

ASSET RECOVERY



GRACE EVELYN A. LACERNA
Bureau of Internal Revenue
Philippines

ASSETS



What is an asset?



anything owned that has
exchange value

anything that can be used
to produce positive result



The practical definition
that anyone can
understand is...

anything of value that is
owned



Cash is king!

Key Properties

Ownership

Assets represent ownership that can be eventually turned into cash and cash equivalents

Economic Value

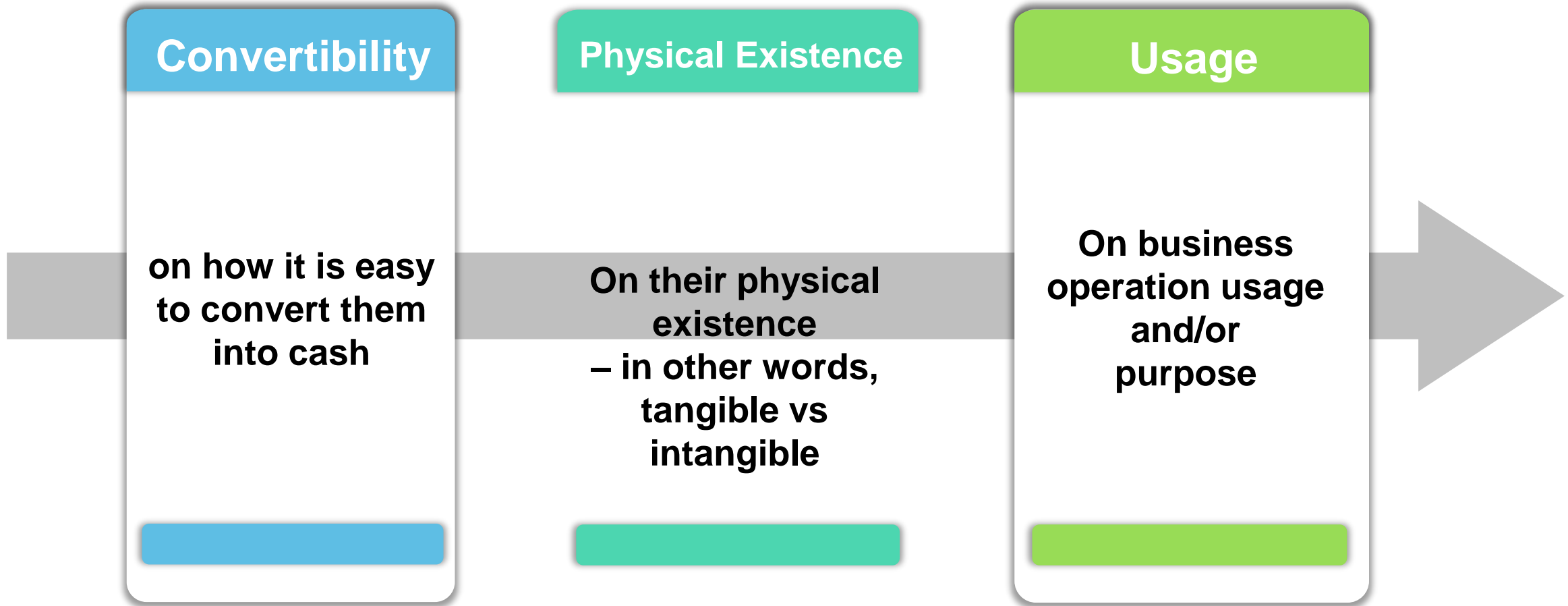
Assets have economic value and can be exchanged or sold

Resource

Assets are resources that can be used to generate future benefits



General Classification



Asset Categories and Types



01



LIQUID ASSETS

- Cash and cash equivalents
- Investments

- Real Property

- Personal Property

NON-LIQUID ASSETS



02

Asset Types

Cash

- includes notes and coins, cheques, travellers cheques, postal orders, bearer bonds, bearer shares, betting slips, digital cash stored in mobile phones, cryptocurrencies, gambling vouchers, casino chips, etc.

Cash Equivalents

- can be converted into cash *immediately* which include certificates of deposits, treasury bills, commercial papers, marketable securities, money market funds, short term government bonds, etc.

Investments

- annuities, stocks, bonds, cash value of life insurance policies, mutual funds, index funds, pensions, retirement funds, equity funds, etc.



Asset Types

Real Properties

- land, house, farm lot, condominium unit, warehouse, building, factory, office unit, leasehold improvements, etc.



Personal Properties

- vehicles like cars, trucks, motorbikes, boats, yachts, airplane, jewelry, collectibles, luxury bags, luxury goods, household furnishings, membership to exclusive associations like golf shares, precious metals like gold, silver, diamonds, etc.

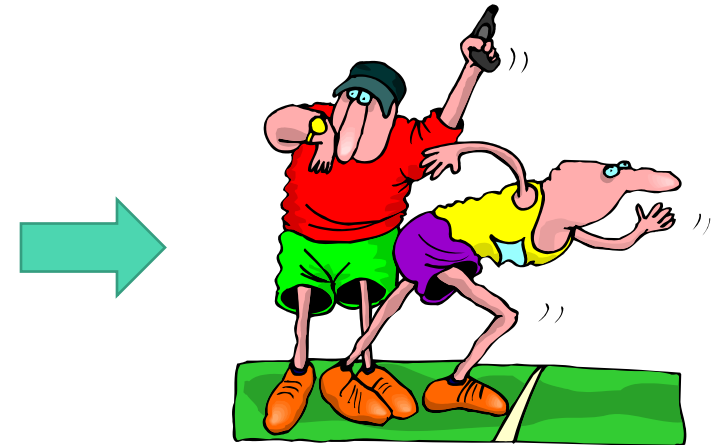
ILLIQUID ASSETS

REAL PROPERTY – land, house, condominium units, building, warehouse, etc

PERSONAL PROPERTY – vehicles like cars, trucks, boats, yachts, airplane, household furnishings, jewelry, collectibles, luxury bags, membership to exclusive associations like golf shares, precious metals like gold, silver, diamond, etc.

3 Things to Remember – Ownership

- Use
- Possession



Asset Recovery – Case Management

Guiding Principles



**Validate/Check at all times
(Never ever assume)**

Use all information

Every contact leaves a trace

Follow the money

Use all the Information

- **Name of Target/POI** : common name difficult to precisely check without other information
- **Business Activities**: Trade bodies/ Local Authorities / Business Directories
- **Tax Registration**: Tax registration will hold other information, possibly home address/ phone/email/associated businesses/nature or type of business. Where returns are submitted online –IP address may be recorded

Use all the information

- **Company Names** : Company Registry /credit reference agencies/ checks on related companies/ co directors/International checks through **Open Corporates**
- **Bank Accounts**: Sort code checker: which branch of which bank /pre-order enquiry/ check SWIFT codes
- **Managed Office**: Company register/ who else uses the address?
- **Phone** : Open Source/ Google/ Facebook/Twitter/Whatsapp /MSN Messenger/ Newspaper reports etc.

Financial Profiling

- Create a financial profile-
- Profile is a live document – needs to be updated
- Helps you keep track of the various results you have obtained
- Can be used to communicate intelligence to your Team/other Teams
- Should be a one stop reference document for what you know about the subject
- Collates data that may be useful
- Identifies gaps in knowledge
- Helps to track and value assets

Initial Checks

- **Always Check**

- a) Intelligence Database : identifies material already held
- b) Police/ Court Data : identifies known offenses/ manages risk/ mitigates across-agency risks
- c) Tax Databases : cross-tax situation
- d) Credit Checks : Good source for bank accounts, loans, associates and checks by financial institutions
- e) FIU Intelligence : check for SARS/STR's
- f) Bank Account Registry : if you have one
- g) Property Registry : if you have one

Open Source Information

- Open source research can yield a large amount of data
- The Italian Police seized criminal property worth around €500 Million from the Sicilian Mafia which had mostly been identified from their Facebook profiles
- As people live increasingly in the virtual world, they expose themselves to more lines of enquiry
- Be careful if you are conducting open source checks yourself – remember “**Every contact leaves a trace**”
- Use a stand alone computer not linked to you or your agency

Follow the Money



Det Lester Freamon

**“You follow drugs, you get
drug addicts and drug
dealers. But you start to
follow the money, and
you don't know where
the f*ck it's gonna take you.”
----*The Wire***

Follow the Money

- When you follow the money trail, most of the time you will see the systemic institutional failure as this dirty money goes to the banks, corporations and politicians' coffers.
- There are times, the unwillingness of governments to follow this money trail ascribes to the idea that “who knows where it will lead” and the inherent corruption it will expose.

Asset Recovery – Case Management



YOUR ASSETS,
OUR PRIORITY



What is one «important» goal of the case?

**Remove all assets
from perpetrator/
network**

Preventing dissipation of assets

Seizure

(taking physical possession of the targeted asset)



Restraint Order

(issued by a judge or a court)



Legislation & Procedures (Domestic and Foreign Jurisdictions)



Confiscation provisions (criminal, non-conviction based, administrative)

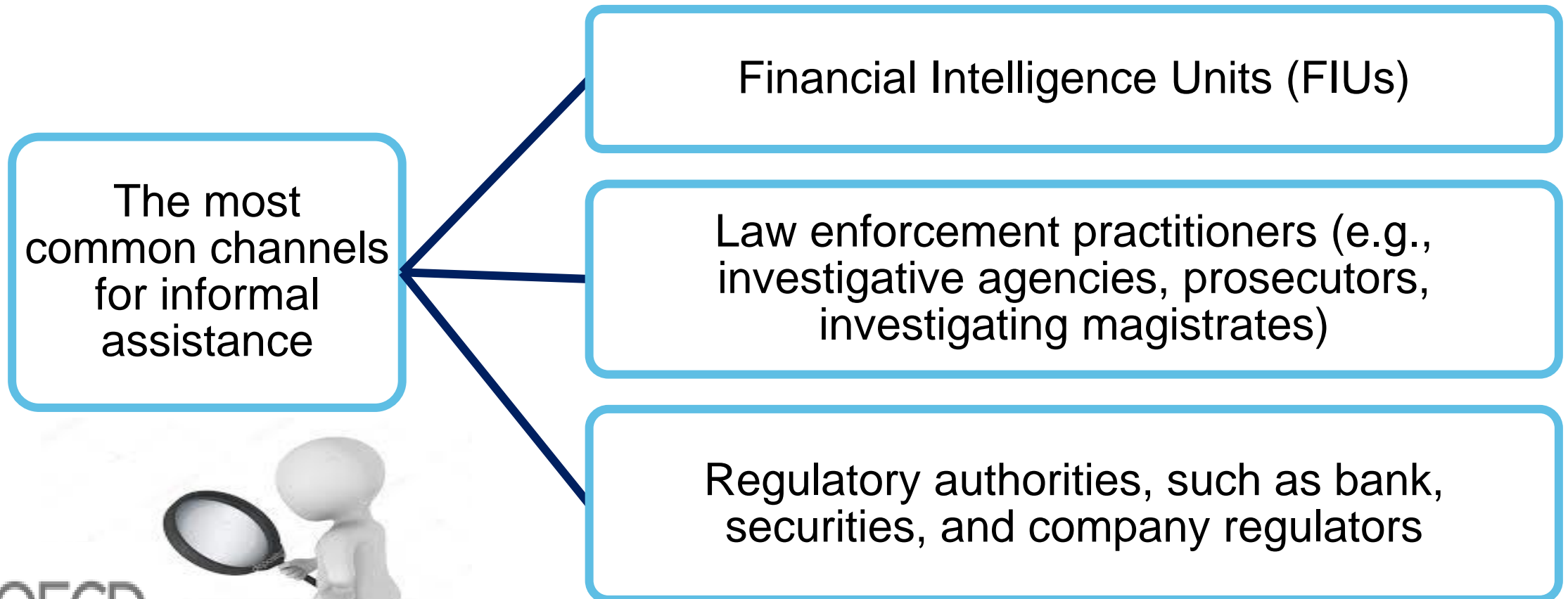
Mutual legal assistance

Criminal law provisions and procedures
(corruption, money laundering)

Private law provisions; codes of procedure

Asset sharing laws

Channels for informal Cooperation



Legal Basis for International Cooperation

Multilateral Conventions, Treaties or Agreements;

Bilateral mutual legal assistance treaties (MLATs) and agreements;

Domestic legislation; and

Promise of Reciprocity through Diplomatic Channels (Letters Rogatory)



Phases of Asset Recovery & Integrating International Cooperation



Quantum of Proof



HIGH

Criminal or NCB
confiscation order

«Balance of
probabilities» or
«Preponderance of
evidence»



Criminal conviction
«Beyond reasonable
doubt»

Tracing assets/evidence

«Reasonable grounds to
suspect»



Freezing/seizure order
«Probable cause» or
«Reasonable grounds to
believe»

LOW

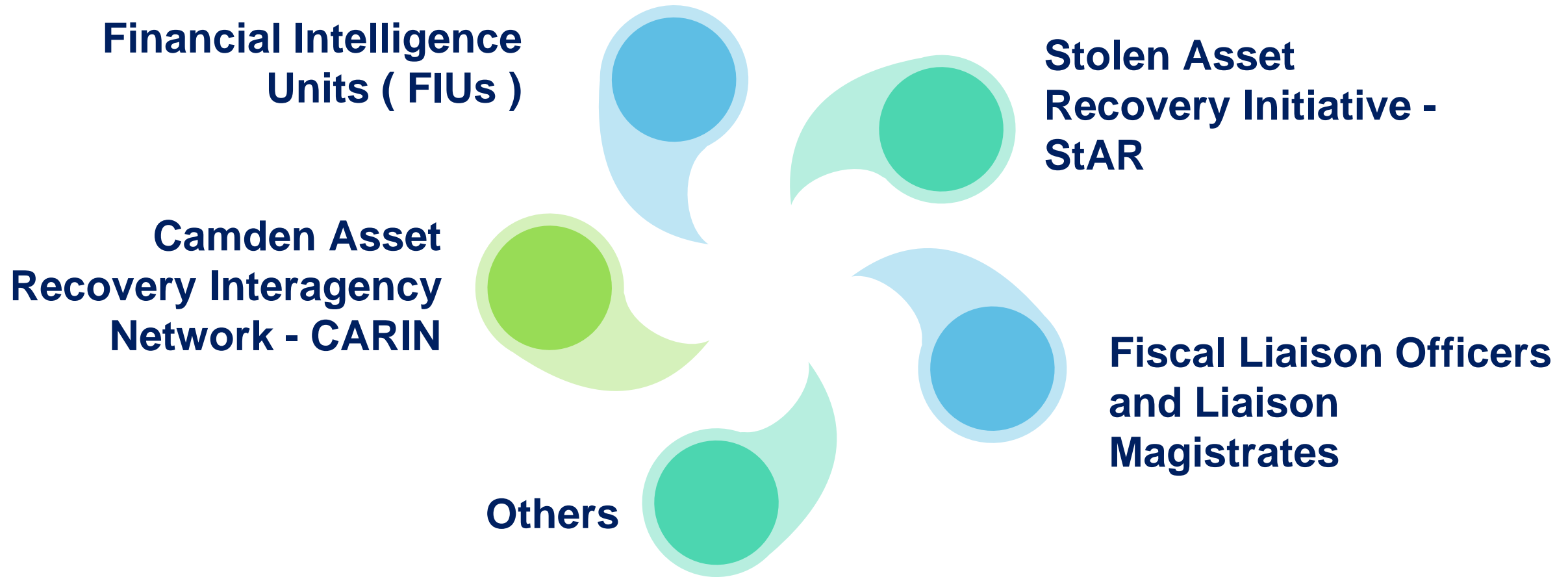
How Confiscation Works?

Confiscation judgment:

- ❖ Property-based
 - ✓ naming a specific asset
- ❖ Value-based
 - ✓ naming an amount of money owed by a specific person



International Resources



Thank you for your attention!

