

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA)
) No.
) Violations: Title 18, United States
v.) Code, Sections 1001 and 1343
MICHELLE LABRA)

COUNT ONE

The SPECIAL JULY 2018 GRAND JURY charges:

1. At times material to this indictment:

a. Defendant MICHELLE LABRA resided in Yorkville, Illinois and operated an investment program through Labra Group Realtors, LLC, a company registered in Illinois (“Labra Group”).

b. LABRA and Labra Group received approximately \$23 million from at least 25 investors who resided in the Northern District of Illinois and elsewhere.

c. LABRA represented to the investors that she would use their funds to make short-term, high-interest loans to borrowers. Specifically, LABRA represented that the borrowers would receive \$10,000 in cash from the investors’ funds and that the borrowers would repay a total of \$11,500 (the \$10,000 principal loan amount, plus a \$500 service fee and a \$1,000 management fee) in 12 consecutive monthly payments at an interest rate of at least 14%. LABRA further represented to the investors that each borrower would execute a quitclaim deed and other documents

granting investors the right to sell the borrower's residence if the borrower defaulted on the loan.

d. LABRA represented to the investors that for each investor-funded loan, the investors would receive repayment of the \$10,000 principal loan amount, the \$500 service fee paid by the borrower, and at least 14% interest on the loan. LABRA further represented that LABRA would receive a management fee of \$1,000 per loan as compensation for operating the Labra Group investment program.

e. In order to invest with Labra Group, LABRA asked the investors to send their funds to accounts held in the name of Labra Group at, among others, Bank A and Bank B.

2. Beginning in or about February 2009 and continuing until in or about September 2015, in the Northern District of Illinois, Eastern Division, and elsewhere,

MICHELLE LABRA,

defendant herein, knowingly devised, intended to devise, and participated in a scheme to defraud, and to obtain money and property from investors by means of materially false and fraudulent pretenses, representations, and promises, which scheme is further described below.

3. It was part of scheme that LABRA fraudulently raised approximately \$23 million from Labra Group investors by falsely representing that the funds would be used to make short-term loans to borrowers at an interest rate of approximately 14%, when LABRA knew that she did not intend to use investor money to fund any such loans and instead misappropriated millions of dollars of investor funds for her

own personal expenses and operated the Labra Group investment program as a Ponzi scheme, in that she repaid existing investors using money she collected from new investors.

4. It was further part of the scheme that LABRA falsely represented to investors that the Labra Group and the borrowers had entered into agreements under which the borrowers agreed to repay the investor-funded loans in 12 monthly payments, plus at least 14% interest, knowing that Labra Group had not entered into agreements with any such borrowers.

5. It was further part of the scheme that LABRA falsely represented to investors that each borrower had executed a quitclaim deed, promissory note, and other documents granting investors the right to sell the borrower's residence in the event the borrower defaulted on the loan, knowing that the Labra Group had not loaned any investor funds to those borrowers and the purported borrowers had not executed any quitclaim deeds, promissory notes, or other documents.

6. It was further part of the scheme that LABRA sent or caused to be sent to investors falsified quit claim deeds, promissory notes, and other documents purportedly executed by borrowers.

7. It was further part of the scheme that LABRA falsely represented to investors that the borrowers had executed documents granting liens on each borrower's residence, and further falsely represented that she had filed or caused to be filed notices of those liens with the local recorder of deeds, knowing that there were no borrowers and executed liens had not been filed with the recorder of deeds office.

8. It was further part of the scheme that LABRA falsely represented to investors that if the investors “reinvested” the interest payments purportedly paid by the borrowers, LABRA would use those reinvested funds to make new loans to new borrowers.

9. It was further part of the scheme that LABRA falsely represented to investors that she had stopped paying investors the principal and interest payments purportedly owed by borrowers because the borrowers had stopped making payments owed on the loans, when LABRA knew that was false because she and Labra Group had never loaned investor funds to any such borrowers.

10. It was further part of the scheme that LABRA made false representations to investors about the reasons why she could not return investor funds or pay investors the interest purportedly owed by borrowers. For example, LABRA falsely represented to investors that agents from the Internal Revenue Service had purportedly issued notices of levies and seized investor funds from the Labra Group’s bank accounts at Bank A and Bank B, knowing that she had actually spent the investor funds on Ponzi-type payments and her own personal expenses.

11. It was further part of the scheme that LABRA fraudulently made principal and interest payments to investors using other investors’ funds, and not funds from any returns generated from the purported investment program.

12. It was further part of the scheme that LABRA fraudulently misappropriated more than \$3.3 million of the investor funds for her own personal

benefit and spent those funds on personal expenses such as expensive jewelry and vacations in Jamaica, Mexico, Guatemala, and elsewhere.

13. It was further part of the scheme that LABRA concealed, misrepresented, and hid and caused to be concealed, misrepresented, and hidden, the existence and purpose of the scheme and the acts done in furtherance of the scheme.

14. As a result of the scheme, LABRA fraudulently obtained more than \$23 million from the investors, paid approximately \$19.6 million to the investors through Ponzi-type payments, and misappropriated more than \$3.3 for her own personal benefit.

15. On or about January 23, 2015, at Yorkville, in the Northern District of Illinois, Eastern Division, and elsewhere,

MICHELLE LABRA,

defendant herein, for the purpose of executing the scheme, knowingly caused to be transmitted by wire communication in interstate commerce certain writings, signs, and signals, namely, an interstate transfer of approximately \$66,000 from Victim A's bank account to an account at Bank A held in the name of Labra Group Realtors LLC and controlled by LABRA;

In violation of Title 18, United States Code, Section 1343.

COUNT TWO

The SPECIAL JULY 2018 GRAND JURY further alleges:

1. Paragraphs 1 through 14 of Count One are incorporated here.
2. On or about February 26, 2015, at Yorkville, in the Northern District of Illinois, Eastern Division, and elsewhere,

MICHELLE LABRA,

defendant herein, for the purpose of executing the scheme, knowingly caused to be transmitted by wire communication in interstate commerce certain writings, signs, signs, and signals, namely, an interstate transfer of approximately \$63,000 from Victim B's bank account to a bank account at Bank A held in the name of Labra Group Realtors LLC and controlled by LABRA;

In violation of Title 18, United States Code, Section 1343.

COUNT THREE

The SPECIAL JULY 2018 GRAND JURY further alleges:

1. Paragraphs 1 through 14 of Count One are incorporated here.
2. On or about April 7, 2015, at Yorkville, in the Northern District of Illinois, Eastern Division, and elsewhere,

MICHELLE LABRA,

defendant herein, for the purpose of executing the scheme, knowingly caused to be transmitted by wire communication in interstate commerce certain writings, signs, signs, and signals, namely, an interstate transfer of approximately \$126,000 from Victim B's bank account to a bank account at Bank A held in the name of Labra Group Realtors LLC and controlled by LABRA;

In violation of Title 18, United States Code, Section 1343.

COUNT FOUR

The SPECIAL JULY 2018 GRAND JURY further alleges:

1. Paragraph 1 of Count One is incorporated here.
2. On or about October 13, 2015, at Aurora, in the Northern District of Illinois, Eastern Division,

MICHELLE LABRA,

defendant herein, did knowingly and willfully make a materially false, fictitious, and fraudulent statement and representation in a matter within the jurisdiction of the Treasury Inspector General for Tax Administration (TIGTA), an agency within the executive branch of the Government of the United States, when in substance she falsely represented that in August 2015 she had received records from Bank B reflecting recent debits by the Internal Revenue Service from bank accounts held in the name of Labra Group, when defendant LABRA knew she had not received records from Bank B showing recent debits by the Internal Revenue Service and that she had actually misappropriated the funds in the Labra Group bank accounts at Bank B;

In violation of Title 18, United States Code, Section 1001(a)(2).

FORFEITURE ALLEGATION

The SPECIAL JULY 2018 GRAND JURY further alleges:

1. The allegations contained in this indictment are incorporated here for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

2. As a result of the violations of Title 18, United States Code, Section 1343, as alleged in Counts One through Three of this indictment,

MICHELLE LABRA,

defendant herein, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), all property constituting, and derived from, and traceable to, proceeds obtained, directly or indirectly, as a result of defendant's violations of Title 18, United States Code, Section 1343, including approximately at least \$3 million.

3. If any of the forfeitable property described above, as a result of any act or omission by the defendants:

- a. Cannot be located upon the exercise of due diligence;
- b. Has been transferred or sold to, or deposited with, a third party;
- c. Has been placed beyond the jurisdiction of the Court;
- d. Has been substantially diminished in value; or

- e. Has been commingled with other property which cannot be divided without difficulty;

the United States of America shall be entitled to forfeiture of substitute property under the provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1).

All pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c).

A TRUE BILL:

FOREPERSON

UNITED STATES ATTORNEY