

ORGANIZATION OF AMERICAN STATES



INTER-AMERICAN DRUG ABUSE CONTROL COMMISSION

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BRAZIL NATIONAL ANTIDRUGS FUND
FUNAD

Organization of American States

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**BRAZIL NATIONAL ANTIDRUGS FUND
= FUNAD =**

Ramon Fernando Silva
Director of Dispute Resolution
and Funad Management

Washington, DC, December 8th, 2005

BRAZIL NATIONAL ANTIDRUGS FUND

ABOUT FUNAD

BRAZIL NATIONAL ANTIDRUGS FUND
= FEDERAL LEGISLATION =

FUNAD's creation:

- Law nº 7.560, of December 19th, 1986

Last modification:

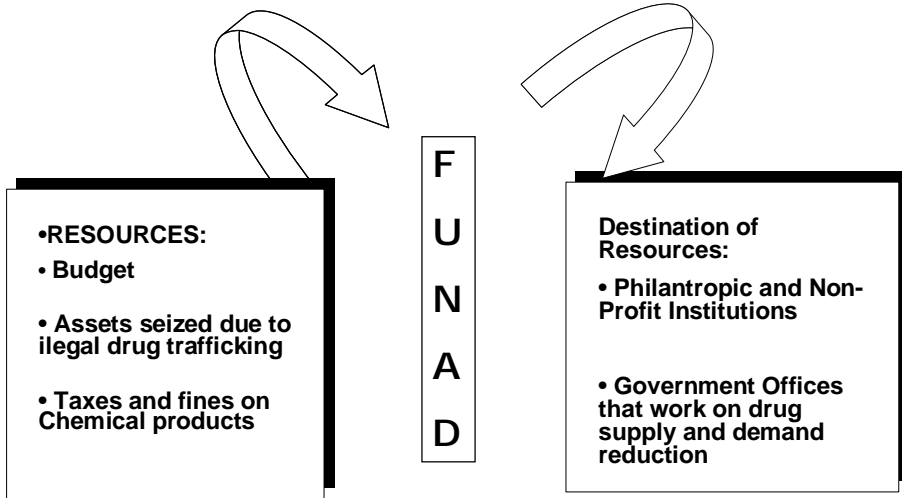
- Law nº 10.869, May 13th, 2004

ASSETS FORFEIT

Brazil Federal Constitution, Article 243, sole
paragraph:

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.

BRAZIL NATIONAL ANTIDRUGS FUND



Secretaria Nacional Antidrogas



BRAZIL NATIONAL ANTIDRUGS FUND
= Asset Management =

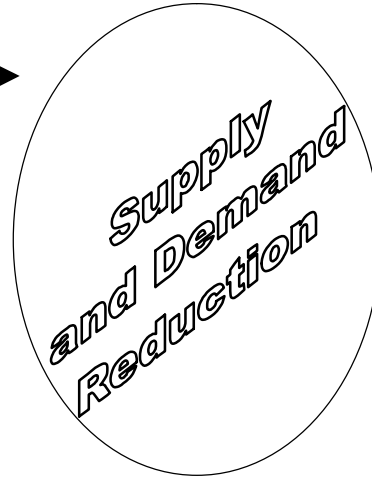
PREVENTIVE CUSTODY

Seized assets are auctioned and money
is transferred before final forfeiture

As proclaimed by Law nº 9.804, of
June 30th, 1999, preventive custody is
currently regulated by Law nº 10.409,
January 11th, 2002.

Preventive Custody

EFFICIENCY OF AUCTIONS
AND MONEY TRANSFERS



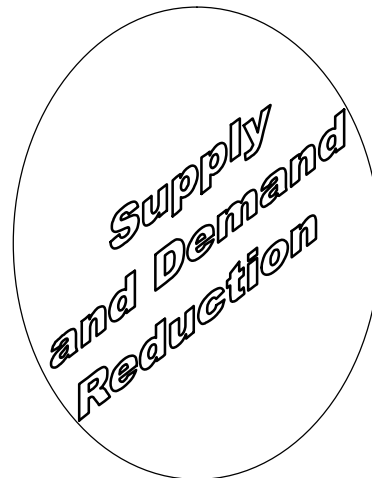
Increase the efficiency of auctions and money transfers of seized assets

Preventive Custody

EFFICIENCY OF AUCTIONS
AND MONEY TRANSFERS



ENHANCE RESOURCE
DISTRIBUTION



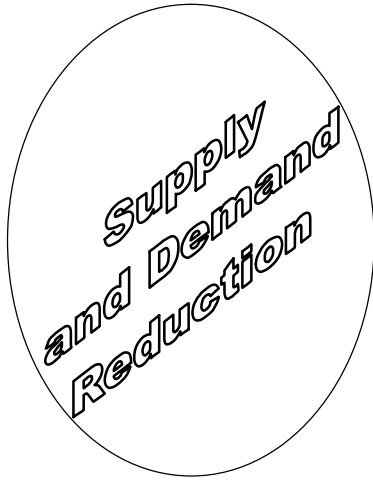
- Enhance resource distribution to avoid value depreciation of the current value of seized assets in order to support supply and demand reduction activities.

Preventive Custody

EFFICIENCY OF AUCTIONS
AND MONEY TRANSFERS

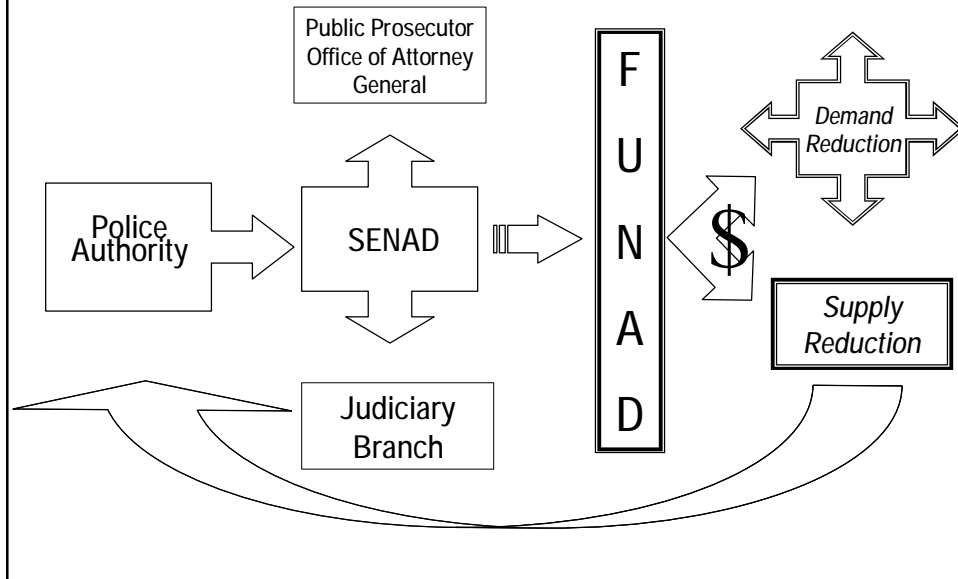
ENHANCE RESOURCE
DISTRIBUTION

REFUND GUARANTEE FOR THOSE
FOUND INNOCENT



- Those found Innocent will be refunded with Brazil's National Treasury Bonds.

Seized Assets - Preventive Custody



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

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

DONATION :

• **Government Offices and Philanthropic and Non-Profit Institutions that work on drug supply and demand reduction**

• **Must be required to SENAD**

• **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
[up dated to December 5th of 2005]

DONATIONS

YEAR	MOTOR VEHICLES	AIRCRAFTS	ELECTRONIC GOODS
1999	-	-	-
2000	23	03	07
2001	12	-	-
2002	39	-	-
2003	27	03	10
2004	12	01	06
2005	42	02	04
TOTAL	155	09	27

FORFEITED

ASSET CUSTODY AND USE

YEAR	MOTOR VEHICLES	AIRCRAFTS	ELECTRONIC GOODS
1999	65	04	-
2000	139	04	27
2001	85	-	18
2002	113	01	21
2003	101	04	30
2004	104	01	43
2005	135	02	99
TOTAL	742	16	238

SEIZED

Secretaria Nacional
Antidrogas

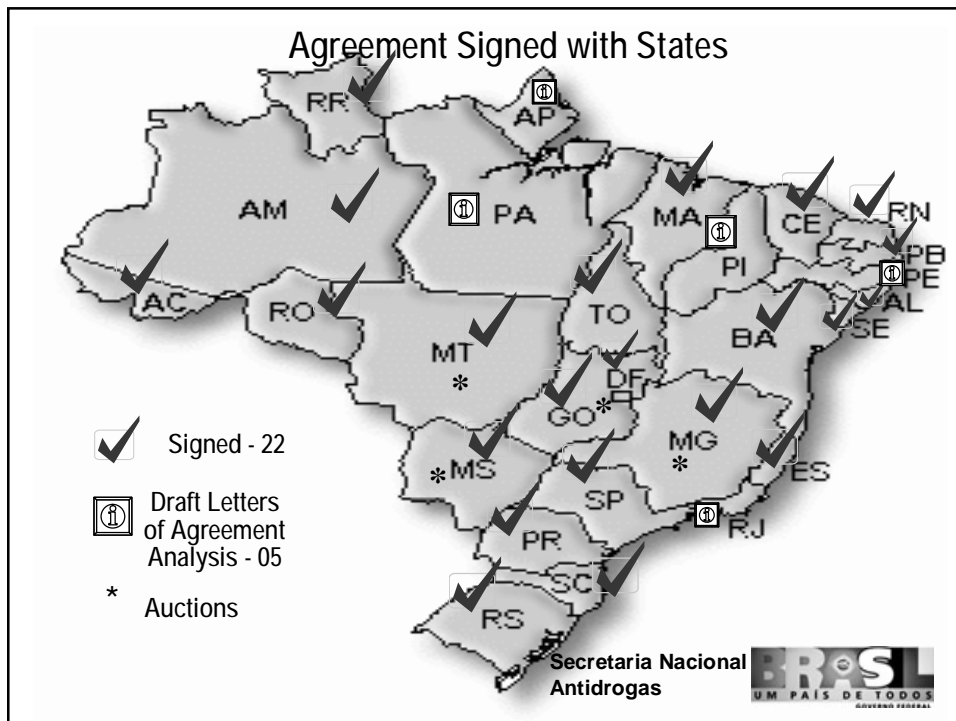


FORFEITED ASSETS AUCTIONS

- 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

FORFEITED ASSETS AUCTIONS

- 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 !