

# Rothstein associates no longer owe millions to Ponzi victims



Here's a look at the people arrested in connection with the Scott Rothstein case and what has happened to them.



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**I**t's not every day you get the good news that you no longer owe \$363 million to victims of a Ponzi scheme.

But that's the welcome phone call Debra Villegas, who once served as **Scott Rothstein's** assistant and right-hand woman, received Tuesday when her lawyer informed her that a judge has ruled she no longer owes the massive debt.

In an exceptionally unusual outcome, victims of Rothstein's massive investment fraud have been fully reimbursed for their losses, according to federal prosecutors.

Fraud victims rarely are repaid anything close to their losses, but the extraordinary circumstances surrounding Rothstein's rip-off meant prosecutors, bankruptcy officials and civil lawyers were able to seize and sell off considerable assets and obtain settlements and judgments for the victims.

Much of the money came from settlements with two banks that were found civilly liable for aspects of the fraud and from selling off Rothstein's mansions, expensive jewelry, flashy cars and other valuable assets.

Restitution works like this: If five people are found guilty of defrauding \$1 million from a victim, all five people are ordered to repay \$1 million. If one defendant wins \$1 million in the lottery, that person must repay the victim and the other four will no longer owe a dime.

Because the law says victims of crimes should not receive more restitution than they lost, prosecutors have asked judges to throw out restitution orders against several of the Rothstein associates who served prison terms for their roles in the fraud.

The biggest order, so far, came last week when a federal judge in Fort Lauderdale agreed to vacate the \$363 million judgment against Villegas.

"It's a relief and the end we all had hoped for," Villegas told the Sun Sentinel in a message relayed by her lawyer Sabrina Puglisi.

Villegas, who was chief operating officer for the Rothstein Rosenfeldt Adler law firm in Fort Lauderdale, was released from prison in December 2014 after serving 3.5 years for her role in helping Rothstein.

Her 10-year prison term was reduced because she cooperated extensively with the prosecution of other Rothstein associates and testified in civil proceedings to help get victims' money back. She admitted she forged signatures on phony legal settlements after Rothstein told her he was in trouble with the Mafia.

"Debra took this very seriously and she worked very hard to make sure victims got their money back," her lawyer Puglisi said. "It's such a great thing for the victims to get peace of mind because they got their money returned."

Villegas, like many defendants who owe massive amounts in restitution, found the prospect of repaying it daunting, Puglisi said.

Federal inmates must pay at least \$100 per year in restitution to their victims if they don't have a prison job. If they work in prison, they must fork over half of their earnings. When they get released, they have to surrender 10 percent of their monthly gross earnings to victims.

At that rate, many victims have zero hope of ever recouping their losses.

If a convict wins the lottery or receives any other financial windfall, the law says they will be forced to use it to pay back their victims.

Villegas is not the only Rothstein convict to get a break. Former nightclub owner Stephen Caputi, who posed as a bank official to help Rothstein, was informed late last year that he no longer owes \$6.5 million to Rothstein victims.

A few weeks ago, a judge withdrew \$62 million restitution orders against Curtis Renie and William Corte, who served time in prison for helping Rothstein create a fake website he used in his fraud.

Just like Villegas, both men paid relatively small amounts of restitution while they were imprisoned and since they were released in 2014.

But none will be asking for a refund, said Corte's lawyer Robert Buschel.

"It's a substantial burden that has been lifted from their shoulders and they are relieved," said Buschel. "With that size judgment against you, you never get out from under it."

The Rothstein Ponzi scheme was already notorious because it was a long-term massive and brazen fraud perpetrated by a well-known South Florida lawyer. But the aftermath has also set records because it is so extraordinary that victims of such an enormous loss have been repaid, judges and attorneys said.

"It is highly unusual," said Buschel. "The Rothstein case was different because there were two major banks that made substantial payments and many of the things Rothstein bought were valuable properties, jewelry and other assets that could be sold off."

Prosecutors have not yet moved to reverse restitution orders against several other associates and, in some cases, they never sought payment because there was already enough money in the pot.

But fired Broward Sheriff's lieutenant David Benjamin, who is still serving his five-year prison term for helping Rothstein retaliate against perceived enemies, and fired deputy Jeff Poole, who has served his time, must still pay more than \$22,000 in restitution to a woman they falsely arrested at Rothstein's behest. Both are still facing a related civil suit filed by the victim.

Prosecutors have also followed through on their promises recommend reduced prison terms for several Rothstein convicts who cooperated with them.

In recent weeks, Irene Stay Shannon, Michael Szafranski, David Boden, Richard Pearson all had their prison terms reduced in exchange for their assistance.

Notably absent, so far, from the list of cooperating defendants getting a break, is Rothstein himself. The

53-year-old disbarred lawyer is serving 50 years at an undisclosed federal prison. He is in an inmate witness-protection program because of the extensive help he gave prosecutors by implicating other defendants and helping them track down his ill-gotten assets.

After making his plea agreement, Rothstein lied to prosecutors and hid some of his assets. Though the U.S. Attorney's Office publicly expressed displeasure and declined to have him testify against others in court, prosecutors have declined to say if they will ever recommend a sentence reduction for him.

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