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US Money Laundering Case Halts Dollar Trading In Venezuela

CARACAS (Dow Jones)--As part of a money laundering case, U.S. authorities have frozen a key account used by dozens of brokers in Venezuela for their daily dollar-trading operations, bringing the so-called parallel currency market in Venezuela to a halt.

The U.S. District Court of Massachusetts introduced an indictment against one of the account managers for allegedly wire transferring \$900,000 in proceeds from "dealing in a controlled substance," according to court documents.

Prosecutors are charging Rama K. Vyasulu, who apparently was one the representatives for the umbrella account that Venezuelan traders said was administered by Rosemont P. Corporation, also known as Rosemont Money Services, based out of Florida.

A Rosemont presentation lists Vyasulu as an executive director and states that the company's purpose is to help foreign financial institutions carry out wire transfers in the U.S. and meet government regulations.

Traders said the Rosemont account in a large U.S. bank had been frozen as part of the money laundering charges. As a result, traders haven't been able to settle some deals. They use the U.S. accounts to receive and transfer dollars in exchange for bolivars in Venezuela.

Traders speculated that a minimum of \$100 million could be tied up in the account.

Companies and individuals in Venezuela who can't buy dollars at the official exchange rate of VEB2.15, turn to this parallel market to buy or sell dollars when they can't get approval from the government.

The market was so thin on Friday that traders said they couldn't even quote a price. On Thursday, a dollar fetched around VEB6.2, almost three times the official rate.

-By Darcy Crowe, Dow Jones Newswires; (58) 212 905 6304; darcy.crowe@dowjones.com