

FINANCIAL INVESTIGATION



Despite the stringent enactments in force to combat against the menace of drug trafficking, smuggling and foreign exchange manipulations, these illicit activities continue to thrive.

What do you think is the cause?

The Economic
Factor!
The Wealth
Generated is
Phenomenal!



- What are the concerned enforcement agencies doing about the economic factor?

Our experience is that in more than 95% of the cases, the investigating agencies

do not take adequate steps

to locate the ill-gotten assets, while conducting searches, seizures and interrogation of the persons involved.

- So interception by law enforcement agencies continues,
seizure of drugs continues
but the trafficking goes on



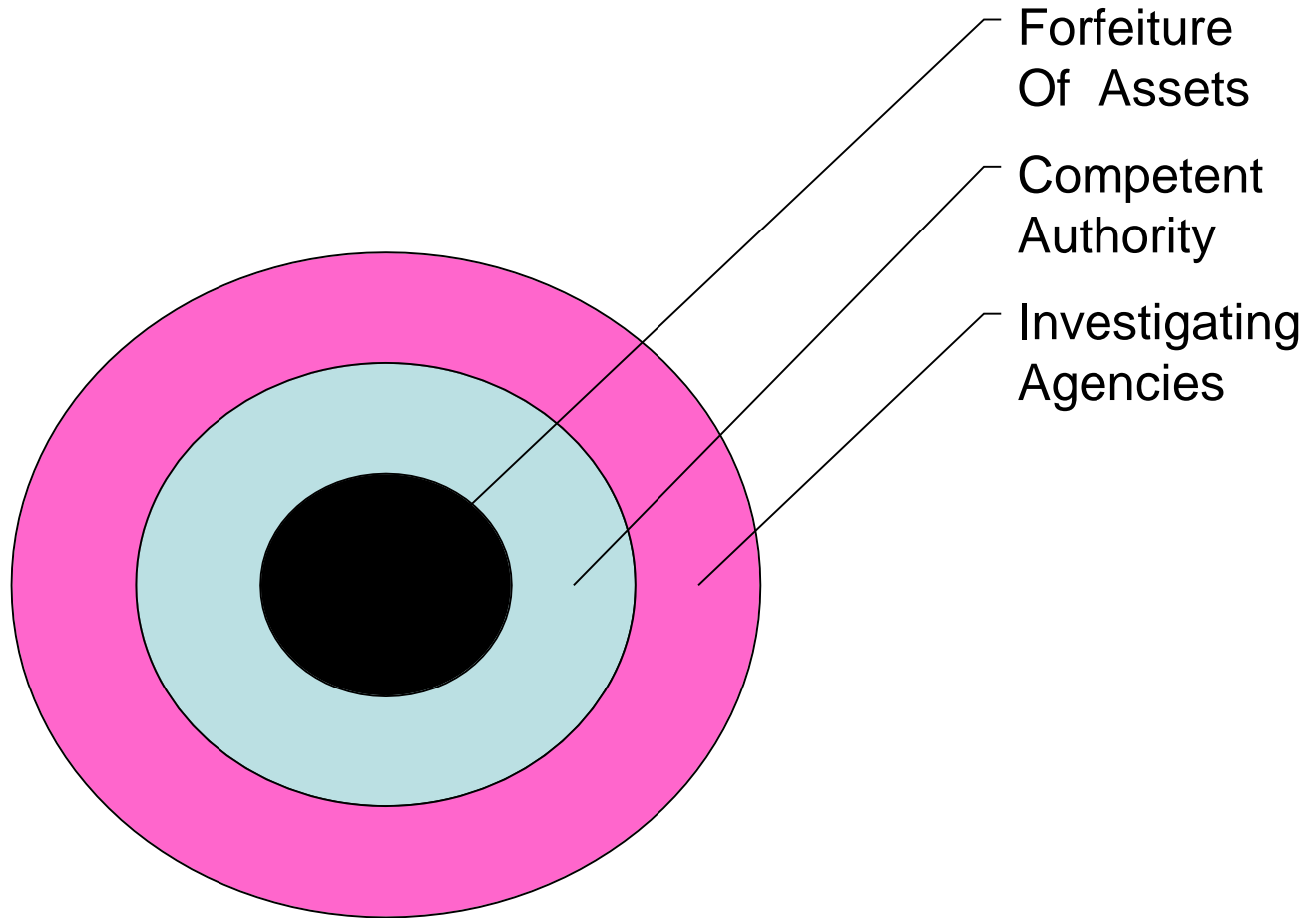
WHOSE RESPONSIBILITY IS IT ANYWAY?

As responsible enforcement officers committed to create a drug free world please remember



Section 68F of NDPS Act empowers you to seize or freeze assets acquired through illegal activities.

Target - Forfeiture of Illegally Acquired Assets



Empowering Sections for Investigating Agencies

- Section 67-Empowers the investigating agencies to call for any information, require any person to produce any document or thing,examine any person.

Empowering Sections for Investigating Agencies

- Section 68 E (1) – Every officer empowered under section 53 and every officer incharge of a police station shall on receipt of information is satisfied that any person to whom Chapter VA applies holds any illegally acquired property, he may after recording reasons for doing so, proceed to take all steps necessary for tracing and identifying such property.
- Section 68 E (2) – Empowers the investigating agencies to conduct any inquiry, investigation or survey to locate illegally acquired property and may include conducting the same in respect of any person ,place ,property ,assets, documents, books of accounts in any bank or financial institution or any other relevant matters.
- Section 68 E (3) - The enquiries as above shall be carried out in accordance with such directions or guidelines as the Competent Authority may make or issue in this behalf.

Empowering Sections for Investigating Agencies

- Section 68F(1) – Empowers the agencies to seize/freeze illegally acquired assets
- Information of freezing order made to be passed on to the Competent Authority within 48 hrs. The Authority to confirm the same within 30 days as per the provisions of 68F(2) for the freezing order to remain valid.
- Where after making an order under sub-section (1) of section 68 (F) any property is transferred such transfer shall be deemed to be null and void.

Reasonable evidence / belief is sufficient –

burden of proof on person affected as per Section 68 J

Empowering Sections for Investigating Agencies

- Sec 53 A- A statement made and signed by a person before any officer empowered u/s 53 for investigation of offenses, during the course of any inquiry or proceedings by such officer, shall be relevant for the purpose of proving , in any prosecution for an offence under this Act, the truth of the facts which it contains under certain circumstances a) When the presence of the person who gave the evidence cannot be obtained due to certain circumstances b) when the court is of the opinion that the same is to be admitted as evidence.

FURTHER FORFEITURE PROCEEDINGS

- Section 68 H - empowers the Competent Authority to issue notice calling upon the person to explain the legal sources of acquisition of property, if any.
- Section 68 I – empowers the Competent Authority to forfeit any illegally acquired property after giving the person affected opportunity of being heard.

Illegally Acquired Property

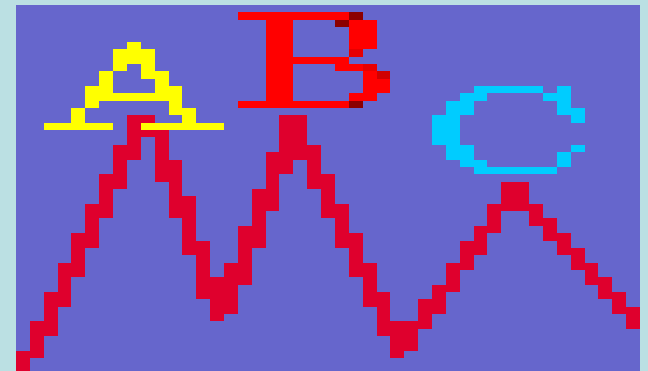
- Any property which has been acquired either partly or fully through illegal income of drug trafficking or smuggling itself becomes tainted and hence is liable to forfeiture.
- The property irrespective of the activities of its owner is a 'tainted property' if any part of its acquisition cost has been financed through income earned out of illegal activities.



When to start?

Basic facts to be gathered parallel with other investigations – Right from the beginning!

Informants to be questioned about assets of the person also.



Detailed Analysis is to be made

- Person is CONVICTED for TEN YEARS or more
- Or is ARRESTED for an offence that may lead to conviction for TEN YEARS or more
- Or a person against whom DETENTION order under PIT NDPS Act 1988 has been made.
- Person who has been convicted for a similar offence outside India
- Relative / Associate or holder of property of a person as above.



Collection of data-Sources

- Interrogation of the person
- Enquiries in the neighbourhood
- Enquiries from competitors/rivals



Inspection of financial documents

- Bank accounts
- Municipal tax payment receipts
- Vehicle and housing loan documents
- Examining Computers

- Income Tax Returns
- Share Certificates/bonds
- Property Documents



Short Listing of Persons, Relatives & Associates

- To list out relatives and associates who are in anyway receiving any part of the illegal income of the person affected.
- Family tree to be drawn
- Business Associates to be identified.



DEFINITION OF RELATIVE / ASSOCIATE AS
PER SEC 68-B IS VERY VAST.

Can all assets be forfeited?

- As per proviso to Section 68 C , no property can be forfeited , if such property was acquired **before a period of six years** from the date of arrest /warrant or authorisation of arrest was issued for the commission of an offence punishable under this Act or from the date the order or detention was issued, as the case may be.

ASSETS

- Savings / deposits in banks.
- Investments in all types of fixed deposits both in public and private financial institutions.
- Bank lockers



ASSETS

Properties:

Agricultural land

Urban land

Buildings

Building society membership

Properties owned in Benami names.



ASSETS

- Investments in shares, bonds, mutual funds and debentures.
- Advances and loans



ASSETS

VEHICLES



ASSETS

JEWELLERY
LIVESTOCK
ART / ANTIQUES



SOURCES OF INFORMATION

- **Income Tax department records**
- **Law enforcement Records available with other sister departments like Customs & Central Excise, Enforcement Directorate, Revenue Intelligence Commercial Taxes etc.**
- **Specialised directories such as manufacturers directory, cine directory etc.**

SOURCES OF INFORMATION

- Building Department of Corporation/Municipality
- Records of Register of Companies
- Registration department of the State Govt.
- R.T.O for vehicles
- Financial institutions-banks
Credit card companies
- Stock Exchanges.

FOLLOWING TO BE DONE DURING SEARCH/SURVEY

- Books of accounts of business concern in which suspect, family members, associates etc are interested should be identified by affixing suitable seals and inventory made in the presence of witnesses.

THE FOLLOWING SHOULD BE SEIZED

- Cash – Indian / Foreign currency
- Passbooks and bank documents
- Credit Cards and related slips
- Documents relating to immovable properties, vehicles and other assets.
- Sample copies of letterheads, visiting cards, credit cards etc.
- Diaries notebooks and loose papers evidencing money transactions.

THE FOLLOWING SHOULD BE SEIZED

- Floppies, pen drives, CDs containing records of financial transactions
- Any other documents evidencing front companies or benami concerns
- Copies of passports
- Bank locker keys-follow up action to locate the concerned bank locker
- Jewellery and other valuable items to be inventorised and valued with the help of registered valuer.

**LET US JOIN HANDS
TO HELP CREATE**



**A DRUG FREE WORLD !
THANK YOU.**