

Written by Bobby Reyes

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The *Los Angeles Times* reported today that “the Securities and Exchange Commission (SEC) obtained a court order freezing the assets of International Realty Holdings Inc. of Palmdale and its operators, Ottoniel Medrano, a guard at a federal prison, and Leticia Isabel Medrano.” The duo apparently organized “a supposed international real-estate investment firm.” The

SEC

accused the Medranos “of siphoning off hundreds of thousands of dollars into Philippine bank accounts while falsely claiming that billionaire investor Warren Buffett was the company's honorary chairman.”

To read the complete report of the *Los Angeles Times*' Business Section staff writer, E. Scott Reckard, please click on this link:

[Investment firm faked links to Warren Buffett, SEC says](#)

If readers cannot access the hyperlink, they can copy and paste to their browser this URL: <http://www.latimes.com/business/la-fi-sec24-2009mar24,0,7853728.story>

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\* Here are excerpts from Mr. Reckard's article:

By E. Scott Reckard

March 24, 2009

Federal authorities shut down a supposed international real estate investment firm Monday, accusing its owners of siphoning off hundreds of thousands of dollars into Philippine bank accounts while falsely claiming that billionaire investor Warren Buffett was the company's honorary chairman.

(Snipped) . . . The Medranos' relationship wasn't clear, said Gregory C. Glynn, senior trial counsel for the SEC.

A voicemail left with International Realty Holdings wasn't returned, and SEC officials said they didn't know whether the Medranos had a lawyer.

The SEC filed a 10-page fraud lawsuit against the Medranos and IRH on Monday in (the) U.S. District Court in Los Angeles. In a declaration accompanying the suit, Buffett, sometimes known as the Oracle of Omaha for his investing prowess, disputed IRH's claims that his holding company, Berkshire Hathaway Inc., had helped found the Palmdale operation.

"I am not, nor have I ever been, the 'Honorary Chairman' of the Board of Directors of IRH," Buffett said in the declaration. "I have never had any personal or business relationship with IRH."

The SEC lawsuit said IRH, whose representatives promised annual returns of up to 15%, also claimed falsely that the company was 50% owned by Swiss banking giant Credit Suisse.

IRH misspelled Buffett's name as "Buffet" in its investment brochures, the SEC complaint said, and a photo of Buffett with eight people, said to be IRH employees, actually showed the investor with students from the University of Michigan business school.

The Buffett name worked its magic on James T. Bonner, 80, a retired IBM systems analyst in San Diego . In a declaration, Bonner said an IRH employee told him the company had significant holdings in Singapore, China and Japan and was going to invest in a new class of Berkshire Hathaway shares.

"My analysis was that if IRH was good enough for an investment and endorsement by Warren Buffet[t] it was good enough for me," said Bonner, who invested more than \$100,000.

IRH raised at least \$485,000 and probably more than \$700,000 from at least

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15 investors in six states, the SEC lawsuit said.

"Of the approximately \$700,000 deposited into IRH's accounts as of Feb. 28, 2009 (at least \$485,000 of which is investor money), no less than \$535,000 has been wired by the Medranos into bank accounts held by a law firm in the Philippines," the suit said.

Glynn said the SEC was working to have the funds returned to the U.S. "We caught this one early," he said.

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