



*United States Attorney
Southern District of New York*

FOR IMMEDIATE RELEASE

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**DIRECTOR AND PRESIDENT OF NON-PROFIT ORGANIZATION
SERVING LOW-INCOME TENANTS IN THE BRONX
CHARGED WITH EMBEZZLING 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, announced today the unsealing of federal charges against RICHARD IZQUIERDO ARROYO and MARGARITA VILLEGAS 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.

IZQUIERDO ARROYO and VILLEGAS surrendered at the New York City Department of Investigation this morning and will be presented today in Manhattan federal court before U.S. Magistrate Judge RONALD L. ELLIS. According to the Complaint unsealed today in Manhattan federal court:

SBCC Management Corp. provides management services to two residential buildings: the Judge Gilbert Ramirez Building, located at 455 East 138th Street, Bronx, New York, and the Carmen Parsons Building, located 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 director of SBCC Management Corp. since December 2001.

Between June 2002 and August 2008, 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 apparently-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 May 2005 and April 2009, 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; and 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.

The Complaint charges IZQUIERDO ARROYO and VILLEGAS each with one count of embezzlement, which carries a maximum sentence of 10 years in prison.

Mr. DASSIN praised the investigative work of the New York City Department of Investigation, 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 Complaint are merely accusations and the defendants are presumed innocent unless and until proven guilty.

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