

The *Saeima*¹ has adopted and the President has proclaimed the following law:

Law on Execution of Confiscation of Criminally Acquired Property

Chapter I.

General Provisions for the Execution of Confiscation of Criminally Acquired Property

Section 1. Purpose and Legal Framework of the Law

(1) The purpose of the Law shall be ensuring an efficient execution of confiscation of criminally acquired property (hereinafter – the property) by satisfying the claims of victims which are substantiated by enforcement documents submitted to the record-keeping of a sworn bailiff.

(2) When enforcing a court ruling or a public prosecutor's decision or penal order on confiscation of the property, the Law on Bailiffs and the Civil Procedure Law shall be applied in so far as it is otherwise provided for in this Law.

Section 2. Grounds for the Execution of the Property Confiscation

A writ of execution or an extract of public prosecutor's decision or penal order on the property confiscation (hereinafter – the enforcement document) shall serve as the grounds for the execution of the property confiscation.

Section 3. Limitation Period of the Ruling on the Execution of the Property Confiscation

The ruling on the execution of the property confiscation shall have no limitation period.

Section 4. Initiation of an Enforcement Case

(1) A sworn bailiff, having received the enforcement document and documents appended thereto according to the Criminal Procedure Law, shall initiate an enforcement case.

(2) If the enforcement document and documents appended thereto according to the Criminal Procedure Law do not contain the information provided for in the Criminal Procedure Law, the sworn bailiff shall determine a time period for rectification of deficiencies, and it may not be less than 10 days. If the deficiencies are rectified within the determined time period, the sworn bailiff shall initiate the enforcement case.

(3) If the deficiencies are not rectified within the determined time period, the sworn bailiff shall return the documents to the court or the public prosecutor from whom he or she has received such documents.

(4) The death of the debtor, capacity limitations, initiation of the legal protection process, an extrajudicial legal protection proceedings, or declaring of insolvency proceedings, or termination of the debtor's operation shall not serve as an obstacle for initiating the enforcement case and shall not serve as the grounds for suspension or termination of the initiated enforcement proceedings.

¹ The Parliament of the Republic of Latvia

Section 5. Expenses of the Execution of the Property Confiscation

The expenses of the execution of the property confiscation shall be determined pursuant to the provisions of the Civil Procedure Law regarding expenses of a judgement enforcement.

Section 6. Change of the Subject of the Execution of the Property Confiscation

(1) Before initiating the enforcement case or during the enforcement proceedings, the sworn bailiff may transfer the enforcement document along with documents appended thereto according to the Criminal Procedure Law to the State Revenue Service for execution if the following is detected:

- 1) the property has no value;
- 2) the selling of the property might be impossible;
- 3) the value of the property has significantly decreased in comparison to the value of the property indicated in the statement or the decision on the property seizure;
- 4) the expenses of the ruling enforcement might considerably exceed the amount of money to be received from the sale.

(2) The sworn bailiff shall notify to the court or the public prosecutor who has sent the enforcement document to him or her for execution regarding transfer of the enforcement document to the State Revenue Service for execution.

Section 7. Delivery of Documents

Documents referred to in this Law shall be delivered to the person in accordance with the procedures laid down in the Civil Procedure Law. The documents shall be delivered by electronic mail item if the person has notified the sworn bailiff that he or she agrees to use electronic mail for communication with the sworn bailiff. In such case, the sworn bailiff shall send the documents to the electronic mail address indicated by the person. If the sworn bailiff finds any technical barriers to the delivery of judicial documents by electronic mail item, the documents shall be delivered in accordance with the procedures laid down in the Civil Procedure Law.

Section 8. Examination of Premises during the Execution of the Property Confiscation

(1) Immediately after initiating the enforcement case, the sworn bailiff shall verify the existence of the confiscated property indicated in the enforcement document.

(2) If an adult person refuses to let the sworn bailiff in the confiscated immovable property, premises or storage facilities regarding of which there is an information that the confiscated property might be located therein, the sworn bailiff shall invite a police representative, in the presence of which she or he shall enter into the immovable property, the premises or the storage facilities and take the necessary steps.

(3) If the sworn bailiff detects that the immovable property, the premises or the storage facilities are locked up or no adult person is present therein, he or she shall leave a notification at the respective immovable property, premises or storage facilities regarding the obligation to provide entering of the sworn bailiff into the immovable property, the premises or the storage facilities on the determined date and time by specifying that in case it is not provided, a forced opening of the immovable property, the premises or the storage facilities will be carried out in presence of the police. If the confiscated property is located in premises or storage facilities owned by third parties, the notification shall be sent to the relevant persons as a postal item.

(4) If entering of the sworn bailiff into the immovable property, the premises or the storage facilities is not provided in the time indicated in the notification, a forced opening of the immovable property, the premises or the storage facilities in presence of the police shall be carried out. If no adult person is present in the immovable property, the premises or the storage facilities after opening thereof, the sworn bailiff, after the forced opening of the premises, shall provide safe closing and sealing thereof. The sworn bailiff shall leave a notification at the respective immovable property, premises or storage facilities with summons to arrive at the sworn bailiff's office to receive the keys of the premises.

(5) The sworn bailiff shall draw up a statement on carrying out the activities referred to in this Section.

Section 9. Action in the Case when the Confiscated Property is Not Found

If the execution of the property confiscation is not possible because the confiscated property is not found, the sworn bailiff shall notify the court or the public prosecutor who has sent the enforcement document for execution regarding termination of the enforcement case without execution by specifying that the confiscated property was not found.

Section 10. Postponement of Enforcement Activities

The sworn bailiff may postpone the enforcement activity if it is not possible due to technical or other reasons out of his or her control.

Section 11. Termination of Enforcement Proceedings

(1) Enforcement proceedings shall be terminated if the ruling to be executed has become invalid.

(2) When terminating enforcement proceedings, the sworn bailiff shall repeal the applied enforcement means.

(3) The sworn bailiff shall notify the court or the public prosecutor who has sent the enforcement document for execution regarding termination of the enforcement proceedings.

Section 12. Inclusions in Purchase Price

(1) If the final ruling has taken effect in the criminal procedure, the victim who has bidden, purchased without auction or kept the confiscated movable property or immovable property shall be allowed to include in the purchase price his or her claim that is substantiated by the enforcement document.

(2) If the amount received from the sale is not sufficient to satisfy all the claims of the victims, the victim may include in the purchase price his or her claims only in the amount of such sum owed to him or her in accordance with the calculation.

Section 13. Contracts Concluded on the Confiscated Property

(1) If the person whose property is subject to execution of confiscation has concluded a contract the subject of which is the relevant property, such contract shall not be binding to the person who has bidden or purchased without an auction, or kept the property after an auction that has not taken place in accordance with the procedures laid down in this Law (hereinafter – the acquirer).

(2) Residential area rental agreements concluded by the previous owner shall be binding to the acquirer of the immovable property. If during the execution of the property confiscation the sworn bailiff has a doubt regarding the legitimacy of the rental agreement concluded by

the previous owner, he or she shall submit an application to the Public Prosecutor's Office asking to conduct an examination.

(3) Debt obligations, burdens and pledge notations registered for the confiscated property shall not serve as an obstacle for execution of the confiscation. The person whose rights are affected by the property confiscation can apply to the court in accordance with general procedures against the person who owns, possesses or holds such property (hereinafter – the debtor), however he or she cannot claim for the confiscated property or money obtained by the execution of confiscation.

(4) The confiscated property shall not be reclaimed with a property claim.

Section 14. Appealing Activities of a Sworn Bailiff

Activities of the sworn bailiff taken within the execution of confiscation can be appealed in the cases and in accordance with the procedures laid down in this Law.

Chapter II.

Execution of Confiscation of Financial Resources and Movable Property

Section 15. Execution of Confiscation of Financial Resources

If any financial resources are confiscated, the sworn bailiff shall give an order to a State or local government authority in the account of which such financial resources are placed to transfer them to his or her deposit account. If the confiscated financial resources are in the account of another person, the sworn bailiff shall give the order to credit institution on transferring thereof to the deposit account of the sworn bailiff. The order of the sworn bailiff shall be executed immediately.

Section 16. Seizure of Movable Property

(1) After initiating the enforcement case, the sworn bailiff shall examine the status of the movable property in its location. If contents or value of the property indicated in the enforcement document has changed considerably or if there are any other circumstances due to which seizure of the property is required, the sworn bailiff shall seize the property.

(2) Seizure of the movable property means inventory, photo-fixating, appraisal and guarding such property.

Section 17. Inventory, Photo-Fixating and Appraisal of the Property

(1) The sworn bailiff shall notify the property custodian appointed within the framework of the criminal procedure regarding the inventory of the property. If the property custodian does not participate in inventory of the property, the sworn bailiff shall inventory the property without his or her presence.

(2) In inventorying the property, its individual characteristics and quantity shall be indicated, the new articles shall be separated from the used ones, and the property shall be photo-fixated.

(3) In inventorying precious metals, official hallmarks (assay marks) shall be indicated, if such are known. When articles decked with jewels are inventoried, the number and colour of stones along with size and name shall be indicated, if known.

(4) In inventorying articles, and also articles and materials kept in article packaging, the numbers or symbols on their packaging and the names and description of the articles to be kept in such packaging shall be indicated.

(5) The sworn bailiff may pack items of one kind in packages by specifying the single name of the packed items in the property inventory statement. Separate items can be packed in packages by specifying the names of inventoried items on the packing.

(6) The property shall be appraised by the sworn bailiff according to the existing local prices considering depreciation of the property. The sworn bailiff may invite an expert for appraisal of the property.

Section 18. Property Inventory Statement

(1) The following shall be indicated in a property inventory statement:

1) the time and place of drawing up the statement;

2) the official appointment location of the sworn bailiff and location of his or her practice, and the given name and surname of the sworn bailiff;

3) the court or public prosecutor ruling on the confiscation of the property which is being executed;

4) the given name and surname of witnesses, if any participate in the inventory, his or her declared place of residence and additional address indicated in the declaration, but if none – the place of residence, regarding an official – the given name, surname and position;

5) the name of each item inventoried and its individual features (Section 17), the appraisal of each individual item and the value of the entire inventoried property;

6) the given name, surname and declared place of residence, the additional address indicated in the declaration, but if none – the place of residence of the person to whom the property has been transferred for storage;

7) the place of the property storing;

8) confirmation that the procedures regarding storage of the inventoried property, his or her civil liability, and also criminal liability if the property transferred for storage is embezzled, alienated, concealed or substituted, has been explained to the person who stores the property;

9) the remarks and objections made by the victim, debtor, or other persons present at the inventorying of the property.

(2) Photos obtained during photo-fixating of the movable property shall be stored in the enforcement case register.

(3) A property inventory statement shall be signed by a sworn bailiff and the person who is storing the property, if he or she has taken part in the inventorying of the property.

Section 19. Guarding of the Movable Property

(1) If the sworn bailiff detects that the person storing the property cannot continue fulfilment of his or her obligations, does not fulfil the sworn bailiff's orders or does not provide proper storing of the property, the sworn bailiff, at any stage of the execution of confiscation, may withdraw the property and transfer it for storage to another person against the signature. The sworn bailiff shall draw up a statement on the replacement of the person storing the property and the location of the property.

(2) The property cannot be transferred for storage to a person who is the debtor in the execution case of the property confiscation, or a person in respect of whom the ruling taken within framework of criminal procedure on the property confiscation is being executed, or who is recognized as a suspected person, an accused or a convicted.

(3) When receiving the property for storage, the person storing the property shall certify with his or her signature that:

1) the property will not be alienated, pledged and used, and expenses related to the property storage will not be unjustifiably increased;

- 2) he or she is aware that he or she can be held criminally liable for embezzling, alienation, concealing or substituting of the property.
- (4) The person storing the property may change the place of storing of the seized items upon a prior co-ordination thereof with the sworn bailiff.
- (5) Upon request of the sworn bailiff, the person storing the property shall present the seized property transferred to him or her for storage in time and place determined by the sworn bailiff.
- (6) The person storing the property shall receive a remuneration for storage of the property.
- (7) The sworn bailiff shall withdraw the confiscated movable property from the person storing the property:
 - 1) to transfer it for sale in the commission;
 - 2) prior to selling at an auction, if necessary;
 - 3) for transferring it to the acquirer or the State Revenue Service.
- (8) The sworn bailiff shall draw up a statement on performance of the activities indicated in Paragraph seven of this Section; and it shall be signed by the person storing the property and the sworn bailiff.

Section 20. Procedures for Seizure and Selling Intangible Assets

- (1) The sworn bailiff shall take a decision to seize a share of equity or stocks of a commercial company or debentures of a cooperative partnership, and indicate the seized articles and their appraisal in the decision. The sworn bailiff shall determine the forced sale value of debentures and share of equity or stocks according to prices existing in the relevant region but it shall not be lower than the nominal value of debenture, share of equity or stock. Where necessary, on his or her own initiative, the sworn bailiff may invite an expert for determining the forced sale value.
- (2) Along with the decision to seize shares of equity of a commercial company, the sworn bailiff shall issue an order for the board of directors of the commercial company and the commercial register authority to comply with the prohibition to alienate or pledge the confiscated shares of equity, or burden them with other property rights or rights regarding obligations.
- (3) Along with decision to seize debentures or stocks of a commercial company, the sworn bailiff shall issue an order for the board of directors of the cooperative partnership or commercial company respectively to comply with the prohibition to alienate or pledge the confiscated debentures or stocks, or burden them with other property rights or rights regarding obligations.
- (4) The sworn bailiff shall take decision to seize securities or other financial instruments admitted to public circulation, in which he or she specifies the seized financial instruments and market price thereof that is specified to such instruments on the website of the regulated market operator on the day of the decision-taking.
- (5) Along with decision to seize securities or other financial instruments admitted to public circulation, the sworn bailiff shall issue an order to the credit institution or the investment service provider, who acts with its financial instruments on behalf of the debtor, according to which he or she prohibits to alienate or pledge the confiscated financial instruments, or burden them with other property rights or rights regarding obligations. If the seized financial instruments are in the original register of the Latvian Central Depository, such order shall be issued to the Latvian Central Depository.
- (6) Only paper-form securities shall be inventoried. When inventorying securities, their quantity, class, number and nominal value shall be indicated, if known. The sworn bailiff shall withdraw the inventoried securities and, if their maintaining cannot be provided, such securities can be transferred to a credit institution for storing.

(7) The sworn bailiff shall sell shares of equity, stocks and debentures of a commercial company, and also paper-form securities and financial instruments, which are not admitted for sale at a place of trading of financial instruments, in an auction; but, if it has failed and nobody has applied for keeping them after an auction that has not taken place in accordance with the procedures laid down in this Law, they can also be sold without an auction. After alienation of shares of equity, stock or debentures, the sworn bailiff shall notify the board of directors of the commercial company or the cooperative partnership and the commercial register regarding revocation of the seizure.

(8) The sworn bailiff shall assign the selling of stocks in public circulation and other financial instruments admitted for sale at a place of trading of financial instruments to an investment brokerage firm, which acts with the confiscated financial instruments on behalf of the debtor, or to a credit institution by giving an order to sell the confiscated financial instruments at a place of trading of financial instruments for market price and transfer the obtained funds to the deposit account of the sworn bailiff within a month. If selling of financial instruments within the time-limit determined by the sworn bailiff has failed, the sworn bailiff may prolong the sales time-limit.

Section 21. General Provisions for the Sale of Movable Property

(1) The sworn bailiff, at his or her discretion, shall sell the property in one auction, transfer it to a trading company for selling according to the commission provisions or sell it without auction in accordance with the procedures laid down in this Law.

(2) The starting sales price of the property shall be the property value indicated in the statement or the decision to arrest the property or, if the property is seized – the property value determined by the sworn bailiff according the prices existing in the relevant region, but if the appraisal was carried out by an expert – the price determined by the expert.

(3) The sworn bailiff can sell the property as one item if equal articles or aggregation of articles is confiscated or if a separate selling of the confiscated articles is inexpedient.

(4) After selling of the property, the sworn bailiff shall give an order to the relevant public register to revoke the arrest imposed by the person directing the proceedings, and also to cancel encumbrances, pledge notations and pledge rights registered to the property or, if possible, shall cancel pledges, pledge and encumbrance notations including the notations on arresting the property by using online regime.

Section 22. Sales of Movable Property in Commission

(1) The movable property shall be sold in commission through a trading company.

(2) Within 30 days from the day of transferring of the property for commission, the trading company shall pay the received amounts into the deposit account of the sworn bailiff. The trading undertaking shall receive remuneration in accordance with the terms of the contract.

(3) The sworn bailiff shall reappraise the property, which is not sold within 30 days from the day of its transferring to the trading company, but the price cannot be reduced for more than 50 per cent from the starting price of the property.

(4) If the property is not sold within 30 days from the day of its reappraisal, the sworn bailiff shall invite the victim to keep the property for himself or herself for the reappraisal price. The victim has the right to notify the sworn bailiff regarding keeping the property for himself or herself within 14 days from the day of sending out the invitation.

(5) If several victims wish to keep the seized property for themselves for the reappraisal sum, an auction shall be held among these persons. Bidding shall be started from the reappraisal sum. The sworn bailiff shall notify the time and the place of the auction to the persons in writing seven days in advance. If an invited person does arrive at the auction, it shall be considered that he or she has waived the rights to keep the property for himself or herself. If

only one person arrives at the auction, he or she can keep the property for the reappraisal price without bidding.

(6) If none of the victims keeps the property or nobody arrives at the auction referred to in Paragraph five of this Section, the sworn bailiff shall sell the property in another manner provided for in this Chapter or transfer it to the State Revenue Service.

Section 23. Sale of Movable Property in Auction

(1) The sworn bailiff shall sell the movable property in an auction in accordance with the procedures regarding the sale of the movable property in auction laid down in the Civil Procedure Law, insofar as it is otherwise provided for in this Law.

(2) Auction announcement shall contain the property to be sold and its starting price, the amount of security that has to be paid to the deposit account of the sworn bailiff, the place and the time of the sale, given name, surname, the official appointment location and the deposit account number of the sworn bailiff, and also that the auction is being organized in an enforcement case on confiscation of criminally acquired property.

(3) The sworn bailiff shall notify the victim regarding the auction.

(4) The security paid by the person who has bidden the property to be sold shall be included in the purchase price. Within seven days from the auction day, the security paid by other participants of the auction, except the last outbidden bidder, shall be returned. The security paid by the last outbidden bidder shall be returned to him or her immediately after the full bidden amount is paid by the highest bidder. If the last outbidden bidder keeps the property after an auction that has not taken place, the security paid by him or her shall be included in the purchase price.

(5) The auction shall be deemed to have been effected even if only one bidder participates. In such case, he or she can keep the property for the starting price without bidding.

Section 24. Participants who are Not Entitled to participate in the Auction and Sale of the Property without Auction

Participation in auction of the confiscated property and also buying the confiscated property without an auction is prohibited for the sworn bailiff who carries out the execution of the specific property confiscation, the expert who has carried out the appraisal referred to in Section 17, Paragraph six of this Law, the debtor, and the person who is admitted suspect, accused or convicted in the criminal procedure within the framework of which the ruling on the property confiscation is being executed.

Section 25. Announcement of an Auction as not Having Taken Place and Consequences of the Auction that Has not Taken Place

(1) A sworn bailiff shall announce an auction as not having taken place if:

1) the bidders have failed to attend the auction;

2) the highest bidder, within the time limit set, does not pay the whole amount due from him or her.

(2) The sworn bailiff shall draw up a statement on the fact that the auction has been admitted as having not taken place in case referred to in Paragraph one, Clause 1 of this Section and, within three days after the auction, shall notify the victim by inviting him or her to keep the property for himself or herself for the starting price of the auction that has not taken place. The victim has the right to notify the sworn bailiff regarding keeping the property for himself or herself for the starting price of the auction that has not taken place within 14 days from the day of sending out the sworn bailiff's invitation.

(3) If several victims wish to keep the property for themselves for the starting price of the auction that has not taken place, an auction shall be held among these persons. Bidding shall start with a starting price of the auction that has not taken place. The sworn bailiff shall notify the time and the place of the auction to the persons in writing seven days in advance. If an invited person does arrive at the auction, it shall be considered that he or she has waived the rights to keep the property for himself or herself. If only one auction participant arrives at the auction, he or she can keep the property for the starting price without bidding.

(4) If no victim's application for keeping the property is received, the sworn bailiff may sell the property in another manner provided for in this Chapter or transfer it to the State Revenue Service.

(5) The sworn bailiff shall draw up a statement on the fact that the auction has been admitted as having not taken place in the case referred to in Paragraph one, Clause 12 of this Section and, within three days after the auction, shall notify the highest bidder, the last overbidder and the victim by inviting the last overbidder to keep the property for the highest price bidden by him or her. The last overbidder is entitled to notify the sworn bailiff about keeping the property for himself or herself for the highest price bidden by him or her within 14 days from the day of sending out the sworn bailiff's invitation. If the last bidder has failed to give a notice about keeping the property for himself or herself within the time limit provided for in the Law or has refused to keep the property, the sworn bailiff shall announce a repeated auction immediately.

(6) If the security paid in the case referred to in Paragraph one, Clause 2 of this Section is not returned, it shall be added to the total sum received for the property. The paid security shall be added to the total sum also in the case when the highest bidder did not have the right to participate in the auction and if the last overbidder has not notified regarding keeping the property for himself or herself for the highest price offered by him or has refused to keep it.

(7) The person who keeps the property for himself or herself, shall make the payment and receive the property in accordance with the procedures laid down in the Civil Procedure Law.

Section 26. Sale of Movable Property without Auction

(1) The sworn bailiff may sell the confiscated property to a specific person (a buyer) without an auction if the sale of the confiscated property might be impossible or if the sale in the auction has failed, and also in the cases provided for in this Law. The sworn bailiff shall decide on sale of the confiscated property without an auction and specify in such decision the circumstances which admit the sale of the property without an auction. The decision shall be sent to the victim by a registered postal item, and the victim may appeal the decision in accordance with the procedures laid down in Section 632 of the Civil Procedure Law.

(2) When the time limit set for appeal of the decision drawn up by the sworn bailiff is expired, but if it has been appealed – when the court ruling by which the complaint was declined has come into effect, the sworn bailiff shall notify the buyer indicated in the decision regarding the time limit that may not exceed one month within which the purchase price has to be paid to the deposit account of the sworn bailiff.

(3) If several persons have expressed a wish to buy the confiscated property, an auction shall be organized.

(4) If the buyer indicated in the decision of sale of the property without an auction does not pay the purchase price to the deposit account of the sworn bailiff within the time limit, the sworn bailiff may take decision to sell the property in another manner provided for in this Chapter or, if he or she considers that the sale of the property will not be possible, transfer it to the State Revenue Service.

Section 27. Declaration of an Auction as Invalid

(1) Participants of the auction may appeal an action of the sworn bailiff that gives the grounds to recognise the auction to be invalid in accordance with the procedures laid down in Section 632 of the Civil Procedure Law.

(2) A court shall recognise an auction to be invalid, if:

1) any person has not been allowed to participate in the auction unjustifiably, or a higher bid has been refused wrongly;

2) the property was bought by a person who was not entitled to participate in the auction;

3) the sworn bailiff or bidder has demonstrated bad faith.

(3) If the auction is declared to be invalid, a repeated auction shall be organized.

Chapter III.

Execution of Immovable Property Confiscation

Section 28. General Provisions for the Sale of Immovable Property

(1) The sworn bailiff shall sell the confiscated immovable property in the same auction, but if it has failed, the confiscated immovable property may be sold without an auction in accordance with the procedures laid down in this Law.

(2) The starting price of the immovable property sale shall be the property value indicated in the statement or the decision on arrest, or if the immovable property has been appraised, the forced sale value of the immovable property determined by a certified immovable property appraiser.

(3) The sworn bailiff shall sell the immovable property in an auction in accordance with the procedures for the sale of the immovable property in auction laid down in the Civil Procedure Law, in so far it is otherwise provided for in this Law.

Section 29. Notification Regarding the Execution of the Immovable Property Confiscation

(1) The sworn bailiff shall send a registered postal item regarding the execution of the immovable property confiscation to the co-owner of the immovable property (except co-owners of the residential house that is not divided in residential properties, and also co-owners of garages and the land under multi-apartment residential house) and the local government, in the administrative territory of which the immovable property or a part thereof is located.

(2) When sending the notification referred to in Paragraph one of this Section to a local government, the sworn bailiff shall require from the local government the following:

1) information regarding the tax debt of the immovable property and the decision of the tax debt recovery, if there is any;

2) the notification on immovable property tax amount for the taxation year.

(3) The local government shall submit to the bailiff the documents referred to in Paragraph two of this Section not later than seven days before the auction closing date indicated in the auction announcement. If the period for which the immovable property tax has to be paid in accordance with the law continues in the next taxation year as well, the local government shall additionally send the notification regarding the amount of the immovable property tax to the sworn bailiff for the next taxation year until 15 January of such year.

Section 30. Inventory and Appraisal of the Immovable Property

(1) After initiating the enforcement case, the sworn bailiff shall examine the condition of the immovable property. If there are circumstances that require inventory of the property, the sworn bailiff may carry out the inventory of the immovable property.

(2) If the value of the immovable property differs significantly from the value of the property indicated in the statement or the decision to impose an arrest, upon request of the sworn bailiff, the immovable property shall be appraised by a certified immovable property appraiser by determining the forced sale value of the immovable property.

Section 31. Administration of Immovable Property

(1) Inventoried immovable property shall, until the transfer to the new owner, remain in the administration of the former possessor or manager.

(2) The sworn bailiff, at his or her own discretion, may appoint an immovable property manager who has the same liability as the person storing the movable property laid down in this Law. The manager shall receive a remuneration for administering of the immovable property except when he or she is a relative of the debtor, the suspect, the accused or the convicted, or a tenant or a lessee of the immovable property.

(3) The possessor or manager of the property shall preserve the inventoried immovable property in the condition in which it was at the moment of inventorying. If the sworn bailiff establishes that the possessor or the manager of the immovable property cannot carry on the performance of his or her duties, or does not provide a proper property administration, the sworn bailiff may take decision to replace the property manager at any stage of execution of the ruling. The sworn bailiff shall draw up a statement on replacement of the immovable property manager.

(4) The possessor or the manager of the immovable property shall provide an accounting to the sworn bailiff regarding the period of administration of the property. The possessor or the manager of the immovable property shall transfer income received from the immovable property to the sworn bailiff and such income shall be added to the amount received from the sale of such property.

Section 32. Announcement of an Auction of Immovable Property

(1) Provisions of Section 606 of the Civil Procedure Law shall be applied to the announcement of an auction of immovable property, in so far it is otherwise provided for in this Section.

(2) The following shall be set out in a notice regarding an auction of immovable property:

1) the given name and surname of the debtor; for legal persons – their name and legal address;

2) the given name, surname, official appointment location and location of practice of the sworn bailiff;

3) a short description, location and cadastre number of the immovable property;

4) an appraisal of the immovable property;

5) the initial auction price and the bid increment;

6) the start date and final date and time of the auction;

7) the amount of security to be paid into the deposit account of the sworn bailiff;

8) the date until which a person who wishes to participate in the auction may pay in the amount of security and ask the sworn bailiff to authorise it for participation in the auction;

9) indication to a website where the information regarding procedures and provisions for registration of persons for participation in the auction and participation in bidding is available;

10) information that the auction is being organized in an enforcement case regarding confiscation of criminally acquired property.

(3) Concurrently with sending a notice of an auction of immovable property for publication in the official gazette *Latvijas Vēstnesis*, the sworn bailiff shall notify the victim and the co-owner of the immovable property, if any (except co-owners of a residential house that is not divided in residential properties, and also co-owners of garages and the land under multi-apartment residential house), regarding the auction by a registered postal item.

Section 33. Security of Purchase of the Immovable Property

The amount of the security of purchase of the immovable property, the procedures for the payment thereof, and also provisions and procedures for returning thereof shall be determined in accordance with the Civil Procedure Law.

Section 34. Restrictions for Acquisition of the Confiscated Immovable Property

The sworn bailiff who carries out the execution of the specific immovable property confiscation has no right to participate in auction of the confiscated immovable property and also to buy the immovable property without an auction for the person who has carried out the appraisal of the immovable property referred to in Section 30 of this Law, the debtor and the person who is admitted suspect, the accused or the convicted in the criminal procedure within the framework of which the ruling on the property confiscation is being executed. Compliance with restrictions regarding purchase of immovable property laid down in other laws and regulation shall be under responsibility of the auction participants themselves.

Section 35. Procedures for and Consequences of an Auction

(1) Authorization of auctions' participants for an auction of immovable property, the course of the auction and the consequences of the auction shall be determined in accordance with the Civil Procedure Law, in so far it is otherwise provided for in this Law.

(2) Security which has been paid by a person who has bought the immovable property at auction shall be included in the purchase price. Within seven days from the auction closing day, the security paid by other participants of the auction, except the last outbidden bidder, shall be returned. The security paid by the last outbidden bidder shall be returned to him or her immediately after the full bidden amount is paid by the highest bidder. If the last outbidden bidder keeps the property after an auction that has not taken place, the security paid by him or her shall be included in the purchase price.

Section 36. Approval of a Statement on Auction of Immovable Property

The application for corroboration of the immovable property in the acquirer's name shall be submitted and the statement of the auction shall be approved in accordance with the procedures laid down in the Civil Procedure Law. The court shall notify the sworn bailiff, the acquirer of the immovable property and the person who has submitted a complaint in accordance with the procedures laid down in the Civil Procedure Law asking to admit the auction to be invalid, regarding examination of the case.

Section 37. Announcement of an Auction as not having Taken Place and Consequences of the Auction the has not Taken Place

(1) A sworn bailiff shall announce an auction as not having taken place if:

- 1) no participant is authorised for the auction;

2) no person of those who have been authorised for the auction bids more than the starting price;

3) the highest bidder does not pay the whole amount due from him or her within the laid down time limit;

4) a notification from the security manager of a site of electronic auctions regarding significant technical failures which may influence the result of the auction and may serve as grounds for announcing the auction as not having taken place in accordance with the Civil Procedure Law has been received in accordance with the procedures laid down in the Civil Procedure Law.

(2) The sworn bailiff shall draw up the statement and give notice to the victim and co-owners of the immovable property, if any, that the auction has been announced as not having taken place in accordance with Clause 1, 2 or 4 of Paragraph one of this Section. The notification regarding recognition of the auction as not having taken place shall be sent to participants who have been authorised for the participation in the auction by using a site of electronic auction. The sworn bailiff shall draw up the statement and give notice to the highest bidder and the last overbidden bidder that the auction has been announced as not having taken place in accordance with Clause 3 of Paragraph one of this Section.

(3) If the auction has been announced as not having taken place in cases referred to in Clause 1 or 2 of Paragraph one of this Section, the sworn bailiff, without any delay, shall invite the victim or co-owners of the immovable property, if any, to keep the immovable property for the starting price of the auction that has not taken place. Such persons have the right to notify the sworn bailiff regarding keeping the immovable property for themselves for the starting price of the auction that has not taken place within 14 days from the day of sending out the sworn bailiff's invitation.

(4) If several persons wish to keep the property for themselves, an auction shall be organized among these persons and the bidding shall be started from the starting price of the auction that has not taken place. The sworn bailiff shall notify the time and the place of the auction to the persons in writing seven days in advance. If the person does not arrive at the auction or the security in the amount of 10 per cent is not paid, it shall be considered that he or she has waived the rights to participate in the bidding. If only one auction participant arrives at the auction, he or she can keep the immovable property for the starting price without bidding.

(5) If the auction has been announced as not have taken place in the case referred in Clause 3 of Paragraph one of this Section, the sworn bailiff, without any delay, shall invite the last overbidden bidder to keep the immovable property for the highest price offered by him or her. The last overbidden bidder is entitled to notify the sworn bailiff regarding keeping the immovable property for himself or herself for the highest price bidden by him or her within 14 days from the day of sending out the sworn bailiff's invitation.

(6) If the last bidder has failed to notify regarding keeping the immovable property for himself or herself within the time limit laid down in the Law or has refused to keep the immovable property, the sworn bailiff shall immediately announce a repeated auction.

(7) In the case referred to in Clause 3 of Paragraph one of this Section, the paid security shall not be returned; instead, it shall be added to the total amount received for the immovable property. The paid security shall be added to the total sum also in case when the court admits that the highest bidder did not have the right to participate in the auction and if the last overbidden bidder has not notified regarding keeping the property for himself or herself for the highest price offered by him or has refused to keep it.

(8) Having received the notification referred to in Clause 4 of Paragraph one of this Section, the sworn bailiff shall act in accordance with the procedures laid down in Section 614 and Section 615, Paragraph 2.¹ of the Civil procedure Law.

(9) The person who keeps the immovable property for himself or herself, within a month from the day of sending the notification on keeping the immovable property referred to in Paragraph three or five of this Section, or the highest bidder within a month from the auction

day referred to in Paragraph four of this Section, shall pay the State fee for application for corroboration of the immovable property in the name of the acquirer laid down in Section 34, Paragraph one, Clause 15 of the Civil Procedure Law, the State and the office fee indicated in the laws and regulations regarding corroboration of property rights in the Land Register, and also the amount indicated in Paragraph three, four or five of this Section to the deposit account of the sworn bailiff.

(10) After paying of the amount referred to in Paragraph nine of this Section, the sworn bailiff shall submit an application for corroboration of the immovable property in the name of the acquirer in accordance with the procedures laid down in the Civil Procedure Law. If the amount referred to in Paragraph nine of this Section is not paid in the deposit account of the sworn bailiff within the time limit, the security paid by the person shall not be returned; instead, it shall be added to the total amount received for the immovable property.

(11) If no one has applied for keeping of the immovable property for himself or herself, he or she has not paid the security or has not paid the amount due to him or her in accordance with the procedures provided for in Paragraph nine of this Section, the sworn bailiff shall decide on sale of the immovable property without auction or transferring of the immovable property to the State Revenue Service.

(12) The sworn bailiff shall transfer the immovable property to the State Revenue Service with a statement on transfer and acceptance. This statement shall serve as the grounds to ask the State Revenue Service to cancel the debt liabilities, pledge rights, claim security notations, insolvency notations, recovery notations, prohibitions imposed by person directing the proceedings, encumbrances accepted as a precondition in acquiring the property and recorded in the Land Register with the immovable property, and also entries and notations on rent, maintenance and inheritance agreements except the agreements on rent of residential premises.

Section 38. Announcement of an Auction to be Invalid

(1) A court shall announce an auction to be invalid in the cases and in accordance with the procedures laid down in the Civil Procedure Law.

(2) If the auction is announced to be invalid, a repeated auction shall be organized.

Section 39. Procedures for the Sale of Immovable Property without an Auction

(1) A sworn bailiff may sell the confiscated immovable property to a specific person (buyer) without an auction, if the sale thereof in the auction has failed. The sworn bailiff shall decide on sale of the immovable property without an auction and indicate in such decision the circumstances, which admit the sale of the immovable property without an auction. The decision shall be sent to the victim and co-owners of the immovable property, if any, by a registered postal item. The victim or a co-owner of the immovable property may appeal to the decision in accordance with the procedures laid down in Section 632 of the Civil Procedure Law.

(2) The price, at which the sale of the confiscated immovable property without an auction is allowed, shall not be reduced for more than 75 per cent from the starting price of the immovable property sale.

(3) When the time limit set for appeal of the decision drawn up by the sworn bailiff is expired, but if it has been appealed – when the court ruling by which the complaint was declined has come into effect, the sworn bailiff shall notify the buyer indicated in the decision regarding the time limit within which the purchase price has to be paid to the deposit account of the sworn bailiff along with the State fee for corroboration of the immovable property in the name of the acquirer laid down in the Civil Procedure Law, and also the State and the office fee laid down in the laws and regulations regarding corroboration of the property rights in the Land

Register. The determined time limit for payment of the purchase price may not exceed one month.

(4) When the buyer has paid the amounts indicated in Paragraph three of this Section to the deposit account of the sworn bailiff, the sworn bailiff shall draw up a statement on the sale of the immovable property without an auction and submit it to a court for approval.

(5) If several persons have expressed a wish to buy the confiscated property, an auction shall be organized.

(6) If the buyer indicated in the decision on the sale of the immovable property without an auction does not transfer the purchase price to the deposit account of the sworn bailiff within the time limit, the sworn bailiff shall take decision on repeated sale of the immovable property without an auction or the sale of the immovable property in an auction, or, if he or she considers that the sale of the property will not be possible, transfer it to the State Revenue Service in accordance with the procedures laid down in Section 37, Paragraph twelve of this Law.

Section 40. Approval of the Statement on the Sale of the Immovable Property without an Auction

The sworn bailiff shall submit the application for corroboration of the immovable property in the name of the acquirer and the court shall approve the statement on the sale of the immovable property without an auction in accordance with the procedures laid down in the Civil Procedure Law. The court shall notify the sworn bailiff and the acquirer of the immovable property regarding examination of the case.

Section 41. Sale of Immovable Property Held Jointly

(1) When selling one or several undivided joint properties, if such property is being inventoried, it shall be inventoried in its entirety but only the confiscated undivided share, without prior separation thereof, shall be sold at the auction.

(2) Immovable property held jointly may also be sold in its entirety, if all co-owners wish it. The money received from the sale shall be divided among the owners of the immovable property but the amount due from the sale of the part of the confiscated property shall be divided in accordance with the procedures laid down in this Law.

Chapter IV.

Expenses for Execution of the Ruling and Distribution of the Received Amounts

Section 42. Money Distribution Calculation

(1) If there are several victims and if the amounts received from the confiscated financial resources or the sale of the confiscated property are insufficient for complete satisfaction of claims of victims, the sworn bailiff shall draw up a calculation for distribution of the money among victims and send it to them.

(2) If the auction has been announced as not having taken place and the victim, a co-owner or the last overbidder has expressed his or her wish to keep the immovable property or the movable property for himself or herself, the sworn bailiff shall draw up a calculation in order to establish the amount due from the relevant person.

(3) The victim and the person who has expressed a wish to keep the immovable property for himself or herself can appeal the calculation drawn up by the sworn bailiff in accordance with the procedures laid down in Section 632 of the Civil Procedure Law. An ancillary complaint may be submitted regarding the decision of the court.

Section 43. Procedures for Use of the Proceeds from the Sale of Confiscated Property

(1) The sworn bailiff shall disburse the confiscated financial resources and the money received from the sale of the confiscated property according to the following sequence:

1) shall cover the compensation for the damage incurred to victim which is substantiated by the writ of execution submitted to this sworn bailiff for execution;

2) shall cover the adjudication enforcement expenses incurred in the enforcement cases on confiscation of criminally acquired property, recovery of compensation for damages incurred to the victim and recovery of the tax debt of the immovable property;

3) on the grounds of the notification on the amount of the immovable property tax for taxation year, shall pay the immovable property tax to the budget of the relevant local government for the period from the next month after coming into effect of the court ruling on confiscation of criminally acquired property until the next month after coming into effect of the court ruling by which the statement on the auction of the immovable property, the statement on keeping of the immovable property after an auction that had not taken place or the statement on the sale of the immovable property has been approved;

4) covers the tax debt of the immovable property, which is substantiated by a decision on the tax debt recovery submitted to this sworn bailiff;

5) shall transfer the remaining financial resources to the State budget.

(2) If the State is one of the victims, its claim for the damage compensation shall be covered after covering of the ruling execution expenses.

(3) If several enforcement cases have been put in regarding the ruling by which the criminally acquired property was confiscated, the sworn bailiff who sold the property, before disbursement of the compensation, shall notify the relevant sworn bailiff the record-keeping of which contains the enforcement document, regarding disbursement of the compensation and the amount thereof.

(4) If the financial resources received from the sale of the confiscated property are insufficient for complete satisfaction of all claims of victims according to the enforcement documents contained in the record-keeping of this sworn bailiff, the claims shall be satisfied in proportion to the amount owed to each victim.

(5) If the financial resources received from the sale of the confiscated property are insufficient for covering of the remuneration for the sworn bailiff's work and expenses required for performance of execution activities, it shall be covered from the State budget in accordance with the procedures laid down by the Cabinet.

Section 44. Sale of the Confiscated Property before the Final Ruling

(1) If while enforcing the court decision on the property confiscation taken in accordance with the procedures laid down in Section 59 of the Criminal Procedure Law the sworn bailiff has sold the confiscated criminally acquired property before the final ruling has come into effect, the sworn bailiff shall store the financial resources, and also the confiscated proceeds from crime, from which the ruling enforcement expenses are deducted, in the deposit account of the sworn bailiff until the time when he or she receives the information regarding the person directing proceedings regarding the final ruling in the criminal case and the action with the financial resources stored in the account of the sworn bailiff.

(2) The deposited financial resources shall be paid to the victim and to the State in accordance with the procedures laid down in Section 43 of this Law.

Chapter V.
Acts with Confiscated Proceeds from Crime Transferred to the State Budget

Section 45. Funding of Measures for Combating Financial and Economic Crimes and Providing Support to Crime Victims

Half of the confiscated proceeds from crime transferred to the State Budget but not more than two million euro in a financial year shall be transferred to a separate budget programme of the Ministry of Justice in order to implement the required measures for combating financial and economic crimes and providing support to crime victims. The procedures for funding, distribution and use of the funds of the budget program of the Ministry of Justice shall be determined by the Cabinet.

Transitional Provisions

1. Enforcement cases initiated before 31 July 2017 shall be completed in accordance with the procedures laid down in the Civil Procedure Law.
2. Paragraphs one and five of Section 43 of this Law shall come into force on 1 January 2019.
3. Section 45 of this Law shall come into force on 1 January 2018.
4. Until the day of coming into force of Paragraphs one and five of Section 43 of this Law, the sworn bailiff shall disburse the confiscated financial resources and the financial resources received from the sale of the confiscated property in the following sequence:
 - 1) shall cover the ruling enforcement expenses incurred in the enforcement cases on confiscation of criminally acquired property, recovery of compensation for damages incurred to the victim and levy of the immovable property tax debt;
 - 2) shall cover the compensation for the damages incurred to victim which is substantiated by the writ of execution in the record-keeping of this sworn bailiff;
 - 3) on the grounds of the notification on the amount of the immovable property tax for the taxation year, shall pay the immovable property tax to the budget of the relevant local government for the period from the next month after coming into effect of the court ruling on confiscation of criminally acquired property until the next month after coming into effect of the court ruling by which the statement on the auction of the immovable property, the statement on keeping the immovable property after an auction that has not taken place or the statement on the sale of the immovable property without an auction has been approved;
 - 4) shall cover the unpaid tax debt of the immovable property which is substantiated by a decision to recover the tax debt submitted to this sworn bailiff;
 - 5) shall transfer the remaining financial resources to the State budget.

Informative Reference to European Union Directive

The Law includes legal norms arising from Directive 2014/42/EU of the European Parliament and of the Council of 3 April 2014 on the freezing and confiscation of instrumentalities and proceeds of crime in the European Union.

This Law shall come into force on 1 August 2017.

The Law has been adopted by the *Saeima* on 22 June 2017.

President

R. Vējonis

Riga, 5 July 2017