



U.S. Department of Justice



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McHENRY COUNTY BUSINESSMAN PLEADS GUILTY TO \$7 MILLION FRAUD

ROCKFORD — A Woodstock, Ill., man pleaded guilty today in federal court in Rockford to conducting a \$7 million mail fraud scheme. Francis X. Sanchez (“Sanchez”), 51, co-owned and operated a business in McHenry County, known as InvestForClosures, with his business partner James D. Bourassa. In his guilty plea today, Sanchez admitted that he fraudulently obtained more than \$7 million from InvestForClosures’ investors.

Sanchez’s and Bourassa’s business was initially known as InvestForClosures.Com, but later changed its name to InvestForClosures Financial, LLC. According to Sanchez’s plea agreement, he represented to potential investors that this business bought distressed houses, rehabilitated those houses, and sold the houses for a profit.

Sanchez admitted in his plea agreement that he, Bourassa, and their employees solicited people to invest in InvestForClosures.Com and InvestForClosures Financial. Sanchez acknowledged that he and his employees made various representations to their potential investors, including: (1) their investments would be safe because they would be backed by real estate; (2) InvestForClosures used the majority of their investors’ funds to purchase real estate; and (3) because of the business’ efficient cash flow from buying and selling houses, InvestForClosures Financial had never failed to make an interest payment on time or return an investor’s principal when requested.

As Sanchez admitted today, each of these representations was false. First, the business did not own sufficient real estate to secure all of the investments. Secondly, the business did not use the majority of investor funds to purchase real estate, but instead used most of the investors' funds to pay other expenses, including the salaries of the defendants, and to pay *Ponzi* type interest to prior investors. In addition, InvestForClosures was not making enough money from property sales to pay the interest owed to the investors, but was instead using cash received from new investors to pay the prior investors with *Ponzi* type payments.

Sanchez further admitted that, in order to conceal from the investors his false promises and misrepresentations, and to prevent the investors from demanding the return of their principal, he told the investors that he was developing an exclusive, luxury, residential community in Mexico known as the "Sands of Gold." Sanchez and Bourassa formed a new business, known as InvestForClosures Ventures, LLC, doing business as Realty Opportunities International, to operate the Sands of Gold project. Sanchez acknowledged that he and Bourassa solicited their investors to purchase lots at Sands of Gold and to invest additional monies with InvestForClosures Ventures.

Sanchez admitted that he made several misrepresentations to his investors regarding Sands of Gold, including: (1) the government of Mexico had promised to invest millions of dollars in infrastructure necessary for the development of the Sands of Gold; (2) efforts to obtain financing for the project were going well and a financing deal was imminent; and (3) they were finishing negotiations with a major hotel chain for the construction of a hotel at Sands of Gold.

Sanchez further admitted that, during the course of the scheme, he and co-defendant Bourassa fraudulently obtained approximately \$7,238,506.40 from the investors. Of this amount, approximately \$1,711,711.18 was paid back to the investors through *Ponzi* type payments.

The indictment, which was filed on November 16, 2010, charged both Sanchez and Bourassa with mail fraud and wire fraud. Bourassa pled guilty to mail fraud on February 27, 2012.

The sentencing hearing for Sanchez will be conducted on August 13, 2012, at 9:00 a.m. Bourassa will be sentenced on June 11, 2012, at 9:30 a.m.

Mail fraud carries a maximum penalty of 20 years in prison and a \$250,000 fine, or a fine totaling twice the loss to any victim or twice the gain to the defendant, whichever is greater, as well as restitution to the victims. The actual sentences will be determined by the United States District Court, guided by the advisory United States Sentencing Guidelines.

The case was investigated by the Rockford Office of the Federal Bureau of Investigation, the Chicago Office of the United States Postal Inspection Service, and the Illinois Secretary of State's Securities Department. The investigation was conducted under the auspices of the Financial Fraud Enforcement Task Force, which includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes. For more information on the task force, visit: www.StopFraud.gov

The guilty plea was announced by Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois; Robert D. Grant, Special Agent-in-Charge of the Chicago Office of Federal Bureau of Investigation; Thomas P. Brady, Postal Inspector-In-Charge of the Chicago Division of the U.S. Postal Inspection Service, and Illinois Secretary of State Jesse White.

The government is being represented by Assistant U.S. Attorney Scott A. Verseman.