

IN THE CIRCUIT COURT OF THE 11TH
JUDICIAL CIRCUIT IN AND FOR
MIAMI-DADE COUNTY, FLORIDA

GENERAL JURISDICTION DIVISION

FREE AND SOVEREIGN STATE OF
VERACRUZ DE IGNACIO DE LA LLAVE
Plaintiff,

vs.

ACE REALTY HOLDINGS, LLC, JAVIER
DUARTE, ANA MARIA VELASQUEZ,
NEXXOS REALTY, LLC, INAKI NEGRETE,
VULVAN DYNAMIC REALTY FUND, LP
Defendants.

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CASE NO: 2018-005132-CA-01

FIRST AMENDED COMPLAINT

TO THIS HONORABLE COURT:

Plaintiff, the Free and Sovereign State of Veracruz De Ignacio De La Llave ("Veracruz"), files this Original Petition against Defendants ACE Realty Holdings, LLC, Javier Duarte, Inaki Negrete, and Vulcan Dynamic Realty Fund, LP, and respectfully shows this Honorable Court the following:

Summary of this Case

Javier Duarte De Ochoa was the governor of the Mexican state of Veracruz from 2010 until 2016. Before that he held various other positions in the state government. Duarte's time as governor was marked by multiple controversies and reports of rampant corruption. The corruption in ex-Governor Duarte's administration reached dizzying heights. Duarte orchestrated a scheme in which hundreds of millions of dollars

earmarked for social programs were diverted to an elaborate network of phantom companies – among other misdeeds. Indeed, he is alleged to have absconded with nearly \$3 billion of his state's money. This stolen money was used to make investments and purchase luxury homes and cars all over the United States. As the allegations against him grew, Duarte eventually fled Veracruz, and then Mexico. Duarte was later indicted, and then arrested in Guatemala as a fugitive. He was ultimately extradited to Mexico, where he is currently jailed.

The money stolen by Duarte rightfully belongs to the people of the State of Veracruz. The State of Veracruz files this and other actions in an effort to recoup those funds stolen by Duarte and those acting in concert with him. Veracruz also seeks to recover assets purchased with such stolen funds.

Each of the Defendants named conspired with Javier Duarte to steal government funds from the State of Veracruz. The properties listed in rem are just a few of the hundreds purchased with stolen funds all across the United States and the world.

Specifically, Defendants Inake Negrete and others not yet named conspired with Duarte to steal money. Defendants Negrete and Duarte identified, located, and reached agreements with a number of local business people in the State of Veracruz. These business people agreed to fraudulently invoice various agencies of the State of Veracruz for a myriad of activities – from road construction to medicine for sick children. Each of these fraudulent invoices were made and sent at the request of Defendants Bandin and Negrete. The invoices were for various items, including materials and medicine that were never purchased, and for road construction that never occurred. Once the invoices were received, Defendants made sure that Governor Duarte paid these invoices. Once the

local business people received these stolen funds, each kept a small commission and then provided the rest to Mexican corporate entities controlled by Javier Duarte, Inaki Negrete, and others. Two of the frequently used entities were Terra Inmobiliaria and Grupo Brades – both in Mexico. Once these shell companies received the funds, the money was split between the Defendants. The Defendants, sent the money north to the greater Miami area where it was invested in real estate and deposited in banks and used to fund the investment company Vulcan Dynamic Realty Fund and purchase properties, specifically the ones listed in this complaint (among others). The funds were stolen and transferred to Florida with the intent to invest in Florida real estate.

I.
Parties

1. Plaintiff Veracruz is a foreign state entity of Mexico.
2. Defendant Ace Realty Holdings, LLC, is a domestic limited liability company residing in Florida. This company can be served via personal service via its registered agent, INCORPORATING SERVICES, LTD, at 3500 S DUPONT HWY, DOVER, Kent, DE, 19901.
3. Defendant Javier Duarte is a foreign individual that will be served via the Hague Convention. He is currently jailed in Veracruz.
4. Defendant Inaki Negrete is an individual residing in Florida. He may be served with personal service at 175 SW 7th Street, Suite 1107, Miami, Florida 33131, or wherever he may be found.
5. Defendant Vulcan Dynamic Realty Fund, LP, is a domestic limited partnership residing in Florida. This company can be served via personal service via its

executive officer, Inaki Negrete, at 175 SW 7th Street, Suite 1107, Miami, Florida 33131, or wherever he may be found.

In Rem Parties

6. Plaintiff makes claims against the following properties *in rem*.
7. 277 Marinero Court is a property in Coral Gables, Florida; its record owner is Ace Realty Holdings, LLC. The funds used to purchase this property were stolen from Veracruz. This property is in fact owned by Javier Duarte through intermediaries.
8. 10550 NE 2 PL is a property in Miami Shores, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.
9. 10770 NW 66 ST #511 is a property in Doral, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.
10. 10800 NW 82 TER, UNIT 10-6, is a property in Doral, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.
11. 1201 N LIBERTY AVE UNIT: 1201G, is a property in Homestead, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.
12. 12170 SW 216 ST is a property in Miami, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

13. 12225 N MIAMI AVE, is a property in North Miami, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

14. 13606 NW 10 TER is a property in Miami, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

15. 1490 NW 58 TER is a property in Miami, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

16. 15120 JACKSON ST. is a property in Miami, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

17. 17800 SW 113 CT is a property in Miami, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

18. 19600 NE 18 PL is a property in Miami, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

19. 2012 SAN REMO CIR is a property in Homestead, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

20. 20200 NE 14 AVE is a property in Miami, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

21. 20901 SW 121 AVE is a property in Miami, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

22. 21034 NE 34 CT is a property in Aventura, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

23. 21725 SW 120 AVE is a property in Miami, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

24. 220 NE 45 ST is a property in Miami, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

25. 2330 NW 11 ST. UNIT: 27 is a property in Miami, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

26. 2353 SE 12 CT UNIT: 224 is a property in Homestead, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

27. 24987 SW 128 CT is a property in Miami, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

28. 25000 SW 122 CT is a property in Miami, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

29. 26650 SW 132 AVE is a property in Miami, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

30. 2710 W 60 PL UNIT: 106 is a property in Hialeah, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

31. 2811 NW 100 ST is a property in Miami, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

32. 2895 NW 45 ST is a property in Miami, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

33. 3039 NW 54 ST is a property in Miami, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

34. 3122 NW 43 ST is a property in Miami, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

35. 368 NE 174 ST is a property in North Miami Beach, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

36. 390 NE 163 ST is a property in Miami, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

37. 433 NW 14 ST is a property in Florida City, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

38. 4850 NW 102 AVE UNIT 104-9 is a property in Doral, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

39. 487 NW 15 ST is a property in Florida City, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

40. 520 NW 3 AVE is a property in Homestead, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

41. 5775 SW 35 ST is a property in Miami, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

42. 5852 SW 33 ST is a property in Miami, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

43. 864 SW 7 PLZ is a property in Florida City, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

44. 875 SW 1 ST is a property in Florida City, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

45. 9855 MARLIN RD is a property in Cutler Bay, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

46. 20100 HIGHLAND LAKES BLVD is a property in Miami, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

47. 20200 NE 14 AVE is a property in Miami, Florida; its record owner is Vulcan Dynamic Realty Fund, LP. The funds used to purchase this property were stolen from Veracruz.

II.
Venue and Jurisdiction

48. Plaintiff seeks damages in excess of \$75,000.00, exclusive of interest and costs; however, federal courts lack subject matter over this action, as there is no federal question and there is incomplete diversity of citizenship due to the presence of a defendant who is a resident and citizen of Florida. Removal would thus be improper. No party is asserting any claims arising under the Constitution, treaties, or laws of the United States. Venue is proper in this County as at least one Defendant maintains a principal office here and most of the properties involved are here.

III.
Causes of Action

Conversion – All Defendants

49. Plaintiff incorporates the preceding paragraphs of this Petition as if set forth fully below.

50. Plaintiff owned, possessed, and had the right to the funds that were stolen by Javier Duarte and his network to invest into the above referenced assets. These funds were the property of State of Veracruz. Defendants are currently wrongfully exercising control over this property.

51. Plaintiff has suffered injury because of these actions.

Constructive Trust – All Defendants

52. Plaintiff incorporates the preceding paragraphs of this Petition as if set forth fully below. Plaintiff seeks a constructive trust over Mr. Duarte and his associates' interest in the subject properties. Mr. Duarte and his associates conspired together and looted government coffers and engaged in other graft that stole money from the State of Veracruz. Mr. Duarte and his associates took those funds and invested into the above referenced assets, among other things. Mr. Duarte had a fiduciary relationship with the

State of Veracruz. More importantly, Mr. Duarte and his associates committed both actual and constructive fraud in obtaining these funds. These funds were then used to invest in properties in Florida.

Civil Conspiracy – All Defendants

53. Plaintiffs would show that Duarte, together with the other Defendants, conspired with Duarte and his associates to steal and embezzle, and to commit fraud on Plaintiff. The purpose of the conspiracy was move as much money as possible from the State of Veracruz to the United States and purchase real estate for the benefit of Mr. Duarte and his family. Duarte and the other defendants had a meeting of the minds on this objective and, as shown in detail above, together, made one or more unlawful and overt acts towards this objective. As a result, Plaintiff suffered damages. Plaintiff also seeks punitive damages.

Joint and Several Liability – All Defendants

54. Duarte and the other defendants are joint and severally liable for all acts of Duarte and his associates, the conspirators as referenced above. Duarte and the other defendants planned and assisted in this conspiracy, and, as such, they are jointly and severally liable for all acts done by any member of the conspiracy in furtherance of such.

Florida Penal Code 812.014 – All Defendants

61. The previous paragraphs are incorporated herein. Defendants unlawfully appropriated property with intent to deprive the owner, the State of Veracruz, of its property. Defendants did not have the effective consent of the State of Veracruz. Additionally, the property at issue is stolen and the various actors appropriated the property knowing it was stolen by another.

IV.
Damages

62. As a direct and proximate result of the foregoing events, Veracruz suffered damages in the form of stolen funds, all for which Plaintiff seeks recovery herein.

V.
Exemplary Damages

63. Plaintiff seeks to recover exemplary damages against all Defendants based on their criminal conduct and resulting injuries and damages made the basis of this suit. Any caps or limits on punitive damages should not be applied because Defendants' conduct and violations of the Penal Code, including 812.014, disqualifies them from the benefit of any caps.

VI.
Demand for Jury

64. Plaintiff demands a jury trial and has tendered the appropriate fee.

VII.
Prayer

65. For these reasons, Plaintiff asks that Defendants be cited to appear and answer, and that they have judgment against Defendants for the following:

- a. Actual damages within the jurisdictional limits of this Court, but no less than \$25,000,000;
- b. Exemplary damages;
- c. Court costs;
- d. Pre and post judgment interest; and

e. All other relief to which the Plaintiff is justly entitled.

Dated: March 1, 2019.

Respectfully Submitted,

JAMES W. CUSACK, P.A.
Attorney for Plaintiffs
201 Alhambra Circle, Suite 702
Coral Gables, FL 33134
Tel: 305-476-0550
Fax: 305-461-0261
E-Mail: jwc@jwcusack.com

By: /s/James W. Cusack, Esq.
FBN: 963879

THE BUZZBEE LAW FIRM
Attorneys for Plaintiffs
JP Morgan Chase Tower
600 Travis, Suite 6850
Houston, TX 77002
Telephone: (713) 223-5393
Facsimile: (713) 223-5909
E-Mail: tbuzbee@txattorneys.com

By: /s/Anthony G. Buzbee, Esq.
State Bar No: 24001820
Christopher J. Leavitt
State Bar No: 24053318