THIRTY-EIGHTH REGULAR SESSION
December 6-9, 2005
Washington, D.C.

BRAZIL NATIONAL ANTIDRUGS FUND
FUNAD
Organization of American States
CICAD

BRAZIL NATIONAL ANTIDRUGS FUND
= FUNAD =

Ramon Fernando Silva
Director of Dispute Resolution
and Funad Management

Washington, DC, December 8th, 2005

ABOUT FUNAD
FUNAD’s creation:
• Law nº 7.560, of December 19\textsuperscript{th}, 1986

Last modification:
• Law nº 10.869, May 13\textsuperscript{th}, 2004

ASSETS FORFEIT

Brazil Federal Constitution, Article 243, sole paragraph:

\textit{All goods with an economic value that have been seized due to illicit drug trafficking shall be confiscated and reverted to benefit institutions and experts working on drug addicts recovery and to fund fiscalization, control, prevention and repression of illicit drug traffic related activities.}
• RESOURCES:
  • Budget
  • Assets seized due to illegal drug trafficking
  • Taxes and fines on Chemical products

Destination of Resources:
  • Philantropic and Non-Profit Institutions
  • Government Offices that work on drug supply and demand reduction

BRAZIL NATIONAL ANTIDRUGS FUND

= Asset Management =
Seized assets are auctioned and money is transferred before final forfeiture.
Increase the efficiency of auctions and money transfers of seized assets

- Enhance resource distribution to avoid value depreciation of the current value of seized assets in order to support supply and demand reduction activities.
Those found Innocent will be refunded with Brazil’s National Treasury Bonds.
SEIZED ASSETS– Assets used in criminal activities (crime vinculation)

4  Not integrated to Federal Government patrimony /FUNAD
4  During the prosecution process, assets that are under preventive custody are auctioned* and/or deposited into a judicial account
4  Transfer to FUNAD as a guarantee = National Treasury Bonds > innocent indictee warranty

* ASSETS: SENAD determines how assets are used and custody according to the law

USE OF ASSETS AND WHO RETAINS CUSTODY

4  Association with crime

4  Not applicable if affects third party rights

4  The use of specific assets for supply and demand reduction activities can only be required to SENAD by Police and Governmental Offices as defined by law.
FORFEITED ASSETS (Final Judicial Sentence):

Forfeited assets are Federal Government/FUNAD patrimony = SENAD takes the corresponding actions to assets auction, donation or incorporation* to institutional patrimony.

Obs.: Real estate properties can only be auctioned, donated or incorporated only after final judicial sentence

Ø Assets auction, donation or incorporation to support supply and demand reduction activities.

DONATION:

Â Government Offices and Philantropic and Non-Profit Institutions that work on drug supply and demand reduction

Â Must be required to SENAD

Â The request must indicate asset characteristics, location, and description of use. (Final Judicial Sentence or Appeled Court Sentence)
SEIZED ASSETS EMPLOYED IN SUPPLY AND DEMAND REDUCTION ACTIVITIES
[updated to December 5th of 2005]

<table>
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<tr>
<th>YEAR</th>
<th>MOTOR VEHICLES</th>
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<th>YEAR</th>
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FORFEITED ASSETS AUCTIONS

- SENAD process auction procedures according the law

- Through legal agreements SENAD allows Brazilian state governments to auction and incorporate part of the resources raised in the supply and demand reduction activities.

- SENAD together with the Federal Police auction forfeited assets in several locations nation wide
Four Brazilian state governments have already auctioned forfeited assets, others are initiating this procedure.

Since 1999, 48 auctions have been carried out, where 7 were performed by Brazilian states governments and 8 together with the Federal Police.
Current Projects or Projects to be implemented in 2006/2007 to increase the capacity to auction and money transfer processes of seized assets

- Enhancement of the Seized and Forfeited Assets Management Information System of FUNAD – GFunad – with digital certification to comply with the goals of the National Strategy on Money Laundering - ENCLA
- Implementation of a system to search data nation wide on real state properties
- Data Interconnection Pilot Project linking SENAD, Public Prosecutor, Judiciary Branch, and Police Authorities databases. (Initially to Brasilia, DF)

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MUITO OBRIGADO!