



	<p>17th St. & Constitution Avenue N.W. Washington, D.C. 20006 United States of America</p>	<p>INTER-AMERICAN DRUG ABUSE CONTROL COMMISSION CICAD</p>
<p>Organization of American States</p>	<p>P. 202.458.3000 www.oas.org</p>	<p>Secretariat for Multidimensional Security</p>
<p>XXXVIII GROUP OF EXPERTS FOR THE CONTROL OF MONEY LAUNDERING May 22-23, 2014 Washington, D.C.</p>		<p>OEA/Ser.L/XIV.4.38 CICAD/doc.5/14 15 May 2014 Original: Español</p>
<p>GUIDE FOR THE MANAGEMENT OF SEIZED BUSINESSES DENNIS CHENG, BIDAL PROJECT, CICAD/OAS</p>		

Guide for the Management of Seized Businesses

**Dennis Cheng
Project Director
CICAD/OEA**

	
<p>Organization of American States</p>	<p>Inter-American Drug Abuse Control Commission</p>

Organization of
American StatesInter-American Drug Abuse
Control Commission

General objective

This document is intended to share best practices involving the management and taking into custody of seized companies by the appropriate authorities, and to serve as a reference so that the region's various agencies specialized in the management of seized and forfeited assets can develop manuals or protocols regarding the seizure of companies that are still operational.

Organization of
American StatesInter-American Drug Abuse
Control Commission

Content of the document

- ✓ Introduction
- ✓ General Objective
- ✓ Steps prior to seizure
 - Planning between the appropriate authorities and the agency for the management of seized and forfeited assets.
 - Obtaining information on the investigation from the appropriate authorities.
 - Identifying the company and commercial establishment.

Organization of
American StatesInter-American Drug Abuse
Control Commission

Content of the document

- ✓ Steps during the seizure
 - Documentation one should try to secure in taking over a company.
 - Preliminary analysis for the eventual management of the seized company.

- ✓ Steps subsequent to the seizure
 - Meeting with the company's entire staff.
 - Company's self-sufficiency.
 - Infusion of capital to continue operations.
 - Substitution of the company's general manager or administrator

Organization of
American StatesInter-American Drug Abuse
Control Commission

Content of the document

- ✓ Steps involving follow-up and control
 - Taking financial and supervisory control of the company.
 - Identifying the company's danger areas and improving control.
 - Establishing management indicators or other types of indicators.



Organization of
American States



Inter-American Drug Abuse
Control Commission

Steps prior to seizure

- ✓ Steps to take in advance before taking control of the investigated company.
 - Information on the commercial or business activity.
 - Identification, physically and legally, of the commercial business.
 - Identification of partners, board members and legal representatives.
 - Suspension of the owners' rights to exercise control over the corporation.
 - Identification of the company's bank account numbers in the national financial system and other financial products.
 - Identification of specialized professionals or third parties who can take over the administration of the company.
- ✓ Qualitative analysis of the company in order to identify the probability of being able to continue business activities.



Organization of
American States



Inter-American Drug Abuse
Control Commission

Steps during seizure

- ✓ **Commercial or business aspects:** related to the identification of the company's commercial or industrial activity, its business strategy, clients, providers, way of operating, etc.
- ✓ **Organizational aspects:** related to the company's organizational structure, human resources, processes and means of production, assets in general.
- ✓ **Financial aspects:** related to the financial/ownership situation, record-keeping, accounting documents, cash flow, account and investment balances, loans, mortgages, collateral, in general the company's assets and liabilities.

Organization of
American StatesInter-American Drug Abuse
Control Commission

Steps during seizure

- ✓ **Fiscal or tax aspects:** income-tax return and billing documentation filed with the Ministry of Finance or the tax collection agency. These could provide important information on the financial returns reported for payment of the company's taxes.
- ✓ **Legal or juridical aspects:** evaluation of aspects involving compliance with operational requirements for the company, permits related to health, fishing, the environment, trade, mining, and in general state concessions for carrying out certain activities.

Organization of
American StatesInter-American Drug Abuse
Control Commission

Analysis of the business

- 1) If it was not possible, through this analysis, to identify an organizational structure (list of employees, payroll tables, accounting records, cash flow, providers); if the tax returns do not match the company's supporting documentation; or if there has been noncompliance with legal requirements for undertaking some type of commercial or industrial activity, these could be indicators that this is a front company and that therefore it does not have the capacity to operate.
- 2) If, on the other hand, some of the aspects mentioned above could be identified in full or in part, the viability of continuing the company's normal operations should be analyzed and evaluated.

Organization of
American StatesInter-American Drug Abuse
Control Commission

Analysis of the business

- 3) If in the initial analysis and evaluation or over a period of time in which the company is operating it is found that the operating costs are very high, or if it is determined that commercial or industrial operations definitely cannot continue because the company is not self-sustaining, a decision should be made to close the business, using the money in bank accounts to pay outstanding creditors and providers and settle obligations to the employees.

Organization of
American StatesInter-American Drug Abuse
Control Commission

Steps subsequent to the seizure

- Meeting with the company's entire staff (institutional public policies on job creation and economic activity)





Organization of
American States



Inter-American Drug Abuse
Control Commission

Company's self-sufficiency

- Financial analysis of the company (operating costs and financial returns)
 - 1) To continue to operate based on the company's self-sufficiency.
 - Appointment of manager or company administrator
 - 2) To close the company and use of the money in its accounts to start settling with the workers based on the company assets.
 - Leasing of the commercial establishment of the company.



Organization of
American States



Inter-American Drug Abuse
Control Commission

Infusion of capital

- Establishment of a special fund
- Concept of reimbursable fund or bridge loan
- Study of financial performance
- Objective: to ensure that it can be a source of jobs and boost the national economy
- Projections based on the sale of an operational company



Organization of
American StatesInter-American Drug Abuse
Control Commission

Steps involving follow-up and control

- Taking financial and supervisory control of the company.
- Identifying the company's danger areas and improving control.
- Establishing management indicators or other types of indicators.

- [Zoologic Joya Grande .mp4](#)



THANK YOU VERY MUCH!!!!

Dennis Cheng
dennischeng77@yahoo.com

Organization of
American StatesInter-American Drug Abuse
Control Commission