
UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Mag. No. 13-4151
 :
 v. : Hon. Michael A. Hammer
 :
 JULIO CESAR CONCEPCION, : CRIMINAL COMPLAINT
 ANGEL CONCEPCION-VASQUEZ, :
 FREDDY GABINO-MARTINEZ, and :
 JOSE ZAPATA :

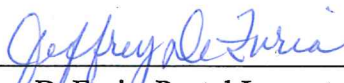
I, Jeffrey DeFuria, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A

I further state that I am a Postal Inspector with the United States Postal Inspection Service and that this Complaint is based on the following facts:


SEE ATTACHMENT B

continued on the attached page and made a part hereof.



Jeffrey DeFuria, Postal Inspector
United States Postal Inspection Service

Sworn to before me and subscribed in my presence,
on July 22, 2013, at Newark, New Jersey



HONORABLE MICHAEL A. HAMMER
UNITED STATES MAGISTRATE JUDGE

ATTACHMENT A

From between in or about October 2009 through at least in or about December 2012, in Passaic County, in the District of New Jersey, and elsewhere, defendants

JULIO CESAR CONCEPCION,
ANGEL CONCEPCION-VASQUEZ,
FREDDY GABINO-MARTINEZ, and
JOSE ZAPATA

did knowingly and intentionally conspire and agree with each other and with others to embezzle, steal, purloin, and knowingly convert to their use and the use of others, money of the United States, specifically United States Treasury checks, contrary to Title 18, United States Code, Section 641.

In violation of Title 18, United States Code, Section 371.

ATTACHMENT B

1. I, Jeffrey DeFuria, am a Postal Inspector with the United States Postal Inspection Service. I have knowledge of the following facts based upon both my investigation and discussions with other law enforcement personnel and others. Because this affidavit is being submitted for the sole purpose of establishing probable cause to support the issuance of a complaint, I have not included each and every fact known to the government concerning this matter. Where statements of others are set forth herein, these statements are related in substance and in part. Where I assert that an event took place on a particular date, I am asserting that it took place on or about the date alleged.

2. At all times relevant to this Complaint:

- a. The standard form used by United States citizens to file individual federal income tax returns was the Individual Income Tax Return Form 1040 ("Form 1040").
- b. United States employers prepared for each of their employees a Form W-2, Wage and Tax Statement ("Form W-2"), which was used to report wages paid to employees and the taxes withheld from them.
- c. On a Form 1040, taxpayers were required to report, among other things, their wages, withholdings, and applicable tax credits, in part by supplying the information contained in their Form W-2. Based on the information reported in Form 1040s, the United States Treasury Department ("U.S. Treasury") either required taxpayers to provide additional taxes or paid taxpayers with tax refunds.
- d. The U.S. Treasury paid tax refunds in the form of checks, which were mailed to taxpayers (the "Treasury Checks"). The Treasury Checks were made payable to the taxpayers and included the mailing address provided by the taxpayer in his or her Form 1040.

Background on Stolen Identify Refund Fraud ("SIRF")

3. From my training and experience, I know that one common type of fraud committed against the United States government involves the use of stolen identities to commit tax refund fraud. This type of scheme is often referred to as a "Stolen Identity Refund Fraud" (or "SIRF") scheme. SIRF schemes generally share a number of hallmarks:

- a. Perpetrators of SIRF schemes first obtain social security numbers and other personal identifying information from individuals, many of whom reside in the Commonwealth of Puerto Rico.¹
- b. SIRF perpetrators then use the fraudulently obtained information to complete and file Form 1040s and Form W-2s containing falsified wages earned, taxes withheld, and other data (“Fraudulent Form 1040s” and “Fraudulent W-2s”), always ensuring that the Fraudulent Form 1040s generate a tax refund Treasury Check (“Fraudulent Treasury Check”).
- c. The Fraudulent Treasury Checks are mailed by the U.S. Treasury to locations that SIRF perpetrators control or can access. In some instances, SIRF perpetrators bribe mail carriers to divert the Fraudulent Treasury Checks from the mail stream before delivery.
- d. With the Fraudulent Treasury Checks now in hand, SIRF perpetrators generate cash proceeds. Certain SIRF perpetrators sell Fraudulent Treasury Checks at a discount to face value. In turn, the buyers then cash the Fraudulent Treasury Checks, either themselves or using straw account holders, by cashing checks at banks or check-cashing businesses, or by depositing checks into bank accounts. When cashing or depositing Fraudulent Treasury Checks, SIRF perpetrators often present false or fraudulent identification documents in the names of the “taxpayers” to ensure the checks are payable.

4. The multiple steps in a SIRF scheme often require the participation of numerous individuals, who usually occupy specific and distinct roles in the scheme.

Overview of Scheme

5. The current investigation has revealed that defendants were participants in a classic SIRF scheme. Defendants JULIO CESAR CONCEPCION, ANGEL CONCEPCION-VASQUEZ, FREDDY GABINO-MARTINEZ, and JOSE ZAPATA obtained Fraudulent Treasury Checks, deposited them into bank accounts they controlled, and then laundered the money through accounts controlled by themselves, their associates, and members of the Concepcion family. From in or about October 2009 through in or about December 2012, the

¹ Puerto Rican citizens are issued Social Security numbers, but are not required to pay federal income tax unless they derive income from United States-based companies or from the United States government. Therefore, Social Security numbers assigned to Puerto Ricans are a valuable commodity for perpetrators of SIRFs because these Social Security numbers are normally not already associated with a Form 1040.

defendants obtained and deposited more than 350 Fraudulent Treasury Checks, resulting in more than \$2.5 million in losses to the United States government.

6. Defendants CONCEPCION, CONCEPCZION-VASQUEZ, GABINO-MARTINEZ, ZAPATA, and others opened checking accounts at local branches of large commercial banks, including Bank of America and JPMorgan Chase, often in the name of a “dummy corporation” created to facilitate their criminal scheme. The table below lists ten accounts, the name of the individual who opened and maintained control over the account, along with the number and total value of Fraudulent Treasury Checks deposited into the accounts. (Collectively, these ten accounts are referred to herein as the “Ten Fraudulent Check Accounts.”)

Table: The Ten Fraudulent Check Accounts

#	Account Name	Account Holder	Number of Fraudulent Treasury Checks	Total Value of Fraudulent Treasury Checks
1	Madonna CC Multiservices LLC	Julio Concepcion	109	\$723,875.16
2	FG Tax Services	Freddy Gabino-Martinez	30	\$188,561.83
3	Gabino Multi Service LLC	Freddy Gabino-Martinez	27	\$161,236.48
4	Cesar-Angel Multiservices LLC	Angel Concepcion-Vasquez	23	\$156,035.34
5	Passaic Group Corporation	Julio Concepcion	48	\$340,101.08
6	Wilamo Check Multiservices LLC	Julio Concepcion	24	\$169,588.26
7	C&B Multiservices LLC	Jose Zapata	12	\$75,408.72
8	Madonna Check Cashing	Julio Concepcion	13	\$81,410.30
9	Madonna Check Cashing Co.	Julio Concepcion	19	\$127,332.25
10	Julio Concepcion d/b/a San Pedro Group	Julio Concepcion	79	\$507,438.04
	TOTAL		384	\$2,530,987.46

7. As part of this investigation, law enforcement agents have reviewed and analyzed hundreds of checks deposited into the Ten Fraudulent Check Accounts and determined that they are, in fact, Fraudulent Treasury Checks. In most cases, the Treasury Checks were payable to bona fide United States citizens – typically residents of Puerto Rico – whose identities were stolen and used to file fictitious Form W-2s and Form 1040s. In many cases, the Internal Revenue Service discovered two or more Form W-2s on file for a single individual in a single year. Typically, one of these Form W-2s was “legitimate” (issued to the actual individual by their actual employer in the state where they actually lived), while the remaining Form W-2s were fraudulent (filed by apparent identity thieves, claiming that the victim was employed at a location often hundreds or thousands of miles from where the bona fide taxpayer actually lived and worked).

- a. For example, identity theft victim “E.D.R.” is a resident of Puerto Rico. In Tax Year 2010, E.D.R. worked at a company in Puerto Rico and was issued a legitimate Form W-2 by her bona fide employer. At a later date, a second Form W-2 was issued in E.D.R.’s name. This second W-2 claimed that E.D.R. was employed by a university in New York City and earned \$36,350 in 2010. Using this information, a Form 1040 was filed in E.D.R.’s name that claimed a tax refund of \$8,245.00 and listed E.D.R.’s mailing address as a residence in Patchogue, New York. A short time later, a Fraudulent Treasury Check for \$8,245.00 payable to E.D.R. was mailed to that address. On August 2, 2012, that check was deposited into one of the Ten Fraudulent Check Accounts (specifically, Gabino Multi Service LLC, listed as #3 in the table above).
- b. As part of this investigation, law enforcement agents contacted the university in New York City where E.D.R. was supposedly employed in 2010. The university confirmed that no one using E.D.R.’s name or Social Security number was employed by university at that time.

8. As further detailed below, an analysis of the Fraudulent Treasury Checks also revealed that a number of the checks deposited into the Ten Fraudulent Check Accounts were likely obtained by the same source. This pattern is evidence that defendants CONCEPCION, CONCEPCION-VASQUEZ, GABINO-MARTINEZ, and ZAPATA coordinated their activities and used similar processes for obtaining Fraudulent Treasury Checks. For example:

- a. During the investigation, law enforcement agents discovered a large number of the Fraudulent Treasury Checks were originally mailed to a single housing development in Fort Myers, Florida. The names printed on the checks did not match the names of the individuals who resided at the Fort Myers mailing addresses, and many of the checks were made out to

individuals who resided out-of-state and whose identities had been used to file fictitious Form W-2s. In total, agents identified approximately forty-six Fraudulent Treasury Checks connected to the Fort Myers mailing address that were deposited into five of the Ten Fraudulent Check Accounts: Madonna CC Multiservices LLC (listed as #1 in the table above), FG Tax Services (#2), Gabino Multi Service LLC (#3), Cesar-Angel Multiservices LLC (#4), and C&B Multiservices LLC (#7). The fact that two of these accounts were opened by GABINO-MARTINEZ, one was opened by CONCEPCION, one was opened by CONCEPCION-VASQUEZ, and one was opened by ZAPATA, combined with the fact that the Fraudulent Treasury Checks were all mailed to a single neighborhood in Florida, suggests that the co-defendants obtained the Fraudulent Treasury Checks from the same source and then deposited them into separate accounts.

- b. Similarly, law enforcement agents identified approximately twenty Fraudulent Treasury Checks all connected to a single building on the West Side of Manhattan, New York – a location that has served in recent years as a youth hostel, a low-rent hotel, and a homeless shelter. The twenty checks were deposited into six of the Ten Fraudulent Check Accounts: Madonna CC Multiservices LLC (#1), Gabino Multi Service LLC (#3), Cesar-Angel Multiservices LLC (#4), Passaic Group Corporation (#5), Wilamo Check Multiservices LLC (#6), and C&B Multiservice LLC (#7).

9. On multiple occasions in July and August 2012, surveillance cameras located inside banking locations in Passaic County, New Jersey captured video footage of CONCEPCION depositing Fraudulent Treasury Checks into certain of the Ten Fraudulent Check Accounts, as well as CONCEPCION-VASQUEZ, GABINO-MARTINEZ, and ZAPATA making withdrawals from those same accounts. For example:

- a. During a single ten-minute period on August 2, 2012, a surveillance camera located inside a Clifton, New Jersey bank captured footage of CONCEPCION depositing Fraudulent Treasury Checks into Madonna CC Multiservices LLC (#1), Gabino Multi Service LLC (#3), and Cesar-Angel Multiservice LLC (#4). Among the checks that CONCEPCION was filmed depositing was the Fraudulent Treasury Check for \$8,245.00 payable to E.D.R. referenced in Paragraph 7(a) above.
- b. Four days later, on August 6, 2012, a bank surveillance camera captured footage of GABINO-MARTINEZ withdrawing funds from Gabino Multi

Servive LLC (#3), and only hours later, CONCEPCION depositing additional Fraudulent Treasury Checks into the same account.

10. Bank records further confirm that defendants CONCEPCION, CONCEPCION-VASQUEZ, GABINO-MARTINEZ, and ZAPATA deposited and caused to be deposited the Fraudulent Treasury Checks into accounts they controlled and that they intended to convert the money to their own use and the use of their associates and family members. An analysis of bank statements and other financial documents indicate that funds were routinely transferred out of the Ten Fraudulent Check Accounts and then transferred either to other bank accounts or directly to themselves, their associates, or their family members. For example:

- a. CONCEPCION's wife (referred to herein as "Co-Conspirator #1" or "CC-1") received payments from several of the Ten Fraudulent Check Accounts. For example, CC-1 received at least \$146,050 from Madonna CC Multiservices LLC (#1), at least \$14,020 from Gabino Multi Service LLC (#3), and at least \$40,000 from Passaic Group Corporation (#5).
- b. CONCEPCION-VASQUEZ's companion (referred to herein as "Co-Conspirator #2" or "CC-2") opened two bank accounts between 2011 and 2012 at JPMorgan Chase. A total of \$48,000 was transferred into CC-2's accounts from Cesar-Angel Multiservices LLC (#4), and a total of \$26,200 was transferred from Madonna Check Cashing Co (#7).
- c. One of CONCEPCION's sons (referred to herein as "Co-Conspirator #3" or "CC-3") received at least \$76,800 from Julio Concepcion d/b/a San Pedro Group (#9).
- d. CC-3's companion (referred to herein as "Co-Conspirator #4" or "CC-4") received at least \$61,200 from Julio Concepcion d/b/a San Pedro Group (#9).
- e. On multiple occasions in 2012, the debit card associated with C&B Multiservice LLC (#7), opened and utilized by JOSE ZAPATA, was used to purchase items at Costco, a membership-only retailer. The purchases were made using a membership card issued to JULIO CONCEPCION.
- f. In total, more than approximately \$1.3 million in cash was withdrawn from the Ten Fraudulent Check Accounts.