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FIVE DEFENDANTS INDICTED FOR PHONY REAL ESTATE INVESTMENT SCHEME

Victims Promised Large Profits Through Bogus Investment Strategy of “Fixing-&-Flipping” Distressed Residential Properties; Defendants Allegedly Stole Nearly \$3 Million from Victims; Face up to 25 Years in Prison, if Convicted

Queens District Attorney Melinda Katz announced today that five defendants have been indicted for conspiracy, possession of stolen property, identity theft and other crimes for conducting a fraudulent investment scheme that swindled victims out of nearly \$3 million. The defendants allegedly lured victims to invest in a firm that purported to buy distressed properties and renovate them for sale. Instead, the money went toward personal expenses including the purchase of luxury goods and to keep up the firm’s appearance of legitimacy.

District Attorney Katz said: “As alleged, these defendants promised to make the victims rich through real estate investments. Instead, they convinced the investors to take out loans and credit cards and used that money to line the defendants’ own pockets. Now the victims are saddled with debts they cannot pay, ruined credit scores, lawsuits and bankruptcy. A family in Connecticut is in danger of losing their home to foreclosure because the defendants took out a mortgage on the property without their knowledge. I thank my prosecutors and our partners at the United States Secret Service and the NYPD for working to hold these scammers to account.”

Matt McCool, Special Agent in Charge of the U.S. Secret Service New York Field Office, said: “These arrests reflect our commitment to holding accountable those who exploit victims’ trust for personal gain. Working with our law enforcement partners, we will continue to investigate complex financial fraud schemes and pursue those who use deception to leave victims with devastating financial losses.”

The defendants were variously charged in a 78-count indictment with criminal possession of stolen property in the first degree, conspiracy in the fourth degree, scheme to defraud in the first degree, identity theft in the first degree, falsifying business records in the first degree and grand larceny in the second and third degrees. **(See addendum.)**

Three defendants were arraigned Tuesday before Queens Supreme Court Justice Leigh Cheng who ordered them to return to court October 29. One defendant was apprehended in Florida and will be arraigned at a later date and one remains at large. If convicted, they each face up to 25 years in prison.

DA Katz said that, according to the charges and investigation, defendant Mauricio Villamarin represented to numerous individuals that he was purchasing distressed residential properties, renovating them, and selling them for profit through a company called World Business Holdings.

Defendant Julian Velez was represented as an employee of Villamarin's at World Business Holdings. Villamarin and Velez pitched nearly all the victims of the scam to invest in the company. To further lure victims into their scheme, Villamarin and Velez taught courses on entrepreneurship and investing in real estate.

Many of these individuals said that they lacked capital to invest. Villamarin and Velez allegedly told victims that their lack of capital was no obstacle because World Business Holdings worked with a third-party consultant who could obtain loans and credit cards in the victims' names.

Villamarin and Velez told victims that they could invest in the company by surrendering loan proceeds to World Business Holdings and by authorizing World Business Holdings to make charges on the credit cards. The duo allegedly promised most of the victims that they would be provided with monthly Zelle payments for their loan and credit card payment obligations until the victims saw profits from their investments.

Defendant Linoshka Guzman allegedly went to victims' homes, often accompanied by Villamarin, to complete loan and credit-card applications using the victims' personal information. The defendants often inflated the victims' incomes on the applications to fraudulently induce the banks to issue larger loans and credit cards with higher spending limits.

After making their "investments," some of the victims never received official updates about how their money was being used. Others were told that their money was invested into the "fix-and-flip" of specific homes in Corona, on Long Island or in Westchester County. A review of public records regarding the Corona and Westchester homes revealed that the defendants never purchased these properties.

Records revealed that a company controlled by the defendants purchased, renovated and sold the Long Island property but that the sale proceeds were diverted into bank accounts controlled by the defendants instead of being used for the benefit of the victims as the defendants had promised.

In one instance, the defendants allegedly induced a Spanish-speaking Connecticut couple to sign a document and then used these signatures and a fake notarization stamp to fraudulently convey the couple's home to a company they controlled. The defendants then took out a mortgage on the property to raise additional money for their scheme, all without the victims' knowledge.

Some of the fraudulently obtained money was used to pay expenses that helped perpetuate the company's appearance of legitimacy such as rent for office space in Long Island City. Other money was used for personal expenses like restaurants, airfare, hotels, Lyft and Netflix and to buy goods from luxury retailers such as Louis Vuitton.

The victims of the scheme were variously saddled with loan and credit card debt, forced to defend lawsuits from lenders, encumbered by monetary judgements or driven to file for bankruptcy.

The investigation was conducted by Assistant District Attorneys Joshua Trachtenberg and Nicholas Kania of the District Attorney's Financial Frauds Bureau, with assistance from Forensic Accountant Silvana Sutich, and in partnership with the United States Secret Service, the New York City Police Department's Financial Crimes Task Force and Detective Elias Chacon from the District Attorney's office under the supervision of Sergeant David Joglar and Lieutenant William Abantangelo. The investigation was conducted with the support of Trial Preparation Assistants Megan Ogrodnik and Kyle Lawless of the Financial Frauds Bureau and Financial Analyst William Brenkert of the Financial Frauds Bureau.

Assistant District Attorneys Trachtenberg and Kania are prosecuting the case under the supervision of Assistant District Hana C. Kim, Bureau Chief, Talia S. Vogel, Deputy Chief, and under the overall supervision of Executive Assistant District Attorney of Investigations Joseph T. Conley III.

Criminal complaints and indictments are accusations. A defendant is presumed innocent until proven guilty.

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ADDENDUM

Mauricio Villamarin, 55, of Maspeth, was indicted on charges of criminal possession of stolen property in the first degree, conspiracy in the fourth degree, scheme to defraud in the first degree, eight counts of grand larceny in the second degree, eight counts of grand larceny in the third degree, 15 counts of identity theft in the first degree and 44 counts of falsifying business records in the first degree.

Linoshka Guzman, 35, of the Bronx, was indicted on charges of criminal possession of stolen property in the first degree, conspiracy in the fourth degree, scheme to defraud in the first degree, four counts of grand larceny in the second degree, seven counts of grand larceny in the third degree, 12 counts of identity theft in the first degree and 34 counts of falsifying business records in the first degree.

Julian Velez, 46, of Rego Park, was indicted on charges of criminal possession of stolen property in the first degree, conspiracy in the fourth degree, scheme to defraud in the first degree, six counts of grand larceny in the second degree, eight counts of grand larceny in the third degree, 15 counts of identity theft in the first degree and 44 counts of falsifying business records in the first degree.

Unapprehended defendant, 61, formerly of Forest Hills, was indicted on charges of criminal possession of stolen property in the first degree, conspiracy in the fourth degree, scheme to defraud in the first degree, six counts of grand larceny in the second degree, eight counts of grand larceny in the third degree, 15 counts of identity theft in the first degree and 44 counts of falsifying business records in the first degree.

Diana Leal, 44, formerly of Jackson Heights and now of Florida, was indicted on charges of criminal possession of stolen property in the first degree, conspiracy in the fourth degree, scheme to defraud in the first degree, six counts of grand larceny in the second degree, eight counts of grand larceny in the third degree, 15 counts of identity theft in the first degree and 44 counts of falsifying business records in the first degree.

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