Approved: _____
PARVIN MOYNE
Assistant United States Attorney

Before: HONORABLE KEVIN NATHANIEL FOX
United States Magistrate Judge
Southern District of New York

- - - - - - - - - - - - - - - - - x	SEALED COMPLAINT
UNITED STATES OF AMERICA :	Violations of 18 U.S.C. §§ 1343, 1349 & 2
- v. - :	
JOSEPH DEL VALLE, :	COUNTY OF OFFENSE: NEW YORK
Defendant. :	
- - - - - - - - - - - - - - - - - x	14 MAG 868

SOUTHERN DISTRICT OF NEW YORK, ss.:

ERIC BURNS, being duly sworn, deposes and says that he is a Special Agent with Federal Bureau of Investigation ("FBI"), and charges as follows:

COUNT ONE
(Wire Fraud)

1. From at least in or about 2005, up through and including in or about June 2009, in the Southern District of New York and elsewhere, JOSEPH DEL VALLE, the defendant, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, did transmit and cause to be transmitted by means of wire communication in interstate and foreign commerce, for example, DEL VALLE caused e-mails to be sent to investors on or about May 19, May 28, June 12, June 15, and June 20, 2009, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, to wit, DEL VALLE solicited investors to wire money to various bank accounts on the basis of false representations that their investments would be used solely for a real estate development project, misappropriated portions of the investors' funds for his own

use, and sent investors electronic communications providing false assurances to them.

(Title 18, United States Code, Sections 1343 and 2.)

COUNT TWO
(Conspiracy to Commit Wire Fraud)

2. From at least in or about 2005, up through and including in or about June 2009, in the Southern District of New York and elsewhere, JOSEPH DEL VALLE, the defendant, and others known and unknown, willfully and knowingly did combine, conspire, confederate and agree together and with each other to violate Title 18, United States Code, Section 1343.

3. It was a part and an object of the conspiracy that JOSEPH DEL VALLE, the defendant, and others known and unknown, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, transmitted and caused to be transmitted by means of a wire, radio, and television communication in interstate commerce, writings, signs, signals, pictures, and sounds for purposes of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1343.

OVERT ACTS

4. In furtherance of the conspiracy and to effect the illegal objects thereof, JOSEPH DEL VALLE, the defendant, committed the following overt acts, among others, in the Southern District of New York and elsewhere:

a. On or about March 20, 2006, DEL VALLE caused $47,200 to be wired from the Manhattan bank account of MDRG ENTERPRISES, LLC to DEL VALLE's personal account at JPMorgan Chase.

b. In or about June 2009, DEL VALLE sent an e-mail to investors in which he stated, among other things, that the real estate development project "is not in any jeopardy."

(Title 18, United States Code, Section 1349.)

The bases for my knowledge and the foregoing charge are, in part, as follows:

5. I am a Special Agent with the FBI. I have been involved in the investigation of this matter. I have been a Special Agent with the FBI for approximately four years, and I have been working on white collar investigations for approximately three years. During this time, my responsibilities have included the investigation of securities fraud and wire fraud offenses.

6. I base this affidavit on that experience, as well as on my conversations with other law enforcement agents, and others. I also base this affidavit on my review of numerous documents. Because this affidavit is being submitted for the limited purpose of demonstrating probable cause, it does not include all the facts that I have learned during the course of my investigation. Where the contents of documents and the actions, statements, and conversations of others are reported herein, they are reported in substance and in part, except where otherwise indicated.

Relevant Individuals and Entities

7. At all times relevant to this Complaint, VANQUISH ACQUISITION PARTNERS LLC ("VANQUISH") was a limited liability company that was incorporated in Delaware in or about 2003. Until in or about 2007, VANQUISH had its principal office at 590 Madison Avenue, Floor 21, New York, NY 10022.

8. At all times relevant to this Complaint, JOSEPH DEL VALLE, the defendant, owned and managed several companies, including VANQUISH, which were created for investment projects, including investments in hotels, real estate developments, cruise ships, and wine magazines. With respect to VANQUISH, DEL VALLE was a founding partner and was primarily responsible for obtaining new investment ideas and structuring investments on the company's behalf. At times, DEL VALLE also solicited investors for various projects.

9. At all times relevant to this Complaint, Co-conspirator-1 ("CC-1") was a co-founding partner (with JOSEPH DEL VALLE, the defendant), Managing Director, and the Chief Financial Officer of VANQUISH. CC-1 was responsible for the office operations of VANQUISH and VANQUISH's affiliates, including maintaining bank accounts for VANQUISH, and making disbursements or transfers from the bank accounts via check, cash withdrawal, or wire transfer.

10. At all times relevant to this Complaint, Employee-1 was the General Counsel of VANQUISH. Employee-1's primary role was to solicit investors for investment projects.

11. From in or about 2005 through in or about 2008, Secretary-1 worked for VANQUISH and performed administrative duties. Secretary-1 was responsible for maintaining the financial records of VANQUISH, and Secretary-1 was responsible for paying bills and for effecting transfers of money between the bank account of VANQUISH, and other companies owned and managed by JOSEPH DEL VALLE, the defendant, and CC-1, including PM CAPITAL MANAGEMENT LLC, MDRG ENTERPRISES LLC, MORRISON PARTNERS LLC, and MORRISON PARTNERS II LLC (discussed further below). Secretary-1 acted at the direction of DEL VALLE and CC-1.

12. PM CAPITAL MANAGEMENT LLC ("PM CAPITAL") was a limited liability company that was incorporated in Delaware in or about 2006, with its principal place of business at 1111 Brickell Avenue, Floor 11, Miami, FL 33131. According to filings with the Florida Division of Corporations, JOSEPH DEL VALLE, the defendant, was the Manager of PM CAPITAL, and DEL VALLE and CC-1 were listed as the "Authorized Members." As described further herein, PM CAPITAL was created by DEL VALLE and CC-1 to solicit money for a real estate development project in the Little Havana neighborhood of Miami, Florida (referred to herein as "Project Miami"). Project Miami, as described further below, is the investment project DEL VALLE used to commit the fraud charged in this Complaint.

13. MDRG ENTERPRISES LLC, MORRISON PARTNERS LLC, and MORRISON PARTNERS II LLC were also limited liability companies. MDRG ENTERPRISES LLC, MORRISON PARTNERS LLC, and MORRISON PARTNERS II LLC were created by JOSEPH DEL VALLE, the defendant, and CC-1 to serve as investment vehicles for Project Miami. To that end, wire transfers and checks from investors were typically deposited into accounts created in the names of these entities, and some of the investors received stock in these companies in exchange for their investment.

a. MDRG ENTERPRISES LLC was incorporated in Florida in or about 2005, with its principal place of business at 1111 Brickell Avenue, Floor 11, Miami, FL 33131. According to filings with the Florida Division of Corporations, JOSEPH DEL VALLE, the defendant, was the Manager and the Authorized Member.

b. MORRISON PARTNERS LLC was incorporated in Delaware in or about 2006, with its principal place of business at 1221 Brickell Avenue, Floor 9, Miami, FL 33131. According to filings with the Florida Division of Corporations, JOSEPH DEL VALLE, the defendant, was the Manager and an Authorized Member, and CC-1 was an Authorized Member.

c. MORRISON PARTNERS II LLC was incorporated in Florida in or about 2006, with its principal place of business at 1111 Brickell Avenue, Floor 11, Miami, FL 33131. According to filings with the Florida Division of Corporations, JOSEPH DEL VALLE, the defendant, was the Manager and an Authorized Member, and CC-1 was an Authorized Member.

Overview of the Scheme

14. JOSEPH DEL VALLE, the defendant, and CC-1 conducted a scheme in which they solicited investors to wire investments to various bank accounts for a real estate venture known as Project Miami. DEL VALLE, CC-1 and Employee-1, falsely represented to investors that their investment money would be used solely for Project Miami, and that DEL VALLE, CC-1 and Employee-1 would collectively earn only 5% of the investment funds as a management fee. However, almost immediately after investors transferred funds for Project Miami, DEL VALLE and CC-1 transferred an amount greater than 5% of the funds to other bank accounts and began using the funds for other purposes, including investments in a wine magazine and for DEL VALLE's personal use.

15. When investors became suspicious and requested financial statements for their investments, JOSEPH DEL VALLE, the defendant, represented to investors in phone calls and e-mail communications that the investment funds were secure when, in fact, a large portion of the investors' money had already been misappropriated and/or diverted to other uses. DEL VALLE also falsely told investors that financial statements were in the process of being prepared and would be mailed to them shortly, whereas in truth and in fact, DEL VALLE and CC-1 had not provided any financial information to the accountant responsible for the preparation of financial statements of the relevant entities (the "Accountant").

16. In total, JOSEPH DEL VALLE, the defendant, along with CC-1 and Employee-1, raised at least $6,419,000 from approximately ten investors. DEL VALLE and CC-1 used over $3,000,000 for investments and expenditures unrelated to Project

Miami, including more than $1,000,000 for use by DEL VALLE on personal items.

Background of Project Miami & The Synopsis

17. Based on interviews I conducted with several individuals who invested in Project Miami, Employee-1, and Secretary-1, and based on certain documents I reviewed, including a synopsis of the investment that was provided to investors (the "Synopsis"), and other promotional material sent to investors, I learned the following:

a. In or about 2005, JOSEPH DEL VALLE, the defendant, CC-1, and Employee-1 began to solicit investors for Project Miami. Project Miami was a development project for the Little Havana area of Miami, Florida. Project Miami involved two high-rise buildings in which the bottom floors would house retail shops and the top floors would be residential condominiums. Project Miami was designed to provide affordable housing to middle-income individuals and included an arrangement for financing so that purchases of the condominiums would receive government-subsidized mortgages.

b. In or about 2005 and 2006, JOSEPH DEL VALLE, the defendant, and CC-1 incorporated PM CAPITAL, MDRG ENTERPRISES, MORRISON PARTNERS, and MORRISON PARTNERS II. These companies were created to serve as investment vehicles for Project Miami.

c. JOSEPH DEL VALLE, the defendant, drafted the Synopsis and then he, CC-1, and Employee-1 provided the Synopsis to potential investors. The Synopsis, which purports to be from PM CAPITAL, provides, among other relevant portions:

i. "The primary objective of Project Miami" is to develop "workforce housing on a large scale basis" and provide potential buyers with financing to purchase the housing units. "Such developments are to be in the form of mid to high rise condominium and mixed-use complexes."

ii. Project Miami has multiple stages of development. Phase I "encompasses the first three developments" in the Little Havana area of Miami. Two of the three developments are "in a very advanced stage, having received all City approval and having their respective funding secured." Two of the first three developments are projected to "be completed within approximately 24 months," and the third "within 32

months." Phase II would encompass three additional developments.

iii. PM CAPITAL is setting up a $34 million fund to finance Phase I's third development. The fund is "designed to invest in the preferred equity, mezzanine, and secured debt of specific facilities being developed under the Project." The investment is "highly focused versus a more customary opportunistic fund or blind pool," "partially securitize[ed]", and has a "target annual return of a minimum of 30%."

iv. In describing how the proceeds would be used: "From the gross proceeds realized, approximately 5% intend to be applied towards those expenses associated with this transaction, including financing fees, legal, accounting and administrative. The balance intends to be applied towards the investments identified herein less the annual management fee." The Synopsis further provides that the annual Management Fee is 5% of total assets under management, to be paid quarterly.

v. With respect to "Investment Objective," that the funds would be invested in Project Miami.

vi. With respect to "Distributions Strategy," that investors will receive net profit distributions as each of the three development stages are completed (rather than waiting until the completion of all three stages).

vii. The security offered in exchange for the investment is "Membership Units of the Issuer." The Issuer is listed as "Project Miami Participation Fund I, LLC." (As discussed further below, the name of the Issuer changed.)

viii. With respect to reporting requirements, the "holders of the Units will be entitled to receive (i) annual financial statements of the Fund; (ii) quarterly financial statements including the status of the Developments, if any; and (iii) annual tax information."

The Solicitation of the Investors

18. I have spoken with several of Project Miami's investors, and I have reviewed e-mails and documents provided to me by two of the investors. All of the investors with whom I have spoken confirmed that they had discussions prior to their investment with either JOSEPH DEL VALLE, the defendant, or Employee-1, and that DEL VALLE or Employee-1, and at times both

individuals together, stated that their investment money would only be used for Project Miami and not for any other investment purpose. As described further below, many of the investors also received the Synopsis (described above) and "Subscription Agreements" from DEL VALLE, CC-1, or Employee-1 that further provided that the investment was solely for Project Miami. Based on these representations, from in or about 2005 through 2007, investors sent monies to the various companies set up by DEL VALLE, CC-1, and Employee-1 for the specific purpose of investing in Project Miami.

19. More specifically, based on my discussions with an investor ("Investor-1") and the documents provided to me by Investor-1, I have learned the following:

a. In or about 2005, Employee-1 solicited Investor-1 for an investment in Project Miami. (Employee-1 and Investor-1 had a pre-existing personal relationship.) Prior to Investor-1 making an investment, Investor-1 spoke with Employee-1 and JOSEPH DEL VALLE, the defendant. DEL VALLE and Employee-1 together told Investor-1 that Investor-1's funds would be used solely for purposes of Project Miami. In addition, Employee-1 provided Investor-1 with a copy of the Synopsis, the schedule of projected earnings for Project Miami, and certain other promotional materials.

b. Based on the representation that the investment funds would be used solely for Project Miami, in or about 2006, Investor-1 invested $250,000 in Project Miami. Employee-1 instructed Investor-1 to wire the money to the Manhattan bank account for MDRG ENTERPRISES LLC. In exchange for the investment, Investor-1 received a Subscription Agreement and a stock certificate for common membership units of MDRG ENTERPRISES LLC.

c. In or about 2007, Investor-1 invested an additional $200,000 in Project Miami, with the understanding that his investment would be used solely for Project Miami. This time, Employee-1 instructed Investor-1 to wire the money to the Manhattan Bank account of MORRISON PARTNERS II LLC. In exchange, Investor-1 received a stock certificate for common membership units of MORRISON PARTNERS II LLC.

20. From my conversations with investors, including Investor-1, and three other investors with whom I have spoken ("Investor-2," "Investor-3," and "Investor-4"), I learned the following:

a. In 2008 and 2009, a number of the investors wanted information about the status of their investment and financial statements for their tax returns. When the investors asked JOSEPH DEL VALLE, the defendant, to provide such information, DEL VALLE falsely told the investors that the financial statements were forthcoming from the accountants and that Project Miami was still being developed. At the time DEL VALLE made such representations, however, all of the investors' funds for Project Miami were gone, much of which were spent by DEL VALLE, as described below. Moreover, the Accountant who prepared the financial statements for DEL VALLE's companies was not working on any financial statements, as also described below.

b. For example, in or about late 2008, Investor-1 participated in a conference call with DEL VALLE, CC-1, Employee-1, and Investor-4. During the call, Investor-1 and Investor-4 explained that they needed financial statements for Project Miami so that they could prepare their own tax returns. DEL VALLE stated that Project Miami was still being developed as scheduled and that the financial statements had been delayed by the accountants. DEL VALLE then assured the investors that they would receive the financial statements shortly. Investor-1 and Investor-4 never received any financial statements.

c. In a series of emails in March 2009 between DEL VALLE and Investor-1, DEL VALLE promised Investor-1 that he (DEL VALLE) would send a status report and financial statements for Project Miami.[2] For example, in one e-mail, DEL VALLE forwarded a message from a third-party (who was managing the construction for Project Miami) in which the third-party reported that Project Miami had "a small loss." After forwarding that e-mail, DEL VALLE sent another e-mail to Investor-1 stating that DEL VALLE would send the status report "tomorrow." (As noted above, Investor-1 never received the financial statements, nor did he receive any status report.)

d. In another series of e-mails dated April 16, 17, and 23, 2009 between DEL VALLE and Investor-1, DEL VALLE falsely stated that the delay in sending the financial statements was

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[2] At the time of these emails and the emails dated April, May and June 2009, JOSEPH DEL VALLE, the defendant worked primarily from Florida. At all relevant times, Investor-1 lived outside of New York and Florida and Investor-1 received DEL VALLE's email communications while s/he was outside New York and Florida.

due to the "accountants," but again confirmed that the financial statements would be forthcoming.

e. In May and June 2009, DEL VALLE again sent e-mails to Investor-1 blaming the delay in sending the financial statements on the accountants for Project Miami. DEL VALLE further represented that Project Miami was "not in any jeopardy," and that they were close to a deal on obtaining more capital. In response to an email from Investor-1 in which Investor-1 stated that "a couple of the investors have hired an attorney in Miami and are contacting the [District Attorney]", DEL VALLE responded that any such action might "[throw] a monkey wrench into the process" and that he did not "see the need for [the District Attorney]."

21. Since in or about 2008, the investors with whom I have spoken never received any financial statements or reports from JOSEPH DEL VALLE, CC-1, or Employee-1, and the investors never received any of their investments back. Moreover, the investors were never informed by DEL VALLE, CC-1, or Employee-1 that a large portion of their funds had been diverted to other purposes (unrelated to Project Miami) including for DEL VALLE's personal use.

The Misappropriation of Investor Funds

22. I have reviewed bank records for the bank accounts of various entities associated with JOSEPH DEL VALLE, the defendant, and CC-1, including but not limited to the bank account held for VANQUISH, and the bank accounts for the four entities set up for Project Miami: PM CAPITAL, MDRG ENTERPRISES LLC, MORRISON PARTNERS LLC, and MORRISON PARTNERS II LLC.

a. All of the bank accounts were set up by CC-1 from in or about 2005 through in or about 2007 and held at First Republic Bank in Manhattan, New York. Prior to receiving investment monies, all of the accounts had near zero or negative balances, and, by August 2009, all of the accounts were closed with zero balances. Indeed, according to Secretary-1, VANQUISH and DEL VALLE's Project Miami entities were bankrupt by 2007 and all of the Project Miami investors' funds had been spent.

b. From this review, I have verified that investors provided approximately $6,419,000 for Project Miami via wire transfer and at least one mailed check to bank accounts held at banks in Manhattan, New York, and Florida. This money was then

transferred among accounts, as well as paid out through checks and cash withdrawals.

c. Of the $6,419,000 of investor monies, only approximately $2,266,678 was transferred to the bank account "Little Havana Associates," which I believe to be the account related to Project Miami. The remaining investor funds were spent elsewhere, including over $1,000,000 transferred to personal bank accounts held by DEL VALLE and/or members of DEL VALLE's family; approximately $600,000 transferred to LA MEDIA & PUBLISHING LLC (another company owned and managed by DEL VALLE); approximately $595,000 transferred to Monmouth Capital Corporation; and approximately $160,000 transferred to SOUTHEAST LEISURE HOLDINGS LLC (owned and managed by DEL VALLE).[3] The money transferred to DEL VALLE's accounts was then spent on, among other things, personal items and personal travel. According to Secretary-1, she conducted all of the money transfers at the direction of CC-1 and/or DEL VALLE.

d. For example, in or about October 2007, Investor-2 and Investor-3 invested a total of $30,000 in Project Miami. (Both Investor-2 and Investor-3 had previously invested in Project Miami, and these represented subsequent investments.) Employee-1 instructed Investor-2 and Investor-3 to wire their investments to a Florida bank account in the name of "SC Acquisition", which both Investor-2 and Investor-3 did.[4] At the

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[3] According to publicly-issued press releases, LA MEDIA & PUBLISHING LLC's purpose was to develop a portfolio of life-style related publishing and media companies, including magazines about wine.

According to publicly-available information, Monmouth Capital Corporation is a New Jersey-based company that operates as a Real Estate Investment Trust ("REIT"). Monmouth Capital Corporation invests in industrial warehouse buildings. According to its most recent financial statements (dated December 31, 2006), Monmouth Capital Corporation was not invested in Project Miami.

According to publicly-available materials and information I obtained from Employee-1, SOUTHEAST LEISURE HOLDINGS LLC's purpose was to invest in cruise ship ventures.

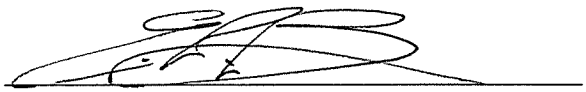
[4] According to Employee-1, SC Acquisition is another company for which DEL VALLE was a partner and that was used for investments in cruise ships.

time the $30,000 investment was deposited in the SC Acquisition account, the balance of the account was $27.12. According to my review of DEL VALLE's financial and travel records, DEL VALLE was in Europe during the month of October 2007. Almost the entire $30,000 of investment money was used by DEL VALLE in Europe for, among other things, hotels, restaurants, a cruise, and cash withdrawals. Specifically, DEL VALLE took out approximately $3,000 in cash and ATM withdrawals from the SC Acquisition account, and he used a debit card for the SC Acquisition account to spend the majority of the remaining investment on restaurants, hotels, and retail shops in Europe.

23. In some of the email communications in 2009 between JOSEPH DEL VALLE, the defendant, and investors, DEL VALLE stated that accountants from Project Miami's construction company were preparing financial statements for the investors. I have spoken with a partner of the construction company (the "Construction Company Partner") and the Construction Company Partner explained that s/he provided DEL VALLE with copies of the Construction Company's own financial records. Additionally, the Construction Company Partner explained that the Construction Company's accountants were going to prepare financial statements for DEL VALLE's Project Miami-related entities (VANQUISH, PM CAPITAL, MDRG ENTERPRISES LLC, MORRISON PARTNERS LLC, and MORRISON PARTNERS II LLC), but that the accountants were never hired to prepare financial statements for DEL VALLE's individual investors. Indeed, neither the Construction Company nor its accountants had any information on the identities of the individual investors.

24. I have spoken with the Accountant hired by JOSEPH DEL VALLE, the defendant, and CC-1 to prepare the financial statements and tax filings for the individual investors of VANQUISH, PM CAPITAL, MDRG ENTERPRISES LLC, MORRISON PARTNERS LLC, and MORRISON PARTNERS II LLC. The Accountant explained that s/he prepared partnership financial statements for the tax years of 2006 and 2007. The Accountant further explained however, that in 2008, VANQUISH, PM CAPITAL, MDRG ENTERPRISES LLC, MORRISON PARTNERS LLC, and MORRISON PARTNERS II LLC ceased to operate. Accordingly, the Accountant was not engaged to provide any ongoing accounting services for any of the Project Miami-related entities.

WHEREFORE, deponent respectfully requests that a warrant be issued for the arrest of JOSEPH DEL VALLE, the defendant, and that he be arrested and imprisoned, or bailed, as the case may be.



ERIC BURNS
SPECIAL AGENT
FEDEARL BUREAU OF INVESTIGATION

APR 24 2014

Sworn to before me this
__th Day of April 2014

S/ Kevin N. Fox

HONORABLE KEVIN NATHANIEL FOX
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK