



NOBOA, PEÑA & TORRES
ABOGADOS ECUADOR

LEGAL BULLETIN No. 1

“THE ORGANIC LAW OF NATIONAL SOLIDARITY”

Dear Clients and Friends:

We wish to inform you that on June 10, 2025, the Organic Law of National Solidarity was published. The purpose of this Law is to establish a special legal regime aimed at fostering economic reactivation in areas affected by the consequences of the internal armed conflict.

This Law pursues various objectives, among which are: guaranteeing the continuity and stability of economic and productive activities; protecting the population and civilian property; restoring public order through the strengthening of law enforcement agencies; dismantling criminal economies; neutralizing armed groups; increasing the sustainability of the economic and financial system; and promoting the economic reactivation of the affected areas.

Among the notable provisions, the following stand out:

DONATIONS TO LAW ENFORCEMENT AGENCIES

Law enforcement agencies may receive donations of **real estate, equipment, or supplies** that are new and in optimal condition for use. Such donations may originate from national taxpayers or from international organizations, entities or governments. In the case of national taxpayers, their donations shall constitute a **deduction against the income tax liability** incurred in the respective fiscal period, which will be subject to subsequent regulation.

For international organizations or entities, donations must be subject to the existence of **international cooperation agreements or treaties** prior to the execution of the donation.

DEFINITIONS UNDER THE LAW

The Law defines two key concepts:

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Organized Armed Groups: A group of three or more individuals with an organized power structure that exercises prolonged violence against the State, the population, and civilian property.

Criminal Economy: A set of illicit economic activities that are planned, systemic, and structured, aimed at generating financial profits.

INTERNAL ARMED CONFLICT

An Internal Armed Conflict shall require recognition by the President of the Republic through an **Executive Decree**, which shall identify the commencement of hostilities based on strategic intelligence reports and according to two criteria: (1) **the organization of the armed groups** and (2) **the intensity of the violence**.

For the purposes of this measure, the President may order any necessary economic, financial, and operational measures.

It is important to note that when, as a result of security, defense, and public order maintenance operations, the internal armed conflict has been overcome in one or more territorial jurisdictions of the country, the President shall declare, by motivated Executive Decree, the commencement of the transition regime to the ordinary state.

CRIMINAL ECONOMY

The criminal economy comprises illicit economic activities that are structured and planned, aimed at generating financial profits which are reinvested by criminal organizations to strengthen their operations. These include the purchase of weapons, hiring of hitmen, financing of illegal networks, and infiltration into institutions. It operates parallel to the formal economy, utilizing mechanisms such as money laundering, corruption, informal trade, and legal structures to integrate illicit resources into the economic system, thereby affecting the security, governance, and development of the country.

SEIZED ASSETS

All assets **-real and personal property, securities, cash, rights, profits, virtual assets, or any proceeds-** in possession, use, or enjoyment of organized armed groups or linked to their criminal economies shall be seized and occupied by law enforcement agencies.

The responsible institutions shall proceed in accordance with the provisions of the Law to transfer ownership and title **in favor of the State**, with delivery to be effected within a maximum period of **fifteen (15) days** from the date of seizure.

Seized real and personal property shall be administered by the Technical Secretariat for Public Sector Real Estate Management or its equivalent. On the other hand, securities, cash, profits or other assets shall be administered by the Ministry of Public Finance.



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Notwithstanding the foregoing, any individual who claims and proves lawful ownership of the asset shall have a period of **ninety (90) days** to assert their ownership rights. Assets for which no ownership claim is received shall become property of the State, without prejudice to any actions for recovery of ownership that may be pursued.

ASSETS PRESUMED TO BE MILITARY OBJECTIVES

Law enforcement agencies are authorized to directly and lawfully apply force over the following real or personal assets or areas:

- Those in which illicit activities are conducted, such as drug trafficking, illegal mining, arms trafficking, extortion, kidnapping, money laundering, human trafficking, among others.
- Those facilitating or executing the illicit trafficking of any type of controlled substances subject to regulation.
- Those where weapons, ammunition, or their components are stored, illegally obtained or without the corresponding authorization.
- Others identified in accordance with the Law.

PRESIDENTIAL PARDON WITH DEFERRED EFFECT

The President may grant a pardon with deferred effect, for humanitarian reasons or exceptional public interest, to individuals criminally prosecuted for acts directly related to the Internal Armed Conflict. This pardon may be granted during the preliminary investigation phase or at any procedural stage prior to sentencing. As a consequence of the pardon, preventive detention shall be suspended. The pardon shall take effect once the sentence becomes final and binding.

Those prosecuted for crimes against public administration, genocide, torture, enforced disappearance, kidnapping, and homicide motivated by political or conscientious reasons shall not be eligible for this pardon.

PROTECTION MEASURES

This Law seeks to **create economic incentives** for small and medium producers in the agricultural, livestock, artisanal fishing, and gathering sectors, as well as for youth and actors within the popular and solidarity economy. Furthermore, it provides for the implementation of comprehensive assistance measures, immediate protection, and preferential access to physical and mental health services for **priority attention groups**.

Likewise, it establishes that a **registry of victims** of the internal armed conflict shall be maintained by the Office of the Ombudsman.

NOTABLE GENERAL PROVISIONS

In General Provision Three of this Law, to guarantee integrity in the financial operations of sports organizations, the **sports public limited company** is created as a professional legal



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entity of a commercial nature, with capital divided into negotiable shares, whose shareholders are liable only to the extent of their shares. It may be **established** through contract, unilateral act, or other forms established by Law and shall **be governed** by the regulations set forth in the Law on Sports, Physical Education, and Recreation, as well as the Companies Law.

Similarly, sports public limited companies are **prohibited** from using their corporate structures, financial system accounts, or shares to directly or indirectly participate in criminal economy activities.

REFORMATIVE PROVISIONS

First: An amendment is introduced to the **Internal Tax Regime Law**, establishing that taxpayers who make donations in favor of the National Police and/or Armed Forces shall obtain a deduction from the income tax liability equivalent to the value of the donation, subject to a limit of 30% of the tax due, without the right to a refund.

Second: Amendments to the **Comprehensive Organic Criminal Code:**

- Article 47: Incorporation of new aggravating circumstances for criminal offenses.
- Article 72: Inclusion of early pardon as a form of extinguishing the penalty.
- Article 77: Addition of a clause relating to full compensation for damages resulting from crimes against hydrocarbon operations, including hydrocarbons, liquefied petroleum gas, and biofuels.
- Insertion of Section Five immediately following Article 139, concerning crimes committed within the framework of an internal armed conflict.
- Article 220 is amended so that the competent prosecutor or judge shall distinguish and determine whether narcotic or psychotropic substances are for personal consumption or intended for illicit trafficking; and Article 228 is replaced regarding the parameters for determining the personal use or consumption of narcotic, psychotropic substances, or preparations containing them.
- Article 262 concerning the disruption of fuel distribution services is replaced; Article 264 regarding the illegal storage, transportation, packaging, commercialization, or distribution of crude oil, hydrocarbon derivatives, petroleum products, liquefied petroleum gas, or biofuels is also replaced; and finally, Article 265 concerning the illegal storage, transportation, packaging, commercialization, or distribution of aforementioned substances in border provinces, maritime or river ports, or territorial seas is replaced as well.
- Article 266 relating to the theft of hydrocarbons is replaced, and Article 267.1 is incorporated regarding the facilitation by public servants in the commission of crimes against hydrocarbon activities, derived from hydrocarbons, liquefied petroleum gas, and biofuels.
- Article 474.5 is incorporated, addressing the disposition of weapons, parts or components, explosives, ammunition, or accessories that were instruments or material objects related to organized armed groups in the internal armed conflict.

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- Additional normative changes are made within the context of the internal armed conflict.

Third: Amendments to the Organic Law on Personnel and Discipline of the Armed Forces.

Fourth: Amendments to the Organic Law on the Prevention, Detection, and Combat of Money Laundering and the Financing of Other Crimes:

- The powers of the Financial and Economic Analysis Unit are incorporated within the framework of an internal armed conflict.

Fifth: Amendment to the Organic Code of the Judicial Branch:

- Article 230.1 regarding specialized judges for the adjudication of crimes related to corruption, organized crime, and internal armed conflict is replaced establishing that, within the national district jurisdiction seated in the city of Quito, there shall be a number of specialized criminal guarantee judges competent to adjudicate these crimes, who shall have jurisdiction to:
 1. Hear cases involving investigations of crimes against the efficiency of public administration, organized crime committed within the framework of an internal armed conflict, and related offenses;
 2. Guarantee the rights of the investigated or prosecuted individual during the various pre-procedural or procedural phases;
 3. Order and conduct evidentiary acts or urgent investigative proceedings requiring authorization;
 4. Issue precautionary and protective measures;
 5. Hear and resolve pre-procedural requests related to special investigative actions and techniques, as well as precautionary measures of seizure and detention for investigative purposes, without the need for a hearing;
 6. Hear and resolve requests for judicial secrecy during the preliminary investigation; and,
 7. Perform other functions as determined by law.

Sixth: Amendment to the Organic Law on Human Mobility:

- Article 66 is amended to include as numeral 9 the transit visa, which is the authorization to transit through the Ecuadorian state granted to individuals of nationalities determined by the Human Mobility Authority.

Seventh: Amendment to the Organic Code of Territorial Organization:

- Article 249.1 is added, establishing that provincial and municipal Decentralized Autonomous Governments may allocate up to 10% of their annual budget for the



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donation of goods and services to support the work of law enforcement agencies, understood as the National Police and the Armed Forces.

Eighth: Amendment to the Companies Law:

- Regarding Simplified Stock Companies (*Sociedad por Acciones Simplificadas - SAS*), it is stipulated that they shall not engage in activities related to financial operations, securities markets, insurance, operations linked to strategic sectors, mining, or activities related to these sectors, as well as others subject to special treatment under the law.

We hope that you find this general information helpful. Please note that it is not intended to constitute legal advice. Should you have any specific inquiries, we would be pleased to provide further assistance.

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