

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Criminal No.
	:	
v.	:	18 U.S.C. § 371
	:	18 U.S.C. § 641
JOSE TORRES,	:	18 U.S.C. § 1028A
a/k/a “Jose Quilestorres,”	:	
a/k/a “Carlos Jose Luis”	:	

INFORMATION

The defendant having waived in open court prosecution by indictment, the United States Attorney for the District of New Jersey charges that:

COUNT ONE
(Conspiracy to Defraud the United States)

Overview

1. Beginning in or around 2008, defendant JOSE TORRES, a/k/a “Jose Quilestorres,” a/k/a “Carlos Jose Luis,” participated in a massive, long-running scheme to defraud the United States by engineering the fraudulent creation and sale of tax refund treasury checks issued in the names of stolen identities (the “Stolen Identity Refund Fraud Scheme” or the “SIRF Scheme”). In total, the SIRF Scheme caused more than approximately 8,000 fraudulent Individual Income Tax Return Form 1040s (“Form 1040s”) to be filed with the United States Treasury Department (the “U.S. Treasury”), sought more than approximately \$65 million in tax refunds, and caused actual losses to the U.S. Treasury of more than approximately \$11 million.

Background

2. At all times relevant to this Information:

a. The standard form used by United States citizens to file individual federal income tax returns was the Form 1040. On a Form 1040, taxpayers were required to report, among other things, their wages, withholdings, and applicable tax credits. Based on the information reported in Form 1040s, the U.S. Treasury either required taxpayers to provide additional taxes or refunded excess payments to taxpayers.

b. The U.S. Treasury paid tax refunds in the form of checks, which were mailed to taxpayers (the "Tax Refund Treasury Checks").

c. Citizens of the Commonwealth of Puerto Rico were, upon birth, automatically granted United States citizenship, and were, upon application, issued Social Security numbers by the Social Security Administration. Citizens of Puerto Rico who resided in Puerto Rico were not, however, required to file tax returns with the Internal Revenue Service ("IRS") if all of their income was derived from sources in Puerto Rico.

d. Stolen Identity Refund Fraud ("SIRF") was a common type of fraud committed against the United States government that resulted in more than approximately \$2 billion in losses annually to the U.S. Treasury.

The Conspiracy

3. From in or around 2008 through in or around September 2012, in the District of New Jersey, and elsewhere, defendant

JOSE TORRES,
a/k/a "Jose Quilestorres,"
a/k/a "Carlos Jose Luis"

did knowingly and intentionally conspire and agree with others to embezzle, steal, purloin, and knowingly convert to his own use and the use of others money and things of value of the United States, namely United States Treasury Checks in the approximate amount of \$9,860,547, contrary to Title 18, United States Code; Section 641.

Object of the Conspiracy

4. The object of the conspiracy was for defendant JOSE TORRES and his co-conspirators (collectively, the "Co-Conspirators") to obtain and ultimately cash Tax Refund Treasury Checks that were generated through the filing of materially false and fraudulent Form 1040s with the IRS, and to use the resulting illicit proceeds for their personal benefit.

Manner and Means of the Conspiracy

5. It was part of the conspiracy that certain Co-Conspirators, including defendant JOSE TORRES, obtained personally identifiable information (the "PII"), including the names and social security numbers, of thousands of individuals, primarily that of Puerto Rican citizens.

6. It was further part of the conspiracy that certain Co-Conspirators, including defendant JOSE TORRES, filed or cause to be filed with the IRS false and fraudulent Form 1040s using the PII (collectively, the "Fraudulent Form 1040s"). The Fraudulent Form 1040s were completed using falsified wages earned, taxes withheld, and other data. The Fraudulent

Form 1040s therefore made it appear as though the filers were entitled to tax refunds, in the form of Tax Refund Treasury Checks. In fact, however, no tax refunds were due.

7. It was further part of the conspiracy that, in exchange for payment, certain Co-Conspirators recruited mail carriers (the "Corrupt Mail Carriers"), to participate in the SIRF Fraud. The Corrupt Mail Carriers provided addresses along the Corrupt Mail Carriers' mail routes to be used on the Fraudulent Form 1040s.

8. It was further part of the conspiracy that when certain Co-Conspirators, including defendant TORRES, used the PII to generate the Tax Refund Treasury Checks, they caused the Tax Refund Treasury Checks to be issued and sent to addresses in New Jersey and elsewhere provided by the Corrupt Mail Carriers and controlled by the Co-Conspirators, not to the addresses of the individuals to whom the PII actually belonged.

9. It was further part of the conspiracy that the Corrupt Mail Carriers then, in exchange for illegal payments, removed Tax Refund Treasury Checks generated from the Fraudulent Form 1040s from the mail stream and provided them to other Co-Conspirators.

10. It was further part of the conspiracy that certain Co-Conspirators, including defendant JOSE TORRES, generated cash proceeds from the SIRF Fraud by selling Tax Refund Treasury Checks at a discount to face value to yet other Co-Conspirators.

11. It was further part of the conspiracy that certain Co-Conspirators negotiated the Tax Refund Treasury Checks in a variety of ways, including at banks and check-cashing establishments, and used the proceeds for their personal benefit.

12. Based on his involvement in the SIRF Fraud, conspiracy, defendant JOSE TORRES was directly responsible for the issuance of more than \$9 million in Tax Refund Treasury Checks.

Overt Acts

12. In furtherance of the conspiracy and to effect the unlawful object thereof, defendant JOSE TORRES and his Co-Conspirators committed and caused to be committed the following overt acts, among others, in the District of New Jersey and elsewhere:

- a. In or around June 2011, Co-Conspirator R.D. met with defendant JOSE TORRES and provided defendant TORRES with a list of addresses along a specific mail route in or around Cliffside Park, New Jersey (the “Cliffside Park Mail Route”), which could be used as “drop addresses” for the receipt of the Tax Refund Treasury Checks.
- b. In or around June 2011, defendant JOSE TORRES created or caused to be created more than 2,000 Fraudulent Form 1040s using addresses along the Cliffside Park Mail Route.
- c. Among these Fraudulent Form 1040s were two specific Fraudulent Form 1040s, requesting tax refunds in the amounts of approximately \$8,095 and approximately \$7,578, which were created by or at the direction of defendant JOSE TORRES, and which were filed with the IRS on or about June 27, 2011 (the “June 27, 2011 Fraudulent Form 1040s”).
- d. On or about July 17, 2011, during another meeting between a Co-Conspirator and defendant JOSE TORRES, defendant TORRES told the Co-Conspirator to expect

two Tax Refund Treasury Checks, generated as a result of defendant TORRES causing the filing of the June 27, 2011 Fraudulent Form 1040s. On or about July 18, 2011, law enforcement officers removed these two Tax Refund Treasury Checks from the mail stream.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO
(Theft of Government Property)

1. The allegations set forth in paragraphs 1, 2, and 4 through 12 of Count One of this Information are realleged and reincorporated as if set forth herein.

2. From in or around 2008 through in or around September 2012, in the District of New Jersey, and elsewhere, defendant

JOSE TORRES,
a/k/a "Jose Quilestorres,"
a/k/a "Carlos Jose Luis"

did knowingly and intentionally embezzle, steal, purloin, and convert to his own use and the use of others, money, and things of value of the United States, namely United States Treasury Checks in the approximate amount of \$9,860,547.

In violation of Title 18, United States Code, Section 641.

COUNT THREE
(Aggravated Identity Theft)

1. The allegations set forth in paragraphs 1, 2, and 4 through 12 of Count One of this Information are realleged and reincorporated as if set forth herein.

2. On or about May 27, 2011, in the District of New Jersey, and elsewhere,
defendant

JOSE TORRES,
a/k/a "Jose Quilestorres,"
a/k/a "Carlos Jose Luis"

did knowingly transfer, possess, and use, without lawful authority, a means of identification of another person, namely the social security number of an individual identified as H.A.F., during and in relation to a felony violation of a provision contained in Chapter 31, United States Code, namely, theft of government property, contrary to Title 18, United States Code, Section 641.

All in violation of Title 18, United States Code, Section 1028A(a)(1).

FORFEITURE ALLEGATION

1. The allegations contained in this Information are hereby realleged and incorporated by reference for the purpose of noticing forfeiture pursuant to Title 18, United States Code, Sections 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

2. The United States hereby gives notice to the defendant, that upon his conviction of the offenses charged in this Information, the government will seek forfeiture in accordance with Title 18, United States Code, Sections 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), which requires any person convicted of such offenses to forfeit any property constituting or derived from proceeds obtained directly or indirectly as a result of such offenses.

3. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of such defendant up to the value of the forfeitable property described in paragraph 2.



PAUL J. FISHMAN
United States Attorney

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INFORMATION FOR

18 U.S.C. §§ 371, 641, 1028A

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