

The background of the entire page is a dense, vertical stream of falling stacks of 100 US dollar bills. The bills are shown in various orientations, some appearing to be in mid-air, creating a sense of motion and abundance. The color palette is dominated by the green and white of the currency, with a semi-transparent red overlay on the left side.

ITALY

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Italy froze assets linked to Russian oligarchs valued at just over EUR 2 billion following the invasion of Ukraine last year. Little information was made available to the public about possible investigations into their possible illicit origin and the total amount was only published following the Russian Escape investigations.⁹⁴ Italy has so far not adopted new legislation or operational structures to trace and investigate sanctioned assets and is relying on its existing infrastructure, which has been built to fight organised crime.

Legislative and institutional framework

No specific link between asset freezing sanctions and corruption investigations exists in Italian law. Overarching anti-money laundering legislation is established by Legislative Decree 231/2007.⁹⁵ Two further laws apply international sanctions regimes in Italy. Decree 109/2007 on Measures to counter terrorist financing and the activities of countries that threaten peace and international security⁹⁶ sets out rules around the freezing of assets in Italy, establishes responsibility and reporting obligations on various public bodies, and establishes a framework for the Financial Security Committee. Legislative Decree 221/2017 (as amended under Legislative Decree 69/2023) lays down the rules for the movement of dual-use goods, trade embargoes and penalties for non-compliance.⁹⁷

The application of these laws is guided by the Financial Security Committee (Comitato di sicurezza finanziaria - Csf) at the Ministry of Economy and Finance. This Committee has additionally taken on the role of overseeing the implementation of sanctions, however its mandate does not include the confiscation of sanctioned

assets.⁹⁸ Rather, its aim is to support coordination of the actors involved in the implementation of sanctions and to assess the risks of money laundering, illicit assets, and terrorism financing. The Committee includes 15 members, including representatives from Italian law enforcement and intelligence authorities, as well as banks and financial institutions. Data on suspicious transactions is collected through the FIU (UIF - Unità di Informazione Finanziaria) and passed on to investigative and judicial authorities if relevant.⁹⁹

In practice, upon the issuance of a sanctions-related freezing order, Italian authorities conduct an administrative investigation for companies, assets or bank accounts linked to sanctioned individuals and entities. During this investigative process, if any information about potential financial misconduct, such as money laundering, is found, this information should be passed on to prosecutors. For example, if an investigation into the real beneficial owner of a certain property were conducted by the Italian financial police, the Guardia di Finanza, and found that a lawyer did not register the owner of the entity correctly, or a notary did not file a suspicious activity report, this could trigger administrative or penal proceedings in Italy.¹⁰⁰

It is worth noting that to overcome the challenges of financial investigations into foreign wealth, Italy can utilise its Anti-Mafia law.¹⁰¹ While this law was originally designed to overcome the difficulties in securing criminal convictions for mafia members and their associates, the law also applies to some sanctioned individuals, who, if approached, would need to justify their wealth, or face confiscation by a judge through simplified administrative proceedings. While the law has been very



successful in targeting mafia members, it has not been tested on foreign PEPs and sanctioned individuals and therefore its full potential is unclear.¹⁰²

The Guardia di Finanza has a wealth of expertise in tracking and seizing the assets of organised criminals. Authorities can benefit from access to a centralised system with considerable powers for tracking and sharing information for fiscal purposes. The Italian fiscal (tax) code also requires a unique identifier made of letters and numbers based on a person's birthday, gender, and name from every proprietor (both Italian or foreign) of any asset, whether a car, property, bank account, or yacht. This enables easy identification and tracking of parties involved in financial transactions. The information gathered for fiscal purposes is also utilised in administrative investigations to track assets of sanctioned persons. Together these are seen as key contributions towards Italy's success in tracking, analysing and investigating individuals and companies.¹⁰³

Investigations into assets linked to sanctioned individuals

Despite the readiness of Italian law enforcement structures and legislative tools to investigate the unexplained wealth of sanctioned individuals, no known anti-corruption investigations linked to

sanctioned assets have been started in the country. Following the invasion of Ukraine, Italy froze assets valued at around EUR 2 billion, including bank accounts, luxury villas, yachts and cars. This constitutes around 10% of the total amount seized in Europe.¹⁰⁴ Of this, financial assets account for around EUR 330 million, linked to 80 individuals,¹⁰⁵ while two luxury yachts account together for almost EUR 1 billion euros.¹⁰⁶

Despite the considerable value of Russian assets frozen in Italy and the successes that the Guardia di Finanza has had,¹⁰⁷ authorities in Italy also face considerable challenges. For example, it took the Italian authorities several months to freeze a villa belonging to Grigory Berezkin on Lake Garda because it is owned a company registered in Luxembourg company which, in turn has been part of a trust.¹⁰⁸ Similarly, it took the Guardia di Finanza around two months to find out that Dmitry Mazepin and his son Nikita own two yachts via a company based in Jersey, which is controlled by another company registered in the British Virgin Islands. By the time ownership was clarified, the yachts were already out of European waters, which secured the owners a charge of sanctions violation and a fine of EUR 500,000 each for Dimitri Mazepin, the company that owns the yacht and for its captain.¹⁰⁹