

The Ready2Invest Property Fiasco

Los Cerros/Turre, La Cadima/Playa Macenas
and Santa Ana property fiascos report by
Lawbird

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Introduction

The current report is based on the information we current relation to new data we gather, in the course of the investigations that are currently underway.

This report is equally partly based on the opinion of the undersigned and **will be the basis of a judicial claim to be brought against the parties responsible of an alleged property fraud**, which occurs when deposits are paid to a property developer or an agent connected to it, the construction does not materialize, funds are used for other purposes and they are not guaranteed (this statement is explained below). If the 4 points are met, irrespective of whether intent to defraud actually took place, misappropriation is likely to have occurred and therefore, the matters turns into the criminal judicial sphere. **Additionally, the figure of theft by swindle could have been incurred in** where statements in the contract turn out to be false, such as for example one that confirms that funds are held in escrow (clause 5 of the a sample contract).

Developments object of this report

Development known as **Los Cerros, in Turre (Almería)**, and a development known as **La Cadima, in Playa Macenas, Mojacar (Almeria)** and **Santa Ana**.

The undersigned has, at this juncture, little information on Santa Ana, a third development that is likely to have followed the same fate as the above 2, in terms of how both Citrus and Ready2Invest (and its different offshoots) concocted this investment scheme, the alleged misrepresentation, the ensuing misappropriation and the subsequent monetary loss for investors (buyers and lenders). Buyers and investors alike should be advised in any case that, due to a seemingly relevant identity of the **companies and individuals involved in “selling” the scheme with that of the other unfinished projects, it is appropriate for them to join this case.**

Parties involved

- Citrus Playa Macenas S.L.
- Ready2Invest (Formerly Ready2Rent)
- Cajamar
- Bancaja
- Promobys
- Lawbird
- Legalex
- Garcia-Bosch

Historical

Citrus Playa Macenas S.L., represented by Ray Warren, and Ready2invest (formerly Read2Rent), represented by Jonty Crossick, **set out in 2003 to organize, elaborate, promote, sell, construct and deliver 2 developments in the province of Almeria** to an undisclosed number of consumers in the United Kingdom and Ireland who, mostly, mortgaged homes to finance the initial deposit. 7 years later, properties are half built (or not at all) and no prospect of delivery is visible.

The uncontested marketing and selling skills displayed by Jonty Crossick and his team, working from a front-line Brighton town house, ensured that only high quality promotional material and brochures

were printed, that the best telemarketing operators were trained to capture bona fide willing investors and that a friendly law firm was hired to represent the interest of the buyers (our firm ended up being selected). I happened to meet the team when on a business trip in Brighton and witnessed how well organized this company was.

From the very beginning, in our capacity as lawyers of the buyers at both developments, Lawbird Legal Services did not seem to find it easy to work with Jonty nor with Ray. **They both seemed to be intent on gathering as many deposits as possible, even before contracts were signed, had their marketing and sales engines running full steam well ahead of the legalities of the cases, in spite of the warnings we were issuing to both companies, and generated an amount of confusion that still today will require, most probably, a forensic accounting report to identify where the funds ended up.**

The price-reduction bait on the second development, Playa Macenas, utilized by Jonty Crossick caused enormous tension when Lawbird was negotiating contracts as he had linked one to the other, legally, to ensure that most buyers in Turre would also be enticed to take on Playa Macenas. Quoting Jonty in an email correspondence, *Playa Macenas is a very successful development, where prices have been offered to customers for 2.600 Euros per square meter when re-sales were already topping 5.000 Euros per square meter.*

Lawbird, who held the deposits sent by the customers in escrow until the legal options were made clear and safe to the customers, fought a lost battle with Jonty and Ray and eventually, when it was clear that their influence over our clients would outweigh our legal recommendations, and **specifically on instructions of the clients and against our advice, the deposits were transferred in full to Citrus Playa Macenas Limited.** It is important to note that when the deposits were sent, no individual bank guarantee was available nor was a license issued. The land, bought by Citrus Playa Macenas S.L., was heavily mortgaged and therefore of little collateral for the property buyers.

It was with further surprise that we found out later that Citrus had then sold the project at Turre to a company named as Promobys, acting in this purchase as Urbanización Cerro Colorado S.L. The refusal by Ray Warren to provide us with a copy of the contract, compounded with the already worrying trail of disconcerting information fed to buyers, aroused serious doubts about the legitimacy of their intentions. We then obtained a copy of the title deeds where this sale was consummated and found out that not only had the buyers' interest not been named but also, no reference to the down payments made or the private purchase contracts was made. At the most, the deeds included a clause that stated that "*within a year from the signing of this title deed (11 October 2006)*", *the buyer will undertake to finalize and obtain the LFO (License of First Occupation) for 17 units built on the named plots, units that will be transferred to an undisclosed number of contract holders whose names will be given by the seller to the buyer*". The deeds also has a surprising revelation as it states that the costs and taxes of the transfer of the units will be borne by the buyers, when a) they are not named and b) they do not form part of the title deeds and thus cannot commit themselves to anything.

At present, Jonty and Ray both deny liability and property buyers are still trying to recover their deposits.

Succinct Analysis of Key Points That are to be Investigated Further

There are a number of points that are crucial to establish where liabilities lie and the type of action that would have to be pursued. This list is not comprehensive and is likely to increase as more information pours in.

1. What is the relationship of Ready2Rent with Citrus Europe Ltd. and Citrus Playa Macenas S.L.
2. What is the historical back ground of Citrus Europe Ltd.?
3. How many of the developments that Ready2Rent has intervned in have actually been completed?
4. What is the role of Ray Warren, on behalf of Citrus Europe Ltd. and equally, his role under Citrus Playa Macenas S.L.?
5. Why did Jonty handle very significant sums of money on behalf of Citrus, if he was only an acting real estate agent?
6. If Citrus Playa Macenas S.L. and R2R (note that I am now considering them to be one entity, or a joint venture) received 14.600.000 Euros by virtue of a mortgage deed with Bancaja for La Cadima project, (on account of a global of 35.000.000 Euros), as an initial draw down (no information on further draw-downs is available), on the 8th of July 2005, plus an unaccounted amount from unsecured buyers (our estimate is 60 buyers x 70k Euros=4.200.000 Euros), and the cost of the works would presumably not exceed 10.000.000 Euros at the most, where are the remaining funds?
7. The plot at Turre was sold for 11.500.000 Euros. Why were the funds not returned to the buyers? How much was invested in the project?
8. Why do García-Bosch lawyers, on behalf of Citrus Playa Macenas S.L. confirm that the deposits were not paid to Citrus Playa Macenas S.L. but to Citrus Europe, with whom the contracts were signed, if the plot was owned by their former. If this is the case, do these lawyers not realize that Citrus Europe Ltd. has been deceiving buyers as this company never owned property in Spain?
9. Why is the letter sent out by Garcia-Bosch, where he tags the communication sent by Lawbird Legal Services of libelous, dated 30th of April 2007, for exposing the legal status? Why do they not refer to the sale the Cerros/Turre development in Cerro Colorado S.L. on the 11th of October 2006? What is therefore the connection?
10. Why does Legalex, on a report dated 29th of October 2008, advise that the purchase draft contracts for La Cadima comply with Spanish laws, when it is clearly in breach of consumer regulations?
11. Legalex, in its report, seem to mistake La Cadima in Mojacar for Cerros, in Turre. In this report they refer to a mortgage deed signed on the 8th of July 2009, with protocol number 2171, with the financial entity Cajamar, when this deed is signed with Bancaja. Bancaja confirms, on a letter dated 10th of April 2006 that a special account has been opened with them to the effect of guaranteeing the sums. Furthermore, Bancaja states that the bank will issue a Bank Guarantee to each depositor which guarantees that the money will be released to Citrus Playa Macenas S.L. only when as they build the property and if the property is not completed, the money will be returned to the depositor. The letter is signed by Jose Enrique Mollina Chasserot, "Banc Director", who happens to be the representative who signed the title deeds on behalf of Citrus Playa Macenas S.L. where a loan for 35.000.000 Euros was granted. If this is the case, why does Garcia-Bosch insist that funds are to be paid in the United Kingdom as not only is Citrus Playa Macenas S.L. a Spanish company, but also owned the plot and was the beneficiary of a loan that ultimately, was to build Spanish property? Furthermore, can a lawyer be so incompetent as to hold ground on this stupid allegation when even Bancaja admits that the deposits are to be paid in the nominated Spanish account of Bancaja, opened in the name of Citrus Playa Macenas S.L., and also guaranteed by them? Or do they form part of a scheme to deceive consumers?
12. Where are the deposits that were never returned? To this date, we only have account of 6 deposits having been refunded on Turre and none on Playa Macenas.

Situation with contracts

Since our resignation from the legal representation for clients at Turre and La Cadima, we have not been updated on the subsequent legal status of buyers through signing of contractual documentation and therefore, **we would require having copies of any contracts exchanged with Citrus Europe Ltd., Citrus Playa Macenas S.L. or Ready2 Invest.** These contracts will allow us to establish the degree of contractual default and, as the case may be, misrepresentation. In respect of La Cadima, consumers went through three revisions of the contract, at least, the last one being in 2007, and were also forced to sign away the bank guarantees, a practice that I would consider “doubtful”, from a legal point of view.

Current position

Purchasers at any of the above 2 developments will have the following options open to them, if they decide to proceed legally. The options are placed by what I consider the most appropriate to the least, and are different in the case of Cerros/Turre and Cadima/Playa Macenas.

Cerros/Turre

1. **Criminal action for misappropriation and theft by swindle**, given that funds were taken by Citrus Playa Macenas S.L. and Ready2Invest, both being instrumental in the creation of an illusion, that of promoting, building and selling property in Spain. Citrus goes even further as he sold the plot without advising their clients and furthermore, did not refund the advance payments nor guaranteed them with bank guarantee. Misappropriation will necessarily occur, pursuant to Spanish case law, where funds have been diverted to uses different from the construction of the units, regardless of intent to misappropriate, since funds received by developers are always in concept of "escrow" and never in ownership, as with the purchase of, generally, all items.

Theft by swindle will require proof that there was intent although such activity need not be active, as it can be accomplished by false representation as to either past or future facts.
2. **Action against the bank involved:** this option is placed second for we don't have knowledge of Cajamar having provided a bank guarantee, which if we were to confirm was the case it would automatically take precedence over criminal action.
3. **Action against lawyers involved in the transaction**, for professional negligence: An acting lawyer would presumably be faced with a negligence claim if he/she had provided the client with positive advice and the client had placed reliance on such advice to pursue the investment. Lawbird Legal Services clearly saw fundamental flaws in the investment and advised against purchasing in this development, advice that Jonty craftily managed to play down by making use of trickery. It is not known if any other law firm took up an instruction in this matter.
4. **Ordinary civil action:** the very last resort given the minimal impact it would have on the status of claimants.

Cadima/Playa Macenas

1. **Action against the bank involved:** there is a bank guarantee issued by Bancaja, which is a global master guarantee to ensure deposits are safeguarded against the risks named by the 1968/57 Act on Bank guarantees, i.e. lack of building license and lack of license of occupancy. Furthermore, a letter signed by Bancaja states that *a special account is opened with Bancaja and is blocked from the Banks customer, this meaning that the company, Citrus Playa Macenas S.L., cannot access this money and the money will be released to them only when they build the property of the depositor.* It then goes on to affirm that *the bank will issue a bank guarantee to each depositor which guarantees that the money will be released to Citrus Playa Macenas only when, as they build the property and if the property is not complete the money will be returned to the depositor.*

An action against Bancaja is a must in the case of Cadima, given the antecedents we know.

2. **Criminal action for misappropriation and swindle by theft:** this option is seriously weakened given that a bank guarantee was obtained, and therefore, the use given to funds would not constitute, in principle, criminal misuse, or embezzlement.
3. **Action against lawyers:** Equally, lawyers in this case would be able to rightfully put a defense on the basis that, although no individual guarantees were issued, Bancaja did agree in writing to guarantee the deposits.
4. **Ordinary civil action:** As with Cerros/Turre

Santa Ana

The order of preference of a claim over others will depend on the intent to defraud and the existence of bank guarantees. An opinion on this will be expanded once I am in receipt of further documentation.

Cost of an Action

Lawyers acting on instructions of property purchasers will regularly request a sum of 10% of the funds retrieved, with a down payment, or retainer, paid upfront (or in stages), that will normally be calculated on the basis of the Law Society Fee Guideline, the number of claimants and the complexity of the case. Spanish laws operate a “loser pays” system, where the losing party pays the successful party’s legal fees (although not the law firm’s overheads), to be determined by the Law Society. In this case, the prevailing party will also be entitled to interest from the time of sentencing.

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