

FILED
UNITED STATES DISTRICT COURT
DISTRICT OF NEW MEXICO

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CLERK - LAS CRUCES

UNITED STATES DISTRICT COURT

for the
District of New Mexico

United States of America
v.
Joseph Montes, and Deniece Sanchez-Montes,
aka: Deniece Sanchez, aka: Deniece Romero,
aka: Deniece Montes.

Case No. 10-1973 MJ

Defendant(s)

AMENDED CRIMINAL COMPLAINT

I, the complainant in this case, state that the following is true to the best of my knowledge and belief.

On or about the date(s) of March 9, 2007, through August 19, 2009 in the county of Dofia Ana County and elsewhere in the
District of New Mexico, the defendant(s) violated:

Code Section	Offense Description
18 U.S.C. § 1956(h)	Conspiracy to conceal illegal proceeds, contrary to 18 U.S.C. § 1956(a)(1)(B)(i), to wit: knowingly conducting financial transactions affecting interstate commerce, which involved the proceeds of specified unlawful activity, that is, wire fraud, mail fraud, and conspiracy to commit the same, contrary to 18 U.S.C. §§ 1341, 1343, 1349, knowing that the transactions were designed in whole or in part to conceal and disguise the nature, location, source, ownership, or control of the proceeds of specified unlawful activity, and that while conducting such financial transactions, knew that the property involved in the financial transactions represented the proceeds of some form of unlawful activity, all in violation of 18 U.S.C. § 1956(h).

This criminal complaint is based on these facts:

See attached pages 2-5 hereby incorporated by reference.

Continued on the attached sheet.

Ida M. D'Antonio
Complainant's signature

Ida M. D'Antonio, FBI Special Agent
Printed name and title

Sworn to before me and signed in my presence.

Date: July 13, 2010

Carmen E. Garza
Judge's signature

City and state: Las Cruces, New Mexico

Carmen E. Garza, U.S.M.J.
Printed name and title

CERTIFIED a True Copy of the
original filed in the office
of the Clerk

by *[Signature]*
Deputy

Joseph Montes, and Deniece Sanchez-Montes,
aka: Deniece Sanchez, aka: Deniece Romero,
aka: Deniece Montes.

On or about March 9, 2007, through on or about August 19, 2009, Joseph Montes ("MONTES") and Deniece Sanchez-Montes, aka: Deniece Sanchez, aka: Deniece Romero, aka: Deniece Montes ("SANCHEZ-MONTES"), in Doña Ana County, District of New Mexico, and elsewhere, knowingly combined, conspired, and agreed with each other and with other persons known and unknown to commit offenses against the United States contrary to 18 U.S.C. § 1956(a)(1)(B)(i), to wit: knowingly conducting financial transactions affecting interstate commerce, which involved the proceeds of specified unlawful activity, that is, wire fraud, mail fraud, and conspiracy to commit the same, contrary to 18 U.S.C. §§ 1341, 1343, 1349, knowing that the transactions were designed in whole or in part to conceal and disguise the nature, location, source, ownership, or control of the proceeds of specified unlawful activity, and that while conducting such financial transactions, knew that the property involved in the financial transactions represented the proceeds of some form of unlawful activity, all in violation of 18 U.S.C. § 1956(h).

PERSONS AND ENTITIES

- Joseph Montes ("MONTES") worked as a Claims Supervisor for Farmers Insurance Agency ("Farmers") at all times relevant to this complaint. MONTES is currently SANCHEZ-MONTES' spouse. Through his employment with Farmers in Las Cruces, New Mexico, MONTES gained access to Farmers' Internet-based claims processing system and submitted, by means of wire communication, more than thirty fraudulent claims to Farmers' payment center in Oklahoma. As a result, Farmers issued and mailed more than \$100,000.00 in fraudulent claims checks to addresses associated with SANCHEZ-MONTES. MONTES and SANCHEZ-MONTES later laundered the proceeds of their scheme through, *inter alia*, a business bank account controlled by SANCHEZ-MONTES, and then converted the proceeds of their scheme to cash or transferred them to their jointly-owned personal bank accounts.

- Deniece Sanchez-Montes, aka: Deniece Sanchez, aka: Deniece Romero, aka: Deniece Montes ("SANCHEZ-MONTES") owned and controlled Beyond Construction at all times relevant to this complaint. SANCHEZ-MONTES is MONTES' spouse. As noted above, all of the Farmers claims checks issued as a result of the fraudulent claims submitted by MONTES were mailed, at MONTES' direction, to addresses associated with SANCHEZ-MONTES. SANCHEZ-MONTES received the Farmers checks, most of which were later deposited into Beyond Construction's business account at Century Bank, located in Santa Fe, New Mexico. SANCHEZ-MONTES was the only authorized signatory on that account. MONTES and SANCHEZ-MONTES later converted the proceeds of their scheme to cash or transferred them to their jointly-owned personal bank accounts.

- Beyond Construction is a Santa Fe, New Mexico company owned by SANCHEZ-MONTES at all times relevant to this complaint. Beyond Construction had a business bank account at Century Bank in Santa Fe, New Mexico, into which most the proceeds of MONTES' and SANCHEZ-MONTES' scheme were deposited. Beginning in November 2008 and continuing until August 2009, the only deposits made into Beyond Construction's account at Century Bank were the fraudulently obtained Farmers checks.

MANNER AND MEANS

The manner and means used to accomplish the objectives of the conspiracy included, among others, the following:

Between on or about March 9, 2007, through on or about August 19, 2009, MONTES and SANCHEZ-MONTES conspired to conceal the source, location, nature and control of the proceeds of a wire fraud, mail fraud and conspiracy to commit the same, perpetrated against MONTES' then-employer Farmers' Insurance Agency ("Farmers"). Specifically, MONTES submitted more than thirty (30) fraudulent insurance claims resulting in a loss to Farmers of more than \$100,000.00. Most of those proceeds were deposited into a business bank account controlled by Beyond Construction, SANCHEZ-MONTES's company. MONTES and SANCHEZ-MONTES then converted the proceeds of their scheme to cash or transferred them to personal bank accounts belonging to MONTES and SANCHEZ-MONTES. By laundering the proceeds through the Beyond Construction business account, MONTES and SANCHEZ-MONTES gave the wire and mail fraud proceeds the appearance of legitimately earned business income in an effort to conceal or disguise the nature, location, source, ownership, and control of their scheme's proceeds contrary to 18 U.S.C. § 1956(a)(1)(b)(i), in violation of 18 U.S.C. § 1956(h), as further detailed herein.

Throughout the period in question, MONTES worked for Farmers as a Claims Supervisor from his Las Cruces, New Mexico, home. As a Claims Supervisor, MONTES managed several Farmers Claims Representatives ("CRs") who worked in other states. Farmers issued MONTES a laptop computer for Farmers-related business. Per Farmers, all of the fraudulent claims at issue here trace back to MONTES' Farmers laptop computer.

More specifically, Federal Bureau of Investigation ("FBI") interviews of Farmers representatives have revealed that MONTES submitted the fraudulent claims from his Farmers laptop computer by means of wire communication. MONTES did so via Farmers' internal, Internet-based claims processing system ("Farmers Insurance Customer Restoration Network," hereinafter "CRN"). CRN is the system by which insurance claims are processed by Farmers Claims Representatives ("CRs"), reviewed by a Farmers Claims Supervisor, and then, if payment of a claim is approved by a supervisor, transmitted via CRN to Farmers' payment center in Oklahoma. Once an authorized claim is received by the payment center, Farmers issues a check to pay for the claim in the dollar amount indicated in CRN and mails a check to the payee address indicated in CRN.

From interviews with Farmers, the FBI has also learned that all of the fraudulent claims payments originated from MONTES' laptop. The fraudulent claims, however, were submitted from CRN profiles assigned to five different CRs whom MONTES supervised. Three of those CRs confirmed that, at MONTES' request, they had provided MONTES with their unique CRN log-on information (i.e., their respective CRN usernames and passwords). Those three CRs also stated that they recalled seeing claims submitted under their names, but which they did not submit themselves. Additionally, all three of the CRs advised that they asked MONTES about these claims, and that MONTES told them he would "take care of it." The fourth CR, under whose name only one fraudulent claim was submitted, denied giving MONTES his CRN log-on information and did not recall seeing a claim submitted under his name that he did not submit. To date, agents have been unable to contact the fifth CR, who no longer works for Farmers.

Specifically, FBI has learned MONTES submitted the fraudulent claims by accessing CRN using one of the CRs' log-on information, and doing the following: (1) re-opening a closed insurance claim; (2) selecting a vendor; (3) modifying the vendor/payee name; (4) modifying the vendor/payee mailing address to SANCHEZ-MONTES' Santa Fe, New Mexico, residence or to one of two El Paso, Texas, mail boxes; (5) entering a fictitious invoice, purporting to document work completed by the vendor/payee related to the claim payment; (6) authorizing a claim payment for the fraudulent claim; and (7) submitting that claim using a CR's

CRN profile via CRN to the Farmers' payment center. After MONTES submitted the fraudulent claims, CRN transmitted the claim payment authorization to Farmers' payment center in Oklahoma. Farmers' payment center then issued checks in the dollar amounts of the false claims, and mailed the checks from Oklahoma to one of the two El Paso, Texas, addresses MONTES had inserted in CRN.

By way of example, what follows is one of the more than thirty fraudulent claims checks that Farmers issued as a result of MONTES' and SANCHEZ-MONTES' scheme:

Date claim submitted	Farmers check number:	Date check issued:	Vendor/Payee:	Date check deposited:	Amount:	Bank account check deposited into:	Endorsed by:
9/05/2008	3334526423	9/15/2008	Beyond Construction	9/24/2008	\$8,608.79	Century Bank Account #29016241 (Beyond Construction)	Beyond Construction

Before July 2008, the fraudulently obtained checks were mailed to SANCHEZ-MONTES' Santa Fe, New Mexico, residence. FBI interviews have also confirmed that the two mailing addresses, to which Farmers mailed the fraudulently obtained claims checks after July 2008, were mail boxes located at United Parcel Service ("UPS") stores in El Paso, Texas. SANCHEZ-MONTES rented both mail boxes in her own name. SANCHEZ-MONTES rented the first mail box from July 9, 2008, until March 9, 2009, and rented the second mail box from March 3, 2009, until September 3, 2009. FBI interviewed a UPS store employee who remembered SANCHEZ-MONTES coming into the UPS store and checking a mail box. The UPS employee gave an accurate physical description of SANCHEZ-MONTES. The fraudulently obtained Farmers claim checks were endorsed by Beyond Construction when it was the payee, or, if the Farmers' check was made payable to another vendor, such as Paul Davis Restoration, the checks were endorsed by the purported payee over to Beyond Construction for deposit.

Beyond Construction is a New Mexico company controlled and owned by SANCHEZ-MONTES. Paul Davis Restoration, the vendor/payee on many of the fraudulently obtained Farmers checks, is a nationwide property damage mitigation, reconstruction, and remodeling company. The FBI has learned that Paul Davis Restoration does not have any offices in El Paso, Texas, and has never received mail at either of the two UPS mail boxes listed for the company on the fraudulent claims. Moreover, Paul Davis Restoration confirmed that the company does not have any record of the fraudulent checks that listed the company as the "payee," and has never worked with Beyond Construction.

Bank records reveal that the majority of the fraudulently obtained Farmers claims checks were deposited into a business account at Century Bank, located in Santa Fe, New Mexico, that SANCHEZ-MONTES established in the name of Beyond Construction. Records for the Beyond Construction account reveal that, beginning in November 2008 and continuing until August 2009, the only deposits made into that account were the fraudulently obtained Farmers checks. Century Bank has confirmed that SANCHEZ-MONTES was the only authorized signatory on that bank account.

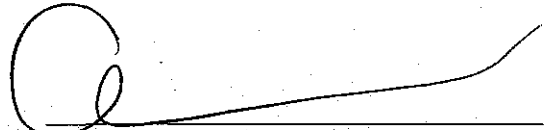
Bank records analyzed by the FBI and Internal Revenue Service ("IRS") also reveal that, after the fraudulently obtained Farmers claims checks were deposited into the Beyond Construction account at Century Bank, MONTES and SANCHEZ-MONTES engaged in transactions to transfer the proceeds of their scheme. For example, FBI and IRS agents have traced twelve checks drawn on the Beyond Construction account at Century Bank signed by SANCHEZ-MONTES – totaling \$56,576.53, made payable to MONTES, SANCHEZ-MONTES, or to cash – that were deposited into a joint personal account belonging to MONTES and SANCHEZ-MONTES at BBVA Compass Bank located in Las Cruces, New Mexico. Transferring money from

Beyond Construction's business account gave the funds the appearance of legitimately earned income from Beyond Construction being passed on to the company's owner (SANCHEZ-MONTES) and MONTES.

After discovering MONTES' fraud, a Farmers auditor confronted MONTES on August 19, 2009. The auditor showed MONTES invoices accompanying some of the thirty (30) fraudulent claims MONTES initiated. After examining them, MONTES agreed that the invoices appeared altered. Specifically, MONTES noted that some of the invoices had font style changes, incorrect calculations, mailing addresses to locations other than the known payee locations, and that all the Beyond Construction invoices reflected the same file number. MONTES also admitted he did use his employees' CRN log-on information. MONTES claimed he did so to help them with their paperwork either when they were out of the office or for training purposes. When the auditor showed MONTES some of the fraudulently obtained checks payable to, *inter alios*, Beyond Construction, which had been endorsed by SANCHEZ-MONTES, MONTES ended the interview. Farmers then contacted law enforcement to report MONTES' embezzlement.

Later that same day, August 19, 2009, SANCHEZ-MONTES withdrew the entire available balance -- \$21,241.28 -- from the Beyond Construction account at Century Bank in the form of a cashier's check. The funds used to purchase this cashier's check represent previously deposited proceeds of MONTES' and SANCHEZ-MONTES' wire fraud and mail fraud scheme.

Ida M. D'Antonio
Ida M. D'Antonio, FBI Special Agent


United States Magistrate Judge