

**UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF FLORIDA**

CASE NO. 23-20350-CR-Martinez

UNITED STATES OF AMERICA,

Plaintiff,

v.

JOHANNA MICHELY GARCIA,

Defendant.

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FACTUAL PROFFER

Had this case proceeded to trial, the parties agree that the Government would have proven the following facts beyond a reasonable doubt. The parties agree that these facts, which do not include all facts known to the Government and Defendant JOHANNA MICHELY GARCIA are sufficient to prove the guilt of the Defendant as to Count 1 of the above-referenced Indictment.

From at least as early as October 2020, and continuing through on or about August 12, 2021, in Miami-Dade and Broward Counties, in the Southern District of Florida, and elsewhere, the defendant, GARCIA, did participate and conspire with Pavel Ramon Ruiz Hernandez, and others, in a large-scale fraud scheme, to commit mail and wire fraud, in violation of Title 18, United States Code, Sections 1349, 1342, and 1341. During this time period, GARCIA was manager, president, and chief executive officer of MJ Capital as well as its related entities, including MJ Taxes and More, and MJ Enterprise Inc. She was signatory of all MJ Capital entity bank accounts, and she controlled receipt and disbursement of much of the money raised during the fraud scheme.

While there were certain business loans made, it was the purpose of the conspiracy for GARCIA and her co-conspirators to unlawfully enrich themselves by soliciting investor funds

through materially false and fraudulent representations and promises concerning, among other things, the true nature of the investment, the existence of actual loans, the use of investor funds, and the source of investor payments, all so the defendant and her co-conspirators could use investors' funds for their own personal benefit and that of others, and to make payments to existing investors using new investor funds.

MJ Capital purportedly engaged in the business of providing merchant cash advances to businesses in Florida and throughout the United States in exchange for agreed upon periodic payments over a specified period of time. MJ Capital promoted its Merchant Cash Advance ("MCA") Agreements as a short-term, high-cost, alternative financing solution for small and medium-sized businesses that needed fast up-front funding. GARCIA and her co-conspirators, directly and indirectly, fraudulently solicited money from investors purportedly to fund MCAs by falsely promising significant returns.

GARCIA and her co-conspirators recruited individuals to solicit investors to invest in MJ Capital's investment offerings at various locations in Miami-Dade and Broward Counties, in the Southern District of Florida. As part of the effort to raise additional investor funds, GARCIA and her co-conspirators incentivized these individuals by offering and paying commissions. GARCIA, her co-conspirators, and others, on behalf of MJ Capital, provided and entered into written investment agreements with investors. These investment agreements made materially false and fraudulent statements and representations to investors, mainly concerning the use of investor funds and the source of investor returns. Based on these false and fraudulent representations to investors, GARCIA, Ruiz, and others received MJ Capital investor funds in cash and through deposits via check and electronic bank transfers, often involving interstate wire communications and mailings,

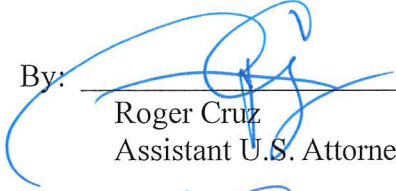
into various accounts, including GARCIA's personal accounts, and accounts in the name of MJ Capital, MJ Taxes, MJ Enterprise. Notwithstanding GARCIA and her co-conspirator's false and fraudulent representations to investors regarding the nature of the MJ Capital investment, the finances, operation, and profitability of MJ Capital, and the use of investor funds, MJ Capital only funded a relatively small number of MCAs and failed to earn the profits it needed to pay the investor returns and principal promised investors. As a result, GARCIA and her co-conspirators paid investor returns by paying existing investors using new investor funds.

GARCIA and her co-conspirators misappropriated millions of dollars of investor funds to pay for, among other things, personal expenses and investments. GARCIA and her co-conspirators never informed MJ Capital investors that they diverted investor funds for their own personal use and benefit and to pay investor returns. Instead, GARCIA and her co-conspirators falsely and fraudulently represented to investors that investment funds were being used to fund MCA loans.

The FBI and SEC effectively shut down MJ Capital, in or around the fall of 2021. Thereafter, GARCIA, Ruiz, and other coconspirators began operating a new venture utilizing New Beginning Global Funding LLC, New Beginning Capital Funding LLC, Lion Heart Capital Group L.L.C., GMR Remodeling LLC, and Group Management LLC. Although not listed on the Florida Division of Corporations records in any capacity, GARCIA and others worked to raise approximately \$3.2-\$4 million from at least twenty individuals. GARCIA and others directly met with investors, collected cash from investors, and gave investors instructions on where to send money for several of the entities. GARCIA and her coconspirators told investors that their money would be used to fund general contractors who worked on commercial and residential properties through merchant cash advance loans. In truth, bank records show that there were little to no

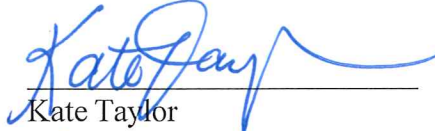
merchant cash advance activity, and the money raised was used to pay off previous investors.

Date: 7/16/24

By: 

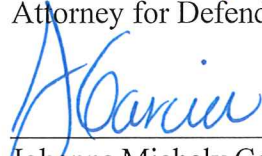
Roger Cruz
Assistant U.S. Attorney

Date: 7/16/24

By: 

Kate Taylor
Attorney for Defendant

Date: 7-16-24

By: 

Johanna Michely Garcia
Defendant