

**UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT**

JOHN J. CARNEY IN HIS CAPACITY AS
COURT-APPOINTED RECEIVER FOR
HIGHVIEW POINT PARTNERS, LLC,
HIGHVIEW POINT MASTER FUND, LTD.,
HIGHVIEW POINT OFFSHORE, LTD,
HIGHVIEW POINT LP, MICHAEL KENWOOD
GROUP, LLC, MK MASTER INVESTMENTS
LP, MK INVESTMENTS, LTD., MK OIL
VENTURES, LLC, MICHAEL KENWOOD
CAPITAL MANAGEMENT, LLC, MICHAEL
KENWOOD ASSET MANAGEMENT, LLC,
MK ENERGY AND INFRASTRUCTURE, LLC,
MKEI SOLAR, LP, MK AUTOMOTIVE, LLC,
MK TECHNOLOGY, LLC, MICHAEL
KENWOOD CONSULTING, LLC, MK
INTERNATIONAL ADVISORY SERVICES,
LLC, MKG-ATLANTIC INVESTMENT , LLC,
MICHAEL KENWOOD NUCLEAR ENERGY,
LLC, MYTCART, LLC, TUOL, LLC, MKCM
MERGER SUB, LLC, MK SPECIAL
OPPORTUNITY FUND, MK VENEZUELA,
LTD., and SHORT TERM LIQUIDITY FUND I,
LTD.,

Plaintiff,

v.

WALTER LUCIANO STIPA SPRECASE,
DESARROLLOS NEWCO 22, C.A.,
DESARROLLOS HOTELCO CORPORATION
CURACAO HOLDING N.V., DESARROLLOS
HOTELCO CORPORATION ARUBA HOLDING
N.V., DESARROLLOS HOTELCO CORPORATION
DHC ARUBA N.V., DESARROLLOS HOTELCO
CORPORATION ARUBA HOLDING CARACAS,
S.A., ROMEO MIKAEL MOUAWAD
MOUAWAD, JESPA MAWAD DE MOUAWAD,
and MIGUEL ANTONIO MOUAWAD MAWAD,

Defendants.

Civil Action No.

JURY TRIAL DEMANDED

June 25, 2014

COMPLAINT

John J. Carney, Esq. (the “Receiver”),¹ as Receiver for Michael Kenwood Group LLC (the “MK Group”) and certain affiliated entities² (the “Receivership Entities”) and the assets thereof (the “Receivership Estate”) in *Securities and Exchange Commission v. Illarramendi, et al.*, No. 3:11-cv-00078 (JBA) (the “SEC Action”), by and through his undersigned counsel, alleges the following:

SUMMARY OF CLAIMS

1. This lawsuit is part of the Receiver’s continuing efforts to trace, recapture and return investor proceeds stolen from investment funds managed and operated as a Ponzi scheme by Francisco Illarramendi (“Illarramendi”) and other individuals affiliated with the MK Group and Highview Point Partners, LLC (“HVP Partners”) (the “Fraudulent Scheme”). Through this complaint (the “Complaint”), the Receiver seeks the avoidance and recovery of transfers totaling at least \$15 million (collectively, the “Transfers”), as set forth on Exhibit A attached hereto, and other damages. Illarramendi made payments from the Receivership Entities directly to entities controlled by Walter Stipa for the benefit of Romeo Mouawad, Miguel Mouawad, and Jespa

¹ Unless otherwise explicitly defined herein, the Receiver adopts for purposes of this complaint the defined terms as set forth in the Amended and Restated Receiver Order (the “Receiver Order”) dated March 1, 2013 (SEC Action, Dkt. 666).

² Under the Receiver Order, the Receivership Entities are: Highview Point Partners, LLC; Highview Point Master Fund, Ltd.; Highview Point Offshore, Ltd.; Highview Point LP; MK Master Investments LP; MK Investments, Ltd.; MK Oil Ventures LLC; The Michael Kenwood Group, LLC; Michael Kenwood Capital Management, LLC (“MK Capital”); Michael Kenwood Asset Management, LLC; MK Energy and Infrastructure, LLC; MKEI Solar, LP; MK Automotive, LLC; MK Technology, LLC; Michael Kenwood Consulting, LLC; MK International Advisory Services, LLC; MKG-Atlantic Investment, LLC; Michael Kenwood Nuclear Energy, LLC; MyTcart, LLC; TUOL, LLC; MKCM Merger Sub, LLC; MK Special Opportunity Fund (“SOF”); MK Venezuela, Ltd.; and Short Term Liquidity Fund I, Ltd.

Mouawad (collectively, the “Mouawad Family”). These fraudulent Transfers were used to build a luxury beachfront hotel in Aruba (the “Hotel”). These funds must be returned to the Receiver for distribution to the defrauded victims of Connecticut’s largest Ponzi scheme.

2. Defendants received or are the beneficiaries of at least \$15 million for which they provided no reasonably equivalent value in return. The Stipa Defendants³ were the developers of the Hotel, and the Transfers were made to them in order for the Mouawad Family (together with the Stipa Defendants, “Defendants”) to obtain an ownership interest in the Hotel.⁴

3. Romeo Mouawad and certain of the Stipa Defendants entered into a share sale agreement pursuant to which Romeo Mouawad agreed to provide a loan in the amount of \$30 million to the Stipa Defendants to assist in the development of the Hotel. In consideration for the loan, Romeo Mouawad was to receive, among other things, an ownership interest in the Hotel once it was completed. Illarramendi transferred \$15 million of the funds that Romeo Mouawad agreed to contribute from Receivership Entities to bank accounts in New York held by certain of the Stipa Defendants without receipt of any consideration therefor.

4. The Hotel opened for business on November 22, 2013. Because the Hotel is operating, based on the provisions of the share sale agreement, the Stipa Defendants are required to repay the loan provided by Romeo Mouawad in full. Indeed, in a recent filing with this Court, the Stipa Defendants stated that Romeo Mouawad has demanded repayment. *See* SEC Action,

³ The “Stipa Defendants” are: Walter Luciano Stipa Sprecase, Desarrollos NEWCO 22 C.A., Desarrollos Hotelco Corporation Curacao Holding N.V., Desarrollos Hotelco Corporation Aruba Holding N.V., Desarrollos Hotelco Corporation DHC Aruba N.V., and Desarrollos Hotelco Corporation Aruba Holding Caracas, S.A.

⁴ As detailed further below, the Trustee commenced an action against Romeo Mouawad, his family members, and others, seeking to recover more than \$325 million in other transfers received by those defendants (the “Mouawad Action”) Civ. No. 13-00660. The Transfers sought herein were not included in the Mouawad Action.

Dkt. 865-1, at 3 n.7. Because the Hotel is operating, Romeo Mouawad is also entitled to share in the profits from the operation of the Hotel by virtue of his ownership interest that was purchased in part with Receivership Estate assets.

5. Though Romeo Mouawad was the signatory to the share sale agreement, upon information and belief he has since transferred an ownership interest to his son, Miguel Mouawad, who now holds himself out to be the owner of the Hotel. *See* Exhibit B. Similarly, upon information and belief, Romeo Mouawad's wife, Jespa Mouawad, holds an ownership interest in the Hotel as evidenced by at least one agreement related to the Hotel on which she is a signatory.

6. The Transfers comprise investor funds and other monies that must be recovered for distribution by the Receiver in accordance with his court-mandated duties.

THE DEFENDANTS

7. **Walter Luciano Stipa Sprecase** ("Stipa") is a Venezuelan citizen who owns and develops hotel properties. Stipa is the majority shareholder of at least four luxury hotels in South America and the Caribbean. In addition and relevant to this case, Stipa is the majority owner of the Hotel. Stipa has significant ties to horse racing in the United States and serves as an officer of and registered agent for Stipa Racing Stable Inc., an entity domiciled in Florida that maintains its business address in Sunrise, Florida. Upon information and belief, Stipa maintains a residence in Sunrise Lakes, Florida and has maintained a residence in Florida at all relevant times to this complaint.

8. **Desarrollos NEWCO 22, C.A.** ("Desarrollos NEWCO") is a Caracas, Venezuela-based company incorporated on or about May 2, 2007. Stipa currently serves as the president of Desarrollos NEWCO. Stipa has been authorized by Desarrollos NEWCO's Articles of

Incorporation to act on behalf of the company. Desarrollos NEWCO holds an account at JPMorgan Chase in New York, and was the recipient, through this account, of transfers totaling at least \$10 million from Michael Kenwood Venezuela and Short Term Liquidity Fund, both of which are Receivership Entities.

9. **Desarrollos Hotelco Corporation Curacao Holding N.V.** (“Desarrollos Curacao Holding”) is a Curacao-based company incorporated under the laws of the former Netherland Antilles. Stipa represents Desarrollos Curacao Holding as attorney-in-fact, having been issued a power of attorney for the corporation on or about March 26, 2009.

10. **Desarrollos Hotelco Corporation Aruba Holding N.V.** (“Desarrollos Aruba Holding”) is an Aruba-based company incorporated under the laws of the former Netherland Antilles. Stipa represents Desarrollos Aruba Holding as attorney-in-fact, having been issued a power of attorney for the corporation on or about March 26, 2009.

11. **Desarrollos Hotelco Corporation DHC Aruba N.V.** (“Desarrollos DHC Aruba”) is an Aruba-based company incorporated under the laws of the former Netherland Antilles. Stipa represents Desarrollos DHC Aruba as attorney-in-fact, having been issued a power of attorney for the corporation on or about March 26, 2009. Desarrollos DHC Aruba is the holder of a sixty-year lease, granted by the government of Aruba, on a parcel of beach front property on Palm Beach, Aruba on which the Hotel has been constructed.

12. **Desarrollos Hotelco Corporation Aruba Holding Caracas, S.A.** (“Desarrollos Caracas”) is a Venezuelan company operating in Aruba of which Stipa is the majority shareholder. Desarrollos Caracas is a holding company which holds some or all of the equity in Desarrollos DHC Aruba. Desarrollos Caracas holds an account at JPMorgan Chase in New York,

and was the recipient, through that account, of a \$5 million transfer from the Short Term Liquidity Fund, a Receivership Entity.

13. **Romeo Mikael Mouawad Mouawad** (“Romeo Mouawad”) is a Venezuelan citizen and a wealthy financier who operates an international brokerage firm and maintains significant political connections in Venezuela. Romeo Mouawad maintained residences in Miami and Miami Beach, Florida and regularly conducted business in the United States at all times relevant to this complaint. Romeo Mouawad received the benefit of the Transfers from the relevant Receivership Entities. Upon information and belief, Romeo Mouawad currently resides in Venezuela.

14. **Jespa Mawad De Mouawad** (“Jespa Mouawad”) is, upon information and belief, Romeo Mouawad’s wife. She maintained residences in Miami and Miami Beach, Florida and regularly conducted business in Florida at all times relevant to this complaint. Together with her son, Miguel Mouawad, Jespa Mouawad has actively managed real estate assets in Florida. Jespa Mouawad has received the benefit of the transfers alleged in the Complaint. Jespa Mouawad is a signatory on at least one agreement related to the Hotel in which she is represented as purchasing an interest in the Hotel in conjunction with Romeo Mouawad.

15. **Miguel Antonio Mouawad Mawad** (“Miguel Mawad”) is Romeo Mouawad’s son. He maintained multiple residences in Miami and Miami Beach, Florida and regularly conducted business in the United States at all times relevant to this complaint. Miguel Mawad is the owner of the Hotel. *See* Exhibit B. Miguel Mawad has received the benefit of the transfers alleged in the Complaint.

16. Miguel Mawad has been issued a United States Social Security Number, maintains an active Florida motor vehicle registration, and has participated in amateur motorsports racing

in the United States. As recently as March 2013, Miguel Mawad also owned a multi-million dollar condominium in New York City. Together with his mother, Jespa Mouawad, Miguel Mawad has actively managed family-owned real estate assets in Florida.

RELEVANT RECEIVERSHIP ENTITIES

17. **Michael Kenwood Venezuela** (“MKV,” together with Short Term Liquidity Fund, I, Ltd. and MK Special Opportunity Fund, the “MK Funds”) is a fund registered in the Cayman Islands. MKV was formed on August 14, 2008, with the purpose of investing in “the Bolivarian Republic of Venezuela (“Venezuela”) credit spectrum including arbitrage between the Venezuela Bolivar (VEF) and the US dollar (USD), as well as high returns currently being offered by Venezuelan USD international bonds.” MKV was managed by investment advisor MK Capital, which was owned by Illarramendi and two other individuals. Its office and principal place of business was Stamford, Connecticut.

18. **Short Term Liquidity Fund** (“STLF”) is a fund registered in the Cayman Islands. STLF was formed on June 20, 2008, with the purported purpose of investing in “products offered in the global fixed income and derivatives markets to generate gains through short-term (under one year) investments in sovereign securities, particularly those subject to currency arbitrage opportunities in their country of issuance, due to a particular country’s exchange rate policy.”

19. **Highview Point Partners, LLC** (“HVP Partners”) is a Delaware limited liability company organized on August 27, 2004. HVP Partners was founded by Illarramendi and two other individuals and managed the Highview Point Master Fund Ltd. (the “Master Fund”) and two feeder funds, Highview Point Offshore, Ltd. (“HVP Offshore”) and Highview Point LP (“HVP LP”) (collectively, the “HVP Funds”). Its office and principal place of business was located in Stamford, Connecticut.

JURISDICTION AND VENUE

20. This Court has subject matter jurisdiction over this matter pursuant to 28 U.S.C. § 1367 in that this is an action brought by the Receiver appointed by this Court concerning property under this Court's exclusive jurisdiction. *See Securities and Exchange Commission v. Illarramendi, et al.*, No. 3:11-cv-00078 (JBA), Amended Order Appointing Receiver (March 1, 2013) (Dkt. 666).

21. This Court has personal jurisdiction over Defendants pursuant to 28 U.S.C. §§ 754 and 1692 and under applicable state law.

22. The District of Connecticut is the appropriate venue for any claims brought by the Receiver pursuant to 28 U.S.C. § 754 as the acts and transfers alleged herein occurred in the District.

RECEIVER'S STANDING

23. On January 14, 2011, the SEC commenced a civil enforcement action against Illarramendi, MK Capital, and various relief defendants (the "SEC Defendants"). The SEC's complaint alleges that Illarramendi and others misappropriated investor assets in violation of Section 206(1), (2) and (4) of the Investment Advisers Act of 1940 and Rule 206(4)-(8) thereunder. The SEC also sought equitable relief, including injunctions against future violations of the securities laws, disgorgement, prejudgment interest, and civil monetary penalties.

24. Simultaneously with the filing of its complaint, the SEC sought emergency relief, including a preliminary injunction, in the form of an order freezing the assets of the SEC Defendants. The SEC also sought the appointment of a receiver over those assets.

25. On February 3, 2011, the Court appointed Plaintiff John J. Carney, Esq. as Receiver over all assets "under the direct or indirect control" of Defendant MK Capital and various relief defendants. A motion to expand the scope and duties of the Receivership was filed on March 1,

2011, and an amended Receiver Order was entered on March 1, 2011, expanding both the duties of the Receiver and the definition of the Receivership Estate to include the MK Funds, namely SOF, MKV and STLF. The Receiver Order was subsequently amended several times.

26. Most recently, on March 1, 2013, the Court entered the Amended and Restated Order Appointing Receiver (the “Receiver Order”) expanding the Receivership and taking control of the HVP Funds.

27. The Receiver Order has been filed in in various districts including the Southern and Eastern Districts of New York and the Southern District of Florida, among others. *See e.g., SEC v. Illarramendi*: 11-mc-00044-P1 (S.D.N.Y.); 11-mc-00109-UA (E.D.N.Y.); 11-20528-civ (S.D. Fla.).

28. Pursuant to the Receiver Order, the Receiver is charged with identifying and recovering property of the Receivership Entities to ensure the maximum distribution to the Receivership Entities’ defrauded creditors and to maximize the pool of assets available for distribution. Pursuant to the Receiver Order, the Receiver must take control of all assets owned by or traceable to the Receivership Estate, including any funds that were stolen, misappropriated, or fraudulently transferred as alleged herein.

29. The Receiver Order grants the Receiver authority to bring claims that the Receivership Entities could have brought on their own behalf. This includes the right to “seek . . . avoidance of fraudulent transfers” (SEC Action, Dkt. 666 at ¶48) and “bring such legal actions based on law or equity in any state, federal, or foreign court as the Receiver deems necessary or appropriate in discharging his duties as Receiver” (*Id.* at ¶13.I) on behalf of the Receivership Entities and for the ultimate benefit of their creditors.

30. The Receiver Order also provides that all persons and entities with control, custody or possession of any Receivership property must turn such property over to the Receiver at the Receiver's request." *Id.* at ¶19. Receivership property expressly includes "all rents, profits, dividends, interest or other income . . . which the Receivership Entities own, possess, [or] have a beneficial interest in . . ." *Id.* at ¶13.A.

31. At all relevant times, the Receivership Entities were under Illarramendi's domination and control as Illarramendi and his accomplices diverted their corporate assets and deepened their insolvency in furtherance of the Fraudulent Scheme.

32. The Receiver has standing to bring these claims pursuant to, among other things, Connecticut Uniform Fraudulent Transfer Act ("CUFTA"), CONN. GEN. STAT. § 55-552.

33. The Fraudulent Scheme and, specifically, the Stipa Defendants' receipt of fraudulent transfers originating from the fraud, and the Mouawad Family's receipt of the benefit thereof, caused harm to the Receivership Entities' business and property. Pursuant to the Receiver Order, the Receiver has standing to bring the claims alleged herein. Because the Receivership Entities were under Illarramendi's domination and control while Illarramendi diverted their assets, causing them harm, the Receivership Entities are tort creditors of Illarramendi.

34. As alleged herein, at all relevant times, the Receivership Entities were creditors of Illarramendi because they each had a claim to the funds that Illarramendi diverted and misappropriated in furtherance of the Fraudulent Scheme. Because Illarramendi routinely commingled funds between and among Receivership Entities, each such entity is a creditor of one another. Accordingly, the Receiver has standing to avoid and recover the Transfers made to Defendants.

CRIMINAL PROCEEDING

35. On or about March 7, 2011, the United States Attorney's Office for the District of Connecticut filed a Criminal Information (the "Information") against Illarramendi alleging that Illarramendi, with others, had engaged in a massive Ponzi scheme involving hundreds of millions of dollars of money supplied primarily by foreign institutional and individual investors.

36. According to the Information, Illarramendi engaged in or caused multiple acts in furtherance of the Ponzi scheme, including but not limited to: (1) making false statements to investors, creditors and employees of the Receivership Entities, the Securities and Exchange Commission ("SEC"), and others to conceal and continue the scheme; (2) creating or causing fraudulent documents to be created; (3) engaging in multiple transactions without documentation in an effort to conceal and continue the scheme; (4) transferring millions of dollars of assets across the Receivership Entities and other entities he controlled to make investments in private equity companies; and (5) commingling assets across the Receivership Entities and other affiliated entities.

37. On March 7, 2011, Illarramendi pleaded guilty to a much larger fraud than was originally alleged in the SEC Action. He pleaded guilty to felony violations of wire fraud (18 U.S.C. § 1343), securities fraud (15 U.S.C. §§ 78j(b) and 78ff), investment adviser fraud (15 U.S.C. §§ 80b-6 and 80b-17) and conspiracy to obstruct justice (18 U.S.C. § 371).

38. As Illarramendi publicly acknowledged during his plea allocution he began engaging in this scheme years earlier to conceal from investors and creditors losses of several hundred million dollars.⁵

39. Illarramendi is currently detained pending sentencing.

THE FRAUDULENT SCHEME

40. The Fraudulent Scheme at the center of these proceedings involves the misappropriation and misuse of investor assets by Illarramendi through his domination and control over two Stamford, Connecticut-based investment advisers—namely, HVP Partners and MK Capital.

41. To perpetrate and prolong the Fraudulent Scheme, Illarramendi fabricated entire transactions and manipulated actual transactions in an effort to conceal the Fraudulent Scheme and defraud creditors. To hide the ever-growing shortfall, Illarramendi played a shell game with the remaining investor funds, constantly shuffling funds from one entity or fund to the next, pervasively commingling, misappropriating and looting funds and giving the false appearance of profitability. Illarramendi showed no regard whatsoever for corporate form or formalities while operating the Receivership Entities.

42. Illarramendi was the managing member and one-third owner of HVP Partners, which he co-founded with Christopher Luth and Frank Lopez in 2004. Beginning in or about 2006,

⁵ Illarramendi has admitted as part of his plea agreement to operating the hedge funds he managed as a Ponzi scheme in which he used money provided by new investors to payout returns he had previously promised to old investors. *See United States v. Illarramendi*, No. 3:11-cr-00041-SRU (Dkt. No. 10).

Illarramendi was also the majority owner of and control person for a group of affiliated entities, the “MK Entities,” which would eventually become organized as the MK Group.

43. Illarramendi not only used money provided by new investors to pay the returns he promised to earlier investors, but also: (a) created fraudulent documents to mislead and deceive investors, creditors, and the SEC about the existence and amount of the HVP and MK Funds’ assets; (b) made false representations to investors and creditors (and those of the HVP and MK Funds) in an effort to obtain new investments from them and to prevent them from seeking to liquidate their investments; (c) commingled the investments in each individual hedge fund with investments in the other hedge funds and other third parties without regard to their structure, stated purpose, or investment limitations; (d) engaged in transactions that were not in the best interests of the HVP and MK Funds and agreed to pay bribes and kickbacks to certain persons connected with those transactions; and (e) diverted funds for his own personal benefit. As a result of these fraudulent activities, Illarramendi left a gap between the liabilities owed to the HVP and MK Funds’ investors and assets actually possessed by the HVP and MK Funds. In testimony before the court, Illarramendi estimated that this gap exceeded \$300 million.

44. From at least 2005 through the fall of 2010, Illarramendi caused HVP Partners, the MK Group, the MK Funds, and the HVP Funds to engage in scores of extraordinarily complex and multi-layered transactions as part of the Fraudulent Scheme to conceal investment losses and misappropriated investor assets. Illarramendi conducted the fraud using the HVP Funds and the MK Funds in tandem, engaging in many related transactions between the two groups, which included purported loans and investments, and extensive, undocumented transfers of cash between them for the purpose of concealing massive losses in order to hinder, delay or defraud the Receivership Entities and the HVP Funds, their investors and creditors.

45. Illarramendi utterly disregarded the corporate form and formalities and separate identities of the MK Funds and the HVP Funds in carrying out the fraudulent scheme, and freely and indiscriminately commingled, misappropriated and looted investor proceeds, including those constituting the Transfers to Defendants, to further the fraud and conceal it from investors and creditors.

TRANSACTIONS ASSOCIATED WITH DEFENDANTS

46. Defendants received or benefitted from at least \$15 million transferred from Receivership Entities while failing to provide any reasonably equivalent value to the Receivership Entities in connection with these transfers. *See* Exhibit A. These Transfers were made from Receivership Entities to bank accounts held by Desarrollos NEWCO and Desarrollos Caracas at JPMorgan Chase in New York.

47. Defendants were involved in the development of the Hotel—a luxury resort in Aruba, which opened for business on November 22, 2013. Romeo Mouawad purchased an ownership interest in the Hotel and was obligated to provide funds in connection therewith. Rather than pay all of the amounts owed out of his own assets, Romeo Mouawad caused the Receivership Entities to pay a portion on his behalf. Upon information and belief, after signing the Share Sale Agreement, Romeo Mouawad transferred some or all of his rights, title and interest to Jespa and Miguel Mawad. As a result, the Mouawad Family acquired the right to an ownership interest in the Hotel—subsidized by MK investors—and will receive profits from the operation of the Hotel without returning any funds to any Receivership Entity.

A. Overview of the Relevant Agreement

48. Stipa, Desarrollos NEWCO, Desarrollos Curacao Holding, Desarrollos Aruba Holding, Desarrollos DHC Aruba, and Romeo Mouawad are parties to a “share sale agreement and shareholders agreement” dated June 22, 2010 (the “Share Sale Agreement”).

49. The agreement defines Stipa, Desarrollos NEWCO, Desarrollos Curacao Holding, Desarrollos Aruba Holding, and Desarrollos DHC Aruba as the “Developers” of the Hotel and defines each of the entity Developers as “directly or indirectly fully owned by or related to Stipa.”

50. The Share Sale Agreement states that the Developers signed a series of agreements with the government of Aruba and the operator and manager of the Hotel for the construction and operation of the Hotel. Among the agreements is a sixty-year lease, granted by the government of Aruba to Desarrollos DHC Aruba, on a plot of land located on the beach in the eastern part of Palm Beach, Aruba on which the Hotel has been constructed.

51. Pursuant to the Share Sale Agreement, Romeo Mouawad agreed to loan \$30 million to Desarrollos NEWCO. The loan was documented by a promissory note which was guaranteed by Stipa personally and as representative of Desarrollos Curacao, Desarrollos Aruba Holding and Desarrollos DHC Aruba (collectively, the “Guarantors”). Romeo Mouawad had an option, which he ultimately elected to exercise, to provide the loan proceeds in multiple installments.

52. Romeo Mouawad was required to fund the loan according to the following distribution schedule, as described in the Share Sale Agreement: (i) \$10 million upon the execution of the Share Sale Agreement; (ii) \$5 million within 90 calendar days of execution; (iii) \$5 million within 180 calendar days of execution; (iv) \$5 million within 270 days of execution; and (v) the remaining \$5 million on the first anniversary of execution.

53. In the event that the loan money was not directly provided by Romeo Mouawad, he was required, in writing and seven days in advance of the payment date in question, to identify the payor and provide its phone number, address and a copy of its bylaws. The guarantee of the loan obligation provided by Stipa and the other Guarantors states that they are guaranteeing repayment to Romeo Mouawad or to “the lender who ultimately makes the loan.”

54. Assuming Romeo Mouawad was in compliance with the terms of the Share Sale Agreement, the Developers agreed to repay the loan on the earlier of (i) the date three months from completion of the construction of the Hotel, or (ii) four years from the date of execution of the Share Sale Agreement. The Hotel opened on November 22, 2013. Thus, assuming Romeo Mouawad’s compliance, the loan was due to be repaid on January 22, 2014 or, at the latest, June 22, 2014. As noted above, Romeo Mouawad has already demanded repayment of the loan to him. *See* SEC Action, Dkt. 865-1, at 3 n.7.

55. In addition, if Romeo Mouawad is in compliance with its terms, the Share Sale Agreement provides that the Developers will transfer to Romeo Mouawad 30% of the capital stock of Desarrollos Curacao Holding, the entity that will, on information and belief, be an owner of the Hotel.

56. If, however, Romeo Mouawad failed to satisfy the terms of the Share Sale Agreement, the Agreement provided that he would not receive any ownership interest in Desarrollas Curacao Holding. In that event, the Developers would have a longer period of time, up to two years from the date of completion of the Hotel, to repay the loan. As Romeo Mouawad has already demanded repayment of the loan, upon information and belief, he satisfied the terms of the Agreement.

B. Transfers from Receivership Entities

57. On or about June 25, 2010, three days after the execution of the Share Sale Agreement, Illaramendi received instructions directing a payment of \$10 million to Desarrollos NEWCO's account at JPMorgan Chase in New York. Desarrollos NEWCO was the developer of the Hotel. Illaramendi made this payment in two transfers from two Receivership Entities on June 29 and July 1, 2010.

58. On or about June 29, 2010, Illaramendi, from his office in Stamford, Connecticut, directed Deutsche Bank Amsterdam to transfer \$6 million from MKV's Deutsche Bank account to an account at JPMorgan Chase in New York owned by Desarrollos NEWCO.

59. On or about July 1, 2010, Illaramendi, from his office in Stamford, Connecticut, directed Deutsche Bank Amsterdam to transfer \$4 million from STLF's Deutsche Bank account to an account at JP Morgan Chase in New York owned by Desarrollos NEWCO.

60. In addition, on or about September 17, 2010, approximately ninety days after the Share Sale Agreement was executed and in accordance with the payment schedule established therein, another \$5 million was transferred from STLF's Deutsche Bank account to an account at JPMorgan Chase in New York held by Desarrollos Caracas.

61. One half of the loan provided to the Stipa Defendants and thus one half of the shares in the Hotel obtained by the Mouawad Family were procured with funds from Receivership Entities. Though these transfers were made from Receivership Entities, the Receiver has not identified any consideration provided to the Receivership Entities by Desarrollos NEWCO, Desarrollos Caracas, the Mouawad Family or any other Defendant. Accordingly, Desarrollos NEWCO and Desarrollos Caracas received at least \$15 million in transfers of funds that properly

belong in the Receivership Estate and must be returned for distribution to creditors with valid claims.

THE NATURE OF THE CAUSES OF ACTION AGAINST DEFENDANTS

62. At all times relevant hereto, the Receivership Entities, including all of their affiliated entities and funds, were insolvent in that: (i) their liabilities exceeded the value of their assets by millions of dollars; (ii) they could not meet their obligations as they came due; and/or (iii) at the time of the Transfers to or for the benefit of the Defendants described herein, the Receivership Entities were left with insufficient capital to pay their investors and/or creditors.

63. This action is being brought to recover misappropriated investor money and Receivership property of the Receivership Entities that was fraudulently transferred to or for the benefit of the Defendants, as well as remedies for unjust enrichment and an accounting, so that these funds can be returned and equitably distributed among the investors and creditors of the Receivership Entities.

64. Without regard to the extent to which they knew of Illarramendi's Fraudulent Scheme, the Mouawad Family and the Stipa Defendants knew or should have known that they were not entitled to the Transfers or the benefit thereof when they provided no reasonably equivalent value to any Receivership Entity in return.

65. At all relevant times, Illarramendi was involved in the Fraudulent Scheme with the transfers he made designed to hinder, delay or defraud creditors and continue to conceal his fraudulent conduct.

66. All of the Transfers alleged herein are set forth on Exhibit A hereto and the Receiver reserves his right to amend and revise this schedule as discovery warrants.

67. To the extent that any of the recovery counts below may be inconsistent with each other, they are to be treated as pleaded in the alternative.

FIRST CAUSE OF ACTION
CUFTA SECTION 52-552e(a)(1) (ACTUAL FRAUD)

68. The Receiver incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

69. The Transfers were made on or within four years before the date of this action.

70. Each of the Transfers constitutes a transfer of an interest of property of the Receivership Entities improperly caused by Illarramendi in furtherance of the Fraudulent Scheme, within the meaning of section 52-552(b)(12) of CUFTA.

71. Each of the Transfers occurred during the course of the Fraudulent Scheme, when Illarramendi diverted and misappropriated the Receivership Entities' corporate assets and commingled investor money among the insolvent Receivership Entities. Illarramendi thus directed the Transfers through the Receivership Entities at a time when such entities were insolvent. Accordingly, at all relevant times herein, the Receivership Entities had a claim to the funds used for the Transfers.

72. At all relevant times, the Receivership Entities were "creditors" of Illarramendi and his accomplices within the meaning of section 52-552(b)(4) of CUFTA for the various Transfers alleged herein.

73. Each of the Transfers was made to, or for the benefit of, the Defendants.

74. Each of the Transfers was made without the Receivership Entities receiving reasonably equivalent value from the Defendants.

75. Each of the Transfers was made by Illarramendi and others through the Receivership Entities to further the Fraudulent Scheme and was made with the actual intent to hinder, delay or

defraud the Receivership Entities and some or all of the Receivership Entities' then-existing creditors.

76. The Transfers constitute fraudulent transfers avoidable by the Receiver pursuant to section 52-552e(a)(1) of CUFTA and recoverable from the Defendants pursuant to section 52-552h of CUFTA.

77. As a result of the foregoing, pursuant to sections 52-552e(a)(1) and 52-552h of CUFTA, the Receiver is entitled to a judgment: (i) avoiding and preserving the Transfers; and (ii) recovering the Transfers, or the value thereof, from the Defendants for the benefit of the Receivership Estate.

SECOND CAUSE OF ACTION
CUFTA SECTION 52-522e(a)(2) (CONSTRUCTIVE FRAUD)

78. The Receiver incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

79. The Receiver seeks to avoid those Transfers that were made on or within four years before the date of this action.

80. Each of the Transfers constitutes a transfer of an interest of property of the Receivership Entities within the meaning of section 52-552b(12) of CUFTA.

81. Each of the Transfers occurred during the course of a Fraudulent Scheme, when Illarramendi diverted and misappropriated the Receivership Entities' corporate assets and commingled investor money among the insolvent Receivership Entities. Illarramendi thus directed the Transfers through the Receivership Entities at a time when such entities were insolvent. Accordingly, at all relevant times herein, the Receivership Entities had a claim to the funds used for the Transfers.

82. At all relevant times, the Receivership Entities were “creditors” of Illarramendi and his accomplices within the meaning of section 52-552b(4) of CUFTA for the various Transfers alleged herein.

83. Each of the Transfers was made to, or for the benefit of, the Defendants.

84. Each of the Transfers was made without receipt of reasonably equivalent value from the Defendants.

85. At the time of each of the Transfers, the Receivership Entities were insolvent, were engaged in a business or transaction, or were about to engage in a business or a transaction, for which any property remaining with the Receivership Entities was an unreasonably small capital.

86. At the time of each of the Transfers, the Receivership Entities intended to incur, or believed that they would incur, debts that would be beyond their ability to pay as such debts matured.

87. The Transfers were not made by the Receivership Entities in the ordinary course of business.

88. The Transfers constitute fraudulent transfers avoidable by the Receiver pursuant to section 52-552e(a)(2) of CUFTA and recoverable from the Defendants pursuant to section 52-552h of CUFTA.

89. As a result of the foregoing, pursuant to sections 52-552e(a)(2) and 52-552h of CUFTA, the Receiver is entitled to a judgment: (i) avoiding and preserving the Transfers made on or within four years before the date of this action; and (ii) recovering the Transfers made on or within four-years before the date of this action, or the value thereof, from the Stipa Defendants and the Mouawad Family for the benefit of the Receivership Estate.

THIRD CAUSE OF ACTION
CUFTA SECTION 52-522f(a) (CONSTRUCTIVE FRAUD)

90. The Receiver incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

91. The Receiver seeks to avoid those Transfers that were made on or within four years before the date of this action.

92. Each of the Transfers constitutes a transfer of an interest of property of the Receivership Entities within the meaning of section 52-552b(12) of CUFTA.

93. Each of the Transfers occurred during the course of a Fraudulent Scheme, when Illarramendi diverted and misappropriated the Receivership Entities' corporate assets and commingled investor money among the insolvent Receivership Entities. Illarramendi thus directed the Transfers through the Receivership Entities at a time when such entities were insolvent. Accordingly, at all relevant times herein, the Receivership Entities had a claim to the funds used for the Transfers.

94. At all relevant times, the Receivership Entities were "creditors" of Illarramendi and his accomplices within the meaning of section 52-552b(4) of CUFTA for the various Transfers alleged herein.

95. Each of the Transfers was made to, or for the benefit of, the Defendants.

96. Each of the Transfers was made without receipt of reasonably equivalent value from the Defendants.

97. At the time of each of the Transfers, the Receivership Entities were insolvent, or became insolvent, as a result of the transfer in question.

98. The Transfers constitute fraudulent transfers avoidable by the Receiver pursuant to section 52-552f(a) of CUFTA and recoverable from the Defendants pursuant to section 52-552h of CUFTA.

99. As a result of the foregoing, pursuant to sections 52-552f(a) and 52-552h of CUFTA, the Receiver is entitled to a judgment: (i) avoiding and preserving the Transfers made on or within four years before the date of this action; and (ii) recovering the Transfers made on or within four years before the date of this action, or the value thereof, from the Defendants for the benefit of the Receivership Estate.

FOURTH CAUSE OF ACTION
UNJUST ENRICHMENT

100. The Receiver incorporates by reference the allegations contained in the previous paragraphs of this Complaint as if fully rewritten herein.

101. The Defendants benefited from the receipt of money provided by Illarramendi through the Receivership Entities in the form of payments and other Transfers alleged herein which were the property of the Receivership Entities and their investors, and for which the Defendants did not adequately compensate the Receivership Entities or provide value.

102. The Defendants will continue to benefit unjustly through retention of profits from the operation of the Hotel, because the Mouawad Family's ownership interest in the Hotel was purchased with the Transfers.

103. The Defendants unjustly failed to repay the Receivership Entities for the benefits received from the Transfers.

104. The enrichment was at the expense of the Receivership Entities and, ultimately, at the expense of the Receivership Entities' creditors.

105. Equity and good conscience require full restitution of the monies received by the Defendants from the Receivership Entities for distribution to the creditors.

106. By reason of the above, the Receiver, on behalf of the Receivership Entities and its creditors, is entitled to an award in an amount to be determined at trial.

WHEREFORE, the Receiver respectfully requests that this Court enter judgment in favor of the Receiver and against Defendants as follows:

i. On the First Cause of Action, pursuant to sections 52-552e(a)(1) and 52-552h of the Connecticut Uniform Fraudulent Transfers Act: (i) avoiding and preserving the Transfers; and (ii) recovering the Transfers, or the value thereof, from the Defendants for the benefit of the Receivership Estate;

ii. On the Second Cause of Action pursuant to sections 52-552e(a)(2) and 52-552h of the Connecticut Uniform Fraudulent Transfer Act: (i) avoiding and preserving the Transfers made on or within four years before the date of this action; and (ii) recovering the Transfers made on or within four years before the date of this action, or the value thereof, from the Defendants for the benefit of the Receivership Estate;

iii. On the Third Cause of Action pursuant to sections 52-552f(a) and 52-552h of the Connecticut Uniform Fraudulent Transfer Act: (i) avoiding and preserving the Transfers made on or within four years before the date of this action; and (ii) recovering the Transfers made on or within four years before the date of this action, or the value thereof, from the Defendants for the benefit of the Receivership Estate;

iv. On the Fourth Cause of Action against the Defendants for unjust enrichment in an amount to be determined at trial;

- v. On all Causes of Action, establish a constructive trust over the proceeds of the Transfers in favor of the Receiver for the benefit of the Receivership Entities;
- vi. On all Causes of Action, ordering an accounting of the proceeds of the Transfers;
- vii. On all Causes of Action, awarding the Receiver all applicable pre-judgment and post-judgment interest, costs, and disbursements of this action;
- viii. On all Causes of Action, directing the Mouawad Family to transfer to the Receivership Estate all right, title and interest related to the Hotel derived from the Transfers alleged herein; and
- ix. On all Causes of Action, granting the Receiver such other, further, and different relief as the Court deems just, proper and equitable.

The Receiver respectfully requests a jury trial for all of the preceding causes of action.

Date: June 25, 2014

/s/ Ona T. Wang_____

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