

How ‘friendly’ NYC developer stole \$58M from wealthy clients

By [Michael Kaplan](#)

June 1, 2019 | 4:11pm | Updated



Michael D'Alessio

[Twitter](#)

Before pleading guilty to embezzling \$58 million, real estate developer Michael D'Alessio was the portrait of generosity.

He hosted friends at his \$13 million home in Water Mill, LI, to play tennis and feast on meals cooked by his private chef. The father of five picked up tabs at fancy Italian restaurants and doted on his disabled daughter.

A pal of D'Alessio's told The Post that the developer, now 53, paid his driver to chauffeur a friend, who was too injured to fly, from Colorado to New York.

But all that largesse may have been a means to a selfish end.

"People who commit Ponzi schemes lead you to think they're your best friend before stabbing you in the back," said one real estate professional who got scammed by D'Alessio.

In April, the developer pleaded guilty to wire fraud in connection with his three-year scheme to rip off investors in luxury real estate projects. He was sentenced to six years in federal prison and will begin serving time by June 5.

Five years ago, there seemed to be no reason for investors to doubt D'Alessio. He was successfully renovating apartment buildings on the Upper East Side, as well as homes in blue-chip Westchester and beachfront Hamptons. Ryan Serhant, of "Million Dollar Listing New York" fame, was the broker on at least one of D'Alessio's projects. (Serhant's representative did not return a request for comment.)

And those deals looked solid by association. "The buildings were on blocks where all my rich friends lived," recalled one insider who lost \$200,000.

There was one unusual aspect: D'Alessio paid investors standard annual returns of 15 to 18% — but personally guaranteed the dividends.

"[That] should have been a red flag," one real estate pro told The Post of the high-risk gamble.

But the checks arrived like clockwork — even as it seemed too good to be true.

"I couldn't figure out how he made money," said the insider. "It seemed like the interest payments would mitigate profits."

He should have trusted his gut.

According to prosecutors, D'Alessio was charged with funneling some \$58 million — money that should have been used for renovations — through a network of more than 200 bank accounts.

Prosecutors described a Ponzi scheme in which D'Alessio used money from new investors to pay off established ones.

Between 2015 and 2018, they said, he also used other people's money to fund his luxe lifestyle and to cover millions of dollars in casino gambling losses.

According to court documents, D'Alessio's internet search history from this time included the phrase "which country is the best to hide money from US."

Investors had no idea what was going on, although the insider grew more suspicious when he saw a "for sale" sign outside a building in the East 60s — a property he had invested in.

"I asked D'Alessio about it and he said that everything is always for sale," the insider said. "[He] had more money than me. I figured he knows what he's doing."

Then in late 2017, investors received emails from D'Alessio, claiming that rising development costs and a rocky real estate market meant there would be no payments for the time being.

D'Alessio insisted that he, too, was suffering. Although investors didn't know it, he was splitting from his wife, Yvonne.

"He said he would cut back by no longer going to his golf club," recalled the real estate pro, who lost around \$70,000.

"I called him and said, 'What the f—k are you doing? I need the f—king money!'" recalled the insider. "He hung up on me."

In early 2018, 14 individuals and four companies filed civil suits accusing D'Alessio of fleecing them. According to court documents, one couple lost \$100,000 that was earmarked to aid an ill relative. Another got swindled out of a \$500,000 college fund.



One of Michael D'Alessio's property investments on the Upper East Side at 227 East 67th St.

Brian Zak



Michael D'Alessio's property investments on the Upper East Side, at 145 – 147 East 62nd St.

Brian Zak

“This is a massive fraud,” said attorney **Tab Rosenfeld**, who represented some of the parties. “[D’Alessio] is a guy who got too big for his own britches.”

In an email published by Westchester County Business, D’Alessio claimed: “There was absolutely no fraud committed. Just a case of disgruntled seasoned real-estate investors with big damaged egos.”

In May 2018, he filed Chapter 7 bankruptcy, sending eight of his properties into foreclosure. On Aug. 30, he was arrested in his Upper East Side home, where law enforcers found a firearm and \$44,000 in cash.

D’Alessio was ordered to pay \$58,090,047 in restitution and must forfeit all holdings purchased with funds from the scam.

Still, at least one investor has sympathy.

“I felt bad for him,” said the real estate pro. “He was taking care of everybody. It’s hard, when you like a person, to consider him a crook.”

FILED UNDER **FRAUD**, **PONZI SCHEMES**, **UPPER EAST SIDE**, **WIRE FRAUD**

Recommended by

|