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Florida Couple Lose Estate in Bankruptcy Auction

Claudio Osorio and his wife Amarilis, entrepreneurs from Venezuela now based in Florida have put up their 9-bedroom Star Island home up for auction. The couple is bankrupt and must sell their home to raise funds to repay creditors. The starting bid is \$10.5 million and the auction takes place November 3. The final day to submit bids is November 1. If you are interested to make a bid, you need to show proof of your ability pay at least \$10.5 million and make a deposit in escrow of \$500,000.

Osorio will be allowed to keep part of the proceeds from the sale of the Star Island property, about \$500,000. Along with their Star Island estate, the couple is also selling their Colorado ski cabin and Swiss resort condo, assets that are likely to raise millions of dollars to repay their debts. The Star Island property auction can only raise a limited amount of money because the property has been highly leveraged over the past decade, including being used as collateral for two mortgages totaling \$7 million.

There should be some money to repay irate creditors of Osorio's most recent failed venture, InnoVida Holdings, a company making high-tech building materials. Creditors are demanding \$50 million from the company.

For the past few months the bankruptcy trustee, Mark Meland had worked to liquidate all of the Osorios' assets to pay off their debts, ranging from loans from BankUnited, the mortgage holder of the Star Island property, to investments from wealthy individuals like Chicago Bulls star Carlos Boozer, one of a group of current and former NBA players who invested \$5 million into

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InnoVida. These investors have accused the Osorios of using lies, fraud and theft to prop up their lavish lifestyle instead of working to support InnoVida.

The surprising thing about the bankruptcy reorganization plan is that Osorio, 52, would be allowed to again assume leadership as president of InnoVida, which would be renamed SPV. In the bankruptcy plan, Osorio promises to repay all debts of InnoVida. But the creditors and investors remain skeptical. One of them, Miami-based businessman Chris Korge, said through his lawyer, "We are immensely skeptical about the notion that this fraud-infected company could be or should be allowed to continue under a reorganization."

The bankruptcy trustee, Meland at first labeled Osorio's reorganization plan a "farce" in court papers because InnoVida had no operating cash or viable projects anywhere in the world but later approved the plan because "under Mr. Osorio's plan, the bulk of his personal assets – including the Star Island home – will be sold and paid to creditors."

In the meantime, Meland will continue to investigate Osorio's financial dealings including transferring money from InnoVida to his personal accounts. He has not discounted the possibility of further lawsuits to recover more money to pay off debts.

The Osorios, who once played hosts to then political aspirants Hillary Clinton and Barak Obama, are so deep in debt that they have been forced to do their shopping at Target and Marshalls departmental stores.