



ChinaLat Law BUSINESS AND LEGAL ISSUES AFFECTING CHINA LATIN AMERICA AND THE UNITED STATES

Michael Diaz Jr - JD Supra Contributor In Profile

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Cuban-born Miami attorney [Michael Diaz, Jr.](#) earned his stripes as a prosecutor under Janet Reno in the 1980s after graduating from the University of Miami School of Law. He went into private practice in 1990 and subsequently founded Diaz Reus, a noted international law firm focused largely on international financial fraud, including recouping assets for victims of alleged Madoff and Stanford Ponzi schemes. He spoke to us from his Miami office. The firm also has offices in Bello Horizonte, Dubai, Bogotá, Caracas, Frankfurt, Mexico City, Orlando, and Shanghai.

JDSupra: In the 1980s, Miami rented refrigerator trucks from Burger King to store murder victims when the city morgue overflowed, and Miami cops were moonlighting as drug dealers. What did you gain as a prosecutor there during those days?

Michael Diaz, Jr.: I learned that there is both good and bad in people no matter which side of the aisle they're on. Those wearing the white hats are subject to the same sort of defects as the accused in terms of their testimony, their credibility and their own ethical issues. That was pretty striking for a guy right out of law school and dealing with the dregs of society--working with

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Miami gangs and handling murder cases. The lines were often very blurred between black and white, good and bad, law enforcement and the perpetrators. I also developed relationships that continue today. Many of the people in our law firm's investigative unit are former police and state law enforcement officers, FBI, ICE, and DEA agents with whom I worked and developed a close bond.

JDSupra: While Miami vice may not be what it was in the 1980s, South Florida still ranks as a mecca for financial fraud and international monetary intrigue. Why is that?

Diaz: We've led the country in white collar criminal fraud for the better part of 40 years--it is a function of being a very transient society. We're the port of entry for many parts of the world, including Latin America, and we are very culturally diverse. Some of those people coming here maintain their own cultural perspectives from their home country where the rule of law is not always adhered to. Also, the South Florida economy is based in large part on tourism, vacationers, snowbirds, and real estate. Potential victims of fraud--so-called pigeons--flock to South Florida. But the "victims" at times deserve a great amount of scrutiny as well. Were they deliberately blind? Did they stick their head in the sand like an ostrich? Or did they just fail to ask the right questions? Or were they going along for the ride? Often they want no finger pointed at them even though they reaped all the rewards--claiming innocence and demanding justice when the music finally stops and there are no "victim" labeled chairs for them to sit in.

JDSupra: What sort of mindset does it take for an attorney to be successful in handling international financial fraud cases?

Diaz: You need to dig, dig, dig, and ask the very hard questions--often a very delicate thing when you're handling a client who is a subject of a money-laundering investigation. You develop a sense for it after seeing the same modus operandi time and again, particularly in Ponzi schemes. It may come in different shades, but it's always the same thing: the promise of great returns that seem just too good to be true, and they usually are. You see it over and



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over--in real estate, in fractional ownership shares, in far off swanky locations, in foreign-exchange operators promising great return on investment. It's all fantasy and make-believe. They produce false websites, false invoices and false account statements. People think they're getting a great deal when in fact they're just part of a pyramid scam. I've seen it from both sides--I've prosecuted and defended them--and developed a feel for financial fraud.

JDSupra: You and your firm have been involved in numerous high-profile international cases, operating in courts in the U.S., Latin America and around the world. What special sort of expertise is required to do that?

Diaz: First, you've got to have passion for it. Right now as we speak I have a firm member in Panama seizing 61 different bank accounts--some \$15 million of ill-gotten gains--from a guy being prosecuted by the SEC. There's just something very fun, adventurous and thrilling about doing that sort of asset-recovery work. It's literally a beat the clock game and race to the courthouse. It brings into play all the techniques and experience that I gained as a young prosecutor, when you had to scrutinize the person on the other side and stay one step ahead of them. It's the same here: You need to find out where they put their money without tipping them off. You have to cultivate and obtain intelligence in the right way to freeze bank accounts and repatriate the money back to the U.S. without allowing corruption to seep into the process--and have a foreign judge, for example, tip off the account holders. It takes a lot of skill, a lot of tenacity, and a lot of knowledge about the human nature of the people who pull these things off. Also, it's important in these far off locations to find the right people to help you, with the right degree of ethics, honesty and integrity.

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But you can't tell them everything. The people you've hired to help you can be the same ones who undermine and hurt you in the end. Asset recovery is very similar to intelligence work in the spy world.

JDSupra: In your opinion what can be done in the future to help stop international financial fraud?

Diaz: The only real remedy is close cooperation and uniform and consistent approach among governments, with comprehensive, region-by-region coordinated attacks on international money-laundering, terrorist financing, financial fraud, etc. But the problem, as I see it, is that governments are run by people. They have the same foibles and character flaws as the rest of us. In my opinion, we will never be successful in eliminating fraud because you're talking about eliminating human nature. For every remedy that comes out today, there will be a new scheme tomorrow. It's not a function of law enforcement abilities or inabilities or better policy. It's a function of human nature. There's always going to be bad guys and lesser bad guys. I pray that we can at least track them and slow them down. That's the only real way you can "stop" fraud.

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