



*United States Attorney
Southern District of New York*

FOR IMMEDIATE RELEASE

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**EXECUTIVE DIRECTOR AND PRESIDENT OF NON-PROFIT
ORGANIZATION SERVING LOW-INCOME TENANTS IN THE BRONX
INDICTED FOR FRAUD AND EMBEZZLEMENT OF FEDERAL FUNDS**

LEV L. DASSIN, Acting United States Attorney for the Southern District of New York, and ROSE GILL HEARN, the Commissioner of the New York City Department of Investigation ("DOI"), announced today that RICHARD IZQUIERDO ARROYO and MARGARITA VILLEGAS have been indicted in connection with a scheme to embezzle funds from SBCC Management Corp., a not-for-profit organization that provides management services to residential buildings for low-income tenants.

According to the Indictment filed today in Manhattan federal court:

SBCC Management Corp. provides management services to two residential buildings: the Judge Gilbert Ramirez Building, at 455 East 138th Street, Bronx, New York, and the Carmen Parsons Building, at 441 East 155th Street, Bronx, New York. The two buildings are funded in part by New York State Section 8 Housing Assistance Payment subsidies -- monies provided to New York State by the United States Department of Housing and Urban Development. IZQUIERDO ARROYO has been the president of SBCC Management Corp. since at least 2005 and has also served on the board of directors for the buildings since 1998. VILLEGAS has been the executive director of SBCC Management Corp. since December 2001.

From at least May 2005 to February 2009, IZQUIERDO ARROYO and VILLEGAS were subaccount holders of an SBCC Management Corp. American Express Business Platinum Account. During that time, IZQUIERDO ARROYO and VILLEGAS charged approximately

\$180,000 or more of personal expenses to the American Express account, including thousands of dollars' worth of clothing, shoes and accessories; meals at restaurants; hotels, airfare and other travel-related fees; rental cars, car leases, parking tickets, gas and tolls; photographs and film processing; florists; and miscellaneous items such as groceries, books, music, electronics, furniture and housewares. Between May 2005 and February 2009, IZQUIERDO only reimbursed SBCC Management Corp. for approximately \$4,000 of the charges, and VILLEGAS only reimbursed SBCC Management Corp. for approximately \$2,300 of the charges.

Between at least June 2006 and August 2008, IZQUIERDO ARROYO and VILLEGAS also misused approximately \$20,000 in SBCC Management Corp. and building funds by, among other things, making contributions to the campaign accounts of a New York State Assembly Member; paying for flooring installed at the Assembly Member's office; paying for airline tickets to Puerto Rico for the Assembly Member as well as for a New York City Council Member and IZQUIERDO ARROYO himself; and paying thousands of dollars in stipends for summer interns to work for the Assembly Member, the Council Member, and a political club controlled by the Assembly Member. IZQUIERDO ARROYO is the grandson of the Assembly Member, is the nephew of the Council Member, has served as Chief of Staff for the Assembly Member, and has served as the treasurer for bank accounts established in support of the Council Member's campaigns for elected office. VILLEGAS is a friend of the Council Member and knows the Assembly Member.

Between April 2006 and August 2008, VILLEGAS embezzled at least \$26,000 from the buildings through the use of doctored invoices and/or receipts. On at least 20 occasions, VILLEGAS submitted claims for reimbursement for expenses related to the Buildings that she purported to have charged to her personal credit card. In submitting claims for reimbursement, VILLEGAS submitted invoices and/or receipts that had been doctored to make it appear as though she had incurred expenses larger than the ones she actually charged to her credit card. In some instances, VILLEGAS never charged the expenses to her personal credit card at all. IZQUIERDO ARROYO then signed checks from the Buildings reimbursing VILLEGAS for the fictitious or overinflated expenses.

The Indictment charges IZQUIERDO ARROYO, 33, and VILLEGAS, 53, both of Bronx, NY, each with one count of conspiracy to embezzle federal funds; embezzlement of federal funds; mail fraud conspiracy; and mail fraud. Each defendant faces a maximum sentence of 20 years on the embezzlement conspiracy and embezzlement charges; five years on the mail fraud conspiracy charge; and 10 years on the mail fraud charge.

The case has been assigned to United States District Judge ALVIN K. HELLERSTEIN.

Mr. DASSIN praised the investigative work of DOI, and thanked the U.S. Department of Housing and Urban Development, Office of the Inspector General, for its assistance.

This prosecution is being handled by the Office's Public Corruption Unit. Assistant United States Attorneys RUA M. KELLY and MICHAEL S. BOSWORTH are in charge of the prosecution.

The charges contained in the Indictment are merely accusations and the defendants are presumed innocent unless and until proven guilty.

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