

Hector Javier Villareal Hernandez / US Asset Forfeiture of Bermuda account

Case ID:

ARW-209

Jurisdiction of Origin of Public Official or Entity Allegedly Involved:

Mexico

Position of Public Official(s) (yrs in office):

Former Secretary of Finance, State of Coahuila (2005-2011)

Jurisdiction of Asset Recovery:

United States

Jurisdiction of Asset Recovery ? Description:

Undertaking Recovery Effort; Location of Recovery Effort

Asset Recovery Start:

2011

Asset Recovery End:

Ongoing

UNCAC Offenses Implicated:

Art.17

Art.19

Art.20

Art.23

Money laundering Implicated:

Yes

Legal Basis for Asset Recovery:

Non-Conviction Based Confiscation and related Criminal Prosecution

Intl.Cooperation: MLAT/Letter of Request?:

MLAT

Basis for Intl Cooperation:

Mutual Legal Assistance Treaty (US-Mexico)

Contributing Factors in Asset Recovery:

Ongoing Case

Status of Asset Recovery :

Ongoing

Stage in Asset Recovery Chain:

Final Judgment (No Appeal)

Assets Adjudicated, Not Yet Returned - Description:

\$2,275,544.41

Agreement for Returned Assets:

NA

Case Summary:

According to the Agreed Final Judgment of Forfeiture filed on January 15, 2015 in the US District Court for the Southern District of Texas, the assets were forfeited to the United States, including after Mr. Villareal Hernandez agreed to the forfeiture. (Source: US v. All

Funds on Deposit At Sun Secured Advantage Account Number 26-2673-031320, Case No. 2:13-cv-00033 (S.D. Tex)).

According to the US Department of Justice Press Release dated February 6, 2013, "The United States has seized a bank account located in Bermuda alleged to have been owned by former State of Coahuila, Mexico, Secretary of Finance Hector Javier Villareal Hernandez [].

The account, which is held in Bermuda at Sun Secured Advantage account at N.T. Butterfield and Son Limited, contained \$2,275,544.41 as of Jan. 4, 2013. The government alleged, as its basis for forfeiture, that the funds in the account were involved in a money laundering transaction, that the property constitutes or was derived from proceeds traceable to offenses including bribery of a public official, or the misappropriation, theft or embezzlement of public funds by or for the benefit of a public official. []

In approximately December 2005, Hernandez was appointed by then Governor of Coahuila Humberto Moreira to the position of Under Secretary of Program and Budget for Coahuila. In July 2008, Hernandez was appointed by the same governor to the position of Secretary of Finance for Coahuila. On Aug. 19, 2011, Hernandez resigned that position and became a subject of investigation by the government of Mexico. On Oct. 28, 2011, a local judge from Coahuila charged Hernandez with forging state documents to obtain fraudulent loans for several million pesos between 2008 and 2011. On Oct. 29, 2011, Hernandez was arrested and released on bond. He later fled and remains a fugitive on those charges.

According to the civil complaint, in 2011, Mexican law enforcement officials initiated an investigation involving fraudulent loans obtained from Mexican banks by Hernandez while he held the position of Secretary of Finance. The investigation includes three fraudulent loans from two different Mexican banks from July 2010 to March 2011 totaling more than \$3 billion Mexican Pesos (\$246 million U.S. dollars based on exchange rates on the dates of the loans). On Feb. 3 and March 8, 2012, Mexican government authorities filed false loan charges and issued arrest warrants for Hernandez's involvement in the false loans with two Mexican banks. The charges allege Hernandez and other co-conspirators acquired loans by providing false information to Mexican banks. The false information involved the use of false registry stamps or previously approved registry stamps used on the false loan contracts.

The conspiracy is alleged in the complaint to have begun when Hernandez requested a loan on behalf of the State of Coahuila. He then drafted and submitted a false loan contract for approval by the federal Treasury Department. Hernandez conspired to falsify the approval of the submitted loan contract. His alleged co-conspirators, who worked at the federal Treasury Department, placed a fraudulent federal registry stamp or a previously approved registry stamp on the loan contract to make it appear that the loan contract had been approved. After the loan contract obtained the false registry stamp or previously approved registry stamp and received "approval," the contract was submitted to a Mexican federal bank for issuance of a

loan to the State of Coahuila. Once the loan proceeds were obtained, they were available for use by the State of Coahuila. []

Hernandez opened an offshore investment account in Bermuda during this time period. Since April 2009, it is estimated that Hernandez and his associates received more than \$35 million through foreign exchange transactions and cross border wires and subsequently purchased numerous real properties in San Antonio, Brownsville and South Padre Island with the illegal proceeds." (Source: The United States Attorney's Office - Southern District of Texas, "Bermuda Bank Account Allegedly Owned by Former Mexican Secretary of Finance Seized by US," February 6, 2013.)

On March 3, 2013, a Senator from the Mexican state of Coahuila filed a claim, on behalf of himself and citizens of that state, for the seized funds on the basis that the funds were "embezzled and stolen from and belong to the State of Coahuila, Mexico." He sought to "recover the Defendant Funds fo return to the treasury of the State of Coahuila, Mexico." (Source: US v. All Funds on Deposit At Sun Secured Advantage Account Number 26-2673-031320, Case No. 13-cv-33 (S.D. Tex), Verified Claim of Senator Luis Fernando Salazar Fernandez Contesting Asset Forfeiture, filed March 13, 2013.) On June 24, 2013, Senator Salazar withdrew his claim, stating "he wil continue to pursue remission of the Defendant funds throught he Department of Justice." (Source: US v. All Funds on Deposit At Sun Secured Advantage Account Number 26-2673-031320, Case No. 13-cv-33 (S.D. Tex), Notice of Withdrawl of Claim filed June 24, 2013.)

In January 2014, the US filed a notice of Mutual Legal Assistance request to Mexico, requesting assistance that notice of the asset forfeiture action be sent directly to anyone, including Mr. Hernandez (account holder) and his wife, who reasonably appears to have interest or claim in the property subject to forfeiture. In March, Mr. Hernandez filed an answer to the complaint and a verified claim claiming that he was the lawful owner of the Defendant funds. (Sources: US v. All Funds on Deposit at Sun Secure Advantaged Account Number 26-2673-031320..., Case No. 2:13-cv-33 (S.D. Tex.), Notice of Mutual Legal Assistance filed on January 8, 2014; Answer to Complaint filed March 11, 2014; and Verified Claim filed March 18, 2014.)

Disposition of Criminal Case(s):

As of May 22, 2016, Mr. Villareal Hernandez's sentencing in US Federal Court for the Western District of Texas on money laundering conspiracy charge, to which he had plead guilty, was continued to October 5, 2016. (Source: US v. Villarreal Hernandez, Case No. 5:14-cr-00100 (W.D. Tex), Agreed and Unopposed, Sealed Motion for Continuance of Sentencing filed February 8, 2016 and Court Docket Report as of May 22, 2016.)

Jurisdiction of Origin: Investigative Agency:

Unspecified investigative agency

Jurisdiction of Origin: Prosecuting Authority/Civil Attorney(s):

Unspecified

Jurisdiction of Origin: Courts Involved:

Unspecified court - State of Coahuila

Jurisdiction of Asset Recovery: Investigative Agency:

Organized Crime Drug Enforcement Task Force; Internal Revenue Service - Criminal Investigation; Drug Enforcement Agency; Homeland Security Investigation; Texas Attorney General's Office










Jurisdiction of Asset Recovery: Prosecuting Authority/Civil Attorney(s):

United States Attorney - Southern District of Texas

Jurisdiction of Asset Recovery: Courts Involved:

United States District Court - Southern District of Texas

Documents:

Attachment	Size
 Hernandez_US_DOJ_Press_Release_Feb_6_2013.pdf	251.58 KB
 Hernandez-US_SDTEX_Complaint_Feb_6_2013.pdf	525.04 KB
 Hernandez_US_SDTEX_Claim_Mar_13_2013.pdf	202.36 KB
 Hernandez_US_SDTEX_Claim_Withdraw_Jun_24_2013.pdf	83.78 KB
 Hernandez_SDTEX_Bermuda_Account_MLA_19-main_Jan_18_2014.pdf	61.28 KB
 Hernandez_SDTEX_Bermuda_Account_MLA_Doc_19-1_Jan_8_2014.pdf	3.27 MB
 Hernandez_SDTEX_Bermuda_Account_Verif_Claim_Mar_18_2014.pdf	132.7 KB
 Hernandez_SDTEX_Bermuda_Account_Answer_Mar_11_2014.pdf	228.25 KB
 Hernandez_SDTEX_Bermuda_Acct_Final_Forget_Jan_15_2015.pdf	236.67 KB

Other Sources:

The United States Attorney's Office - Southern District of Texas, "Bermuda Bank Account Allegedly Owned by Former Mexican Secretary of Finance Seized by US," February 6, 2013, accessed at

<http://www.justice.gov/usao/txs/1News/Releases/2013%20February/130206%20...> US v. All Funds on Deposit At Sun Secured Advantage Account Number 26-2673-031320, Case No. 2:13-cv-00033 (S.D. Tex), Verified Complaint filed February 6, 2013; Verified Claim of Senator Luis Fernando Salazar Fernandez Contesting Asset Forfeiture, filed March 13, 2013 and Notice of Withdrawl of Claim filed June 24, 2013; Notice of Mutual Legal Assistance Request filed January 18, 2014; Answer to Complaint with Jury Demand filed March 11, 2014; Verified Claim filed March 18, 2014; and Agreed Final Judgment of Forfeiture filed January 27, 2015. US v. Villarreal Hernandez, Case No. 5:14-cr-00100 (W.D. Tex), Court Docket Report as of May 22, 2016.