

Policy Brief



Neapolis University Pafos, Cyprus
AI-TRACE-CRIME
Jean Monnet Center of Excellence



Asset Recovery Offices:

Key Takeaways from the 2024 Directive

NUP Jean Monnet / UNESCO Policy Briefs

20/2024



With the support of the Erasmus+ Programme of the European Union



UNESCO Chair in Human Development, Security & the Fight against Transnational Crime and Illicit Trafficking in Cultural Property



The NUP Jean Monnet / UNESCO working papers and policy briefs can be found at:

<https://www.nup.ac.cy>

Publications in the Series should be cited as:

AUTHOR, TITLE, NUP UNESCO/JEAN MONNET WORKING PAPER or POLICY BRIEF NO. x/YEAR [URL]

Copy Editor: G. Pavlidis

© AI-2-TRACE CRIME

Neapolis University Pafos, School of Law

Pafos, 8042, Cyprus

All rights reserved. No part of this paper may be reproduced in any form without the permission of the author.

Frontpage picture: Generated with AI (Bing Image Creator)

The support of the European Commission and of UNESCO for the production of this publication does not constitute an endorsement of the contents which reflects the views only of the authors; the European Commission and UNESCO cannot be held responsible for any use which may be made of the information contained therein.

Asset Recovery Offices:

Key Takeaways from the 2024 Directive

Executive Summary:

The new Directive 2024/1260 on asset recovery and confiscation is important for Asset Recovery Offices (AROs) as it provides them with the necessary tools, powers, and frameworks to enhance their capabilities in tracing, freezing, and confiscating illicit assets. Standardization enhances the efficiency and effectiveness of AROs in tackling transnational organised crime. Strengthening AROs through the new measures contributes to disrupting the financial infrastructure of criminal networks. By promoting cooperation, standardization, and international collaboration, the initiative strengthens AROs' ability to combat organised crime and disrupt the financial activities of criminal networks effectively.

Keywords

Asset freezing, confiscation, illicit assets, organized crime, money laundering, Asset Recovery Offices, European Union

Key Takeaways

1) Establishment and Purpose of Asset Recovery Office:

The 2007 asset recovery offices Council Decision requires Member States to set up asset recovery offices to facilitate the tracing and identification of the proceeds of crime. Asset recovery offices are essential for tracing, identifying, and managing instrumentalities and proceeds of crime, as well as property subject to freezing or confiscation orders. The new Directive enhances the role of AROs in this process.

2) Tasks and Powers:

Asset recovery offices are empowered to trace and identify property subject to EU targeted financial sanctions and take immediate action to prevent, detect, or investigate criminal offenses related to the violation of Union restrictive measures. AROs play a critical role in preventing the dissipation of criminal assets by swiftly freezing them once identified. The initiative's focus on rapid responses and temporary asset freezes helps AROs preserve the value of assets pending further investigation or confiscation.

They play a key role in freezing, managing, and confiscating criminal assets to disrupt the activities of organised crime groups.

3) Access to Information:

Asset recovery offices should have access to various data sources such as fiscal data, national registries, commercial databases, and law enforcement information to establish ownership or control of property subject to confiscation. Access to information should be subject to specific safeguards to prevent misuse, while enabling swift responses to cross-border requests.

4) Cooperation and Information Exchange within the EU

Asset recovery offices are mandated to cooperate with their counterparts in other Member States and exchange relevant information to prevent, detect, or investigate criminal offenses. Member States should ensure that asset recovery offices have immediate and direct access to necessary information, including fiscal data, to trace and identify criminal proceeds and property.

5) Cooperation with Third Countries

Given the transnational nature of organised crime, asset recovery offices should cooperate closely with counterparts in third countries to recover criminal profits and confiscate assets used by criminals. Cooperation with third countries is crucial for implementing Union restrictive measures and preventing, detecting, and investigating offenses related to these measures.

Key Challenges for Asset Recovery Offices

1) Identification of Assets:

Challenges persist in the identification of assets, hindering the effective tracing and recovery of criminal proceeds.

Asset recovery offices face difficulties in identifying and tracing instrumentalities, proceeds, and property linked to criminal activities, impacting their ability to freeze and confiscate illicit assets.

2) Confiscation Rates:

The overall confiscation of proceeds of crime remains too low to significantly impact organised crime's profits, indicating a gap in the effectiveness of asset recovery efforts.

Despite improvements in asset recovery systems, confiscation rates are not sufficient to deter criminal activities and disrupt criminal networks.

3) Inadequate Capacities:

Member States' asset recovery systems are not well-equipped to address the complex modus operandi of criminal organisations, leading to limited capabilities in swiftly tracing, identifying, and freezing assets.

Inefficient management of frozen assets results in the loss of value before a decision on confiscation is made, highlighting shortcomings in asset management processes.

4) Cross-Border Cooperation:

While asset recovery offices are mandated to cooperate and exchange information with counterparts in other Member States, challenges may arise in cross-border cooperation due to differences in legal frameworks and procedures.

Ensuring effective collaboration and information sharing among asset recovery offices across borders is essential for successful asset tracing and confiscation efforts.

5) Complexity of Criminal Networks:

Criminal organisations operate with sophisticated methods, making it challenging for asset recovery offices to keep pace with evolving criminal tactics and strategies.

Existing confiscation tools may not cover all high-revenue criminal markets, posing a challenge in targeting and confiscating assets derived from various criminal activities.

Conclusion

The new Directive 2024/1260 on asset recovery and confiscation is important for AROs as it provides them with the necessary tools, powers, and frameworks to enhance their capabilities in tracing, freezing, and confiscating illicit assets. Standardization enhances the efficiency and effectiveness of AROs in tackling transnational organised crime. Strengthening AROs through the new measures contributes to disrupting the financial infrastructure of criminal networks. By promoting cooperation, standardization, and international collaboration, the initiative strengthens AROs' ability to combat organised crime and disrupt the financial activities of criminal networks effectively.

Further Reading

- Directive 2024/1260 on asset recovery and confiscation ([link](#))
- Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on asset recovery and confiscation, COM (2022) 245 final ([link](#))