

RECOVER (GA 101091375)

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Croatia, Ministry of Physical Planning, Construction, and State 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.**

In the Republic of Croatia, the management of frozen and confiscated assets is handled by the Sector for Assets Confiscated in Criminal Proceedings, established within the Ministry of Physical Planning, Construction and State Assets. The Ministry manages assets that have been temporarily confiscated from the accused or related persons by a decision of the competent authority under a special law in criminal proceedings, either as property benefits obtained through a criminal offense or unlawful act, as items intended for or used in the commission of a criminal offense, or as items resulting from the commission of a criminal offense. These assets have been handed over to the Ministry for management by a decision of the competent authority under a special law. The Ministry takes over frozen and confiscated property, sells it, makes it available for use, pays the funds into the State Budget of the Republic of Croatia, and makes restitutions as ordered by the court.

- 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. (EU) 2018/1805?**

All frozen and confiscated assets are the result of the application of REG. (EU) 2018/1805, which was implemented in Croatian legislation in 2020 with the publication of the Act on Judicial Cooperation in Criminal Matters with the Member States of the European Union in the Official Gazette No. 141/2020. In the table attached, we provide statistical data on the number of orders for freezing and confiscation and the value of assets submitted to the Ministry by the competent authorities and at the disposal of the Ministry.

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

The Ministry manages temporarily confiscated property with the attention of a good host. For temporarily confiscated property that requires special storage conditions, adequate conditions are ensured in the institutions that dispose of such premises so that the property does not degrade. If there is a risk of loss of value, the property is disposed of in the shortest possible time in order to prevent or minimize the loss of value. The Law on State Assets Management ("Official Gazette" No. 52/18), which was in force until December 30, 2023, the Law on the Management of Real Estate and Movable Assets owned by the Republic of Croatia ("Official Gazette" No. 155/2023), which has been in force since December 30, 2023, and the Regulation on the conditions and methods of management of assets temporarily confiscated in criminal proceedings ("Official Gazette" No. 103/18), provide the legal framework for the disposal of temporarily confiscated property prior to final confiscation.

- 4. 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. (EU) 2018/1805.**

The main challenges are: short deadlines for the implementation of freezing decisions due to the possibility that assets may be alienated, and the lack of information on the type and form of assets for which a freezing or confiscation order will be issued. Through good cooperation with investigative bodies, such challenges are successfully resolved in everyday work. We recently had a situation where we can show you by example what kind of difficulties we sometimes have. The Ministry of Physical Planning, Construction, and State Assets received on March 5, 2024, an order to freeze a 30-meter-long vessel, based on the proposal of the European Public Prosecutor's Office, recognizing the decision of the Municipal Court in Munich, Federal Republic of Germany, regarding the temporary measure of securing the confiscation of property benefits. The order stipulates that the vessel is to be handed over to the Ministry for safekeeping. In order to ensure that the vessel is not alienated, the Ministry had to engage a security service 24 hours a day. Since the vessel could not remain at the current berth due to the expiration of the lease and the vessel's insurance policy and navigation permit were expiring, the Ministry organized the transportation of the vessel by sea to another Marina. This required the Ministry to engage a qualified crew and obtain all necessary permits for the vessel's navigation, which involved cooperation with other competent authorities (Port Authority, Ministry of the Sea, Transport, and Infrastructure, Maritime Police, etc.). All of this was completed within 15 days from the receipt of the freezing order, which was an exceptional logistical feat.

5. 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?

The Law on the Management of Real Estate and Movable Assets owned by the Republic of Croatia and the Regulation on the conditions and methods of management of assets temporarily confiscated in criminal proceedings, regulate the possibilities and methods of selling, giving for use, renting or leasing frozen assets in accordance with the purpose of the temporarily confiscated assets. The Ministry can make a decision on the sale of temporarily confiscated assets in the following cases:

- if the storage of temporarily seized assets is dangerous
- if the cost of storing temporarily seized assets is disproportionate to the value of the temporarily seized assets
- if there is an immediate danger of deterioration or significant loss of value of the temporarily seized assets
- if it concerns shares traded on a regulated capital market representing less than 5% of the share capital
- if it concerns virtual currencies and
- in other cases when it is appropriate.

Against the decision of the Ministry regarding the disposal of frozen assets, the opposing party may file an objection, which the Ministry forwards to the competent criminal court for decision. If the objection is accepted, the opposing party is obligated to bear the costs of keeping the frozen assets and compensate for any loss in the value of the frozen assets until the date of the final court judgment. The proceeds from the sale, lease, or rental of frozen assets shall be deposited by the Ministry as a deposit into the state budget account until the final conclusion of the judicial process, after which, depending on the final court decision, the funds shall be transferred to the state budget revenue or paid to the defendant or another person from whom the assets were seized.

When it comes to confiscated property, the Ministry can sell, provide for use, rent or lease.

6. 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?

After the Ministry takes over permanently confiscated assets, the first step is to assess the value of the assets.

The assessment is carried out by an authorized court expert who determines the initial price. The Ministry makes a decision on the sale and announces a Public Call for submission of bids for purchase. All interested parties submit their offers in sealed envelopes, which are publicly opened on the day already specified in the public call. A decision on the sale of the property is made for the bidder who has offered the highest amount.

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

It is difficult to determine the exact deadline as it depends on the duration of the legal proceedings, but generally, we can say that it is at least one to two years.

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

All funds obtained from the sale of confiscated assets are the income of the Republic of Croatia and are paid into the account of the State Budget of the Republic of Croatia.

9. 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?

Yes, we have had such cases. Some of them are:

- Drug production laboratory – we donated to the Faculty of Agriculture, University of Zagreb;
- 5 residential properties were handed over to competent authorities for projects of deinstitutionalization of users of social institutions;
- 12 pieces of art we have donated to museums;
- We have donated 2813 ski jackets and 654 pants to Caritas;
- We provided 17 frozen vehicles to state authorities for use;
- We provided 24 confiscated vehicles to state authorities for permanent use.