

Seven-Year Prison Sentence for John DiMenna, Formerly of Darien, for Fraud Scheme

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Here's the announcement from the U.S. Attorney's Office in New Haven:

John H. Durham, United States Attorney for the District of Connecticut, announced that JOHN DiMENNA, 75, of Vero Beach, Fla., was sentenced today by U.S. District Judge Victor A. Bolden in Bridgeport to 85 months of imprisonment, followed by three years of supervised release, for operating an extensive real estate investment and financing scheme.

According to court documents and statements made in court, DiMENNA worked in the commercial real estate industry, arranging for the purchase and development of large commercial real estate projects in Fairfield County, including hotels or multi-tenant properties with hundreds of apartments. DiMENNA and his business partners operated through various entities including Seaboard Realty LLC, Seaboard Stamford Investment Group (SSIG), and Seaboard Properties Group LLC. To raise capital for real estate projects, DiMENNA and his partners sold membership interests to outside investors in each LLC that owned or was to purchase a designated commercial property. DiMENNA also sold interests to investors in other LLCs that did not own specific properties but were to have some involvement in certain projects. Various financial institutions and other entities provided millions of dollars in financing to purchase, renovate or construct DiMENNA's commercial real estate projects. DiMENNA oversaw each project, including each entity's profitability, its cash flow, operating cash needs and any additional funds needed for repairs or renovations.

Between approximately 2010 and March 2016, DiMENNA engaged in a scheme to defraud investors and financial institutions. Knowing that certain of his properties were not cash positive, and without disclosing this fact to investors and lenders, DiMENNA used funds from separate cash-positive entities to support capital improvements, construction, and operating expenditures in other LLCs that needed the cash. In addition, DiMENNA used funds from cash positive entities to continue to make required interest and preferred returns to investors of any entity that he managed, regardless of the true available cash that an entity might have to fund such payments.

As part of the scheme, DiMENNA prepared spreadsheets that inflated the projected cash flows of certain projects, and then shared the spreadsheets with his business partners knowing that they would be marketing

the ventures to potential investors. DiMENNA also provided his business partners with false sales contracts, false lease commitments and other false documents concerning the status and prospect of the various real estate investments.

DiMENNA provided existing investors inaccurate financial information in order to induce investors not to withdraw an investment, and he provided prospective investors with false information about a project's financial viability to induce them to invest. DiMENNA frequently received a template from his accounting manager that set forth actual financial figures relating to a property, and then changed the numbers to make the figures appear stronger. In certain instances, DiMENNA simply created his own template with his own false figures and then provided the summaries to current and potential investors.

DiMENNA also sold investors equity in certain entities at a time when he knew the entities were fully subscribed and thus not eligible for receiving investment monies.

During the scheme, DiMENNA provided lenders and appraisers with inaccurate financial data concerning the various real estate properties and other entities used to collateralize various loans, including providing lenders with overstated income figures, understated expense figures, false personal financial statements, false bank statements, and false tax returns relating to the properties. He also failed to disclose to potential lenders intercompany debt obligations and all unrecorded liens on particular properties, and he created false releases of liens and UCC filing documents.

DiMENNA often sought financing from various lenders without informing existing lenders of prior loans secured by the property at issue, entered loan agreements with lenders without recording such agreements, and forged the names of his two business partners on various documents without their knowledge to secure financing. At times, DiMENNA entered into financing agreements with lenders without the knowledge, consent or authorization of his two business partners.

Through this scheme, victim investors lost approximately \$28 million and victim lenders lost approximately \$37 million, for a total combined loss of \$64.7 million.

On September 11, 2017, DiMENNA pleaded guilty to two counts of wire fraud.

DiMENNA, who is released on a \$250,000 bond, was ordered to report to prison on July 9, 2018.

This matter was investigated by the Federal Bureau of Investigation and prosecuted by Assistant U.S. Attorney Christopher A. Schmeisser.