



NEW YORK STATE SENATOR

Jose Peralta

Two Long Island City Residents Charged in Ponzi Scheme in Which 31 Victims Allegedly Lost More Than \$1.3 Million

JOSE PERALTA April 5, 2011

| ISSUE: **CRIME**

One Defendant Taken Into Custody In Puerto Rico Is To Appear In Court Today; Second Defendant Remains At Large

Queens District Attorney Richard A. Brown, joined by New York State Attorney General Eric T. Schneiderman, today announced that a Long Island City woman who is alleged to have helped operate a “Ponzi” scheme that targeted the Latino community in Queens has been taken into custody in Puerto Rico and returned to Queens where she is scheduled to appear in court today. A warrant has been issued for a second defendant charged in the case who is still at large. The defendants are charged with first-degree grand larceny and other charges for allegedly bilking 31 people out of their life savings by pretending to invest the money in a corporation that bought and sold real estate and offered above-market returns on it.

District Attorney Brown said, “This case is particularly egregious as the victims lost, in many instances, their entire life savings. I would caution all investors to be careful about where they put their money and to be skeptical of instances such as this that allegedly promised guaranteed returns of 10, 12 or 14 percent. I would like to thank State Senator Jose R. Peralta who brought this case to the attention of my office after receiving complaints from his constituents.”

Attorney General Schneiderman said, "The Attorney General's office has zero tolerance for those who defraud New Yorkers of their hard-earned money. I am proud of the work done by my staff in the Investor Protection Bureau and by the Queens District Attorney's office as part of the joint investigation, and look forward to the continued cooperation between our offices. Our message to those who scam New Yorkers is simple: You will be brought to justice."

Senator Peralta said, "Representing this community, I've seen immigrants targeted time and again by scammers and schemers. This was a particularly cruel case, as the fraud often claimed all of a hardworking family's life savings. I want to thank District Attorney Brown and congratulate him for his work in this investigation."

The District Attorney identified the defendants as Ibis Febles, 44, and Giancarlo Giuseppe, 68, both of 42-26 28th Street in Long Island City, Queens. The defendants are charged with multiple counts of first, second-, third- and fourth-degree grand larceny, first-degree criminal possession of stolen property, fourthdegree conspiracy, first-degree falsifying business records, first-degree scheme to defraud, and petit larceny. Ms. Febles is presently awaiting arraignment on the indictment before Queens Supreme Court Justice Fernando M. Camacho. If convicted, she faces up to 15 years in prison.

District Attorney Brown said that, according to the indictment, between September 30, 2003, and October 1, 2008, the defendants purported to operate a corporation known as Buyersnet Real Estate Corporation with the principal owner named as Giancarlo Giuseppe and the vice-president named as Ibis Febles with offices located at 41-08 Judge Street, in Elmhurst; 79-19 37th Avenue in Jackson Heights; 37-06 82nd Street in Jackson Heights; and 42-26 28th Street in Long Island City.

District Attorney Brown said that it is further alleged that the complainants in the case gave the defendants various amounts of money which was to be used by Buyersnet to either purchase, renovate or sell real estate. They were allegedly informed by Giuseppe and/or Febles that depending on the date of the investment, they would be guaranteed to earn 10, 12 or a 14 percent return interest on their monies which could either be received by the complainant or reinvested. Each time the complainants invested monies they received certificates that alleged to represent the amount of their investments and which were referred to as "GIOS" or Guaranteed Interest Options. The certificates allegedly reflected a guaranteed interest rate which was much higher than the rates being paid by reputable financial institutions.

The District Attorney further stated that, according to the indictment, the investors contributed various amounts – in some instances as much as \$500 a month – and suffered individual losses ranging from approximately \$5,000 to as much as \$50,000. The total losses suffered by the 31 complainants are alleged to be approximately \$1.365 million. Finally, it is alleged that none of the money invested by the complainants was invested in real estate. Instead, the defendants allegedly used new investor money to pay interest dividends to earlier investors but during the later part of 2008 the scheme collapsed and the defendants stopped making interest payments, refused to return principal requested by various complainants and by the end of that year the business was closed.

The investigation was conducted by New York City Police Department Detective Ferdinand Caravousanos of the Queens District Attorney's Detective Squad under the supervision of Captain John M. Zanfardino, and by Assistant Attorney General Hannah K. Flamenbaum of the Investor Protection Bureau and Legal Assistant Clayton Donnelly under the supervision of Bureau Chief Marc B. Minor.

Assistant District Attorney RosemarieBuccheri, of the District Attorney's Economic Crimes Bureau, is prosecuting the case under the supervision of Gregory C. Pavlides, Bureau Chief, and Christina Hanophy, Deputy Bureau Chief, and the overall supervision of Executive Assistant District Attorney for Investigations Peter A. Crusco and Deputy Executive Assistant District Attorney for Investigations Linda M. Cantoni.

It should be noted that an indictment is merely an accusation and that a defendant is presumed innocent until proven guilty.

E-version of this press release posted at www.queensda.org