

# RECOVER Project (GA no. 101091375)

## WP5 – Asset Recovery Office’s Activities and Management of Frozen and Confiscated assets

### *Questionnaire for the partners*

#### Section 1 – Asset Recovery Offices (AROs): Structure and Activities

1. Which agencies serve as the Asset Recovery Offices (AROs) in your country? Under which government department or agency do they operate?

Council Decision 2007/845/JHA1 (“the Decision”) obliges EU Member States to set up or designate national Asset Recovery Offices (“AROs”) as national central contact points which facilitate, through enhanced cooperation, the fastest possible EU-wide tracing of assets derived from crime.

**Bulgaria** has designated two AROs (the Decision allows Member States to designate a second authority as ARO if they so wish) - the Commission for Establishing Property from Criminal Activity and the Supreme Prosecutor's Office. Currently, as the name of one of the mentioned AROs has been changed, Bulgarian AROs are:

- Commission for Illegal Assets Forfeiture (CIAF)

The Commission is an independent State body for the implementation of the unlawfully acquired assets forfeiture policy. Their competence is within so called “civil confiscation”. The Commission has the power to check the assets status, adopt a decision on extension of the check in the cases provided for by the law and decisions on termination of the check; to institute an unlawfully acquired assets forfeiture proceeding, which shall include submission to the court of a motion for the imposition of precautionary measures and lodgement of an action for forfeiture of unlawfully acquired assets and exercises other powers as well, provided for in a law. The Commission conducts proceeding where a reasonable assumption can be made that particular assets have been acquired unlawfully.

- Supreme Prosecutor's Office through its International department

Prosecutor's Office in the Republic of Bulgaria consists of the Prosecutor General, the *Supreme Prosecutor's Office*, Prosecutors' Offices of Appeals, Military Prosecutors' Offices of Appeals, District Prosecutors' Offices, Military District Prosecutors' Offices and Regional Prosecutors' Offices. The Prosecutor's Office in the Republic of Bulgaria is part of the judicial system.

Moreover, according to Bulgarian legislation the following structures are related to asset recovery procedures:

- a) National Revenue Agency (NRA) – a specialized state body under the Minister of Finance for establishing, securing and collecting public claims and private state claims determined by law, as well as a body for managing and disposing of confiscated, taken away and abandoned for the benefit of the state property. NRA has a major role in collecting taxes and social security contributions, as well as implementing measures to collect arrears and recover assets.
- b) Ministry of the Interior - in the General Directorate of the National Police has specialized departments that deal with financial crimes and support the identification and investigation of illegally acquired assets activities related specifically to the acquisition of assets.
- c) State Agency for National Security (SANS) – has specialized departments that investigate cases of money laundering, financing of terrorism and other financial crimes.

2. Are there any instances in your country where the Reg. (EU) 2018/1805 (hereinafter, the REG) was applied with the involvement of the ARO?

Regulation (EU) 2018/1805 refers to the mutual recognition of acts of securing and confiscation of assets issued within the framework of proceedings of a criminal nature. Excluded from the scope of this regulation are acts of seizure and acts of confiscation issued within the framework of proceedings in civil and administrative cases. The activity of CIAF to secure and confiscate for the benefit of the state assets acquired from illegal activity is carried out through the so-called civil confiscation proceedings conducted under civil law. In view of this, acts of seizure and confiscation issued within the framework of civil proceedings do not fall within the scope of the regulation.

In connection with the identification and tracking of assets related to criminal activity Eurojust is assisted by the specialized directorates of SANS for the implementation of the regulation.

3. What are the main activities undertaken by your ARO in applying the REG (e.g., asset tracing, investigative support, international coordination)?

CIAF carries out inspections according to the Unlawfully Acquired Assets Forfeiture Act (UAAFA). The legality of income, revenue or sources of funding is checked; ordinary and extraordinary expenses; net income; the property and the presence or absence of a significant disparity between net income and property. If there is data on property acquired abroad, assistance is requested from the "International Cooperation" unit.

When the pre-trial authorities need assistance in tracing assets in connection with a criminal investigation, they can turn to SIAF for assistance. Outside the CIAF, in Bulgaria, other services also carry out activities under the Regulation. The tracing of assets within the framework of criminal proceedings is mainly carried out by the police and investigators, but it can also be done with the help of the Bulgarian ARO. When it comes to cooperation on the recovery of assets related to a crime, international coordination is carried out by the Supreme Prosecutor's Office (SPO) through the "International" department, through Eurojust, or directly through the courts when it comes to the execution of court orders for seizure or confiscation.

4. What are the biggest challenges your ARO faces in the application of the Regulation, and how are these addressed?

Regulation Reg. (EU) 2018/1805 should apply to all freezing orders and all confiscation orders issued in criminal proceedings. Therefore, the Bulgarian CIAF does not apply the Regulation.

As for the SPO, International Department, as a contact point regarding the recovery of assets related to crimes, the department's activity consists in coordinating and sending documents from the requesting country to the relevant authority in Bulgaria - Prosecutor's office, court or NRA, which must perform the corresponding action.

5. What tools and databases does the ARO most commonly use when applying the REG, especially for asset tracing (e.g., accessing public records, utilizing professional services or software)?

The employees of CIAF, engaged in carrying out checks to establish illegally acquired property, have access to all public registers related to the acquisition and disposal of property and objects of intellectual property, namely: Integrated information system "Inquiries" of the Ministry of Internal Affairs, Trade register and register of non-profit legal entities, Property Register, Central Register of Special Pledges, "Central Depository", National Revenue Agency, National Insurance Institute, IA "Maritime Administration", DG "Civil Aviation Administration", Unified Information System for combating crime, Patent Office, etc.

6. How does your ARO collaborate with AROs from other EU member states in applying the REG? Please provide examples and data if available.

The cooperation of CIAF with ARO of other member states cannot be divided into such application of the Regulation and other type of cooperation. In all cases of data on property acquired abroad, assistance can be requested. The Commission interacts with other institutions from other EU member states through the International Cooperation unit.

7. How many times has your office contacted the ARO for information or assistance in the past three years? What was the subject of your request?

We would not be able to provide information on how many requests for assistance from the CIAF or the International Department of the SPO have been made in the last three years by the country's prosecutors' offices. No such database is maintained.

8. In which areas does the ARO provide the most support to your authority? (e.g., asset tracking, legal support, international cooperation).

The most effective support is related to the provision of data on the property status of the person being checked by CIAF - acquisition of movable and immovable property on the territory of the respective country, work commitment, participation in the ownership and management of legal entities.

9. Which technologies or tools provided by the ARO do you find most useful in your activities/investigations?

Public registers and access to information bases provide complete and quick information to CIAF. In this way, the criminal investigation authorities can focus their efforts on proving the criminal activity and the CIAF can track assets.

10. Could you provide examples of successful cases or challenges encountered in collaborating with the ARO?

The necessary support is provided to all institutions that make requests for the provision of information from SIAF.

11. What legal or administrative challenges prevent effective collaboration between your authority and the ARO? Are there regulatory or bureaucratic barriers that limit effective cooperation?

Cooperation between the Prosecutor's Office and CIAF has always been at a high level. The ways of interaction are determined by joint acts. For example, there is an Agreement on the creation and operation of joint teams between the Commission for Confiscation of Illegally Acquired Property and the Prosecutor's Office.

12. Do you have any proposals for the harmonization of EU MS legislation on the structure and the activities of AROs?

CIAF propose that the ARO of the requested country should have the authority, based on the received request for the provision of information (banking and tax) from the ARO of the requesting country, to take the necessary actions to disclose and provide the requested information within a short period of time and without the need for authorization from other national authorities. They also propose that, from the perspective of the requesting state, the response received and the information provided have evidentiary weight in the judicial process without the need for permission from the requested state.

13. Could you provide us with potential guidelines regarding the structure and the activities of AROs?

As a fulfillment of a commitment under the Recovery and Sustainability Plan, a Law on Combating Corruption was adopted (SG No. 84/6.10.2023), according to which the previous Commission for Combating Corruption and for Confiscation of Illegally Acquired Property is divided into two - Commission for Combating Corruption and Commission for Confiscation of Illegally Acquired Property.

The Commission for Illegal Assets Forfeiture (CIAF) is an independent specialised standing State body for the implementation of the unlawfully acquired assets forfeiture policy. The Commission is a public-financed legal person seated in Sofia. The activity of the Commission is assisted by administration which is included in the territorial units of the Commission which have the status of directorate.

Territorial units are led by directors and assisted in their activities by inspectors. The commission is a collective body that consists of five members - a chairman, a deputy chairman and three other members. The Commission's decisions are adopted by a majority of more than half of all members. When exercising their powers under this law, the Commission's bodies may request assistance, information and documents, including in electronic form, from state and municipal authorities, traders, credit institutions, notaries and bailiffs, as well as from other natural and legal person.

The Commission initiates an unlawfully acquired assets forfeiture proceedings in certain cases, appointed by the law (UAAFA), when a reasonable assumption can be made that particular assets have been acquired unlawfully. “Reasonable assumption” is supposed to exist when, after an examination, a significant lack of correspondence is found in the assets of the person under examination. Significant lack of correspondence exists when the assets and the net income exceeds BGN 150,000 for the entire period under examination.

The inspection begins with an act of the director of the relevant territorial directorate, when a person is accused of one or more crime within list of crimes under art. 108 par. 1 UAAFA; when a person has not been charged with a crime under par. 1 due to the fact that the initiation of criminal proceedings was refused or the initiated criminal proceedings were terminated, or when the criminal proceedings for a that kind of crime is suspended and the person cannot be charged, or in the event of a conflict of interest established by an effective act, or in the event of failure to submit a declaration under the Anti-Corruption Act, or on the basis of a notification from the administrative sanctioning body, when there is an administrative violation, established by an effective act, which is of a nature to create a benefit worth more than BGN 50,000. The investigation begins and continues regardless of the suspension or termination of the criminal proceedings.

For the audited period, the Commission authorities collect information on:

- the property, its location, value and legal basis for its acquisition;
- the market value of the property at the time of acquisition;
- the market value of the property at the time of the inspection;
- transformation of the property;
- the income and expenses for usual activity and the extraordinary income and expenses of the legal entity;
- the usual and extraordinary incomes and expenses for maintenance of the individual and his family members;
- paid public monetary obligations to the state and municipalities;
- transactions with the property of the legal entity;
- transactions with the property of the inspected person and his family members;
- the trips abroad of the inspected person and his family members, as well as the persons who represent the legal entity;
- the guarantees and encumbrances imposed on the property, as well as the obligations that have been assumed;
- other circumstances that are important for clarifying the origin of the property, the method of acquisition and its transformation.

The commission adopts a decision to submit to the court a request for security for a future claim for confiscation of property based on a report of the director of the relevant territorial directorate, when sufficient data have been collected from the inspection to make a reasonable assumption that the property was illegally acquired. The commission submits a request for security for a future claim for confiscation of the illegally acquired property in the district court.

After imposing the preventive measures, the authorities of the Commission invite the inspected person to submit a written declaration and provide him with the opportunity to review all the materials that have been collected in the course of the investigation, and give him a one-month period to make objections and present evidence.

After discussing the objections of the inspected person and collecting the evidence indicated by him, the director of the relevant territorial directorate submits a report to the Commission within one month. The Commission shall adopt a decision within one month from the submission of the report. CIAF files a claim for confiscation of the illegally acquired property in favor of the state before the district court within three months from the last act of imposing the precautionary measures.

The property on which security has been imposed on the basis of this law shall be managed and safeguarded by the Commission. The property can be left for the safekeeping of the inspected person or the person who holds the property at the time of the imposition of the protective measures. The commission may ask the court for permission to sell items that may lose significantly during the period of custody and are costly to maintain or subject to rapid deterioration. The movable property is sold by the bailiff at a public auction. The commission keeps an electronic register for the secured property.

Property seized for the benefit of the state is managed by the Interdepartmental Council for the Management of Confiscated Property, which is a collective body and consists of deputy ministers appointed by the Minister of Justice, the Minister of Finance, the Minister of the Economy, the Minister of Labor and Social Policy and the Minister of Regional Development and Public Works. The Chairman of the Council is the Deputy Minister of Finance. The activity of the Council is technically ensured by the administration of the Ministry of Finance.

The National Revenue Agency is tasked with enforcing final asset forfeiture judgments. This applies to cases of confiscation in civil cases filed under claims of CIAF and to judgments in criminal cases. The procedure is found in the Tax and Insurance Procedural Code.

14. Do you have any further reform proposals, at a national or international level, concerning the structure and the activities of AROs?

CIAF suggest that such reforms should be considered at the national and international level that would simplify the procedures for exchanging information, ensuring accessibility to databases and registers from which the necessary information can be drawn for the effective tracking of assets. The procedures should facilitate the access of the AROs to the bank accounts of the persons with a view to tracking the cash flows, to the tax information on the person in order to establish his work engagement, the amount of declared income, sources of financing, administrative proceedings and acts drawn up against the person, related to tax violations and crimes, as well as to registers providing information on the criminal acts of the person in the respective country.

15. In light of the new Directive (EU) 2024/1260 on “asset recovery and confiscation”, do you consider the changes proposed for the functioning and composition of AROs to be effective? Please explain your reasoning and any anticipated impacts on your operations.

According to the text of art. 1 of the Directive its subject is related to the establishment of minimum rules regarding the tracing and establishment, securing, confiscation and management of property within the framework of criminal proceedings. The scope of the Directive (specified in Article 2) refers only to the cases of securing, confiscation and management of property in criminal proceedings. Our legislation explicitly differentiates criminal confiscation (CC and CPC) on the one hand and civil confiscation (UAAFA), i.e. the operation of the currently active procedures for the confiscation of illegally acquired property and the management of secured property, listed in the UAAFA, are not affected by the Directive, as they are different and separate proceedings.

Prosecutor’s Office, as an independent body for the investigation of crimes, is the main driver in the field of criminal policy and conducted criminal proceedings, which is why CIAF, as appointed national ARO, does not have the authority to enter into its activities. In the event that with transposition of the new Directive (EU) 2024/1260 into our national legislation texts are adopted that concern the activity of CIAF it can be assessed whether they will be effective.

16. Does your organization collect data on the gender of individuals affected by asset freezing and confiscation orders? How is this information used to inform the functioning and policies of the ARO?

CIAF does not collect information and does not keep registers and statistics on the gender of persons affected by asset freezing and confiscation orders.

## **Section 2 – The Management and the Social Reuse of Frozen and Confiscated Assets**

1. Which entities or agencies are responsible for managing frozen and confiscated assets in your country? Please provide a brief description of the activities performed by each entity or agency.



Directorate "Management of Secured Property" is part of the specialized administration of CIAF and performs functions of management, storage and protection of property on which security measures have been imposed in the proceedings initiated by the Commission. On the basis of a 2019 amendment to the Criminal Procedural Code, the property secured in the criminal cases for the purpose of confiscation or deprivation of property for the benefit of the state is also managed and guarded in accordance with the UAAFA by the CIAF, through the abovementioned Directorate. The management of secured property is carried out through the following activities:

- Management of secured property accepted for safekeeping by CIAF;
- Organization and participation in procedures for inventory and verification of the condition of the secured property, as well as in procedures for accepting it for storage;
- Carrying out inspections to establish the current condition of movable property secured under the order of the UAAFA, which has been left for the safekeeping of the inspected persons;
- Provision of storage conditions for items with a special status, according to art. 162 UAAFA, coordination and interaction with the competent authorities and participation in procedures for acceptance and depositing for storage;
- Ensuring conditions for the storage of cash in national or foreign currency, coordination and interaction with the competent authorities and participation in procedures for acceptance and deposit for storage;
- Administration and analysis of an electronic database of the secured property according to the order of the UAAFA;
- Administration and analysis of an electronic database of the secured property according to the order of the CPC;
- Assisting the activities of the CIAF in issuing certificates for the existence of precautionary measures imposed under the UAAFA after receiving a request from the court, the bailiffs, the authorities of the NRA and other state authorities;
- Preparation of analyzes when initiating procedures for the sale of secured movables, which may depreciate significantly during the period of preservation and their preservation is associated with large costs and/or are subject to rapid deterioration;

- Provision of information regarding confiscated property according to effective court decisions for confiscation in favor of the state to the Interdepartmental Council for Management of Confiscated Property.

The National Revenue Agency also has its role as a specialized state body under the Minister of Finance. The NRA is a body for management and disposal of confiscated and abandoned property in addition to its main activity of establishing, securing and collecting public claims and private state claims determined by law.

Finally, the Customs Agency should be mentioned - a centralized administrative structure under the Minister of Finance, responsible for the implementation of customs legislation, which disposes of goods seized and abandoned for the benefit of the state in proceedings conducted by the customs authorities, including those concluded with a court decision.

2. Can you provide statistics on the types and values of assets currently managed by authorities responsible for frozen and confiscated assets? How many of these assets result from the application of the REG?

<b>Value of seized assets accepted for safekeeping by CIAF as of June 1, 2024</b>	
<b>Type of property</b>	<b>Value (BGN)</b>
Motor vehicles	424 100.00
Cash	20 898 540.78
Cash - interest on seized amounts	823.50
Bonds and other securities	1 536 000.00
Movable items made of precious metals	1 227 448.45
<b>Total</b>	<b>24 86 912.73</b>

As of 05.06.2024, the National Revenue Agency manages confiscated assets in criminal cases in 9 587 items, of which 5 031 items – weapons, ammunition, explosives and pyrotechnics; 18 immovable properties and 1 544 motor vehicles.

3. How do competent authorities maintain the value of confiscated and frozen assets, especially for items requiring specific measures to prevent degradation?

Secured assets are stored by CIAF in accordance with art. 162 of the UAAFA. All items handed over for safekeeping are stored by CIAF in a way that guarantees their safety and security to the maximum extent. Acceptance of secured property for storage and safekeeping by CIAF is related to reducing the risk that it may be lost, damaged, destroyed or reduced in value. According to art. 162 UAAFA (1) Movable items of historical value are provided for storage in the National History Museum or in another museum. (2) Movable items of scientific value are provided for storage in the National Library, in the relevant institute of the Bulgarian Academy of Sciences or in a university. (3) Movable items made of precious metals, precious stones and products thereof are provided for safekeeping at the Bulgarian National Bank. (4) Movable items of artistic, antique or numismatic value are submitted for safekeeping to the Ministry of Culture. (5) Exotic animals and plants are provided to zoos and other institutes. (6) In the cases under para. 1 - 5 the costs of the storage and maintenance of the secured property are paid by the Commission.

The cars are stored in a covered underground parking lot, with weekly maintenance, the cash - in a special bank account of the Commission, while the rest of the secured assets are stored in bank safes and cassettes hired by the Commission.

NRA takes the following measures to maintain confiscated assets. Immovable properties are stated and access to them is restricted. If the properties are occupied by persons, especially in the case of co-owned properties, which are the majority of cases of confiscated property in criminal cases, the properties are left in the responsible custody of the persons who occupy them, with an obligation to keep them and return them on demand. The NRA covers the costs of property management, incl. costs necessary to preserve the property, condominium fees, utility payments, etc., if any. If the properties are left in responsible custody, these costs are borne by the persons who occupy them.

Motor vehicles are described, ascertained and left in responsible custody or accepted by the NRA according to the circumstances and offered for sale in the shortest possible time.

Weapons, ammunition, explosives and pyrotechnic articles are stored in the Weapons Warehouse of the Ministry of Internal Affairs under special conditions.

Other movable property is accepted in a NRA warehouse, where it is stored until it is sold, or it is left in storage with the confiscating authorities.

4. Are there any international or interagency collaborations aimed at improving the management of assets frozen or confiscated under the REG?

Bulgaria has been a member of the Balkan Informal Interagency Asset Management Network (BAMIN) since 2019. The organization is funded by the Organization for Security and Cooperation in Europe (OSCE) and the German Agency for International Cooperation (GIZ). Its members are mainly countries from the Balkan region. Currently members of the organization are Albania, Bosnia and Herzegovina, Bulgaria, Kosovo, North Macedonia, Slovenia, Croatia and Montenegro, Republika Srpska and Moldova, and with observer status are Belgium, Great Britain, Ireland, Romania, Ukraine, Armenia, USA, Israel, Georgia and Kyrgyzstan. Its main objective is the exchange of experience and good practices in the management of secured and confiscated assets, as well as interaction and cooperation between the countries of the region.

NRA has no assets seized in criminal cases that require management through international cooperation. In cases in which a confiscation act issued by a member state of the European Union and recognized as enforceable in Bulgaria is executed, correspondence is conducted with the competent authorities of the member state. The cooperation is expressed in the supply of documents regarding the registration and current status of the items, search, acceptance and storage of the items.

5. How do competent authorities ensure transparency in the management and disposal of frozen or confiscated assets in your country? How are risks of corruption or mismanagement addressed? Are there any international or interagency collaborations aimed at improving the management of assets frozen or confiscated under the REG?

The assets whereupon an injunction has been imposed on the basis of UAAFA is managed and safekept by the CIAF.

The management and disposal of confiscated assets lays within the competence of the Interdepartmental Board for Management of Forfeited Assets, which is a collective body and consists of deputy ministers appointed by the Minister of Justice, the Minister of Finance, the Minister of the Economy, the Minister of Labor and Social Policy and the Minister of Regional Development and Public Works. The Chairman of the Board is the Deputy Minister of Finance. The activity of the Board is technically ensured by the administration of the Ministry of Finance. On a monthly basis, CIAF shall notify the Board of the enforceable judgments on forfeiture to the Exchequer of unlawfully acquired assets.

The National Revenue Agency maintains a public register of confiscated real estate which contains information on the stage of management and disposal thereof. In addition, sales of confiscated property are conducted through public auction sales. Valuation of the items is carried out at market prices by engaging an independent evaluator.

The risks of corruption are minimal due to the public nature of the proceedings for the realization of confiscated and confiscated assets. The risks of mismanagement are also low, due to the quick procedures for the realization of the properties. It is possible that there is a lack of market interest in the sale of suitable properties, which the NRA cannot influence.

6. What are the main challenges that competent authorities in your country face in managing confiscated and frozen assets, and how do they tackle them? If possible, make specific reference to goods frozen and confiscated under the REG.

The NRA has received 5 acts issued in member states of the European Union, recognized as enforceable in Bulgaria, under which immovable properties and amounts available on bank accounts were confiscated. The acts have been executed and 50 percent of the sums received from the assets have been transferred to the accounts of the member states of the European Union.

7. What procedures are followed for the sale or disposal of frozen and confiscated assets? What criteria are used to decide whether to sell or reuse an asset?

With regard to the property on which security measures have been imposed the provision of Art. 163, par. 1 of the UAAFA provides for the legal possibility, as an exception, for the CIAF to request from the court permission for the sale of secured movable property in the presence of two cumulative prerequisites, namely: the risk of a significant depreciation of the property during the period of custody and that its preservation is associated with large costs.

The sales of confiscated property conducted by NRA are carried out in accordance with the Tax and Insurance Procedure Code through an auction. Sales are publicly announced. Bidding shall be done in secret. The properties are awarded to the highest bidder.

Information on motor vehicles suitable for use is sent to the Ministry of Finance, where a study is made and they are provided to the needy budget organizations. Upon request by the Ministry of the Interior and other departments, information on available motor vehicles is provided. They can request specific motor vehicles to be provided to them.

Information about real estate is published on the NRA website, and budget organizations can view the available properties and express interest in obtaining them. For other items, an assessment is made for provision according to the type of items (for example, clothes, animals, wood, etc.) and the competent authorities who would be interested in receiving the items for their needs are notified. Apart from that, the budgetary organizations where the items are stored also have the opportunity to declare the need to obtain the items for the performance of their functions.

The Ministry of Culture is notified of the movable cultural property confiscated for the benefit of the state, which indicates the museums to which the same should be provided.

8. Describe the process of selling confiscated assets. What sales methods are used (public auctions, private sales, online sales, etc.)? How is the selling price of confiscated assets determined?

National Revenue Agency in accordance with the Tax-Insurance Procedure Code conducts the process of sale property for which such a decision has been made.

The sale price is determined by an independent appraiser. If an appraiser is not available or cannot be engaged, the sales clerk appraises the properties at market prices based on research. The sale of confiscated assets is carried out at an auction with secret bidding. For this purpose, a message is published on the NRA website and publicized by posting a message at the point of sale and appropriate places in the NRA offices. The notice gives a deadline for inspection and deposit by potential buyers. Proposals are opened publicly in the presence of the buyers by a specially appointed committee on the day announced previously. The proposals are ranked according to the highest price criterion. Auction deposits are released upon payment of the price. If the item is not sold at the first auction, it is offered at a second auction at a price of 75 percent of the original price. If it is not sold in a second auction, a third is held at a price of 50 percent of the initial price. If the item is not sold at the third auction, a new evaluation and a new sale procedure are carried out.

9. What is the average time between the confiscation of an asset and its sale?

NRA does not have exact statistics on the average time between the confiscation of an asset and its sale, but usually movable property is realized within 3 to 6 months, and immovable property - up to 1 year from receipt of the deed in the NRA for execution. There are items for which there is no interest and cannot be sold quickly - for example, old motor vehicles with administrative restrictions on driving and registration. Some of the items are encumbered - for example, mortgages, pledges and foreclosures, or there are claims from third parties against them, which is an obstacle to their quick realization.

10. How are the proceeds from the sale of confiscated assets managed? If possible, make specific reference to goods frozen and confiscated under the REG.

At least 30 percent of the value of the property seized for the benefit of the state is used for social purposes, the terms and conditions being determined by an act of the Council of Ministers.

In principle, the sums received by NRA from the realization of confiscated and confiscated assets in criminal cases in Bulgaria are contributed to the revenue of the judiciary in accordance with the Law on the State Budget of the Republic of Bulgaria. The sums received from the realization of confiscated assets under REG are distributed according to the regulation in a ratio of 50:50 between the Republic of Bulgaria and the relevant EU member state, if they exceed 10,000 euros. The sums intended for the Republic of Bulgaria are included in the income of the republican budget.

11. Have there been cases where assets frozen or confiscated under the REG have been used for the benefit of the community? Could you provide some examples?

The decision to use frozen or confiscated assets for the benefit of the community lay within the competence of the Interdepartmental Council. Procedures for providing budget organizations with confiscated assets are carried out in the NRA within the framework of the national legislation, but at the moment there are no cases of assets used by the community, according to the regulation.

12. Are there specific procedures for transferring confiscated assets to public bodies or non-profit organizations?

Bulgarian legislation allows property confiscated and taken away for the benefit of the state to be provided for the needs of budget organizations.

Movable property can be provided to budget organizations by the Minister of Finance. Most often this happens with cars. For this purpose, the NRA reports to the Minister of Finance the availability of confiscated cars once every 2 weeks.

Goods with a high fiscal risk (mainly food), which are suitable for consumption, can be provided by the executive director of the NRA to budget organizations, as well as to the Bulgarian Red Cross.

Companion animals can be provided by the executive director of the NRA, in addition to budget organizations, to private legal entities, incl. of non-profit organizations, for cultivation.

13. What are the main challenges in reusing confiscated assets, and how are they addressed?

The main challenges are related to the timely informing of the interested departments about the possibilities of providing confiscated assets. For this purpose, the NRA maintains a public register of all confiscated real estate on its website, from where budgetary organizations can obtain information. Information on confiscated and confiscated motor vehicles for the benefit of the state is regularly sent to the Ministry of Finance and the Ministry of Internal Affairs, and incidentally to other persons and organizations upon request or at the initiative of the NRA. In a timely manner, information is provided to the Ministry of Culture about the movable cultural values seized for the benefit of the state.

14. What types of confiscated assets are commonly allocated for social reuse (e.g., real estate, vehicles, technological goods)?

Motor vehicles, movable cultural assets and technological goods - for the needs of budgetary organizations, clothes and wood - for social needs are usually allocated for reuse. There is less real estate suitable for granting.

15. Which entities or organizations are involved in deciding and implementing the social reuse of confiscated assets?

Decisions on the reuse of confiscated assets are taken by the Council of Ministers - for real estate; from the Ministry of Finance - for movable property; from the National Revenue Agency - for companion animals and goods with a high fiscal risk.

16. What is the process for oversight and control to ensure that assets are used appropriately and effectively once assigned for social reuse?

Monitoring and control over the use of items for reuse is carried out by the budget organizations to which the items are provided for management.

17. How is the maintenance and insurance of confiscated assets managed during their use for social purposes?



The budgetary organizations to which the properties have been granted manage them in accordance with the Law on State Property, in which rules for maintenance and insurance are laid down.

18. Have there been any successful or unsuccessful cases of social reuse of confiscated assets that could provide lessons for improving future practices?

There have been isolated cases of unsuccessful social reuse, when the budget organization that received the confiscated asset subsequently decided that it did not need it and returned it for subsequent realization.

19. Considering the specific vulnerabilities of female victims in cross-border crimes, what measures are in place to ensure that women's rights to compensation and restitution are prioritized in the management of frozen and confiscated assets?

Within its competence, the NRA has a partnership with the National Commission for Combating Trafficking in Human Beings, providing upon request information on confiscated assets with a view to the possibility of providing them to women victims of crime.

20. Do you have any proposals for the harmonization of EU MS legislation on the management and social reuse of frozen and confiscated assets?

The NRA had the opportunity to express opinions on specific texts of the new Directive (EU) 2024/1260 on "recovery and confiscation of assets", where the issue of the management and social re-use of confiscated assets is advocated and at the moment there are no other proposals in this direction.

21. Could you provide us with potential guidelines regarding the management and social reuse of frozen and confiscated assets?

At the present moment, given the nature and low value of the confiscated assets in Bulgaria, the existing mechanisms for providing the assets to budget organizations are considered as effective one. Budget organizations then allocate assets according to their functions and areas of competence in the public interest.

22. Do you have any further reform proposals, at a national or international level, concerning the management and social reuse of frozen and confiscated assets?

23. Do you have any further policy recommendations, at a national or international level, concerning the the management and social reuse of frozen and confiscated assets?

Currently, the NRA has no independent policy recommendations at the national or international level regarding the management and social reuse of secured and confiscated assets.

24. Considering the provisions of the new Directive (EU) 2024/1260 on “asset recovery and confiscation”, how effective do you find the new measures regarding the management and social reuse of confiscated assets? Are there aspects of the directive that could be improved or implemented differently?

An assessment of the effectiveness of the new measures can be made after the transposition of the directive into national legislation.

### **Section 3 – Victims’ rights to compensation and restitution in cross-border confiscation and third parties’ rights**

1. What national laws or regulations govern the rights of victims to compensation and restitution in cross-border confiscations?

As relevant legislation operating in relations with member states of the European Union (EU) in connection with mutual recognition of acts of seizure and confiscation, the following can be mentioned:

- Recognition, Execution, Issuance and Transmission of Property Freezing Orders Act (art. 24, par. 5), adapted for the purposes of ensuring the implementation of Regulation (EU) 2018/1805 of the European Parliament and of the Council of 14 November 2018 on the mutual recognition of seizure and confiscation acts and
- Crime Victim Assistance and Financial Compensation Act (CVAFCA) regulates the terms and conditions for assistance and financial compensation from the state to Bulgarian citizens or citizens of EU member states who have suffered from crimes.

2. Are there bilateral/multilateral agreements that your country utilizes to facilitate compensation and restitution for victims in cases of cross-border confiscation?

For the purposes of facilitating compensation and restitution to victims in cases of cross-border confiscation, all international treaties to which the Republic of Bulgaria is a party and which contain provisions to this effect can be used. Pursuant to Article 5, paragraph 4 of the Constitution of the Republic of Bulgaria, "International treaties, ratified in accordance with the constitutional order, promulgated and entered into force for the Republic of Bulgaria, are part of the internal law of the country. They have priority over those rules of internal legislation which contradict them."

In this sense, references can be made to the following examples: art. 57, paragraph 3, letter c) of the UN Convention against Corruption or Art. 25, paragraph 2 of the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism.

3. What is the process for victims to request compensation or restitution?

In accordance with the CVAFCA victims and their family members who have suffered pecuniary and non-pecuniary damage from crimes of a general nature can receive assistance, and financial compensation – the victims who have suffered property damage from crimes, specified in para. 3.

CVAFCA - Article 3. (1) Under the terms and procedure of this Act, assistance may be provided to victims and their family members who have suffered pecuniary and non-pecuniary damages as a result of crimes of a general nature, and financial compensation may be awarded to victims who have suffered pecuniary damages from the crimes referred to in Paragraph 3. (2) Where a victim has died as a result of a crime, the victim's rights to assistance and financial compensation shall be transferred to the victim's heirs or the person with whom the victim has been in actual cohabitation. (3) Financial compensation may be provided to persons referred to in Paragraphs 1 and 2, who have suffered damages as a result of any of the following crimes:

1. terrorism; intentional murder; attempted murder; intentional grievous bodily harm; sexual abuse; rape; trafficking in people;
2. a crime committed by order or under a decision of an organized criminal group;
3. or another serious premeditated crime resulting in death or grievous bodily harm, as consequences of offence defined by statute.
4. What are the main challenges that victims face in receiving compensation or restitution in cases of cross-border confiscation?

The main challenges faced by the victims of a crime are to find out whether they fall within the scope of Art. 3, par. 3 of the CVAFCA. They also make it difficult to comply with the deadline under Art. 18, par. 3 of the same Act.

5. Which entities or organizations are responsible for assessing and processing victims' claims for compensation or restitution?

According to art. 20 CVAFCA for the purposes of implementing and coordinating the activities covered under this Act, a National Council for Assistance and Compensation to Victims of Crime has been set up under the Minister of Justice. The National Council consists of the following permanent members: a judge from the Supreme Court of Cassation, as designated by the chairperson thereof; a prosecutor from the Supreme Prosecutor's Office, as designated by the Prosecutor General; one official each from the Ministry of Interior, the Ministry of Health, the Ministry of Labour and Social Policy, the Ministry of Finance, the Ministry of Justice and the Ministry of Foreign Affairs, as designated by the respective ministers; and one representative each of the State Agency for Child Protection, the National Commission for Combating Trafficking in Human Beings, the Supreme Bar Council and the Association of Crime Victim Support Organisations.

In accordance with Para 2 deputy members shall be designated to substitute permanent members in their absence. The National Council shall be chaired by the Minister of Justice or a deputy minister authorized by the Minister of Justice. The National Council operates with technical support from members of the administration of the Ministry of Justice.

6. How are conflicts of law or legal complications that may arise during the process of cross-border compensation or restitution managed?
7. Have there been cases where victims have struggled to obtain justice due to linguistic, cultural, or legal barriers? How were these handled?
8. What measures are in place to ensure that victims are informed of their rights and the process for claiming compensation or restitution in cross-border confiscation?

Pursuant to an order of the Ministry of Justice, an employee has been designated who is a contact person within the meaning of Art. 18, para 9 of the CVAFCA and informs the victims of crimes about the movement of their requests for financial compensation and the deadline for ruling on them, as well as citizens visiting in the building of the Ministry of Justice during the reception hours announced on the websites of the Ministry of justice and the National Council for the Assistance and Compensation of Crime Victims. Notification letters are written with detailed instructions for filling out the forms under the CVAFCA.

9. What is the success rate of cross-border compensation or restitution claims for victims in your country?

10. Are there any initiatives or future plans to enhance the rights of victims to compensation and restitution in cross-border contexts?

The transposition of the recently adopted Directive (EU) 2024/1260 of the European Parliament and of the Council of 24 April 2024 on the recovery and confiscation of assets is pending. It contains texts aimed at optimizing the compensation and restitution regime for victims in a cross-border context.

The National Council for Assistance and Compensation of Crime Victims is developing and is about to submit to the Minister of Justice for approval a sample form under Art. 7b, para. 6 CVAFCA. This is a model of an individual assessment form for crime victims approved by the Minister of Justice, which will be submitted to the National Council for Assistance and Compensation of Crime Victims.

11. What procedures are in place to identify and protect the rights of third parties before the seizure or confiscation of an asset?

Regarding the "deprivation" measure under Art. 53 of the CC, it affects only the property sphere of the perpetrator and cannot be applied in relation to persons related to the accused (according to established practice, confiscation under the discussed text is also carried out by the co-perpetrator, instigator and helper - the persons, complicit in the commission of the crime; these persons are parties to the criminal proceedings with all the resulting rights of defense). This is the case even in cases where the property acquired by crime has been alienated or is missing. In these cases, the equivalent of the missing property is awarded, which in the final analysis again affects only the property of the perpetrator. This regulation is justified in view of the protection of bona fide third parties.

The transposition of Directive (EU) 2024/1260 of the European Parliament and of the Council of April 24, 2024 on the recovery and confiscation of assets is pending, in which case the practice of the CJEU in matters concerning the protection of the rights of third parties should also be taken into account.

12. How is the claims process handled by third parties who believe they have legitimate rights to seized or confiscated assets?

According to the law on civil confiscation currently in force, after filing a claim for confiscation of illegally acquired property, the district court initiates a case and publishes in the "State Gazette" an announcement containing: the case number, details of the received request, inventory of the property, instructions for the period in which the interested persons can present their claims on the property, as well as the date for which the first meeting is scheduled, which cannot be earlier than three months from the publication of the announcement.

13. Are there specific mechanisms to ensure that third parties are promptly informed of the seizure or confiscation of assets that may concern them?

The rights of third parties are guaranteed by publication in the "State Gazette" of a civil case before a court for confiscation of property in favor of the state. The answer is reflected in item 12.

14. What appeal rights are available to third parties who are dissatisfied with decisions regarding seized or confiscated assets?

A third party who claims that his right to property has been affected in criminal proceedings has special rem claims which are regulated in the Property Act and are available to both the owner and the holders of limited property rights when they want the violation of the corresponding right to be stopped. The protection of the right to property can be carried out under civil law and through a number of bond claims, such as a claim for wrongful damage, a claim for unjust enrichment and others.

Private property is declared inviolable in the Constitution of the Republic of Bulgaria, and the main real property claim for the protection of property is the claim under Art. 108 of the Property Act.

15. Have there been cases where the rights of third parties have been recognized after the confiscation of the asset? What was the procedure followed to return the asset or compensate the third party?

16. Do authorities in your country promote the social reuse of confiscated assets to support services and programs specifically aimed at women affected by crime?

17. Do you have any proposals for the harmonization of EU MS legislation on the victims' rights to compensation and restitution and third parties' rights?

We believe that the issues are sufficiently covered by Directive (EU) 2024/1260 of the European Parliament and of the Council of 24 April 2024 on the recovery and confiscation of assets.

18. Could you provide us with potential guidelines regarding the victims' rights to compensation and restitution and third parties' rights?

19. Do you have any further reform proposals, at a national or international level, concerning the victims' rights to compensation and restitution and third parties' rights?

20. Do you have any further policy recommendations, at a national or international level, concerning the victims' rights to compensation and restitution and third parties' rights?

21. Does the approach outlined in the new Directive (EU) 2024/1260 on “asset recovery and confiscation” effectively address the rights of victims, particularly regarding compensation and restitution? If not, what gaps or challenges do you foresee, and how could they be addressed?

We believe that Directive (EU) 2024/1260 of the European Parliament and of the Council of April 24, 2024 on the recovery and confiscation of assets provides adequate and sufficient regulation of the matter.