

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

Case No. 21-cr-20308-Williams
18 U.S.C. § 1956(h)
18 U.S.C. § 982

UNITED STATES OF AMERICA,

Plaintiff;

v.

LUIS ALVAREZ VILLAMAR,

Defendant.

FACTUAL PROFFER IN SUPPORT OF GUILTY PLEA

The United States Department of Justice, Criminal Division, Fraud Section (the “government”), and the Defendant, Luis Alvarez Villamar (the “defendant”), stipulate and agree that the information stated herein is true and accurate and a sufficient basis for the defendant’s plea of guilty to the money laundering conspiracy in violation of Title 18, United States Code, Section 1956(h) charged in the instant case. Had this matter proceeded to trial, the defendant stipulates and agrees that the government would have proven the facts alleged below beyond a reasonable doubt and the forfeiture allegations set forth in the criminal Information by a preponderance of the evidence.

Instituto de Seguridad Social de la Policia Nacional (“ISSPOL”) was the Ecuadorian public institution responsible for managing the financial contributions by Ecuadorian police officers toward their social security. ISSPOL was controlled by the government of Ecuador and performed a function that Ecuador treated as its own. ISSPOL was an “instrumentality” of the Ecuadorian government and ISSPOL employees were “foreign officials” as those terms are used in the FCPA,

Title 15, United States Code, Sections 78dd-2(h)(2)(A) and dd-3(f)(2)(A).

Ecuadorian Entity, was an Ecuadorian corporation that operated a centralized depository for the clearing and settlement of securities. Its controlling shareholders were the Stock Exchanges of Guayaquil and Quito, Ecuador. Ecuadorian Entity acted as a clearinghouse and custodian for ISSPOL investments.

The defendant, a citizen of Ecuador, began working at Ecuadorian Entity in or around 2003 and was the Operations Manager at Ecuadorian Entity until approximately October 2020.

Jorge Cherrez Miño (“Cherrez”), a citizen of Ecuador, served as the manager, president, and director of a group of investment fund companies. Some of these companies were incorporated in the Southern District of Florida, and Cherrez was an officer, director, employee, or agent of a “domestic concern” as those terms are used in the FCPA, Title 15, United States Code, Section 78dd-2(a).

Cherrez Panama Entity was a Panamanian company controlled by Cherrez.

Between in or around 2014 and in or around 2019, the defendant and others, including Cherrez, knowingly and willfully conspired to knowingly engage in a monetary transaction by, through, or to a financial institution, affecting interstate commerce in criminally derived property of a value greater than \$10,000 that was derived from specified unlawful activity. The defendant knew that this conduct was unlawful.

Specifically, between in or around 2014 and in or around 2019, the defendant received approximately \$3,155,671, from Cherrez-controlled bank accounts based in the United States, including deposits made in the Southern District of Florida, as well as an apartment in Miami, Florida, as proceeds of an illegal bribery scheme. Included in these payments were bribe payments made by Cherrez to the defendant in exchange for, among other things, allowing companies that

Cherrez controlled to act as custodian over the ISSPOL investments under Ecuadorian Entity's custody which, in effect, gave Cherrez total custody and control over these investments. These bribe payments to the defendant occurred over the course of approximately 22 financial transactions, all of which were valued at over \$10,000 and all of which were made to and from U.S. bank accounts, including bank accounts located in the Southern District of Florida. At the time of these financial transactions, the defendant knew that Cherrez was engaged in a bribery scheme in which Cherrez paid bribes to ISSPOL officials in exchange for the ISSPOL officials using their official positions to assist Cherrez and companies that Cherrez controlled in obtaining and retaining ISSPOL investment business. The defendant understood the bribe payments he received from Cherrez were derived, in whole or in part, from the proceeds of the ISSPOL bribery scheme and the business Cherrez corruptly obtained from ISSPOL. For example, on or about September 14, 2016, the defendant agreed to receive and did receive a bribe payment of approximately \$500,000 into a bank account in his name based in the Southern District of Florida from a U.S. bank account controlled by Cherrez. This bank account controlled by Cherrez was funded, in large part, by the proceeds of the ISSPOL scheme.

In exchange for these payments involving proceeds derived from the Cherrez ISSPOL bribery scheme, the defendant entered into agreements—on behalf of Ecuadorian Entity—that afforded certain business advantages to Cherrez and companies that Cherrez controlled. Specifically, these agreements directed that ISSPOL securities managed by Cherrez and companies that Cherrez controlled be deposited directly with Cherrez Panama Entity instead of a conflict-free international custodian approved by the Ecuadorian Entity. This permitted Cherrez to act as both the investment advisor and custodian of ISSPOL assets, which gave Cherrez additional ability to invest and use the ISSPOL securities without proper oversight by Ecuadorian

Entity. The defendant and his co-conspirators concealed the nature of these illicit agreements from Ecuadorian Entity.

The defendant had numerous meetings with Cherrez to discuss the illegal bribe and money laundering schemes. In addition, the defendant communicated with Cherrez and other co-conspirators about the ISSPOL scheme via text message and WhatsApp, some of which occurred while the defendant was in the Southern District of Florida.

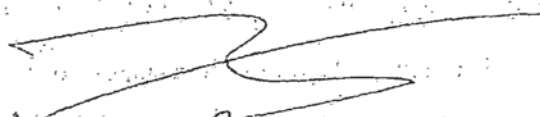
The preceding statement is a summary, made for the purpose of providing the Court with a factual basis for the defendant's guilty plea to the charge against him. It does not include all the facts known to the defendant concerning criminal activity in which the defendant and others engaged. The defendant makes this statement knowingly and voluntarily and because he is in fact guilty of the crime charged.

DANIEL S. KAHN
ACTING CHIEF, FRAUD SECTION
DEPARTMENT OF JUSTICE

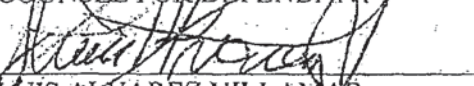
Date: 6/27/21

By: 
KATHERINE RAUT
ALEXANDER KRAMER
TRIAL ATTORNEYS

Date: 5/18/2021


PAUL PETRUZZELLI ESQ.
COUNSEL FOR DEFENDANT

Date: 5/18/2021


LUIS ALVAREZ VILLAMAR
DEFENDANT