority for Seized and Confiscated Goods, all speaking about their experiences from their respective organisations.

Best practice and challenges in setting up legal framework and governing structures of the AMO

Mr. Ceklic set off his presentation with the establishment of a Directorate for management of seized assets in Serbia, which began in 2007. The law establishing this allows the expanded seizure of assets and specifies the process and the involved authorities/bodies. The Directorate falls under the Ministry of Justice and handles the management of assets, which are seized under the criminal code. It acts immediately after the judge's decision. The head of the Directorate has a five-year term in office, reports to the Assembly and the Ministry of Justice but remains independent in their work and acts ex-officio. The Directorate provides rulebooks on methods of the seizure of assets, reports on actions of handling commercial entities, reports on records of seized property and what they should entail. Following the completion of a criminal case, permanent seizure can be twofold: Either the person is acquitted and the assets are returned or the permanent seizure proceeds and the assets become the property of Serbia, going towards the state budget or to charity.

National Cooperation and Coordination: Ensuring change in asset management practice

Ms. Thomas spoke on this topic with an international view and a profound knowledge of Western Balkan systems and made a strong case for substantial changes in the asset managing practice.

Her main concern was that a **lack of national cooperation and coordination** in asset management and asset recovery prevailed, although law enforcement and judicial authorities overlap in their work. Additionally, in many jurisdictions, asset management is not thought about until the court orders a seizure which she deems to be too late.

Ms. Thomas laid out her ideas of the **chain of asset recovery**, this being: 1) Identification, 2) cooperation, 3) seizure, 4) freezing, 5) confiscation, 6) compensation, 7) asset sharing, 8) asset re-use.

She went on to lay out the **stages of asset management**: 1) Pre seizure planning, 2) physical seizure, 3) transport, 4) inspection and valuation, 5) maintenance, 6) storage, 7) use, 8) disposal (sale and destruction), 9) re-use. Many of these stages require close inter-agency communication, which again puts the prerequisite of close coordination on the agenda.

Ms. Thomas advised to think of **three things to effectively change the regulatory framework** and structures: Firstly, the development of an action plan/ strategy is essential. Secondly, there is a need for a strong leader/national coordinator to take matters into their hands. Lastly, a committee with regular meeting needs to be set up and kept running. Giving the example of the technical assistance North Macedonia had received from GIZ in this regard,

Ms. Thomas concluded with urging the participants to **request support from technical support providers**.

Relationship between asset management agencies and justice systems: challenges to consolidate collaboration and cooperation for the proper administration of assets

Mr. Verelst set off his presentation with highlighting the **links between asset recovery and asset management** and suggested having **as many duties under the same roof as possible**, but at least under the same ministry, to make the entire process as easy and efficient as possible. In Belgium, the asset management organization reports to the Ministry of Justice and is composed of liaison magistrates, liaison police officers and liaison officers of the Ministry of Finance, thus ensuring a maximum of collaboration between the involved agencies. The asset management organization pursues the **four following missions**: 1) Management of seized valuable assets and the data related to these assets, 2) Execution of judicial decisions, 3) Support by means of legal advice, operational assistance and training programs, 4) International cooperation. In practice, COSC is involved in preserving items in a good condition, selling items, putting some of the seized items at the disposal of police services and returning them to their owners. The sale of the confiscated items is done by FINSHOPS, the shops of the Ministry of Finance, selling the goods on behalf of COSC and transferring the money to COSC, thus showing the collaboration between the Ministry of Finance and Justice on the issue of asset management.

Regulatory framework and agency structure of AMO Uruguay

Ms. Lavechia explained to the participants that the Asset Management Office of Uruguay reports to the Presidency of Uruguay directly through the National Drug Board, which is responsible for all the recovered assets and will take decisions on the allocation and sale of assets. The responsibilities of the asset management organisation mainly lie with the registration and follow up of criminal cases, taking possession of all assets confiscated and registering and preserving legal measures. The confiscation of assets always takes place after the conviction/ verdict, so there is **no model non-conviction-based confiscation**. Subsequently, all assets are transferred to the asset management office.

The asset management office is confronted with **different problems** such as the challenge of strengthening institutions, including the need for further financial resources, that should be used for trainings and staff. A further issue is the lack of space and staff needed for the proper management of the growing number of assets. Currently, the asset management organization is evaluating the necessity for external support in dealing with the greater volume of assets. Another constant task is the improvement of the IT system, especially in light of the fact that the office aims to take up virtual auctions like the Belgian colleagues.

The **ever-changing nature of the confiscated assets** also poses a challenge for the office and ranges from peculiar assets such as exotic animals to international shares and dealing with different companies that are still in operation.

The efficiency of the asset management depends heavily on the interaction between the receiving and administering offices. As a solution for this, Ms. Lavechia suggests **a joint protocol** there so that it is clear what must happen in the asset recovery/management process when, how and by whom. The lengthy procedure to receive funds through filing an urgency application with the office of the presidency, thus authorizing every single expense, which makes this a particularly challenging task. The main financing, however, stems from the proceeds from the sale of the assets.

Regulatory framework and agency structure of the Dutch AMO

Mr. Knobbe presented the regulatory framework and agency structure of the Dutch asset management office, which was established in 1994. The **strength of their office** lies in the decisions taken and the well-functioning coordination, paired with active and passive management. Similar to the Belgian model, the Dutch asset management office follows an “**all under one roof**” approach with a centralized administration and very direct communication with prosecutors. They also function as a help desk, assisting police officers in all stages. The initial focus lay on the management of value-based pre-judgement seizure, but nowadays, the focus has shifted towards anti-money laundering cases. If the Dutch asset management office seizes something on the behalf of their German colleagues, they will try to convince them to manage and transfer items into money as quickly as possible, as this system has proven to be cost-efficient.

The self-understanding of the Dutch asset management office was that of a **business-based management operation** and this also shapes the way the organisation is run and assets are handled.

Mr. Knobbe stressed the fact that the office was mandated to act on behalf of the prosecutors, making the process easier. The Dutch legislation also gives the asset management office the power to sell assets without a judge saying anything about it. They are also eligible to **return items against financial guarantee** which is interesting in cases of items which turn out to be difficult to sell. He stressed that the strategy was to sell as much as possible, as quickly as possible, **as it is easier to store money in the bank than keep the individual assets**, often at risk of decreasing in value over time.

Closing his presentation, Mr. Knobbe presented **Section 117 of the Dutch criminal procedure code**, which provides the asset management office with the **authorisation to sell/destroy/use assets**, especially in cases where the items are not suitable for storage or the cost of that is unreasonable, presenting the solution to the concern of losing money through administering assets.

Discussion

The discussion focused on **the modalities of judicial procedures of asset confiscation and auctions**. The difficulty of managing commercial assets and real estate was agreed upon amongst the speakers. In the case of real estate earning income, the rent is used for the mortgage and electricity, with the rest being kept in a bank account.

In the Dutch case, the items up for auction are valued before the auction, which is the base price. If the item does not sell after three times, it is understood that the market value is lower than anticipated and the price is adjusted. In the Belgian case, the FINSHOP sets a minimum price, but the possibility to lower this price remains, if the item is not sold for a long time. They also use special programmes to value certain assets such as cars.

One participant raised a case about **money stemming from corruption which was transferred from a Latin American country to a European country**. The essential approach was to **follow the money**, as the victim in this case was the state. In this instance it was important to use all **asset tracing capabilities such as requests to CARIN**. The goal is to bring back the money to the people, which is easy in theory but can be complicated practically and politically, e.g., when the originating state is governed by a possibly corrupt government. Lastly, the question of a **stronger involvement of judiciaries** was raised. Here, the problem lies in the necessity to rely on judges, if there is no legislation to consider confiscation, meaning that the decision how to proceed is decided on a case-by-case basis. This is critical if the judges are not well trained or are not very aware of the difficulties of asset management. Therefore, the Belgian colleagues for example undergo mandatory training on seizure and confiscation of assets and are encouraged to exchange experiences on these procedures.

III. Operational processes in an Asset Management organization; Management of intangible and complex assets

Moderation: **Aidan Larkin**, Co-Founder & CEO, Asset Reality, UK

The third panel of the Asset Management Forum was centered on the operational processes in an Asset Management Organisation with a special focus on the management of intangible and complex assets. The panelists for this session were Ms. Úrsula Martina Tejada Mera from PRONABI, Mr. Andres Avila from the Special Assets Society, Mr. Thomas J. Abernathy from the United States Marshall Service and Ms. Joanna P. Summers, also from the United States Marshall Services.

Best practices and challenges in reforming operational processes in an AMO

Ms. Tejada Mera started off her presentation by focusing on intangible assets and named examples such as patents, grants, copyright or brands. Such assets are difficult to manage, as the administration requires management activities.

The procedures of management have been laid down in a national commission of seized assets, established in 2012 and have proven efficient because the number of institutions responsible for the administration of assets has been reduced from three to one.

Most assets that are managed under this organization are only seized, and not confiscated or forfeited for the reason that criminal procedures can last very long and thus constituting a large problem for asset management authorities. As discussed also in other presentations, the difficulty remains that if one does not intervene at an early point, the assets will decline in value and maybe even disappear, to the detriment of the state, which could have used the assets otherwise.

For this reason, the laws regarding confiscation have been changed, so now PRONABI can intervene in the management of companies through the authorization of a specialized judge. The **intervention measure foresees three rules**, which must be fulfilled: Firstly, one or more persons must be appointed to take charge of the administration. Secondly, the interveners are proposed by PRONABI and thirdly, the preferability of all assets must be maintained.

As a parting advice, Ms. Tejada Mera shared with the participants that during the act of managing a company, it is also important **to assess the risk of the company going out of operation**. For this, access to accounting and financial statements is vital. Once this analysis has been done and the operational cost have been identified as too high, it is possible to take the company out of operation.

Upon request from the audience, Ms. Tejada Mera explained what happened to the vehicles that are currently seized. Whilst they are being stored, they are **temporarily assigned to public institutions who are then in charge of the care**. They are also sold whenever it is of advantage to the state. The sale does not have to wait until there is a conviction, however there must be a court decision affirming the crime.

Operational processes for intangible asset management

Mr. Avila opened his presentation with describing the Special Assets Society. It is subjected to the Ministry of Finance and bases itself on different pieces of legislation, namely the civil code, public and private law. The Special Assets Society, Colombia works together with 17 different sectors and manage more than 1700 companies. The communal goal across the different sectors is to strengthen corporate governance so they cooperate with banks and

conduct auditing in order to maximise the value of the managed companies. The managed companies pose a substantial contribution to the Colombian economy, so there is a strong interest to manage them in the best way possible. Recently, new mechanisms to manage companies have been introduced and the Special Assets Society is in the process of commercialization and sale of affected companies.

A **challenge is the removal of all responsible people and their replacement**, as the new people do not always have the necessary experiences, so the organization has to provide training and consulting to these people. They have, however, been **working together with headhunters** to resolve this issue. Another issue is the difficulty to recruit for companies that are stigmatised at the time of the sale.

Mr. Avila concluded by mentioning the issue of accounting. Accounting does not always provide the necessary information and therefore, a realistic overview of the income is difficult to grasp. Furthermore, dirty money is flowing from that company and the organisation has to **make sure they are not using illicit funds**, as they must work on legal grounds.

Business operations on asset management in the United States Marshals Service

Mr. Abernathy began with stating that the main goal of asset management was the enhancement of public safety and stopping crime from being profitable. He continued to elaborate that the United States Marshals Service only manages and cannot seize assets in order to assure that no agency involved in the asset recovery process has complete control of the whole programme. This is supposed to maintain maximum transparency in the work. In his experience, **pre-seizure planning and the thorough analysis of the assets** was essential to successful asset management. Investigators work with other agencies such as the FBI and the DEA to choose potentially profitable assets. Unless these assets are brought to court, they are not of interest to the court. However, without the decision of the court, the Marshall Service does not have the possibility to seize the property. **Mr. Abernathy** went on to state the advantages of managing mostly cash assets, as the cost of upkeep is very low. In the case that the United States Marshals Service has to deal with assets that they are not very experienced in managing, contractors are hired to assess the assets so that they are properly managed and disposed of.

Talking about the balance of assets in terms of public interest, Mr. Abernathy explained that the prosecutor has the ability to pursue an asset even, if the Marshal Service advised against it financially, if this particular asset is identified as more beneficial for the community. .

Administration of intangible assets: casuistry, challenges and difficulties of the agencies in charge of asset management

Ms. Summers gave an overview of her experience working in the complex asset unit, which mainly handles businesses, complex financial instruments and cryptocurrency. In this unit as well, there is a strong cooperation with contractors that are specialist, such as retired FBI agents, who are specialized in digging into complicated corporate structures. These **specialists are all private sector employees**. The contractors do not have the authority to sell on their own but have to receive an order through a court process. Ultimately it is the judges discretion to grant any kind of sale, even though they deliver them research-based suggestions.

She went on to share an example of the management of a seized hotel in Anaheim. The recipe to success there was that they had **access to financial records** and were able to **interview the management**. After a thorough analysis, the management company was kept in place and the cooperation runs so smoothly, that they meet up merely once a year to go over the finances.

In another case, where court dates delayed an effective disposal of assets, it became clear how important **pre-seizure planning** was for the management process. Maintenance of hotels

for example is mostly financed through the business itself, making it clear how beneficial it is to keep a solid business running.

A well-received shared experience concerned **the handling of cryptocurrency**, as this is a topic that is new to deal with. After the seizure, the most sensible thing to do was to auction the bitcoins off. Until then, the **bitcoins were kept on a separate drive in storage**. The **auction was anonymous**, but a **behind the scenes vetting process** took place to ensure the cryptocurrency did not end up in the wrong hands. In order to not affect the market, the sale of the bitcoins was **split up into eight different auctions**.

Discussion

The topic of freezing and immobilising crypto assets was of great interest to the participants. The process is as follows: The investigative agency is asked to create their blank wallet address, which is an agency-controlled wallet that no one else has access to. Then this address is issued to the US Marshalls address, where the investigative agency transfers it. Storage of such assets is a government procurement function; the iron key is kept in a safe in an office with video monitoring/ security for long term storage.

During the discussion the issue arose that criminals use assets to commit crimes that are of no interest to the state. The panelists agreed that the best solution here was to simply take such assets out of the criminal's hands.

Another case that was discussed came from Cabo Verde, where a bank was used for money laundering. It was asked how to proceed with the seizure for the future confiscation. The advice here was to bring in a federal expert. Should this not exist, it was suggested to consult with private experts on this matter.

IV. Social impact of asset management and social re-use of confiscated assets

Moderator: **Juliana Hoxha**, Director, PARTNERS Albania, Albania

The speakers of the fourth and final panel presented the social impact of asset management and the social re-use of confiscated assets in their respective countries and experiences. The panelists were Mr. Qirjako Therodori from the Agency of the Administration of Seized and Confiscated Assets, Mr. César Cárdenas Lizarbe from PRONABI, Mr. Bruno Corda from the ANBSC, Ms. Barbara Vettori from the Catholic University of Milan and Ms. Tatiana Giannone from Libera.

Best practices and challenges in social re-use of assets in Albania

Mr. Theodori began with a quick overview of the seizure process. Immovable assets are blocked by a judicial police officer, movables will be moved, businesses are directed to the central business and bank accounts redirected into state bank accounts. A **conviction means that the assets are taken under administration**. The **police under the prosecutor handles the seized assets** under court orders and have to report on the situation of the assets.

A law of 2019 details the good use of the assets that should benefit the state and be given back to the agency and civil society. **Revenue from seized assets finance their management with the surplus given to the state budget**.

The third step is to give good use to the confiscated assets. These can be re-use, sold or given to an NGO or another social organisation, helping for example victims of human trafficking.

Mr. Theodori presented **three EU financed projects that give back to the community**. The importance here lies also in the symbolic nature of taking criminal assets and giving them back to the community in some shape or form.

The general concept is that organisations/ social businesses hand in project plans for the use of the assets and the winner is then selected. The **purpose of the assets is given by the**

applicant. Then, there is a **five-year long contract** given and the winning organisation is **obliged to run the activity for at least five years.**

The first project Mr. Theodor presented was a social pastry shop that operates on a confiscated property. Additionally, vocational training is provided to young people, who are former convicts or to the families of current prisoners facing difficult living conditions.

The second example was a bar turned coffee library. It is a multifunctional center where young people can meet, benefit from a wide range of trainings, courses and socio-cultural activities and spend their free time. Additionally, it serves as a place of employment, reintegration and enrichment of the social life of young people and can also be part of the probation service.

The final example Mr. Theodori presented was a former garage turned workshop, where women and girls - victims or at risk from organized crime and domestic violence - produce handicrafts using sea stones. This undertaking sends a strong message about the value of re-using these assets in support of social inclusion and the development of the local economy.

Challenges and best practices in the re-use of seized assets

Mr. Cardenas Lizarbe opened his presentation by reiterating how important it was for the judicial system and the police to link up and consolidate their efforts to combat asset laundering. He explained the **necessity of an overarching model taking on board all the players**, where problems and challenges can come up and be discussed and an exchange of experience and knowledge takes place. In his understanding, **asset management is a means to generate resources**, so assets that are recovered need to be re-used. For this, Peru foresees certain social purposes to use these assets for the common good. The legal provision states that assets can be used by the beneficiary to help vulnerable target groups, victims and indigenous groups. This can contribute to social inclusion in the country. Therefore, an involvement of organisations that want to strengthen fundamental human rights is encouraged. Immovable assets are for example allocated to refugees or foster home and are under the direct management by organisations that protect the rights of certain groups. They can also be assigned to public services such as police shelters or used as disaster relief in an emergency situation.

Concerning movable assets, vehicles are assets that PRONABI have in high quantities. They are used for crime prevention, crisis intervention or disaster relief units. Such assets have also been used for protection of natural wildlife. During the COVID-19 pandemic, movable assets have also been used in the cooperation with health care centers and to facilitate the vaccination of the population. Another example was the re-use of storage trucks to carry food to remote areas.

Crime funds can be used for meaningful activities such as skill trainings for young people with disabilities so they can gain experience and work.

As a last statement, Mr. Cardenas Lizarbe said how important the social component was. **Confiscating cannot be an end to itself** and there is a necessity for a public policy approach and to generate positive effects.

Social re-use of confiscated assets: the Italian model

Mr. Corda presented the **Italian model of the social re-use of confiscated assets.**

The establishment of the Italian asset management office has its roots in the prevalence of Mafia activities in Italy and is connected to the introduction of the anti-mafia laws of 1996. After an increased number of seized and confiscated assets, a specific body dealing with these assets was deemed necessary, leading to the **establishment of the National Agency for Seized and Confiscated Assets in 2010.**

The agency is **under the supervision of the Ministry of Interior** and is able to sell assets following criminal proceedings. The administration and destination of the confiscated assets are not only decided by the Ministry of Interior but also with the Ministry of Justice, with the

potential involvement of further administrations, at the central and local level, and municipalities. Only after the confiscation sentence has been issued by the court of appeal, the administration of the assets become the responsibility of the national agency. Once the confiscation becomes definitive, the assets are acquired in the patrimony of the State and are exempt from taxes, duties and tributes. Recently, the possibility to allocate the confiscated assets from organized crime directly to associations and entities of the private social sector has been introduced, in order to streamline the procedure for assigning the asset. The correct use of the confiscated properties is verified by the local Prefectures, who also arrange the access to these properties and define projects for the enhancement and re-use of these confiscated assets.

Mr. Corda stressed the importance of confiscating and re-using assets, not just for repression motives, but also to **undermine mafia legitimacy on a social level**, providing a **fundamental tool to counter mafia activity** and to obtain a widespread, favourable consensus of public opinion towards the repressive intervention by the State for restoring legality. Therefore, these confiscated assets are often used in the **areas most affected by mafia activities**.

Models of social re-use in the EU

Ms. Barbara Vettori gave an overview of the models of social re-use in the EU from her perspective as a professor.

She began by defining **social re-use as giving the criminal proceeds back to the communities and using them in line with communal needs**.

Throughout the member countries of the European Union, the **main option is to sell the assets**. This means that the asset is simply sold, and the revenue is then goes towards the public budget and is used for projects benefiting the victims. The overarching idea amongst the member states is that **social re-use gives the criminal assets back to the community**. There are two models for re-use: Firstly, the model of **direct re-use** and secondly, the **re-use of the sales' proceedings in dedicated funds**. Proportionally speaking, the direct re-use of assets is rarer throughout the member states of the European Union. However, Ms. Vettori provided examples for both types of social re-use.

Ms. Vettori elaborated on the **key obstacles facing social re-use**. These entail problems related to the legal framework inhibiting the social re-use of many confiscated assets, asset-related problems such as third parties' claims or problems related to the sale of certain assets, problems related to implementing institutions and procedures, beneficiary-related problems such as lack of economic and technical capacity and last but not least, problems in terms of public information and policy evaluation like the lack of any systematic publicity about social re-use and the sometimes poor quality of information regarding assets available for social re-use.

Finishing her presentation, Ms. Vettori provided **numerous examples of best practices**. In order to prevent the deterioration, seized assets can be provisionally assigned before the confiscation process is finalised. Another best practice is to prevent the criminal from buying assets back by selling for example a company only to someone with certain qualities and having a disposal monitoring in place, preventing illegal activities. Ms. Vettori stated that it was equally important to set up mechanisms for the evaluation of the social reuse scheme, to be sure that the assets were truly used in a way benefiting society.

As a parting advice, Ms. Vettori reminded participants that in order to manage assets effectively, it is necessary to know the assets, their condition and their value. Therefore, **having detailed data on the assets is very important for their management and social re-use**.

25 Years since the law for the public and social re-use of confiscated property in Italy and the advocacy action in Europe

In the final panel of the Asset Management Forum, **Ms. Giannone** from “Libera. Associazione, nomi e numeri contro le mafie”, a network of associations, social cooperatives, movements and groups, schools, unions, dioceses, parishes, and scout groups, presented the audience with further examples of social re-use, mainly in Italy but also throughout Europe.

Her aim was to **advance the work and the legal framework concerning social re-use through sharing these experiences with the participants.**

The association has its roots in collecting signatures for a law for social re-use, initially in Italy, in order to react to the growing number of confiscated assets that had to be managed. Ms. Giannone stated that having their assets confiscated was one of the worst things to happen to Mafia bosses and could diminish their power. She expressed that it was important to fight the Mafia on an economic and social dimension, but also on a repressive and judicial level. Since the start in 2015, over 900 groups are managing confiscated assets. Aside from benefiting over 25000 people with the use of confiscated assets, the activities helped create job opportunities for 500 people and engage over 1500 volunteers in this vital community work.

Engaging the community in the process of social re-use has two benefits: Firstly, the people involved will be more attached to the project. Secondly, this engagement ensures that the target of enhancing the value of social re-use can be met. The role of the association is to work closely with the communities: They collect relevant data, provide the communities with information and also brief the media about the process, thus ensuring transparency about the on goings.

Currently, Libera is working on a **toolkit for all member states of the European Union to improve social re-use**. As a means of achieving this, the association is running the “Good(s) Monitoring Europe” project in the hope of creating a first step to a European strategy.

They have also initiated the **CHANCE network**, that is involved throughout Europe and Albania to fight crime and the mafia, promote rights that citizens have and achieve social goals.

Discussion

This panel resulted in a lively discussion about different topics.

In Peru for example, the new law DL 1373 has proven to contribute to cases gaining strength and having results to show for it. The number of properties subject to extinguishment proceedings has risen to 96 as of July 2021.

The question of whether and when to sell assets in order to obtain the best value of the assets was of great interest to the audience. One of the main reasons in Peru for example for not selling assets right away was that the legislation did not allow for the sale to happen until the criminal process was finalised. Therefore, assets were often part of an extinguishment process, where the process usually takes up to 18 months, compared to at least 4 years for a criminal process. Nowadays however, it is possible to sell assets in advance or allocate them immediately if they are likely to become unusable in a short period of time. The new regulations also allow for assets to be leased or rented, so they can improve the profitability of their use. A participant also raised the issue of seized vehicles that are temporarily allocated to parts of the administration. It was argued that while this inevitably lowers the cost of the administration, this arrangement leaves the entities with an obsolete, unvaluable asset eventually. It was then clarified that the entities that were taking care of the vehicles had the job of maintaining the value of it and must make sure to keep it up and running.

Another participant enquired about criminal activities with specific victims, such as human trafficking and whether a reparation for them was foreseen. Mr. Cardenas Lizarbe from Peru was able to present a regulation where assets that are based on the proceeds of such crime can be used either via judicial order or the proceeds of the sale can be used for the reparation and reimbursement for victims, thus reiterating how asset management and social re-use can contribute to social justice.

Closing

Ms. Ametistova, Advisor at the GIZ Global Programme “Combatting Illicit Financial Flows”, closed the forum stating that the solid management and disposal of seized or confiscated assets remains vital in the fight against illicit financial flows. With correct asset management and social re-use, victims of criminals, the state and society can be compensated for the damage caused by corruption, organized crime and other sources of illicit financial flows.

Ms. Ametistova thanked all panelists and participants and expressed her wish to continue the discussion about asset management and social re-use of assets. She reiterated the aim of the forum of connecting practitioners and experts and urged participants to establish a network and foster exchange on this important and challenging topic.