

**UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT**

JOHN J. CARNEY, IN HIS CAPACITY AS COURT-APPOINTED RECEIVER, FOR HIGHVIEW POINT PARTNERS, LLC; 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.; SHORT TERM LIQUIDITY FUND, I, LTD.,

Plaintiff,

v.

JAVIER MARIN, HISPANIC NEWS PRESS, INC., LUIS LUGO, and MERICA CONSULTING, INC.,

Defendants.

Civil Action No.

JURY TRIAL DEMANDED

COMPLAINT

John J. Carney, Esq. (the “Receiver”),¹ as Receiver to the Michael Kenwood Group (the “MK Group”) and certain affiliated entities (the “Receivership Entities”)² in *Securities and Exchange Commission v. Illarramendi, Michael Kenwood Capital Management, LLC et al. C.A.*, 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 the next step in the Receiver’s continuing efforts to recapture and return the investor proceeds stolen from funds managed and operated as a Ponzi scheme by Francisco Illarramendi (“Illarramendi”) and others affiliated with the MK Group and Highview Point Partners, LLC (“HVP Partners”).

2. Javier Marin (“Marin”), a friend and confidant of Illarramendi, personally benefitted from this Ponzi scheme through the receipt of at least \$1,686,000 of misappropriated investor money which went directly to him, entities he owned or controlled, or to third parties at his specific direction and for his benefit, as set forth on Exhibit A.

3. Marin and Illarramendi grew up together in Venezuela, and their families were close. Their relationship strengthened over time. By the time Illarramendi started the Ponzi

¹ Unless otherwise explicitly defined herein, the Receiver adopts for purposes of this complaint the defined terms as set forth in the Amended Receiver Order dated January 4, 2012 (Docket #423).

² The Receivership Entities include: Highview Point Partners, LLC; MK Master Investments LP; MK Investments, Ltd.; MK Oil Ventures LLC; The Michael Kenwood Group, 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.; Short Term Liquidity Fund, I, Ltd.

scheme in 2005, Marin had moved to the United States and had become involved in various business ventures, including defendant Hispanic News Press, Inc. (“HNP”). Marin had a constant need for money to support himself and his businesses, and repeatedly counted on his friend Illarramendi to bail him out of financial difficulties. Illarramendi used stolen investor money to help pay for Marin’s apartment in New York, help Marin keep HNP afloat, and to buy out his business partner Luis Lugo (“Lugo”), among other things. Marin never paid back any of this money, and also received hundreds of thousands of dollars in additional fraudulent transfers.

4. Over the course of more than three years, Illarramendi misappropriated and diverted Receivership property to make transfers totaling \$1,686,000 to Marin, HNP, Luis Lugo, and Merica Consulting, Inc. (collectively, “Defendants”), and to third parties for the benefit of Marin, as set forth on Exhibit A (collectively, the “Transfers”). The Transfers represent monies properly belonging to the Receivership Entities, and ultimately to investors and victims of the fraud, that were instead fraudulently transferred for the improper benefit of the Defendants with little or no value returned to the Receivership Entities or the investors. The Receiver seeks the return of these funds from the Defendants.

RELEVANT ENTITIES

5. Highview Point Partners, LLC 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, the Highview Point Offshore Fund, Ltd. (the “Offshore Fund”) and Highview Point LP (“HVP LP”) (collectively, the “HVP Funds”).

6. Illarramendi also served as an owner and control person of a group of affiliated entities organized under the MK Group. MK Group was formed on January 26, 2007 as a Stamford, Connecticut-based holding company for Michael Kenwood Consulting, LLC (“MK

Consulting”), Michael Kenwood Capital Management, LLC (“MK Capital”), and other MK entities (collectively, the “MK Entities”³).

7. MK Consulting is a New York limited liability company organized in 2006. MK Consulting is a wholly owned subsidiary of the MK Group and its principal place of business is located in Stamford, Connecticut.

8. MK Capital is an unregistered investment adviser organized as a Delaware limited liability company in January 2007. MK Capital is a wholly owned subsidiary of the MK Group and its principal place of business is located in Stamford, Connecticut. Through MK Capital, Illarramendi operated and controlled several hedge funds, including the MK Special Opportunities Fund, Ltd. (“SOF”), the Short Term Liquidity Fund I, Ltd. (“STLF”), and the MK Venezuela Fund, Ltd. (“MKV”) (collectively the “MK Funds”). The investors in the MK Funds were primarily offshore individuals and entities, including employee pension funds for a foreign oil company.

THE DEFENDANTS

Javier Marin

9. Marin is the principal and owner of HNP. He is the former co-owner and managing director of Descifrado, a Venezuelan news outlet. A long-time friend of Illarramendi and former journalist, Marin is a media consultant who works in public relations. Marin resides in Chestnut Hill, Massachusetts.

³ The term MK Entities includes: MK Master Investments LP, MK Investments, Ltd., MK Oil Ventures LLC., The Michael Kenwood Group, 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; and MK Capital Merger Sub, LLC.

Hispanic News Press, Inc.

10. HNP is a Massachusetts corporation located in Chestnut Hill, Massachusetts and owned by Marin. HNP previously owned and operated a Boston-area Spanish language newspaper named El Planeta. HNP received transfers from HVP Partners and the MK Entities as part of payments to Marin.

Luis Lugo

11. Lugo is a former partner in HNP with Marin. An officer of HNP until October 2008, Lugo currently owns Merica Consulting, Inc. He resides in Boston, Massachusetts. Lugo received transfers from HVP Partners and the MK Entities as part of a buyout of his interest in HNP.

Merica Consulting, Inc.

12. Merica Consulting, Inc. (“Merica Consulting”) is a corporation owned by Lugo, who is the sole listed officer and director. It was formed under the laws of Massachusetts and is located in Natick, Massachusetts. Merica Consulting received transfers from HVP Partners and the MK Entities, as part of a buyout of Lugo’s interest in HNP.

JURISDICTION AND VENUE

13. 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, Michael Kenwood Capital Management, LLC et al. C.A., No. 3:11-cv-00078 (JBA), Amended Order Appointing Receiver (June 22, 2011)(Docket #279).*

14. This Court has personal jurisdiction over the Defendants pursuant to 28 U.S.C. § 754 and 28 U.S.C. § 1692.

15. 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

16. On January 14, 2011, the Securities and Exchange Commission ("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.

17. 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.

18. 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 the 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.

19. On June 22, 2011, the Court entered a second Amended Receiver Order, which, *inter alia*, expanded the scope of the Receivership Estate to include HVP Partners as a Receivership Entity. By additional order of the Court, the Receivership was again expanded on July 5, 2011, to include MK Master Investments LP, MK Investments, Ltd. and MK Oil

Ventures LLC. On January 4, 2012, the Court entered another modified Receiver Order to include additional reporting requirements. On February 2, 2012, the Receiver filed a Motion to Expand the Receivership to include the HVP Funds; this Motion is currently pending before this Court.

20. Pursuant to the Court's Amended Order Appointing Receiver of January 4, 2012 ("Amended Receiver Order"), the Receiver has the duty of, among other things, 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. To accomplish this goal, 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.

21. The Receiver has standing to bring these claims pursuant to Connecticut Uniform Fraudulent Transfers Act ("CUFTA"), CONN. GEN. STAT. § 52-552, and Connecticut common law.

22. The Receiver has standing to bring claims that the Receivership Entities could have brought on their own behalf. As alleged herein, Illarramendi freely commingled proceeds between and among the Receivership Entities such that the Receivership Entities are creditors of one another. Accordingly, the Receiver has standing to recover the fraudulent transfers made to the Defendants. The Receiver also has standing to bring common law claims on behalf of the Receivership Entities, since the Receiver stands in the shoes of the Receivership Entities harmed by the Defendants.

THE FRAUDULENT SCHEME

I. ILLARRAMENDI'S NETWORK OF ENTITIES AND FUNDS

23. The Ponzi scheme at the center of this action (the “Fraudulent Scheme”) involves the misappropriation and misuse of investor assets by Illarramendi through his management and control of two Stamford, Connecticut-based investment advisers—namely, HVP Partners and MK Capital.

24. To perpetrate and prolong his fraud, Illarramendi fabricated entire transactions and the profitability of actual transactions in an effort to conceal his scheme and defraud creditors. To obfuscate 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, creating a pervasive commingling of funds and giving off the false appearance of profitability.

25. From at least 2005 through the fall of 2010, Illarramendi caused HVP Partners, the HVP Funds, the MK Entities, and the MK Funds to engage in scores of extraordinarily complex and multi-layered transactions as part of a fraudulent scheme to conceal investment losses and the misappropriation of 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 extensive undocumented transfers of cash between them for the purpose of concealing massive losses in order to hinder, delay or defraud the investors and creditors of the Receivership Entities and the HVP Funds.

26. Any separation between the MK Funds and the HVP Funds was a legal fiction, as Illarramendi freely and indiscriminately commingled, misappropriated, and looted investor proceeds to further the fraud and conceal it from investors and creditors

27. 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.

28. 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 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. On March 7, 2011, Illarramendi pleaded guilty to a much larger fraud than was originally pleaded in the Commission's complaint. 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).

29. As Illarramendi publicly acknowledged during his plea allocution in the related criminal case, he began engaging in this scheme years earlier to hide from investors and creditors the losses he had incurred and the massive discrepancy that existed between the commingled assets and liabilities of the funds.

II. THE GENESIS OF THE FRAUD

30. In August 2004, Illarramendi and two others formed HVP Partners as a Delaware limited liability company, each holding a one-third ownership share. According to the LLC agreement, the stated purpose of HVP Partners was to act as the investment manager of the Offshore Fund, a hedge fund to be nominally based in the Cayman Islands (in fact, the fund was completely dominated and controlled from its inception by HVP Partners) and for engaging in

any other lawful act or activity for which a limited liability company may be formed under the Delaware Limited Liability Company Act

31. By January 2006, with over \$72 million of assets in the Offshore Fund under the exclusive control of HVP Partners, the hedge fund's structure was changed to a "master-feeder" structure by creating the Master Fund, turning the Offshore Fund into an offshore feeder fund, and creating another entity called Highview Point L.P., as a domestic feeder fund. As part of this change in structure, the Master Fund was incorporated in the Cayman Islands in January 2006. Again, absolute investment and contracting powers over the fund were handed to HVP Partners.

32. In October of 2005, Illarramendi brokered a deal on behalf of the Offshore Fund and others to purchase and then immediately sell at a profit a Credit Lyonnais bond ("Calyon Bond"). The Calyon Bond deal went awry from the beginning and generated losses which should have been disclosed to and recognized by the investors. Rather than disclose these losses, Illarramendi decided to conceal them fraudulently. Despite the fact that the Calyon Bond transaction resulted in a loss, Illarramendi caused proceeds received in the transaction to be transferred to each investor, other than the Offshore Fund in amounts greater than each investor's initial investment. These transfers made it fraudulently appear that those investors had received profits from the transaction rather than sustaining a significant loss. This caused a substantial cash shortfall that was absorbed by the Offshore Fund and fraudulently concealed on the fund's books and records along with falsely reported fictitious profits to the Offshore Fund from the deal. The difference between the actual proceeds distributed to the Offshore Fund and what was fraudulently recorded on the funds' books and records was approximately \$5.2 million and was the beginning of the "hole." At the end of October 2005, this \$5.2 million hole constituted

roughly ten percent of the \$52 million net asset value reported in the falsified books and records of the Offshore Fund.

33. To cover up the \$5.2 million shortfall, Illarramendi instructed GlobeOp, the HVP Funds' administrator, to record entries in the books and records of the Offshore Fund falsely reflecting that approximately \$5.2 million in funds had been transferred to, and invested in Ontime Overseas Inc. ("Ontime"), an entity controlled by Illarramendi's brother-in-law, Rufino Gonzalez-Miranda. These falsifications of the books and records of the Offshore Fund made it appear that the Offshore Fund actually received a profit and caused the Offshore Fund's books and records to be fraudulently misstated. In reality, no proceeds of the Calyon Bond transaction were transferred to Ontime.

34. This initial fraudulent concealment of the \$5.2 million hole did not buy Illarramendi enough time to replace the missing funds. In order to ensure that the fraudulent transaction was removed from the books before the year-end audit, on or about December 15, 2005 Illarramendi arranged for Ontime to transfer \$7.4 million to the Offshore Fund to make it appear that the falsely recorded phony investment in Ontime was being "redeemed." In fact, no such investment had been made, and Ontime was merely serving as a shell to move funds at Illarramendi's command.

35. To fund the fraudulent transfer from Ontime, which made it falsely appear that a redemption had occurred, Illarramendi, disregarding corporate form or conflicts of interest, transferred \$5.5 million to Ontime from the Wachovia bank account of HVP Partners in several transactions in November and December. Further disregarding corporate form, and failing to conduct business at arm's length, HVP Partners funded these fraudulent transfers primarily through a loan from BCT Bank International ("BCT Bank") to HVP Partners. The use of money

provided by others to conceal the hole, for the most part enlarged it, as others required compensation for the use of the funds. Thus began a series of convoluted transactions over the next five years designed to hide the “hole.”

36. The Fraudulent Scheme was overarching in nature and involved the massive commingling of funds and the operation and use of the HVP Funds and their bank accounts to facilitate the fraud. Corporate formalities were ignored and the monies invested in the HVP Funds, along with money from others, were used to engage in a huge Ponzi scheme. The Ponzi scheme culminated in fraudulent losses of more than \$300 million.

III. “OFF-THE-BOOKS” BANK ACCOUNTS

37. In order to fraudulently conceal the hole, perpetuate the Ponzi scheme, and engage in transactions that were not recorded in the books and records of HVP Partners and MK Capital, Illarramendi used various bank accounts, including accounts in the names of shell companies such as Naproad Finance S.A (“Naproad”), and HPA, Inc. (“HPA”). As described below and detailed on Exhibit A, Illarramendi used the HPA Account and the Naproad Account to make fraudulent transfers to the Defendants.

38. At all relevant times, those bank accounts were under the control of Illarramendi and HVP Partners and contained commingled funds from Receivership Entities, the HVP Funds, and other third-party entities. Illarramendi used these accounts as an extension of the fraudulent scheme that began at HVP Partners.

39. HPA was incorporated in Panama in July 2005 and was dissolved in May 2008. In August 2005, HVP Partners was provided with full power of attorney over HPA. In 2007, HPA filed documents to effect a corporate name change from HPA to HIGHVIEWPOINT CST, INC. Bank statements for accounts opened in the name of HPA (the “HPA Account”) were addressed to HVP Partners’ office in Stamford, Connecticut. In order to effectuate transactions

using the HPA Account, Illarramendi repeatedly sent wire instructions, on HVP Partners letterhead, to the bank. In these wire authorization letters, Illarramendi referred to the HPA Account as “our” (i.e. HVP Partners) bank account. Thus, the HPA Account was, in reality, a HVP Partners bank account opened under a false name.

40. Naproad was also incorporated in Panama in July 2005 and was dissolved in May 2008. In September 2005, HVP Partners was provided with full power of attorney over Naproad. In 2007, Naproad filed documents to effect a corporate name change from Naproad to HPP INTERNATIONAL S.A. Bank statements for accounts opened in the name of Naproad (the “Naproad Account”) were addressed to HVP Partners’ office in Stamford, Connecticut. In order to effectuate transactions using the Naproad Account, Illarramendi repeatedly sent wire instructions, on HVP Partners letterhead, to the bank. In these wire authorization letters, Illarramendi referred to the Naproad Account as “our” (i.e. HVP Partners) bank account. Thus, the Naproad Account was, in reality, a HVP Partners bank account opened under a false name.

MARIN’S FINANCIAL RELIANCE ON ILLARRAMENDI

41. As discussed above, Marin and Illarramendi’s families were close, but the two fell out of contact for a time. Marin, along with a business partner, started Descifrado, a newspaper and web site that focused on Venezuelan news and businesses stories. In the process of working on a story for Descifrado covering a deal in which Illarramendi was involved, they reconnected.

42. Beginning in 2005, Illarramendi reached out to Marin for assistance in obtaining business opportunities and contacting potential new investors, as part of Illarramendi’s continuing efforts to solicit investors and investments. According to Marin, Illarramendi engaged him as a consultant, through HNP, to conduct business research and to provide him with information regarding potential investors, transactions in which Illarramendi wished to participate, and similar topics. However, no written contracts between any of the Receivership

Entities and Marin ever existed, nor is there any detail with respect to any services provided by Marin to any of the Receivership Entities. Nevertheless, as described below, Illarramendi repeatedly paid tens of thousands of dollars in fees to HNP.

43. As part of his investigation, the Receiver deposed Marin on January 10, 2012. During his testimony, Marin was unable to describe the services he delivered to Illarramendi in return for these payments, beyond a vague description of “business intelligence” gathered from journalists in Central and South America. Nor could Marin quantify the amount of time he actually spent working on behalf of the Receivership Entities. Upon information and belief, these transfers were gratuitous payments of Receivership Entity funds and not paid in return for actual or legitimate services. The term “business intelligence” was nothing more than a label to cover up the misappropriations by Marin.

44. Beyond these grossly inflated payments for little or no work, Marin received payments from Receivership Entities to help him purchase an apartment, buy out his HNP partner, pay a personal debt, support his company, and others for seemingly no apparent reason at all. Marin provided nothing of value in return.

45. Time and again, Marin turned to Illarramendi for money. Often Marin would simply send Illarramendi emails with wire transfer instructions when he needed money, like a child to a parent. Other times, Marin would visit Illarramendi personally, at the offices of HVP Partners or the MK Group in Stamford, Connecticut to discuss the money he needed.

46. Illarramendi characterized some of the payments as “loans,” although they were never documented or repaid. Each of these payments, detailed below, represented the gratuitous and fraudulent transfers drained the assets of the Receivership Entities and further deepen their

insolvency. Marin personally profited from Illarramendi's misappropriation of investor funds and did not provide anything of value in return.

THE TRANSACTIONS

I. MK CONSULTING USES RECEIVERSHIP ASSETS TO HELP MARIN PURCHASE AN APARTMENT

47. On or about September 21, 2007, Illarramendi caused MK Consulting to transfer \$90,000 in assets belong to Receivership entities to an escrow account maintained by a New York law firm (the "Firm"). The Firm represented Marin in his purchase of an apartment located at 100 W 39th St., #36B, New York, New York. This \$90,000 transfer was used by Marin to pay for the purchase of this apartment.

48. Marin never repaid this \$90,000 and provided absolutely no value, services, or other consideration to MK Consulting in return for this fraudulent transfer. Marin should have recognized that receiving payment for essentially no work, services, or value, was not indicative of Illarramendi's operation of a legitimate hedge fund.

II. RECEIVERSHIP ENTITIES FINANCE MARIN'S BUYOUT OF HIS BUSINESS PARTNER

49. In 2007, HNP attempted to sell El Planeta to another publisher. In connection with this transaction, Marin bought out his partner Lugo's ownership interest in HNP. To facilitate this buyout, Marin again turned to Illarramendi to provide him with the required cash. At Marin's direction, Illarramendi made several payments to Lugo's company Merica Consulting, and a payment to HNP, from the Receivership Entities totaling \$560,000. Despite the amount of these payments, Marin did not provide any value to any of the Receivership Entities in exchange, nor did Lugo and Merica Consulting, despite the tremendous benefit they received.

50. Specifically, on or about April 13, 2007, Illarramendi transferred \$60,000 to Merica Consulting from the Naproad Account. Later that year, on or about October 15, 2007, Illarramendi transferred \$237,200 from the HPA Account to Merica Consulting. Then, on or about October 16, 2007, MK Consulting transferred \$36,000 in Receivership assets to Merica Consulting. On the same day, MK Consulting transferred \$26,800 in Receivership assets to HNP as part of Marin's purchase of Lugo's ownership interest in HNP. Finally, on or about March 23, 2008, Illarramendi transferred another \$200,000 from the HPA Account to Merica Consulting.

51. Lugo, Merica Consulting, and HNP received these transfers at Marin's direction and for the benefit of Marin.

52. As the final stage of this transaction, on or about June 27, 2008, Illarramendi caused MK Consulting to transfer \$200,000 in assets from Receivership Entities to HNP. In a wire transfer instruction from MK Consulting, this payment was characterized as a "MKC bridge loan to HNP." However, the Receiver has found no evidence to support characterizing this payment as a loan, as this was nothing more than a false explanation for another gratuitous transfer to Marin and HNP. According to Marin, HNP needed working capital while trying to finalize the El Planeta sale after completion of the Lugo buyout. Upon information and belief, Marin again turned to Illarramendi for help, who made this transfer to HNP. According to Marin, after receiving less than expected in the sale of El Planeta, he could not repay the \$200,000 to MK Consulting. The Receiver has not located any documents indicating that this transfer was a loan or that any money has been repaid.

53. Marin, HNP, Lugo, and Merica Consulting provided no value, services, or other consideration to either HVP Partners or MK Consulting in return for these fraudulent transfers.

Marin, HNP, Lugo, and Merica Consulting should have recognized that receiving payments for essentially no work, services, or value, was not indicative of Illarramendi's operation of a legitimate hedge fund.

III. FRAUDULENT TRANSFERS TO HNP

54. HNP received a total of \$370,000 in additional payments from the Receivership Entities, purportedly for work done by Marin and HNP. The Receiver has no found work product or any evidence of any such work, and even if such work was done, it was of little to no value. There are no written agreements governing these payments and there is no explanation as to the fees paid. It seems that Illarramendi determined the amounts of payments at random to support his friend Marin. It was nothing more than another gratuitous transfer of funds misappropriated from the Receivership entities.

55. On or about November 30, 2005, HVP Partners transferred \$30,000 to HNP. The Receiver has yet to find any specific work product delivered to or produced by HNP in return for this payment.

56. On or about November 29, 2007, Illarramendi caused MK Consulting to transfer \$190,000 of assets from Receivership entities to HNP. A wire transfer from MK Consulting characterized the transaction as a "short-term member loan-FAI." However, the Receiver has found no evidence to support characterizing this payment as a loan or that the loan has been repaid. According to Marin, this payment to HNP purportedly represented fees paid by MK Consulting for work he supposedly did on behalf of Illarramendi in connection with a transaction involving a bond issuance by Electricidad de Caracas ("EDC").

57. On or about March 18, 2008, Illarramendi transferred another \$150,000 to HNP from the Naproad Account. According to Marin, this payment supposedly covered fees for additional consulting work on the EDC transaction, as well as some other research into various

companies. Once again, no written agreement exists nor has the Receiver found any supporting evidence for this work.

58. Marin and HNP provided no reasonably equivalent value to MK Consulting or HVP Partners for these fraudulent transfers, which represented money misappropriated from Receivership Entities. Marin and HNP should have recognized that receiving payment for essentially no work, services, or value, was not indicative of Illarramendi's operation of a legitimate hedge fund.

IV. ILLARRAMENDI PAYS OFF MARIN'S PERSONAL DEBT

59. On or about October 25, 2006, Illarramendi transferred \$46,000 to Luis Chumaciero ("Chumaciero") from the Naproad Account for the benefit of Marin. Upon information and belief, Chumaciero is a former business partner of Marin's in Venezuela and a former shareholder in Descifrado. Marin requested Illarramendi to make the payment to Chumaciero, in an email dated October 25, 2006 asking Illarramendi for a "personal favor." The transfer to Chumaciero was deposited in a Wachovia Bank account in Coral Gables, Florida. Upon information and belief, Marin owed Chumaciero money and had Illarramendi make the payment for him. Neither Chumaciero nor Marin provided anything of value to the Receivership Entities in return for this entirely gratuitous payment. Marin never repaid any of the Receivership Entities for this transfer to Chumaciero.

60. Once again, Marin provided no value, services, or other consideration to HVP Partners in return for this fraudulent transfer. Marin should have recognized that receiving payment for essentially no work, services, or value, was not indicative of Illarramendi's operation of a legitimate hedge fund.

V. ILLARRAMENDI MAKES A PAYMENT TO MARIN'S PERSONAL ACCOUNT

61. On or about January 12, 2006, Illarramendi transferred \$30,000 to Marin's personal bank account from the Naproad Account. Marin provided no value, services, or other consideration to HVP Partners in return for this fraudulent transfer. For this transfer, neither Illarramendi nor Marin attempted to concoct a false reason for to support this transfer. The Receiver has located not evidence indicating that this was anything more than a free transfer of money from the Receivership Entities. Marin should have recognized that receiving payment for essentially no work, services, or value, was not indicative of Illarramendi's operation of a legitimate hedge fund.

VI. PUMA RIVER PAYMENTS

62. In addition to the payments mentioned above, Illarramendi also made several payments from HVP Partners to a company called Puma River, S.A. ("Puma River"). Upon information and belief, Puma River is owned and operated by Marin's brother-in-law. Upon information and belief, Puma River is a Panamanian company that makes and receives payments for the benefit of Marin and other entities owned or operated by Marin.

63. According to Marin, Puma River has no business operations of its own and its sole purpose is to serve as an offshore shell company to make payments in dollars to individuals in Venezuela. Puma River also functioned as the offshore bank account for Descifrado, but upon information and belief, it also made and received payments for Marin and his other entities, including the fraudulent transfers described below.

64. According to Marin, Illarramendi would send money to Puma River purportedly to pay for costs incurred and services provided by individuals in Venezuela, in connection with the work supposedly done by HNP for the Receivership Entities. These payments were in addition to the direct payments to HNP described above. Upon information and belief, money

sent to Puma River was for the benefit of Marin and was not provided in return for any significant to services rendered to the Receivership Entities.

65. The payments to Puma River total \$390,000. Illarramendi caused HVP Partners to transfer to Puma River from the Naproad Account the following: \$50,000 on or about March 1, 2006; \$10,000 on or about March 9, 2006; and \$40,000 on or about April 13, 2007.

66. In addition, Illarramendi caused HVP Partners to transfer to Puma River from the HPA Account the following: \$27,000 on or about April 25, 2006; \$63,000 on or about December 6, 2006; and \$200,000 on or about March 24, 2008.

67. Marin provided no reasonably equivalent value to HVP Partners in return for these fraudulent transfers. Marin should have recognized that receiving payment for essentially no work, services, or value, was not indicative of Illarramendi's operation of a legitimate hedge fund.

THE NATURE OF THE CAUSES OF ACTION AGAINST DEFENDANTS

68. 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 Defendants described herein, the Receivership Entities were left with insufficient capital to pay its investors and creditors.

69. This action is being brought to recover misappropriated investor money and Receivership property fraudulently transferred to Defendants, as well as damages for unjust enrichment and conversion, so that these funds can be returned and equitably distributed among the investors and creditors of the Receivership Entities.

70. Without regard to the extent to which the Defendants knew of Illarramendi's fraudulent scheme, or not, the Defendants should have known that they were not entitled to the Transfers.

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

72. The Receiver was only able to discover the fraudulent nature of the above-referenced Transfers after Illarramendi and his accomplices were removed from control of the Receivership Entities and after a time-consuming and extensive review of thousands upon thousands of paper and electronic documents relating to the Receivership Entities. The Receiver's investigation is still ongoing. No amount of reasonable diligence by the Receiver could have detected the fraudulent transfers sooner. As a result, there may be evidence of other assets belonging to the Receivership Estate or other fraudulent transfers of funds that the Receiver has yet to discover. If such transfers or assets are later discovered, the Receiver will seek to amend this Complaint to assert claims regarding such transfers or assets

73. 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)

As To All Defendants

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

75. The Transfers were (a) made on or within four years before the date of this action or (b) were discovered within one year of when the fraudulent transfers could have been reasonably discovered by the Receiver.

76. At the time of each of the Transfers, one or more of the Receivership Entities were each "creditors" within the meaning of section 52-552(b)(4) of CUFTA.

77. Each of the Transfers constitutes a transfer of an interest of property of the Receivership Entities within the meaning of section 52-552(b)(12) of CUFTA. All of the Transfers occurred during the course of a Ponzi scheme, when investor money was commingled and all Receivership Entities were insolvent. Accordingly, multiple Receivership Entities are creditors within the meaning of section 52-552(b)(4) of CUFTA for the various Transfers alleged herein.

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

79. Each of the Transfers was made with money misappropriated from Receivership Entities. At all relevant times herein, the Receivership Entities had a claim to the funds used for the Transfers.

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

81. Each of the Transfers were made by Illarramendi and others to further the Ponzi scheme and were made with the actual intent to hinder, delay or defraud some or all of the Receivership Entities' then-existing creditors.

82. 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.

83. 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 52-552e(a)(2) (CONSTRUCTIVE FRAUD)

As To All Defendants

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

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

86. Each of the Transfers constitutes a transfer of an interest of property of the Receivership Entities within the meaning of section 52-552(b)(12) of CUFTA. All of the Transfers occurred during the course of a Ponzi scheme, when investor money was commingled and all Receivership Entities were insolvent. Accordingly, multiple Receivership Entities are creditors within the meaning of section 52-552(b)(4) of CUFTA for the various Transfers alleged herein.

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

88. Each of the Transfers was made with money misappropriated from Receivership Entities. At all relevant times herein, the Receivership Entities had a claim to the funds used for the Transfers.

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

90. 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.

91. 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 its ability to pay as such debts matured.

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

93. 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.

94. 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 Defendants for the benefit of the Receivership Estate.

THIRD CAUSE OF ACTION

CUFTA SECTION 52-522f(a) (CONSTRUCTIVE FRAUD)

As To All Defendants

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

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

97. Each of the Transfers constitutes a transfer of an interest of property of the Receivership Entities within the meaning of section 52-552(b)(12) of CUFTA. All of the Transfers occurred during the course of a Ponzi scheme, when investor money was commingled and all Receivership Entities were insolvent. Accordingly, multiple Receivership Entities are creditors within the meaning of section 52-552(b)(4) of CUFTA for the various Transfers alleged herein.

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

99. Each of the Transfers was made with money misappropriated from Receivership Entities. At all relevant times herein, the Receivership Entities had a claim to the funds used for the Transfers.

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

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

102. 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.

103. 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

COMMON LAW FRAUDULENT TRANSFER

As To All Defendants

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

105. The Receiver seeks to recover those Transfers that occurred on or within three years before the date of this action.

106. At the time of each of the Transfers, one or more of the Receivership Entities were creditors.

107. Each of the Transfers constitutes a transfer of an interest of property of Receivership Entities. All of the Transfers occurred during the course of a Ponzi scheme, when investor money was commingled and all Receivership Entities were insolvent. Accordingly, multiple Receivership Entities are creditors for the various Transfers alleged herein.

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

109. Each of the Transfers was made with money misappropriated from Receivership Entities. At all relevant times herein, the Receivership Entities had a claim to the funds used for the Transfers.

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

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

112. The Transfers constitute fraudulent transfers avoidable by the Receiver and recoverable from the Defendants.

113. As a result of the foregoing, the Receiver is entitled to a judgment: (i) avoiding and preserving the Transfers made on or within three years before the date of this action; and (ii) recovering the Transfers made on or within three years before the date of this action, or the value thereof, from the Defendants for the benefit of the Receivership Estate.

FIFTH CAUSE OF ACTION

UNJUST ENRICHMENT

As To All Defendants

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

115. The Defendants each benefited from the receipt of money from the Receivership Entities in the form of loans, 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.

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

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

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

119. 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.

SIXTH CAUSE OF ACTION

CONVERSION

As To All Defendants

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

121. The Receivership Entities had a possessory right and interest to its assets.

122. The Defendants converted the assets of Receivership Entities when they received money originating from Receivership Entities in the form of loans, payments, and other transfers. These actions deprived the Receivership Entities and their creditors of the use of this money.

123. As a direct and proximate result of this conduct, the Receivership Entities and their creditors have not had the use of the money converted by the Defendants.

124. By reason of the above, the Receiver, on behalf of the Receivership Entities, is entitled to an award of compensatory damages in an amount to be determined at trial.

SEVENTH CAUSE OF ACTION

CONSTRUCTIVE TRUST

As To All Defendants

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

126. As set forth above, the assets of the Receivership Entities have been wrongfully diverted as a result of fraudulent transfers, unjust enrichment, and other wrongdoing of the Defendants for their own individual interests and enrichment.

127. The Receiver has no adequate remedy at law.

128. Because of the past unjust enrichment and the fraudulent transfers made to the Defendants, the Receiver is entitled to the imposition of a constructive trust with respect to any transfer of funds, assets, or property from Receivership Entities, as well as to any profits received by the Defendants in the past or on a going forward basis from transfers derived from the Receivership Entities.

EIGHTH CAUSE OF ACTION

ACCOUNTING

As To All Defendants

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

130. As set forth above, the assets of the Receivership Entities have been wrongfully diverted as a result of fraudulent transfers, unjust enrichment, and other wrongdoing of the Defendants for their own individual interests and enrichment.

131. The Receiver has no adequate remedy at law.

132. To compensate the Receivership Entities for the amount of monies the Defendants diverted from Receivership Entities for their own benefit, it is necessary for the Defendants to provide an accounting of any transfer of funds, assets, or property received from the Receivership Entities, as well as to any profits in the past and on a going forward basis in connection with Receivership Entities. Complete information regarding the amount of such transfers misused by the Defendants for their own benefit is within their possession, custody, and control.

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 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 Fraudulent Transfers 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 Fraudulent Transfers 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; pursuant to Connecticut common law, (i) avoiding and preserving the Transfers made on or within three years before the date of this action; and (ii) recovering the Transfers made on or within three years before the date of this action, or the value thereof, from the Defendants for the benefit of the Receivership Estate;

v. On the Fifth Cause of Action against each of the Defendants for unjust enrichment and for damages in an amount to be determined at trial;

vi. On the Sixth Cause of Action against each of the Defendants for conversion, for damages in an amount to be determined at trial;

vii. On the Seventh Cause of Action against each of the Defendants for imposition of a constructive trust upon any transfers of funds, assets, or property received from the Receivership Entities;

viii. On the Eighth Cause of Action against each of the Defendants for an accounting of any transfer of funds, assets, or property of the Receivership Entities;

ix. On all Causes of Action, awarding the Receiver all applicable pre-judgment and post-judgment interest, costs, and disbursements of this action; and

x. 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: February 3, 2012

/s/ Philip H. Bieler
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