$2.00
VOL. 82, NO. 27 ALM

BANKING

Mexican bank sues in Miami court for frozen U.S. assets

by **Billy Shields**
bshields@alm.com

A major Mexican financial institution is suing the U.S. attorney's office in Miami, alleging the government seized $11 million in accounts in Miami and London without cause or going through the proper procedure.

Casa de Cambio Puebla filed suit July 12 in U.S. District Court in Miami. According to the suit, the U.S. government seized and froze money Puebla has in accounts with Wachovia Bank, including 650,000 euros it has in a London account. Puebla alleges the government has not filed a civil forfeiture action.

According to the suit, the money was seized during an investigation involving the Drug Enforcement Administration.

"The government went in and seized $11 million of their money, and we don't know why," said Frank Rubino, a Miami solo practitioner who represents Puebla. "The government has refused to discuss this case with us. They've been everything but rude, and almost

See Bank, Page A5

To read the petition for return of seized funds, go to DailyBusinessReview.com

BANKS From Page A1

Miami solo practitioner Frank Rubino said the U.S. seized $11 million of Puebla's money, 'and we don't know why.'

put this company out of business."

The U.S. attorney's office declined to comment until it reviews the suit. The prosecutor handling the case, Assistant U.S. Attorney Andrea Hoffman, is out of the country this week.

Rubino said judging from the language in the warrants used to seize the funds, "It's obvious [the federal government is] going to claim money laundering."

On May 16, the DEA executed a search warrant signed by U.S. Magistrate Judge Chris McAliley at the Wachovia Bank on 200 S. Biscayne Blvd. The agency seized all the dollar bank accounts in Puebla's name at Wachovia and froze a euro bank account it had in London. In all, the DEA seized and froze $11 million, according to the suit.

Puebla was formed in the mid-1980s after Mexican President José López Portillo nationalized the country's banks. Mexicans with dollar bank accounts found they could only get their money in pesos pegged to an artificially favorable government exchange rate.

Puebla and other financial clearinghouses emerged to fill the void left by the nationalization. Puebla's purpose was to offer Mexicans new ways to gain access to dollars in Mexico and abroad. It also provides a service by which individuals can pay bills in foreign countries by drawing on funds from Mexican banks.

Much of the money that businesses like Puebla handle is in the form of remittances from Mexican workers in the United States and other countries to their relatives back in Mexico. Such remittances total tens of billions of dollars a year, according to some estimates.

Puebla operates some 18 exchange houses in Mexico, employs about 250 people and maintains international affiliates in the United States, Great Britain and elsewhere.

At the time of the DEA raid, much of the money seized was money that was in transit — representing purchased traveler's checks or wire transfers that hadn't yet reached their destination in Mexico or elsewhere, according to the suit.

International financial institutions such as Puebla face more regulation and scrutiny now than they ever have, particularly since the passage of the the Patriot Act in 2001. In the United States, they have to comply with federal anti-money laundering laws, register with the Treasury Department and get approval from the Federal Reserve Board. There are additional state rules that also apply. Some states don't even allow international banks to do business.

"There are a number of hurdles they have to pass," said Kathleen Scott, an attorney with White & Case in New York who focuses on international banking law. "The U.S. regulatory regime is in many cases very different from regulatory regimes in other countries."

$110 million seized

Being an international city at a financial and geographic crossroads, Miami recently has been the scene of law enforcement activity involving the financial institutions that do business here.

The office of U.S. Attorney Alex Acosta announced Monday that it seized $110 million tied to a decades-old corruption scandal involving the late Italian chemical mogul Angelo "Nino" Rovelli.

Rovelli's heirs won a $400 million verdict in 1994 after a judge in Rome decided in favor of his estate. Italian authorities subsequently determined the verdict was the result of a payoff between the magnate and the Roman judge deciding the case.

Rovelli's heirs then scattered the money around the world in an attempt to launder it, according to Acosta's office. The heirs and financial adviser Pierfrancesco Munari now face corruption charges in Italy in relation to the matter. ■

Billy Shields can be reached at (561) 820-2065.