



*United States Attorney
Southern District of New York*

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**DIRECTOR OF BRONX NOT-FOR-PROFIT ORGANIZATION PLEADS
GUILTY IN MANHATTAN FEDERAL COURT TO EMBEZZLEMENT**

PREET BHARARA, 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 that MARGARITA VILLEGAS pleaded guilty today to embezzling over \$50,000 from SBCC Management Corp., a not-for-profit organization that provides management services to residential buildings for low-income tenants and for which VILLEGAS served as executive director.

According to the Indictment to which VILLEGAS pleaded guilty, other documents filed in this case, and statements made during VILLEGAS' guilty plea proceeding before United States Judge ALVIN K. HELLERSTEIN in Manhattan federal court:

VILLEGAS admitted to embezzling \$54,414.83 in SBCC Management Corp. money between May 2005 and February 2009, through a number of methods. She used an SBCC Management Corp. corporate credit card to charge \$13,344.82 in personal expenses, including expenses for clothes, shoes, restaurants, airfare, hotels, and gas; she also submitted \$26,040.01 in false and fraudulent requests for reimbursement, including requests for reimbursement that had been doctored to make it appear as though she had incurred expenses larger than the ones she actually incurred and requests for reimbursement for expenses she had never actually incurred in the first place. Additionally, she signed or caused to be signed checks that diverted \$15,050 for the benefit of elected officials with whom she had relationships, including: campaign contributions made to a New York State Assemblywoman, payments for new flooring in the Assemblywoman's office, and payments to summer interns working in the

Assemblywoman's office and in the office of a New York City Councilmember.

U.S. Attorney BHARARA stated: "As director of a not-for-profit, Villegas should have dedicated herself to serving people in need. Instead, she directed her charity's cash to herself and her political cronies. Corruption connected with New York City not-for-profits will not be tolerated, and today's plea is another step in our collective fight, with the Department of Investigation, to bring the corrupt to justice."

DOI Commissioner GILL HEARN said, "This case exposed and stopped an insider's five-figure spending spree with stolen money that was supposed to help poor, disabled and elderly tenants. Her guilty plea to a felony shows that unscrupulous executives who loot their own not-for-profits will be held accountable. DOI and the U.S. Attorney's Office for the Southern District of New York will continue to target theft, fraud, and corruption involving publicly-funded programs."

VILLEGAS, 54, faces maximum of 10 years in prison on the count of embezzling federal funds to which she pleaded, Count Two of the Indictment. Sentencing is scheduled for June 18, 2010. VILLEGAS has also agreed to pay restitution in the amount of \$54,414.83.

VILLEGAS' co-conspirator, RICHARD IZQUIERDO ARROYO, is currently scheduled to enter a guilty plea before Judge HELLERSTEIN on March 12, 2010, at 11:00 a.m.

Mr. BHARARA praised the investigative work of the New York City Department of Investigation in this case.

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.

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