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Ecuador: Financial Services Firm Linked To Drug Money Laundering Dissolved

by Barbara Khol

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On April 27, the local press reported that the government's banking regulators had dissolved the financial services firm Cambiaria, Comercial y Fiduciaria de Quito (CyF). The firm had been linked to money laundering operations by officials. The regulators said the decision to dissolve CyF was based on the fact the firm's $1.6 million in liabilities surpassed its $870,000 in assets, a violation of banking laws. They also confirmed an illegal practice: CyF had reported as currency exchange operations several money changing transactions completed outside the country. US Postal Service officials in March froze a CyF account at Chase Manhattan Bank in New York which they suspected was being used to launder drug trade profits. The US officials said drug money deposits were made into the Chase Manhattan account through US postal money orders. They also claimed transfers were made from the CyF account at Chase Manhattan to a Cyf branch in Cali, Colombia. (Basic data from AFP, 04/27/91)

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