



The City of New York
Department of Investigation

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**DOI STATEMENT ON THE ARREST OF TWO EXECUTIVES CHARGED WITH EMBEZZLING \$200,000
FROM THEIR BRONX-BASED NOT-FOR-PROFIT BUILDING-MANAGEMENT CORPORATION**

ROSE GILL HEARN, Commissioner of the Department of Investigation (“DOI”), issued the following statement regarding DOI’s arrest today of RICHARD IZQUIERDO ARROYO and MARGARITA VILLEGAS, executives of SBCC Management Corp., on a federal complaint that charges they embezzled approximately \$200,000, using SBCC Management Corp.’s credit cards and bank accounts, spending the money on clothing, restaurants, airfare, travel and hotels, political campaign contributions, and other personal expenses. SBCC Management Corp., a not-for-profit corporation, receives federal and City housing assistance funds through two residential buildings in the Bronx for low-income, disabled and elderly tenants. The United States Attorney’s Office for the Southern District of New York is prosecuting the case.

DOI Commissioner Rose Gill Hearn said, “Two insiders took a free ride at their not-for-profit organization’s expense, according to the criminal complaint. They used a tax-exempt charity’s funds for everything from the mundane to the extravagant, from gas and parking tickets to trips to Puerto Rico for themselves and two elected officials. They even shopped at Ralph Lauren and Tommy Hilfiger. DOI’s investigation began with an anonymous tip and included search warrants, witness interviews, and a thorough examination of a mountain of financial records. DOI and our partners in the United States Attorney’s Office are pressing forward in this and other cases to identify, prosecute, and stop insiders who commandeer community-based organizations to steal public money.”

The investigation is ongoing.

Commissioner Gill Hearn thanked Acting United States Attorney Lev L. Dassin, Assistant United States Attorney Boyd M. Johnson III, Chief of the Public Corruption Unit, and their staff, and the Office of the Inspector General of the U.S. Department of Housing and Urban Development.

The investigation was conducted by DOI’s Public Assistance and Grants Unit and its Investigative Audit Unit, particularly, Associate Commissioners Paul Balukas, Richard Krause, and Yuval Hibshoosh, Senior Investigative Auditor Helen Gromadsky, and Confidential Investigator Lisa A. McLain, and by Investigator Robert W. Ryan of the United States Attorney’s Office. Assistant United States Attorneys Michael S. Bosworth and Rua M. Kelly are assigned to the prosecution.

Criminal complaints are accusations. Defendants are presumed innocent until proven guilty.

DOI is one of the oldest law-enforcement agencies in the country. The agency investigates and refers for prosecution City employees and contractors engaged in corrupt or fraudulent activities or unethical conduct. Investigations may involve any agency, officer, elected official or employee of the City, as well as those who do business with or receive benefits from the City.

Get the worms out of the Big Apple. To report someone ripping off the City, call DOI at (212) 825-5959.