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III. Financial Adviser Gets 4.5 Years For \$3M Fraud

By **Celeste Bott**

Law360 (June 1, 2022, 7:37 PM EDT) -- An Illinois federal judge on Wednesday sentenced a suburban Chicago financial adviser to more than four years in prison for defrauding primarily elderly clients and immigrants of about \$3 million, which she used to make Ponzi-like payments to other investors and to cover her gambling debts and personal expenses.

U.S. District Judge Manish Shah handed down the four-and-a-half-year prison term to Lucita Zamoras during a video sentencing hearing Wednesday afternoon. The government had asked for a custodial sentence falling within the federal guideline range of six and a half to eight years, but the judge said he considered her gambling problem and lack of prior criminal history to be mitigating factors.

"You knew what this money represented to them, their retirement savings, money that they needed to live during an older age," the judge said. "But you took that money instead, and lied to them and cheated them, over and over again, even after the [U.S. Securities and Exchange Commission] sued you."

Judge Shah said it was unlikely she'd be able to pay back the 15 victims she defrauded, but he ordered her to pay roughly \$3.1 million in restitution and surrender to the government on July 27.

The SEC sued Zamoras in 2017, resulting in a consent judgment the following year that barred her from future violations of securities law and included fines and disgorgement of more than \$1 million. Federal prosecutors charged her later in 2018, leading to a guilty plea for one count of mail fraud in 2019.

In his argument for a higher sentence, Assistant U.S. Attorney Jason Yonan said Zamoras continued to defraud "financially unsophisticated" investors even after the SEC filed its complaint, with the scheme lasting from around October 2009 to at least August 2018.

Prosecutors say Zamoras — who marketed herself as a retirement planner and owned a number of companies in Niles, Illinois, including First Fidelity Financial Group LLC, JQH Ventures LLC and Cornerstone Home Solutions — targeted fellow Filipino immigrants and older women who were already retired or getting ready to retire, whom she befriended in an effort to win their trust and secure their life savings.

"She sought them out because they needed her help," Yonan said. "The defendant knew these people. It wasn't enough that she stole their money ... but she has actually made them feel ashamed for trusting her."

The fraud lasted nearly a decade, and wasn't "a one-time lapse in judgment," he said. And while some of the investors' funds were misappropriated for gambling, Yonan urged the court not to give that weight in considering her sentence, as Zamoras also used clients' money for payroll

expenses, airline tickets, credit card and car payments, utilities and to pay other investors.

But her attorney, Sami Azhari of Azhari LLC, insisted it wasn't a crime of greed or arrogance, but a crime of "desperation" that fueled a crippling gambling addiction. He said the fact that she did so little to conceal her wrongdoing — including putting client funds directly toward gambling debt without any action to create a trust or some sort of go-between — showed how compulsive she was. Zamoras was "as thoughtless as it comes" because she had so little control over her condition, he said.

"She is, putting it lightly, deeply ashamed of her behavior," Azhari said. "This was someone who had a serious problem she didn't want to admit."

Zamora's gambling involved thousands of dollars per transaction, Azhari told the court. Casinos would issue her lines of credit, which she would dip into client funds to pay back, he said.

"She started her rehabilitation process and has since rounded a corner," he said.

According to the criminal information, Zamoras told some investors that their funds would be used to develop real estate, even though she intended to misappropriate that money. She also convinced them to sign unsecured promissory notes, falsely representing they were safe investments when she knew they were in fact risky because they weren't backed by any sort of collateral, prosecutors said.

And Zamoras urged clients to place their retirement funds in self-directed individual retirement accounts held by companies that she selected because she knew they acted in an administrative capacity only, and would send financial statements to investors to make it look like those investments were secure and stable, when, in fact, they'd been transferred out of those IRA accounts to her for her own use, according to the government.

Zamoras did not disclose to investors the extent of the existing debt that she and her companies owed and even convinced some to allow her to use their credit cards to open joint bank accounts with her, prosecutors claimed.

Zamoras is represented by Sami Azhari of Azhari LLC.

The federal government is represented by Jason A. Yonan of the U.S. Attorney's Office for the Northern District of Illinois.

The case is U.S. v. Zamoras, case number 1:18-cr-00677, in the U.S. District Court for the Northern District of Illinois.

--Editing by Andrew Cohen.

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