



U.S. Department of Justice



United States Attorney
Northern District of Illinois

Gary S. Shapiro
Acting United States Attorney

327 South Church Street, Suite 3300
Rockford, Illinois 61101

FOR IMMEDIATE RELEASE
MONDAY, SEPTEMBER 24, 2012
www.justice.gov/usao/iln

PRESS CONTACTS:
AUSA Scott A. Verseman (815) 987-4444

**McHENRY COUNTY BUSINESSMAN SENTENCED TO
11 YEARS IN PRISON FOR \$7 MILLION FRAUD SCHEME**

ROCKFORD — A Woodstock, Ill., man was sentenced today in federal court by U.S. District Judge Philip G. Reinhard in Rockford to 136 months in prison for conducting a \$7 million fraud scheme. Francis X. Sanchez (“Sanchez”), 52, co-owned and operated a business in McHenry County, known as InvestForClosures. On May 3, 2012, Sanchez pled guilty and admitted that he had fraudulently obtained more than \$7 million from InvestForClosures’ investors.

According to Sanchez’s plea agreement, InvestForClosures purportedly bought distressed houses, rehabilitated those houses, and sold the houses for a profit. Sanchez admitted in his plea agreement that he solicited people to invest in InvestForClosures by making various misrepresentations, 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 had never failed to make an interest payment on time or return an investor’s principal when requested. These representations were false, because: (1) the business did not own sufficient real estate to secure all of the investments; (2) 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;

and (3) 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 solicited his investors to purchase lots at Sands of Gold and to invest additional monies for the Sands of Gold project.

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; (3) he was finishing negotiations with a major hotel chain for the construction of a hotel at Sands of Gold; and (4) a major accounting firm had agreed to do the accounting work necessary so that the business could go public.

During the course of the scheme, Sanchez fraudulently obtained more than \$9 million from the investors. Of this amount, approximately \$1,711,711.18 was paid back to the investors through *Ponzi* type payments. In addition to sentencing Sanchez to prison, the court also ordered him to pay more than \$7.8 million in restitution to the victims of his crime.

Sanchez’s business partner and co-defendant, James D. Bourassa, 55, of Gilberts, Ill., pled guilty to mail fraud on February 27, 2012. Bourassa was sentenced on June 11, 2012, to 51 months in federal prison.

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 sentencing was announced by Gary S. Shapiro, Acting United States Attorney for the Northern District of Illinois; William C. Monroe, Acting 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 was represented by Assistant U.S. Attorney Scott A. Verseman.

#####