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Identification, tracing, and monitoring as key stages of asset recovery

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Аннотация. Ushbu maqolada noqonuniy aktivlarni qaytarishning identifikatsiya, aktivlarni kuzatish va monitoring qilish bilan bog’liq asosiy bosqichlari tahlil qilindi. Ushbu bosqichlarning amaliy jihatlarini aniqlash uchun xalqaro hujjatlar, milliy qonunchilik va huquqni muhofaza qilish amaliyoti o’rganildi. Tadqiqotda huquqni muhofaza qilish faoliyatini takomillashtirish bo’yicha ilmiy asoslangan va amaliy takliflar va tavsiyalar ishlab chiqildi. Shu bilan birga, ushbu sohada rasmiy va norasmiy hamkorlikni yanada mustahkamlash zarurligiga e’tibor qaratildi.

Калит сўзлар. Identifikatsiya, monitoring, aktivlarni qaytarish, moliyaviy tergov, moliyaviy monitoring, rasmiy hamkorlik, norasmiy hamkorlik.

Аннотация. В данной статье анализируются такие важные этапы возврата незаконных активов связанные с как идентификацией, поиском следов такого рода активов и мониторинга. С целью выявления практических аспектов данных этапов изучены международные документы, национальное законодательство, и правоприменительная практика. По итогам исследования выдвинуты научно обоснованные, а также практические предложения и рекомендации в целях улучшения правоприменения. Вместе с тем, обращено внимание на необходимость дальнейшего укрепления формального и неформального сотрудничества в данной сфере

Ключевые слова. Идентификация, мониторинг, возврат активов, финансовое расследование, финансовый мониторинг, формальное сотрудничество, неформальное сотрудничество

Annotation. This article analyzes key stages of illicit asset recovery related to identification, asset tracing, and monitoring. To identify the practical aspects of these stages, international documents, national legislation, and law enforcement practices were examined. The study provides evidence-based and practical proposals and recommendations for improving law enforcement. At the same time, attention is drawn to the need to further strengthen formal and informal cooperation in this area.

Keywords. Identification, monitoring, asset recovery, financial investigation, financial monitoring, formal cooperation, informal cooperation

The process of recovering illicit assets is a multi-stage, complex process that requires coordinated cooperation between various government agencies. It involves identifying, tracing, temporarily freezing, confiscating, and returning such assets to their legitimate owners or to the benefit of the state. The World Bank estimates that $20-40 billion is stolen annually through corruption by public officials in developing countries alone (World Bank, 2007). According to the United Nations Office on Drugs and Crime (UNODC) and related institutional assessments, less than 1 % of illicit proceeds are currently seized and frozen worldwide (UNODC; Europol, 2011). Accordingly, given the cross-border nature of the return of criminal assets to the country of origin, their return relies on both domestic legislation and international standards and the level of cooperation with foreign countries.

United Nations Convention against Corruption (2003) provides the broadest conceptual framework, and several of its articles provide for the identification, tracking, freezing or seizure of assets with a view to their subsequent confiscation, as well as the management of frozen, seized or confiscated property by competent authorities, along with the return of assets. The Legislative guide for UNCAC (2012) uses the terms prevention, investigation, prosecution, confiscation and return of illicitly acquired assets. Another instruments, the International Convention for the Suppression of the Financing of Terrorism (1999), Article 8 and the 2005 Warsaw Convention of the Council of Europe (CETS 198) stipulates that participating States shall adopt the necessary legislative and other measures (Articles 3-6, 11, 13, 22).

Criminal asset recovery is a complex system of legal and financial measures aimed at identifying, tracing, tracing, evaluating, freezing, confiscating, confiscating, effectively managing and transferring the proceeds of crime and property of equivalent value to the state, the victim or designated third parties, based on international and national legislation (Sotiropoulou et. al., 2020). This process can be voluntary (through negotiated agreements and compliance programs) or mandatory (through legal proceedings and enforcement measures) (Clansy, 2022). In terms of the steps to recover criminal assets, in accordance with The Financial Action Task Force (FATF) Recommendation 4 defines stages including identification, tracking and assess the proceeds of crime and property of equivalent value.

This process requires cooperation between the competent authorities of several countries, the use of formal (legal aid) and informal networks and a strong legal framework (Helfer et. al., 2023). Identification, tracking and assessment of criminal assets is an important first step towards asset recovery (Silver & Brun, 2020). In this case, it will be determined that such property is related to a

crime and will subsequently lead to the initiation of a criminal case (Betti et. al., 2022).

In this process, all circumstances are investigated, from the criminal origin of the assets, through all subsequent transformations, to the final form and condition at the time of their discovery (Baizhanov, 2023).

In this case, many tools can be used, such as measures taken by financial and separately supervised organizations based on the principle of "know your customer" (KYC) (Davis-Crockwell et. al., 2013); measures applied within the framework of "red flag" indicators (Levi & Reuter, 2006); cooperation carried out through informal communication channels (FATF, 2023); open information (Internet, social networks, etc.) check; cooperation in sending requests for mutual legal assistance and fulfilling received requests (Spicer, 2024).

Measures taken by financial and separately regulated entities based on the KYC principle. KYC means the due diligence and banking supervision that must be carried out by financial institutions and other regulated entities in order to identify customers and collect relevant information necessary for conducting financial relations with them (Davis-Crockwell et. al., 2013). In addition, in terms of identification and verification tasks, financial organizations must implement customer identification and identity verification procedures, verify and regularly update information about customers and their owners. It is also required to take all possible steps to identify the owners and controlling persons of the customers (beneficial owners) and to verify their identity (Levi, 2015).

As established by the Decree of the President of the Republic of Uzbekistan No. DP-6252 of June 28, 2021, more than 20 state bodies and more than 7 thousand organizations carrying out operations involving money or other property are involved in ensuring early prevention, timely detection and prevention measures in this area. Such organizations include banks and other credit organizations, professional participants of the securities market; members of the stock exchange; insurers and insurance intermediaries; organizations providing leasing services; organizations carrying out money transfers, payments and settlements; pawnshops; organizations conducting lotteries and other games; persons carrying out operations related to precious metals and precious stones; persons providing services and participating in operations related to the purchase and sale of real estate; notarial offices (notaries), advocacy structures (lawyers) and auditing organizations in preparation of transactions on behalf of clients and their implementation; service providers in the field of crypto-assets circulation. In some countries, accountants and lawyers acting on behalf of and in the interests of clients are also included in this category.

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Such organizations are assigned a number of tasks, and in Articles 13-16 of the Law of August 26, 2004, they carry out information collection and analysis activities. In this case, these organizations must monitor all transactions involving funds and property, identify suspicious transactions and analyze them in depth, and collect detailed information about the parties to the transaction.

Measures to be applied within the framework of “red flag” indicators. It is also appropriate to conduct an investigation based on “red flag” indicators, which provide grounds for additional suspicion. In this case, these authorities should identify the beneficial owners. Identifying beneficial owners is also reflected in part (b) of FATF Recommendation 10. Beneficial owner - a person who ultimately owns the right to property or effectively controls a client, including a legal entity for whose benefit a transaction involving funds or other property is being carried out (Martinez, 2021).

FATF Recommendation 24 also states that it is necessary to pay attention to nominees and nominators: – a nominee is a person appointed to act on behalf of another person or legal entity, and – a nominator is a person who has delegated to a nominee to act on his behalf (van der Does de Willebois et al., 2011). According to FATF explanations, a nominee is never a beneficial owner. Such persons should not own shares and should not act as directors. At the same time, attention is paid to the fact that during the period of such persons’ activity, the country’s inclusion in the risk group in international anti-corruption indices, political unrest, coups, high levels of hunger and poverty in these regions, and many other signs (Gupta et. al. 2002).

The group of persons that should be studied separately also includes “Public official”, “Foreign public official”, “Official of a public international organization”, as provided for in UNCAC. Public (senior) official - a person appointed or elected on a permanent, temporary or special basis in a legislative, executive, administrative or judicial body, including military structures, or in an international organization, as well as high-ranking managers of foreign state enterprises, well-known politicians of a foreign state and well-known members of political parties (including former ones).

In accordance with FATF Recommendation 12, financial and other supervised entities should subject foreign public officials (as clients or beneficial owners), as well as such persons at the national level, as well as their family members and close associates. Persons associated with public (senior) officials are persons who are closely connected socially and professionally with public (senior) officials. Also, persons permanently residing, staying or registered in countries or offshore territories that do not participate in international cooperation on the recovery of criminal assets, as well as residents and non-residents who have accounts in offshore territories, are recognized as high-risk, which is consistent with

FATF Recommendation 19.

Organizations and individual entrepreneurs whose real address does not match the documents are subject to special control. This, in turn, helps to combat companies such as “front companies” and “shell companies” (Dixon, 2024). A “front company” is an enterprise that acts as a “dam” to hide the source of criminal assets or make it difficult to identify the true owner. A “shell company” is a company that exists only on paper and does not carry out financial activities. In some countries, unified registers of founders and beneficial owners of legal entities are maintained. For example, in countries such as the USA, Great Britain, Singapore, such registers exist, and liability measures are also established for providing incorrect information to the registers.

Work is also being carried out on other indicators, and in most sectors, attention is paid to customers who have made suspicious transactions “two or more times within three months” or “consecutively”, which helps to identify those who regularly make suspicious transactions at an early stage. In addition, there are additional specific indicators for assessing risk in various sectors. For example, a foreign structure that has not formed a legal entity, legal entities whose head and founders/beneficial owners have changed at the same time, individuals with 20 or more bank cards, clients using software packages that do not allow for proper client verification, new organizations whose operating period does not exceed one quarter of the fiscal year, clients who intend to fulfill obligations in cash in excess of 10 times the base settlement amount should be investigated. It was also noted that a special approach should be taken to foreign governments that have lost power, countries with a very high level of corruption, and regions with unrest and political instability.

It is important to study the operations of individuals whose financial transactions are disproportionate to their income, and in this regard, the submission of declarations is of great importance. Such indicators include the fact that the information in the submitted declarations shows a disproportion between the person’s expenses (or current standard of living) and income (Rose-Ackerman & Palifka, 2016). For example, if a civil servant with a salary of 5 million soums bought valuable property worth 500 million soums in cash or transferred 1 billion soums abroad from his bank account in one or several transactions, these circumstances should be investigated as suspicious transactions, since they do not correspond to his income.

Another sign is the use of unconventional payments in the purchase and sale of goods. In export-import contracts, payments are transferred through accounts of offshore companies in third countries, the price of goods differs significantly from the market, and so on (Rose, 2024). For example, it is necessary to study the fact that small crypto payments are collected from various wallets to one source and then converted into fiat money on a foreign

exchange in large amounts (Arnone et. al., 2025).

Fiat money (from the Latin "fiat" - "indicator", "so be it") is a token, paper, credit and unsecured money, that is, money not backed by gold and other precious metals (Mankiw, 2021). In the FATF report, "fiat money" refers to the process of converting a cryptocurrency into an official monetary unit recognized by the state (for example, sum, dollar or euro). Such indicators are included in the information technology system of banks, which automatically signal if a certain operation falls into a suspicious category. For example, due to AML-compliance programs, large amounts of money that contradict the client profile do not pass without additional verification. Even cryptocurrency exchanges and platforms are now introducing algorithms that monitor suspicious signs (Moser, 2014).

In addition, according to the Decree of the President of the Republic of Uzbekistan No. DP-6252 dated June 28, 2021, the main threats in the field of combating ML/TF are high share of the hidden economy, fraudulent business and financial transactions, corruption, customs and tax crimes, illegal drug trafficking, width of cash payments, cross-border money transfers are recorded.

At the first stage, financial monitoring plays an important role. In some countries, such activities are carried out in a centralized manner, for example, in the USA by FinCEN (Financial Crimes Enforcement Network), in Germany by Zentralstelle für Finanztransactionuntersuchungen, in France by TRACFIN, and in the Russian Federation by Rosfinmonitoring. Suspicious transactions reports must be sent to Financial Intelligence Units (FIUs) (Gleason & Gottselig, 2004) no later than one business day after their detection.

At this stage, it is also necessary to find out into which assets the material values obtained through corruption or other crimes have been converted (added), in whose name they are registered and where they are located (Ivory, 2014). For example, it is difficult to identify property registered in the names of third parties, which requires extensive use of the capabilities of financial monitoring. Then, an in-depth study of assets considered suspicious is carried out. This process is related to the financial investigation process and involves the verification of information obtained through financial monitoring and other means by the FIU (various FIUs in Uzbekistan).

According to the Regulation approved by Resolution No. 402 of the Cabinet of Ministers of the Republic of Uzbekistan dated 29.06.2021, organizations must submit information to the FIU not only on suspicious transactions, but also on attempts to carry them out. This information is thoroughly investigated by the FIU in the form of a parallel financial investigation. Parallel financial investigation is a study of financial aspects in the process of investigating almost all crimes, unlike a financial investigation. The FIU reports back to the financial and supervised organizations. In

this regard, the joint decision of the Prosecutor General's Office of the Republic of Uzbekistan, the State Security Service, the Ministry of Internal Affairs and the State Customs Committee of October 29, 2021 on the procedure for conducting a parallel financial investigation is of great importance.

It reflects the need for parallel financial investigations into a wide range of crimes, the practical aspects of conducting such investigations, and interdepartmental cooperation in this regard (Marshall, 2013). This activity allows not only to verify the accuracy of information provided by financial and other controlled organizations (for example, the actual beneficial owner, nominee, nominator, etc.), but also to determine the location of criminal assets, cross-border movement routes, the presence of bona fide owners, additional profits from criminal assets, the value of the transferred assets, and many other circumstances.

Cooperation through informal channels. Informal channels of communication offer many modern possibilities. In addition to formal legal assistance, such information can also be verified through informal channels of communication. This is because successful measures often require a combination of informal and formal international cooperation. The best results are achieved when they are used in a coherent, complementary and consistent manner. Competent authorities can engage in informal cooperation at any stage in the detection, investigation and prosecution of cross-border crimes. This usually takes place before or in parallel with formal cooperation. Examples of such cooperation include the International Criminal Police Organization (INTERPOL), the Asset Recovery Inter-Agency Network (ARIN), and the Egmont Group of Financial Intelligence Units.

Analysis of open data (Internet, social networks, etc.). Along with criminal procedural legislation, open data, information from the Internet, social networks, etc. can also be used. Open-Source Intelligence (OSINT – “Open-Source Intelligence”) – drawing conclusions by collecting and analyzing legally disclosed information from the Internet and other open sources (sites, social networks, media, registers, maps, archives, etc.) (Bazzell, 2021).

Information can be obtained from the following sources: about companies, their directors and financial indicators (Opencorporates.com); about offshore companies and their associated accounts (Offshoreleaks.icij.org); photo addresses (Google Earth), technical data of photos - date taken, camera model, IP address, location (Iconsquare.com, Tineye.com); website domain owner (Whoisology.com), his email addresses (Hexillion.com, Ip-address.com), the user's approximate address (by IP) (Maxmind.com); meta-search engine capabilities (TurboScout.com, Dogpile.com, Exalead.com); a person's contacts, place of work, interests, movements and other information can be checked through social networks (Facebook, LinkedIn, Instagram); Archived or deleted versions of web pages (Archive.org,

Waybackmachine.com, Cachedview.com). business and sanctions investigations: OpenSanctions, OCCRP Aleph, EU BRIS, UK Companies House, US SEC EDGAR, Uzbekistan open data portal (data.gov.uz). domain/DNS and internet infrastructure: SecurityTrails, DNSlytics, crt.sh (Certificate Transparency), Censys, Shodan, BuiltWith/Wappalyzer. image and media inspection: Google Images, Bing Images, Yandex Reverse Image, Jeffrey's EXIF viewer, Exiftool, InVID. geolocation and maps: OpenStreetMap, Google Street View, Mapillary, SunCalc, Sentinel Hub EO Browser (Copernicus), NASA LandsatLook. traffic and trade traces: MarineTraffic (marine), FlightRadar24 (avia), ImportGenius/Panjiva (commercial data, paid). Archives: archive.today (alternative), Memento TimeTravel. Additionally, information on criminal assets may be obtained from independent journalistic investigations, reports received from other individuals, and information gathered from a variety of sources.

Cooperation in sending and executing formal legal assistance requests. The law enforcement and investigative bodies may exchange information with competent authorities of foreign states through communication operators or asset recovery liaison officers on the search and seizure of property that may be subject to confiscation. Information is shared through consultations, correspondence, various means of communication, or personal meetings. Cooperation is carried out in accordance with the procedure established by Section 14 of the Criminal Procedure Code, the Law of the Republic of Uzbekistan from August 26, 2004 No. 660-II and the Resolution of the Cabinet of Ministers of 29.06.2021 No. 402. Taking into account the requirements of Section 14 of the Criminal Procedure Code, these actions are carried out in accordance with international treaties of the Republic of Uzbekistan or on the basis of reciprocity. In addition, it is established that international cooperation in this area will be carried out by a number of courts, criminal investigation departments, ministries and departments.

In conclusion, based on these findings, several scientific recommendations can be proposed. There is a need for more systematic study of parallel financial investigations as an independent analytical category, including their evidentiary value, procedural safeguards, and interaction with criminal prosecutions. In addition, comparative research on beneficial ownership registries, nominee regulation, and asset management mechanisms would contribute to refining best-practice models adaptable to different legal systems.

From a practical perspective, the article suggests a number of applied recommendations. At the national level, states should prioritize strengthening FIUs by ensuring timely access to diverse data sources, enhancing analytical capacities, and institutionalizing feedback loops with reporting entities. Risk-based supervision should be continuously updated to reflect emerging typologies,

including crypto-asset misuse, trade-based money laundering, and politically exposed person networks. Legal frameworks should explicitly facilitate parallel financial investigations across a broad range of predicate offences and ensure early provisional measures to prevent asset dissipation.

At the international level, greater emphasis should be placed on proactive and informal cooperation mechanisms, such as FIU-to-FIU exchanges and asset recovery networks, alongside formal mutual legal assistance. Capacity-building initiatives should focus not only on legislative alignment with international standards, but also on operational skills, digital investigation tools, and inter-agency coordination practices. Finally, transparency measures, including reliable beneficial ownership registries and effective sanctions for false disclosures, should be treated as core preventive instruments rather than auxiliary compliance requirements.

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