

3. At all times material to this Indictment, Osvaldo Segui, Jr., a/k/a “Baldito” and “Dito” (Segui Jr.), a co-conspirator who is not named as a defendant herein, was a resident of the Fair Haven section of New Haven, Connecticut. Segui is the father of Segui Jr., and the two resided together in an apartment on Maltby Street in New Haven within walking distance of the People’s Laundromat at 83 Lombard Street, New Haven, Connecticut.

4. At all times material to this Indictment, Individual A, who is known to the grand jury but not named as a defendant herein, resided on Maltby Street in the Fair Haven section of New Haven, Connecticut, and was an associate of Segui.

5. At all times material to this Indictment, REYES owned the building on Maltby Street in which Segui and Segui Jr. lived. Segui and Segui Jr. resided in one of the apartments in the Maltby Street building without paying rent to REYES.

6. On or about June 24, 1998, REYES acquired 83 Lombard Street, New Haven, Connecticut for \$10,000.00 through a quit claim deed from First Union Bank.

7. On or about December 21, 1998, the City of New Haven granted REYES a variance so that the 83 Lombard Street, New Haven, Connecticut property could be used as a laundromat.

8. At all times material to this Indictment, the People’s Laundromat was a commercial laundromat, used in interstate commerce, and in any activity affecting interstate commerce, located at 83 Lombard Street in the Fair Haven section of New Haven, Connecticut (hereinafter “the People’s Laundromat”). The property located at 83 Lombard Street was a two-story mixed occupancy building with the People’s Laundromat on the first floor and two residential apartments on the second floor. REYES owned the property located at 83 Lombard Street, operated the People’s Laundromat there, and served as the landlord for the residential apartments above the laundromat.

9. Beginning in or about 1999 and through and including 2007, REYES obtained various loans from financial institutions, which were secured by 83 Lombard Street and other properties that he owned in the Fair Haven section of New Haven, Connecticut.

10. On or about April 1, 2009, REYES added 83 Lombard Street to Nautilus Insurance Policy #NC855666, which included \$500,000.00 in property coverage for the building, and \$24,000.00 in business interruption insurance.

11. On the evening of July 30, 2009, there was a fire at the People's Laundromat. Fire fighters noticed that the rear door to the laundromat, which can only be accessed and opened from inside the laundromat, was propped open.

12. After the fire had been extinguished, responding personnel located three gasoline cans inside the People's Laundromat. One of these gas cans was located on the top of a clothes dryer and was still intact; one was located on the floor near the rear door and had melted to half its size; and one was located toward the front doors of the laundromat.

13. Upon further investigation, a canine trained to detect accelerants alerted to the presence of accelerants inside the People's Laundromat.

14. Chemical analysis performed at the State of Connecticut Forensic Lab on samples taken from the laundromat tested positive for accelerants. Specifically, testing of samples taken from the People's Laundromat revealed the presence of "a petroleum product consistent with a gasoline."

15. Fire department investigators ultimately determined that the fire was an arson, initiated by accelerants located toward the rear of the business.

16. After the fire, and beginning on or about July 31, 2009, REYES caused a claim to be filed and sought to collect on Nautilus Insurance Policy #NC855666, the insurance policy covering the 83 Lombard Street, New Haven, Connecticut property. The Nautilus Insurance Company has not paid REYES' claim.

17. On or about June 21, 2010, REYES filed a petition for bankruptcy in the United States Bankruptcy Court for the District of Connecticut.

18. As a result of responding to the fire at 83 Lombard Street on July 30, 2009, a New Haven firefighter sustained injuries that rendered him temporarily disabled and unable to return to work without limitations until November 2009.

19. The fire that took place at 83 Lombard Street on July 30, 2009 created a serious risk of injury to an employee and others who were in the People's Laundromat immediately prior to the start of the fire.

The Conspiracy

20. From in or about the spring of 2009 through and including June 2010, in the District of Connecticut and elsewhere, REYES, along with Segui and Segui Jr., unlawfully, willfully and knowingly did combine, conspire, confederate and agree together and with each other to commit an offense against the United States, namely to maliciously damage and destroy, by means of fire or an explosive, any building, and other real and personal property used in interstate commerce, and in any activity affecting interstate commerce, namely the People's Laundromat located at 83 Lombard Street, New Haven, Connecticut, in violation of Title 18, United States Code, Section 844(i), during which personal injury resulted to a person, namely, a public safety officer performing his duties, as a direct and proximate result of the conduct, as prohibited by Title 18, United States Code, Section 844(i).

Manner and Means of the Conspiracy

21. It was part of the conspiracy that REYES, Segui and Segui Jr. devised a plan to set fire to the People's Laundromat.

22. It was part of the conspiracy that Segui Jr. would set fire to the People's Laundromat, while Segui would perform the role of a lookout.

23. It was part of the conspiracy that Segui and Segui Jr. would be paid or receive other benefits from REYES for their participation in the arson of the People's Laundromat.

Overt Acts

24. In furtherance of the conspiracy and to effect the objects thereof, within the District of Connecticut and elsewhere, REYES, Segui and Segui Jr. did commit and cause to be committed the following overt acts, among others:

a. Sometime in or about the spring of 2009, REYES began speaking with Segui about setting fire to the People's Laundromat at 83 Lombard Street, New Haven, Connecticut. REYES told Segui that he was having financial problems, including the People's Laundromat at 83 Lombard Street, and that the property "had to go," otherwise REYES could lose everything, including the house in which Segui was living.

b. On or about April 1, 2009, REYES added 83 Lombard Street to Nautilus Insurance Policy #NC855666, which included \$500,000.00 in property coverage for the building, and \$24,000.00 in business interruption insurance.

c. Prior to the fire on July 30, 2009, REYES, in Segui's presence, cut holes in the ceiling of the People's Laundromat, to provide access to the area above a drop ceiling.

d. Prior to the fire on July 30, 2009, the recording function of the People's Laundromat video surveillance system was turned off on several occasions.

e. Prior to the fire on July 30, 2009, Segui offered participation in the People's Laundromat arson to Individual A, who declined to participate.

f. Prior to the fire on July 30, 2009, REYES asked Segui Jr. to help burn the People's Laundromat. REYES instructed Segui Jr. to obtain used gas cans for the task; to purchase gas from a specific gas station that did not have surveillance cameras; to dress to avoid detection; and to follow a certain path between an alley between Segui and Segui Jr.'s residence on Maltby Street and the People's Laundromat at 83 Lombard Street. REYES told Segui Jr. that he would put a card in the rear door of the laundromat so that Segui Jr. could obtain access to the back of the laundromat. REYES told Segui Jr. that he would find two holes near the ceiling in which he should pour the gasoline; that he should pour a path of gas back to the rear door; that he should then ignite the fire; and that he should follow the same path back to the Maltby Street residence. REYES told Segui Jr. that Segui would show Segui Jr. the steps he had explained so that Segui Jr. could set the fire.

g. Prior to the fire on July 30, 2009, Segui and Segui Jr. met so that Segui could show Segui Jr. how to set the fire. Segui walked Segui Jr. along the path between their Maltby Street residence and the People's Laundromat. A card had been placed in the rear door to keep it from locking. In the rear of the laundromat, Segui showed Segui Jr. the two holes that had been cut into the sheetrock to access the area above a drop ceiling. Segui told Segui Jr. to pour one tank of gas in one hole; to pour another tank of gas into the other hole; to make a path of gas back to the door; to ignite the fire; and to follow the same path back to their Maltby Street residence.

h. Prior to the fire on July 30, 2009, Segui brought gasoline cans to the laundromat.

i. On July 30, 2009, on several occasions immediately before the fire began, Segui repeatedly drove his vehicle around the block where the People's Laundromat was located.

j. On July 30, 2009, Segui Jr. accessed the People's Laundromat from the back door and poured gasoline into one of the holes cut in the ceiling. The gasoline ignited, which resulted in a fire in the building. Shortly after the fire, Segui Jr. went to the Yale New Haven Hospital Emergency Room to be treated for burns to his legs. Segui Jr. was discharged from the hospital on July 31, 2009.

k. As a result of their participation in the arson of the People's Laundromat, Segui and Segui Jr. received money and other benefits from REYES.

l. On or about August 5, 2009, in an effort to conceal his conduct and avoid detection, Segui Jr. fled Connecticut and temporarily relocated to Florida. Prior to Segui Jr.'s departure, REYES told Segui that things were "too hot" and that Segui Jr. should leave town. REYES gave money to Segui to pay for Segui Jr.'s flight to Florida. While in Florida, Segui sent money, provided by REYES, to Segui Jr.

m. After the fire, in an effort to conceal his conduct and avoid detection, Segui Jr. falsely claimed that he sustained his burn injuries while performing work on a car that had caught fire.

n. After the fire, and beginning on or about July 31, 2009, REYES caused a claim to be filed and sought to collect on Nautilus Insurance Policy #NC855666, the insurance policy covering the 83 Lombard Street, New Haven, Connecticut property.

All in violation of Title 18, United States Code, Section 844(n).

COUNT TWO

(Destruction of Property Used in Interstate Commerce by Fire - 83 Lombard Street)

25. The allegations set forth in paragraphs 1 through 19 of this Indictment are hereby re-alleged and incorporated as though set forth in full herein.

26. On or about July 30, 2009, in the District of Connecticut, the defendant ANGELO REYES, a/k/a "Tati," along with Osvaldo Segui, a/k/a "Baldo" and "Bardo" and Osvaldo Segui, Jr., a/k/a "Baldito" and "Dito," individuals who are not named as defendants herein, maliciously damaged and destroyed, by means of fire or an explosive, any building, and other real and personal property used in interstate commerce, and in any activity affecting interstate commerce, namely the People's Laundromat located at 83 Lombard Street, New Haven, Connecticut, during which personal injury resulted to a person, namely, a public safety officer performing his duties, as a direct and proximate result of the conduct.

In violation of Title 18, United States Code, Sections 844(i) and 2.

COUNT THREE

(Wire Fraud – 83 Lombard Street)

General Allegations

27. The allegations set forth in paragraphs 1 through 19 of this Indictment are hereby re-alleged and incorporated as though set forth in full herein.

The Scheme

28. From in or about the spring of 2009 through and including the present, in the District of Connecticut and elsewhere, the defendant ANGELO REYES, a/k/a "Tati," devised and intended to devise a scheme to defraud the Nautilus Insurance Company, and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, by causing Segui and Segui Jr. to set fire to REYES' 83 Lombard Street, New Haven, Connecticut property, after which REYES caused a claim to be filed and sought to collect on Nautilus Insurance Policy #NC855666, the insurance policy covering the 83 Lombard Street, New Haven, Connecticut property, which scheme affected a financial institution.

Execution of the Scheme

It was part of the scheme that:

29. Beginning in or about 1999 and through and including 2007, REYES obtained various loans from financial institutions, which were secured by 83 Lombard Street and other properties that he owned in the Fair Haven section of New Haven, Connecticut.

30. Sometime in or about the spring of 2009, REYES began speaking with Segui about setting fire to the People's Laundromat at 83 Lombard Street, New Haven, Connecticut. REYES told Segui that he was having financial problems, including the People's Laundromat at 83 Lombard Street, and that the property "had to go," otherwise REYES could lose everything, including the house in which Segui was living.

31. On or about April 1, 2009, REYES added 83 Lombard Street to Nautilus Insurance Policy #NC855666, which included \$500,000.00 in property coverage for the building, and \$24,000.00 in business interruption insurance.

32. Prior to the fire on July 30, 2009, REYES, Segui and Segui Jr. devised a plan to set fire to the People's Laundromat. Segui Jr. would set fire to the People's Laundromat, while Segui would perform the role of a lookout. Segui and Segui Jr. would be paid or receive other benefits from REYES for their participation in the arson of the People's Laundromat.

33. Prior to the fire on July 30, 2009, REYES, in Segui's presence, cut holes in the ceiling of the People's Laundromat, to provide access to the area above a drop ceiling.

34. Prior to the fire on July 30, 2009, REYES manually turned off the recording function of the People's Laundromat video surveillance system on several occasions.

35. Prior to the fire on July 30, 2009, Segui offered participation in the People's Laundromat arson to Individual A, who declined to participate.

36. Prior to the fire on July 30, 2009, REYES asked Segui Jr. to help burn the People's Laundromat. REYES instructed Segui Jr. to obtain used gas cans for the task; to purchase gas from a specific gas station that did not have surveillance cameras; to dress to avoid detection; and to follow a certain path between an alley between Segui and Segui Jr.'s residence on Maltby Street and the People's Laundromat at 83 Lombard Street. REYES told Segui Jr. that he would put a card in the rear door of the laundromat so that Segui Jr. could obtain access to the back of the laundromat. REYES told Segui Jr. that he would find two holes near the ceiling in which he should pour the gasoline; that he should pour a path of gas back to the rear door; that he should then ignite the fire; and that he should follow the same path back to the Maltby Street residence. REYES told Segui Jr. that Segui would show Segui Jr. the steps he had explained so that Segui Jr. could set the fire.

37. Prior to the fire on July 30, 2009, Segui and Segui Jr. met so that Segui could show Segui Jr. how to set the fire. Segui walked Segui Jr. along the path between their Maltby Street residence and the People's Laundromat. A card had been placed in the rear door to keep it from locking. In the rear of the laundromat, Segui showed Segui Jr. the two holes that had been cut into the sheetrock to access the area above a drop ceiling. Segui told Segui Jr. to pour one tank of gas in one hole; to pour another tank of gas into the other hole; to make a path of gas back to the door; to ignite the fire; and to follow the same path back to their Maltby Street residence.

38. Prior to the fire on July 30, 2009, Segui brought gasoline cans to the laundromat.

39. On July 30, 2009, on several occasions immediately before the fire began, Segui repeatedly drove his vehicle around the block where the People's Laundromat was located.

40. On July 30, 2009, Segui Jr. accessed the People's Laundromat from the back door and poured gasoline into one of the holes cut in the ceiling. The gasoline ignited, which resulted in a fire in the building. Shortly after the fire, Segui Jr. went to the Yale New Haven Hospital Emergency Room to be treated for burns to his legs. Segui Jr. was discharged from the hospital on July 31, 2009.

41. As a result of their participation in the arson of the People's Laundromat, Segui and Segui Jr. received money and other benefits from REYES.

42. On or about August 5, 2009, in an effort to conceal his conduct and avoid detection, Segui Jr. fled Connecticut and temporarily relocated to Florida. Prior to Segui Jr.'s departure, REYES told Segui that things were "too hot" and that Segui Jr. should leave town. REYES gave money to Segui to pay for Segui Jr.'s flight to Florida. While in Florida, Segui sent money, provided by REYES, to Segui Jr.

43. After the fire, in an effort to conceal his conduct and avoid detection, Segui Jr. falsely claimed that he sustained his burn injuries while performing work on a car that had caught fire.

44. After the fire, and beginning on or about July 31, 2009, REYES caused a claim to be filed and sought to collect on Nautilus Insurance Policy #NC855666, the insurance policy covering the 83 Lombard Street, New Haven, Connecticut property.

45. On or about July 31, 2009, REYES caused a notice of loss under Nautilus Insurance Policy #NC855666 to be submitted by fax.

46. In December 2009, in furtherance of his insurance claim, REYES executed and caused to be submitted a "Sworn Statement in Proof of Loss" in which he falsely and fraudulently stated that "the cause and origin of said loss were unknown to the insured."

47. The Nautilus Insurance Company has not paid REYES' claim.

48. On or about June 21, 2010, REYES filed a petition for bankruptcy in the United States Bankruptcy Court for the District of Connecticut.

49. The scheme affected financial institutions from whom REYES had obtained loans, which were secured by 83 Lombard Street and other properties that he owned in the Fair Haven section of New Haven, Connecticut.

Use of the Wires

50. On or about July 31, 2009, in the District of Connecticut, REYES, for the purpose of executing and attempting to execute the scheme and artifice to defraud the Nautilus Insurance Company, and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, by causing Segui and Segui Jr. to set fire to REYES' 83 Lombard Street, New Haven, Connecticut property, after which REYES caused a claim to be filed and sought to collect on Nautilus Insurance Policy #NC855666 as described above, which scheme affected a financial institution, did cause to be transmitted in interstate commerce by means of a wire communication certain signs and signals, that is wire transmissions on or about July 31, 2009 pursuant to which a property loss notice for 83 Lombard Street, New Haven, Connecticut was submitted to the Nautilus Insurance Company by fax.

In violation of Title 18, United States Code, Section 1343.

COUNT FOUR

(Use of Fire to Commit a Federal Felony – 83 Lombard Street)

51. On or about July 30, 2009, in the District of Connecticut, the defendant ANGELO REYES, a/k/a "Tati," knowingly used fire to commit a felony prosecutable in a court of the United States, namely, wire fraud in violation of Title 18, United States Code, Section 1343, as charged in Count Three above.

In violation of Title 18, United States Code, Sections 844(h) and 2.

COUNT FIVE

(Wire Fraud – 42 Lombard Street)

General Allegations

52. The allegations set forth in paragraphs 1 through 5 of this Indictment are hereby re-alleged and incorporated as though set forth in full herein.

53. On or about January 27, 2000, REYES acquired 42 Lombard Street, New Haven, Connecticut for \$42,000.00. through a quit claim deed from Sunamerica Investments, Inc.

54. On or about August 28, 2000, REYES sold the 42 Lombard Street property to two individuals who are known to the grand jury but not named herein for \$106,000.00.

55. In or about February 2005, REYES caused an appraisal to be made on the 42 Lombard Street property, pursuant to which the property was appraised for \$200,000.00.

56. On or about March 17, 2005, REYES purchased the 42 Lombard Street property back for \$185,000.00.

57. On or about March 18, 2005, REYES obtained an insurance policy on the 42 Lombard Street property through the M.H. Chodos Insurance Agency. The insurance policy – Policy Number CP2123731 from the Mount Vernon Fire Insurance Co. – included \$200,000.00 of coverage for the dwelling; \$300,000.00 of personal liability coverage; and \$1,000,000.00 in medical coverage per person.

58. On or about March 24, 2005, there was a fire at 42 Lombard Street, New Haven, Connecticut. The fire was so intense that it resulted in multiple fire department alarms and caused significant damage to a neighboring property.

59. At all times material to this Indictment, 42 Lombard Street, New Haven, Connecticut was a single family residence until it was destroyed by fire on or about March 24, 2005.

60. On or about March 24, 2005, REYES caused a notice of loss under Policy Number CP2123731 from the Mount Vernon Fire Insurance Co. to be submitted by fax. The property loss notice, which was marked “URGENT”, stated that the 42 Lombard Street property had

sustained a “fire loss – house caught fire; cause unknown at this time.” The claim was subsequently assigned claim number K012911.

61. On or about July 25, 2005, the Mount Vernon Fire Insurance Co. paid \$154,015.06 to “Angelo Reyes and Biller Associates Tri-State LLC,” in satisfaction of claim number K012911 for the fire that occurred on March 24, 2005 at the 42 Lombard Street property.

62. On or about March 30, 2007, Reyes sold the 42 Lombard Street property, which then contained a six family apartment building, for \$515,000.00.

The Scheme

63. From in or about March 2005 through and including March 30, 2007, in the District of Connecticut and elsewhere, REYES devised and intended to devise a scheme to defraud the Mount Vernon Fire Insurance Co., and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, by causing Segui and Individual A to set fire to REYES’ 42 Lombard Street, New Haven, Connecticut property, after which REYES caused a claim to be filed to collect on Mount Vernon Fire Insurance Co. Policy #CP2123731, the insurance policy covering the 42 Lombard Street, New Haven, Connecticut property, after which REYES renovated the property into a six family unit that he sold for \$515,000.00, which scheme affected a financial institution.

Execution of the Scheme

It was part of the scheme that:

64. Sometime in or about March 2005, REYES instructed Segui to set fire to the 42 Lombard Street property. REYES told Segui that he wanted the property burned because he planned to build a multi-family complex at the location. REYES told Segui that the house needed to be “burned and cleared” to make way for the new multi-family dwelling.

65. On or about March 17, 2005, REYES purchased the 42 Lombard Street property for \$185,000.00.

66. On or about March 18, 2005, REYES obtained a 30 year mortgage of \$157,250.00 from Argent Mortgage Company for the 42 Lombard Street property, and made a payment of \$1,205.12.

67. On or about March 18, 2005, the mortgage was assigned to Countrywide Home Loans (“Countrywide”).

68. On or about March 18, 2005, REYES obtained an insurance policy on the 42 Lombard Street property through the M.H. Chodos Insurance Agency. The insurance policy – Policy Number CP2123731 from the Mount Vernon Fire Insurance Co. – included \$200,000.00 of coverage for the dwelling; \$300,000.00 of personal liability coverage; and \$1,000,000.00 in medical coverage per person.

69. Prior to the fire on March 24, 2005, Segui offered participation in the 42 Lombard Street arson to Individual A, who agreed to participate.

70. Prior to the fire on March 24, 2005, Segui purchased gasoline to be used as the accelerant for the fire.

71. On March 24, 2005, Segui picked up Individual A and the two proceeded to the 42 Lombard Street property.

72. After their arrival, Individual A expressed concern to Segui because it appeared that people were still living in the residence because of the presence of personal belongings within the residence. Segui assured Individual A that the tenants had moved out. Gas was then poured through the interior of the residence and the fire was lit.

73. On or about March 24, 2005, REYES caused a notice of loss under Policy Number CP2123731 from the Mount Vernon Fire Insurance Co. to be submitted by fax. The property loss notice, which was marked “URGENT”, stated that the 42 Lombard Street property had sustained a “fire loss – house caught fire; cause unknown at this time.” The claim was subsequently assigned claim number K012911.

74. On or about March 24, 2005, Segui and Individual A drove to REYES' laundromat on 83 Lombard Street in New Haven. REYES gave Segui money for Segui and Individual A's participation in the arson of 42 Lombard Street. After meeting with REYES, Segui gave money to Individual A for Individual A's participation in the arson of 42 Lombard Street.

75. On or about March 25, 2005, what was left of the 42 Lombard Street building was demolished by REYES per an "Unsafe Notice and Order to Demolish" issued by the City of New Haven's Livable City Initiative, Building Division.

76. From in or about March 2005 through on or about September 29, 2005, REYES did not make any further payments on the mortgage that he obtained to purchase the 42 Lombard Street property.

77. On or about July 5, 2005, Countrywide issued REYES a Notice of Default and Acceleration, stating that the mortgage REYES had obtained to purchase the 42 Lombard Street property was in "serious default because the required payments have not been made." The notice stated that unless the default was cured on or before August 4, 2005, the mortgage payments would be accelerated with the full amount becoming due and payable in full, and foreclosure proceedings would be initiated.

78. On or about July 25, 2005, the Mount Vernon Fire Insurance Co. paid \$154,015.06 to "Angelo Reyes and Biller Associates Tri-State LLC," in satisfaction of claim number K012911 for the fire that occurred on March 24, 2005 at the 42 Lombard Street property. 79. On or about September 29, 2005, REYES made payments to bring the Countrywide mortgage current, and thereafter made regular payments through and including April 2007.

80. On or about December 26, 2006, REYES obtained a five year construction mortgage for \$60,000.00, secured by 42 Lombard Street and another property that he owned in the Fair Haven section of New Haven. REYES subsequently renovated the 42 Lombard Street property into a six family residence.

81. On or about March 28, 2007, REYES obtained a partial release of the December 26, 2006 mortgage, which released the 42 Lombard Street property from the mortgage.

82. On or about March 30, 2007, Reyes sold the 42 Lombard Street property, now a six family apartment building, for \$515,000.00.

83. On or about April 2, 2007, REYES paid off the remaining balance of the Countrywide mortgage on the 42 Lombard Street property.

Use of the Wires

84. On or about March 24, 2005, in the District of Connecticut, REYES, for the purpose of executing and attempting to execute the scheme and artifice to defraud the Mount Vernon Fire Insurance Co., and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, by causing Segui and Individual A to set fire to REYES' 42 Lombard Street, New Haven, Connecticut property, after which REYES caused a claim to be filed to collect on insurance policy #CP2123731 from the Mount Vernon Fire Insurance Co., and after which REYES renovated the property into a six family unit that he sold for \$515,000.00, which scheme affected a financial institution, did cause to be transmitted in interstate commerce by means of a wire communication certain signs and signals, that is wire transmissions on or about March 24, 2005 pursuant to which a property loss notice under Mount Vernon Fire Insurance Co. Policy Number 2123731 for 42 Lombard Street, New Haven, Connecticut was submitted by fax.

In violation of Title 18, United States Code, Section 1343.

COUNT SIX

(Use of Fire to Commit a Federal Felony – 42 Lombard Street)

85. On or about March 24, 2005 in the District of Connecticut, the defendant ANGELO REYES, a/k/a “Tati,” knowingly used fire to commit a felony prosecutable in a court of the United States, namely, wire fraud in violation of Title 18, United States Code, Section 1343, as charged in Count Five above.

In violation of Title 18, United States Code, Sections 844(h) and 2.

COUNT SEVEN

(Wire Fraud – 238 Poplar Street)

General Allegations

86. The allegations set forth in paragraphs 1 through 5 of this Indictment are hereby re-alleged and incorporated as though set forth in full herein.

87. On or about June 9, 2006, an individual who is known to the grand jury but is not named herein acquired 238 Poplar Street, New Haven, Connecticut.

88. On or about June 13, 2006, the purchaser obtained a thirty-year mortgage for \$207,00.00 from the Argent Mortgage Company.

89. On or about December 29, 2006, the Argent Mortgage Company initiated foreclosure proceedings against the purchaser of 238 Poplar Street.

90. On or about June 26, 2007, the Argent Mortgage Company assigned the mortgage to the Deutsche Bank National Trust Company, which was assigned the mortgage as trustee for the Argent Mortgage Company.

91. On or about September 6, 2007, the Argent Mortgage Company foreclosed on the June 13, 2006 mortgage deed.

92. On or about June 26, 2008, the City of New Haven filed a civil complaint in New Haven Superior Court against the Deutsche Bank National Trust Company to foreclose on certain tax liens and to recover back taxes owed on 238 Poplar Street.

93. On or about October 2, 2008, there was a fire at 238 Poplar Street. At the time of the fire, no one was residing in 238 Poplar Street. Upon further investigation, a canine trained to detect accelerants alerted to the presence of accelerants at 238 Poplar Street. Chemical analysis performed at the State of Connecticut Forensic Lab on samples taken from 238 Poplar Street tested positive for accelerants. Investigators ultimately determined that the fire was an arson.

The Scheme

94. From in or about October 2008 through and including April 2009, in the District of Connecticut and elsewhere, REYES devised and intended to devise a scheme to defraud the Deutsche Bank National Trust Company, and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, by causing Segui to make arrangements to set fire to 238 Poplar Street, New Haven, Connecticut, decreasing the value of the property by arson, after which REYES purchased the property for \$14,600.00 and installed a driveway at that location to allow better access to REYES' properties on Grand Avenue, which scheme affected a financial institution.

Execution of the Scheme

It was part of the scheme that:

95. Sometime in or about the fall of 2008, the exact date to the grand jury unknown, REYES instructed Segui to set fire to the 238 Poplar Street property. REYES told Segui that he wanted the house burned so that a wider driveway could be developed where the house sat in order to allow better access to REYES' properties on Grand Avenue. REYES told Segui that the wider driveway would make it easier for armored trucks to access the bank that was located at one of REYES' Grand Avenue properties, and that the current driveways, to the rear of the Grand Avenue property, were too small for an armored truck.

96. On October 2, 2008, gas was poured through the interior of the 238 Poplar Street residence and the fire was lit.

97. REYES gave Segui money for Segui's participation in the arson of 238 Poplar Street.

98. On or about November 11, 2008, an appraisal was conducted on what remained of the 238 Poplar Street property. The appraisal report and accompanying affidavit noted that the building was vacant, damaged by fire and appraised at \$42,000.00.

99. On or about December 1, 2008, a Judgment of Foreclosure for 238 Poplar Street was issued by the New Haven Superior Court.

100. On or about December 2, 2008, Citi Residential Lending, Inc. filed a loss notice, initiating an insurance claim for the fire loss at 238 Poplar Street.

101. On or about December 31, 2008, the New Haven Superior Court issued a Notice of Judgment, ordering the sale of 238 Poplar Street, with proceeds from the sale to cover back taxes, attorney's fees, and the costs of a title search and appraisal fees.

102. On or about February 24, 2009, a second appraisal affidavit set forth an appraised value of \$24,000.00 for 238 Poplar Street.

103. On or about February 26, 2009, an insurance check was issued to Dimont & Associates for the account of Citi Residential for the fire loss at 238 Poplar Street in the amount of \$206,894.00, the limit of the policy.

104. On or about March 7, 2009, 238 Poplar Street was sold by auction to New Grand LLC, a limited liability company owned and operated by REYES. At the auction, there were two bidders: (1) the City of New Haven, which bid \$14,500.00; and (2) New Grand LLC, which bid \$14,600.00. REYES told Segui, after having placed the winning bid, that he had purchased the property for less than he had believed it would be sold.

105. On March 10, 2009, a judgment of Foreclosure by Sale Committee Deed issued noting that a Foreclosure by Sale of 238 Poplar had been ordered to satisfy the City of New Haven's tax lien claim against Deutsche Bank, and pursuant to the judgment, 238 Poplar Street had been sold to New Grand LLC for \$14,600.00.

106. On April 15, 2009, the March 10, 2009 Committee Deed was approved by the New Haven Superior Court.

107. On or about April 24, 2009, a check in the amount of \$10,400.00 was drawn on a Wachovia bank account for the Trachten Law Firm, LLC to purchase a Wachovia bank check for \$10,400.00, the remaining balance due for the sale of 238 Poplar Street. The \$10,400.00 Wachovia bank check was submitted to the Clerk of the Superior Court by the Trachten Law Firm on behalf of REYES and New Grand LLC, after which it was endorsed and deposited into a Fleet Bank account for the State of Connecticut's Clerk of the Superior Court for the Judicial District of New Haven.

108. Processing of the Wachovia bank checks included the electronic processing of debits and credits through the Federal Reserve. Because there is and was no Federal Reserve in Connecticut, the transaction caused the use of wire transactions to occur out of Connecticut.

109. On or about April 24, 2009, New Grand LLC obtained a one-year mortgage deed in the amount of \$14,200.00 from CEKAM, LLC.

110. On April 27, 2009, the New Haven Superior Court issued a Supplemental Judgment setting forth how the \$14,600.00 in proceeds from the sale of 238 Poplar Street would be distributed. After the payment of, among other things, back taxes, attorney's fees, appraisal fees and committee fees, Deutsche Bank received a remaining balance of \$193.63.

111. Sometime after the fire, REYES knocked down what remained of the house at 238 Poplar Street with a "Bobcat" machine and developed the wider driveway, providing the access sought to his Grand Avenue properties.

Use of the Wires

112. On or about April 24, 2009, in the District of Connecticut, REYES, for the purpose of executing and attempting to execute the scheme and artifice to defraud the Deutsche Bank National Trust Company, and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, by causing Segui to make arrangements to set fire to 238 Poplar Street, New Haven, Connecticut, after which REYES acquired 238 Poplar Street for \$14,600.00 in order to build a driveway at that location leading to his properties on Grand Avenue in New Haven, did cause to be transmitted in interstate commerce by means of a wire communication certain signs and signals, that is wire transmissions on or about April 24, 2009 pursuant to which a check for the balance of the purchase price for 238 Poplar Street was cleared by electronic debits and credits processed by the Federal Reserve out of Connecticut.

In violation of Title 18, United States Code, Section 1343.

COUNT EIGHT

(Use of Fire to Commit a Federal Felony – 238 Poplar Street)

113. On or about October 2, 2008, in the District of Connecticut, the defendant ANGELO REYES, a/k/a “Tati,” knowingly used fire to commit a felony prosecutable in a court of the United States, namely, wire fraud in violation of Title 18, United States Code, Section 1343, as charged in Count Seven above.

In violation of Title 18, United States Code, Sections 844(h) and 2.

COUNT NINE

(Use of Fire to Commit a Federal Felony – 139 Lloyd Street)

114. On or about September 19, 2002, in the District of Connecticut, the defendant ANGELO REYES, a/k/a “Tati,” knowingly used fire to commit a felony prosecutable in a court of the United States, namely, wire fraud in violation of Title 18, United States Code, Section 1343, as set forth in paragraphs 115 to 152 below, in violation of Title 18, United States Code, Sections 844(h) and 2.

General Allegations

115. The allegations set forth in paragraphs 1 through 5 of this Indictment are hereby re-alleged and incorporated as though set forth in full herein.

116. At all times material to this Indictment, REYES owned a property located behind 137 and 139 Lloyd Street in the Fair Haven section of New Haven. REYES' property was difficult to develop because it was "landlocked" – it was situated in the middle of the block, it was surrounded by other properties, and it had no driveway for vehicles to enter or exit. REYES devised a scheme through which he arranged to have a residence located at 139 Lloyd Street, in front of his landlocked property, burned down so that he could acquire that property at low cost, obtain mortgage and construction loans, build a driveway to the landlocked property, and develop a multiple family apartment building on the landlocked parcel.

117. On or about August 3, 1989, an individual who is known to the grand jury but is not named herein acquired 139 Lloyd Street.

118. On or about May 24, 1999, an individual who is known to the grand jury but is not named herein purchased 137 Lloyd Street for \$5,500.00.

119. On or about September 21, 2001, the owner of the landlocked property behind 139 Lloyd Street sold the landlocked property to two individuals who are known to the grand jury but not named herein through a warranty deed for \$1.00.

120. On or about September 21, 2001, the two individuals who acquired the landlocked property behind 139 Lloyd Street sold the landlocked property to REYES through a quit claim deed for \$1.00.

121. On or about September 19, 2002, there was a fire at the residence located at 139 Lloyd Street, New Haven, Connecticut. At the time of the fire, no one was residing in the 139 Lloyd Street residence. The fire was so intense that it also caused damage to neighboring properties. Chemical analysis performed at the State of Connecticut Forensic Lab on samples taken from 139 Lloyd Street tested positive for accelerants, and investigators ultimately determined that the fire was an arson.

122. As a result of responding to the fire at 139 Lloyd Street on September 19, 2002, two New Haven firefighters sustained injuries that caused them to be transported to St. Raphael's Hospital for treatment and rendered them temporarily unable to return to work.

The Scheme

123. From in or about the summer of 2002, the exact date to the grand jury unknown, through and including August 6, 2008, in the District of Connecticut and elsewhere, REYES devised and intended to devise a scheme to defraud the City of New Haven, and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, by causing Segui and Individual A to set fire to a residence located at 139 Lloyd Street, New Haven, Connecticut, approximately a year after REYES acquired a landlocked piece of property behind the 139 Lloyd Street residence and, subsequent to the fire, REYES: (a) acquired 137 Lloyd Street; (b) acquired a five-year, no-interest loan from the City of New Haven for \$24,000.00 for lead abatement at 139 Lloyd Street, which loan did not have to be paid back so long as Reyes did not sell that property; (c) secured an agreement from the City of New Haven to modify the loan by changing the address of the subject property to 137 Lloyd Street; (d) acquired the 139 Lloyd Street property from the City of New Haven; (e) sold the 137 Lloyd Street property; and (f) developed the previously landlocked portion behind the 139 Lloyd Street property into what is now a multi-family apartment complex with off-street parking and a driveway where the burned residence once sat, both of which increased the value of the previously landlocked property.

Execution of the Scheme

It was part of the scheme that:

124. Sometime in or about the second half of 2002, REYES instructed Segui to set fire to the residence located at 139 Lloyd Street. REYES told Segui that he wanted to acquire the property on which the house sat because it was adjacent to a multi-family complex he planned to develop at the location.

125. Prior to the fire on September 19, 2002, Segui offered participation in the 139 Lloyd Street arson to Individual A, who agreed to participate.

126. Prior to the fire on September 19, 2002, Segui purchased gasoline to be used as the accelerant for the fire.

127. On September 19, 2002, Segui and Individual A proceeded to the 139 Lloyd Street property together.

128. After their arrival, gas was poured through the interior of the residence and the fire was lit.

129. REYES gave Segui money for the arson of 139 Lloyd Street.

130. On or about January 29, 2003, REYES acquired 137 Lloyd Street for \$60,000.00 through a warranty deed from the owner.

131. On or about January 29, 2003, REYES acquired a one-year mortgage of \$100,000.00 for 137 Lloyd Street.

132. On or about March 25, 2003, REYES applied for a loan from the City of New Haven's Livable City Initiative Bureau ("LCI") for lead based paint abatement at 139 Lloyd Street. LCI receives funding from the United States Department of Housing and Urban Development.

133. As part of his March 25, 2003 loan application to LCI, REYES submitted a sworn "Non-Collusion Affidavit Re: Application for LCI Loan Program by Individuals / Property Owners" in which he stated, among other things, that "such application or request is genuine and is not collusive or a sham"; that he was not attempting to "secure through any collusion, conspiracy, or connivance, or unlawful agreement any advantage against the City of New Haven"; and that any "statements, prices, quotes, estimates costs . . . submitted in connection with the grant or loan application are accurate, fair and proper to the best of my knowledge and are not tainted by any collusion, conspiracy, connivance or unlawful agreement." As part of his March 25, 2003 loan application to LCI, REYES also submitted a sworn "Affidavit of Eligibility

for LCI Loan Program,” in which he indicated that the requested loan was intended for lead-based paint abatement at 139 Lloyd Street.

134. On or about June 19, 2003, LCI’s Loan Advisory Committee recommended approval of the lead abatement loan for Reyes in an amount of \$24,000.00.

135. On or about August 6, 2003, REYES obtained a five-year, no-interest mortgage loan of \$24,000.00 from the City of New Haven for the partial finance of lead abatement at 139 Lloyd Street. The loan was to be forgiven at a rate of twenty percent a year for five years, provided that REYES did not sell the property.

136. On or about September 12, 2003, the City of New Haven issued a check, drawn on a City of New Haven account at First Union Bank, in the amount of \$24,000.00, payable to “Angelo Reyes & ABCON Environmental.”

137. On or about September 18, 2003, Reyes signed for the check, endorsed the check, and deposited it into an account at the New Haven Savings Bank.

138. Processing of the check between the First Union Bank and the New Haven Savings Bank included the electronic processing of debits and credits through the Federal Reserve. Because there is and was no Federal Reserve in Connecticut, the transaction caused wire transactions to occur out of Connecticut.

139. On or about November 27, 2003, REYES secured an agreement from the City of New Haven to modify the lead abatement loan mortgage by changing the address of the applicable property to 137 Lloyd Street.

140. On or about January 14, 2004, REYES obtained an additional mortgage of \$48,000.00 for 137 Lloyd Street, to be paid on demand four months from the date of issuance.

141. On or about January 26, 2004, REYES sold 137 Lloyd Street to an individual who is known to the grand jury but not named herein for \$167,000.00 through a warranty deed. The purchaser obtained a thirty year mortgage for \$141,950.00 from the New Century Mortgage Company and a sixty-month mortgage of \$16,700.00 from REYES at a rate of five percent.

142. On or about March 3, 2004, REYES, the City of New Haven and the purchaser of 137 Lloyd Street entered into an agreement pursuant to which the City of New Haven agreed to let the purchaser assume the five-year, no-interest \$24,000.00 mortgage loan that the City of New Haven had issued for lead abatement. The City of New Haven further agreed to subrogate its mortgage to the mortgage held by the New Century Mortgage Company.

143. On or about April 2, 2004, REYES and the City of New Haven entered into a Land Disposition Agreement for the sale of 2,200 square feet of property at 139 Lloyd Street to REYES for \$1,100.00. The property was sold to REYES so that he could improve his landlocked parcel by adding a driveway, off street parking and a rear yard.

144. On or about May 7, 2004, REYES obtained a one-year construction mortgage in the amount of \$158,000.00 at twelve percent interest from CEKAM, LLC.

145. On or about July 12, 2004, by quit claim deed, the City of New Haven transferred a ten-foot strip of land that was adjacent to the driveway on the 139 Lloyd Street property, to the 137 Lloyd Street property, thereby making the 137 Lloyd Street property larger.

146. On or about July 15, 2004, REYES obtained a one-year mortgage in the amount of \$45,200.00 at twelve percent interest from CEKAM, LLC.

147. On or about August 25, 2004, REYES obtained a mortgage of \$28,500.00 at twelve percent interest from CEKAM, LLC, payable on demand.

148. On or about November 8, 2004, REYES sold the 139 Lloyd Street property, which now included a multi-family apartment building with off-street parking, for \$281,000.00. A driveway to the multi-family complex now exists where the burned residence once sat.

149. On or about March 28, 2006, the owner of 137 Lloyd Street refinanced the mortgage on 137 Lloyd Street with the Agent Mortgage Company in the amount of \$168,000.00 for thirty years.

150. On or about March 28, 2006, the City of New Haven again agreed to subrogate its August 6, 2003 mortgage of \$24,000.00 to \$150,000.00 of the mortgage now held by the Argent Mortgage Company.

151. On or about August 6, 2008, the terms of the City of New Haven's five-year, interest-free mortgage loan of \$24,000.00 expired in due course without anyone having to pay the money back.

Use of the Wires

152. On or about September 18, 2003, in the District of Connecticut, REYES, for the purpose of executing and attempting to execute the scheme and artifice to defraud the City of New Haven, and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, by causing Segui and Individual A to set fire to a residence located at 139 Lloyd Street, New Haven, Connecticut, approximately a year after REYES acquired a landlocked piece of property behind the 139 Lloyd Street residence and, subsequent to the fire REYES: (a) acquired 137 Lloyd Street; (b) acquired a five-year, no-interest loan from the City of New Haven for \$24,000.00 for lead abatement at 139 Lloyd Street, which loan did not have to be paid back so long as Reyes did not sell that property; (c) secured an agreement from the City of New Haven to modify the loan by changing the address of the subject property to 137 Lloyd Street; (d) acquired the 139 Lloyd Street property from the City of New Haven; (e) sold the 137 Lloyd Street property; and (f) developed the previously landlocked portion behind the 139 Lloyd Street property into what is now a multi-family apartment complex with off-street parking and a driveway where the burned residence once sat, did cause to be transmitted in interstate commerce by means of a wire communication certain signs and signals, that is wire transmissions on or about September 18, 2003, pursuant to which the proceeds of the no-interest, no repayment loan were cleared by electronic debits and credits processed by the Federal Reserve out of Connecticut, in violation of Title 18, United States Code, Section 1343.

Use of Fire to Commit a Federal Felony – 139 Lloyd Street

153. On or about September 19, 2002, in the District of Connecticut, the defendant ANGELO REYES, a/k/a “Tati,” knowingly used fire to commit a felony prosecutable in a court of the United States, namely, wire fraud in violation of Title 18, United States Code, Section 1343, as set forth in paragraphs 115 to 152 above.

In violation of Title 18, United States Code, Sections 844(h) and 2.

A TRUE BILL

151

GRAND JURY FOREPERSON



DAVID B. FEIN
UNITED STATES ATTORNEY



RAYMOND F. MILLER
ASSISTANT UNITED STATES ATTORNEY



STEPHEN B. REYNOLDS
ASSISTANT UNITED STATES ATTORNEY