

12 MAG 2172

Approved: Paul Krieger
ALVIN BRAGG/PAUL KRIEGER
Assistant United States Attorneys

Before: HONORABLE ANDREW J. PECK
United States Magistrate Judge
Southern District of New York

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UNITED STATES OF AMERICA	:	<u>SEALED COMPLAINT</u>
	:	
- v. -	:	Violations of
	:	18 U.S.C. §§ 1341, 1343,
NELSON RUIZ,	:	1349, 1028A, and 2
WILLIAM CRUZ,	:	
a/k/a "Bill Chacon,"	:	COUNTY OF OFFENSE:
	:	NEW YORK
Defendants.	:	

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SOUTHERN DISTRICT OF NEW YORK, ss.:

RONALD G. GARDELLA, being duly sworn, deposes and says that he is a Supervisory Criminal Investigator with the United States Attorney's Office for the Southern District of New York ("USAO"), and charges as follows:

COUNT ONE

1. From at least in or about July 2010, up to and including the present, in the Southern District of New York and elsewhere, NELSON RUIZ and WILLIAM CRUZ, a/k/a "Bill Chacon," the defendants, willfully and knowingly, did combine, conspire, confederate, and agree together and with each other to commit an offense against the United States, to wit, to violate Sections 1341 and 1343 of Title 18, United States Code.

2. It was a part and an object of the conspiracy that NELSON RUIZ and WILLIAM CRUZ, a/k/a "Bill Chacon," the defendants, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, and attempting to do so, would and did transmit and cause to be transmitted by means of wire and radio communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1343.

3. It was a further part and object of the conspiracy that NELSON RUIZ and WILLIAM CRUZ, a/k/a "Bill Chacon," the defendants, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, and attempting to do so, would and did place in a post office and authorized depository for mail matter, a matter and thing to be sent and delivered by the Postal Service and did deposit and cause to be deposited a matter and thing to be sent and delivered by private and commercial interstate carrier, and did take and receive therefrom, such matter and thing, and did knowingly cause to be delivered by mail and such carrier according to the direction thereon, such matter and thing, in violation of Title 18, United States Code, Section 1341.

OVERT ACTS

4. In furtherance of the conspiracy and to effect the illegal objects thereof, the following overt acts, among others, were committed in the Southern District of New York and elsewhere:

a. From in or about July 2010, through in or about May 2012, NELSON RUIZ, the defendant, falsely certified on approximately 75 New York City Department of Education ("DOE") billing forms that RUIZ had provided approximately \$200,000 worth of sign language interpreting services to a DOE public school student with special needs ("Student G"), even though Student G never received any such services during that time period, and in fact, Student G had not been a New York City public school student since 2009.

b. Based on the approximately 75 fraudulent DOE billing forms that RUIZ certified and caused to be submitted to the DOE concerning Student G alone, the DOE paid approximately \$200,000, via interstate wire transfers, to four different companies that RUIZ and/or WILLIAM CRUZ, a/k/a "Bill Chacon," the defendant, owned and controlled.

c. From in or about July 2010, through in or about the present, based on numerous other fraudulent DOE billing forms that falsely represented that five companies controlled by RUIZ and/or CRUZ (the "RUIZ and CRUZ Companies") provided hundreds of hours of sign language interpretation services to nine other purported New York City public school students with special needs who, in fact, did not receive such services, the DOE paid out an additional approximately \$1.3 million, via checks

sent through the mail and interstate wire transfer, to the RUIZ and CRUZ Companies.

d. From in or about April 2011 through in or about April 2012, RUIZ made at least \$480,000 in cash withdrawals from bank accounts in the name of the RUIZ and CRUZ Companies.

e. From in or about March 2011 through in or about April 2012, CRUZ received checks, bearing RUIZ's signature, from three of the RUIZ and CRUZ Companies, that paid CRUZ approximately \$15,000 for "interpreter services," which were not provided by CRUZ or anybody else associated with these three companies.

(Title 18, United States Code, Section 1349).

COUNT TWO

5. From at least in or about July 2010, up to and including the present, in the Southern District of New York and elsewhere, NELSON RUIZ and WILLIAM CRUZ, a/k/a "Bill Chacon," the defendants, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, and attempting to do so, would and did place in a post office and authorized depository for mail matter, a matter and thing to be sent and delivered by the Postal Service and did deposit and cause to be deposited a matter and thing to be sent and delivered by private and commercial interstate carrier, and did take and receive therefrom, such matter and thing, and did knowingly cause to be delivered by mail and such carrier according to the direction thereon, such matter and thing, to wit, RUIZ and CRUZ engaged in a scheme to defraud the DOE by fraudulently billing for, and ultimately receiving from the DOE, more than \$1.5 million for sign language interpreting services that were never provided.

(Title 18, United States Code, Sections 1341 and 2.)

COUNT THREE

6. From at least in or about July 2010, up to and including the present, in the Southern District of New York and elsewhere, NELSON RUIZ and WILLIAM CRUZ, a/k/a "Bill Chacon," the defendants, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, and attempting to do so, would and

did transmit and cause to be transmitted by means of wire and radio communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, to wit, RUIZ and CRUZ engaged in a scheme to defraud the DOE by fraudulently billing for, and ultimately receiving from the DOE, more than \$1.5 million for sign language interpreting services that were never provided.

(Title 18, United States Code, Sections 1343 and 2.)

COUNT FOUR

7. From at least in or about January 2012, up to and including in or about April 2012, in the Southern District of New York and elsewhere, NELSON RUIZ and WILLIAM CRUZ, a/k/a "Bill Chacon," the defendants, unlawfully and knowingly did transfer, possess, and use, without lawful authority, a means of identification of another person, during and in relation to a felony violation enumerated in Title 18, United States Code, Section 1028A(c), to wit, RUIZ and CRUZ possessed, used and transferred the name, address, and student identification number of a DOE public school student with special needs ("Student A") during and in relation to the conspiracy and mail and wire fraud violations charged in Counts One, Two, and Three, respectively, of this Complaint.

(Title 18, United States Code, Section 1028A(a) (1),
(c) (5), and 2.)

The bases for deponent's knowledge and for the foregoing charges are, in part, as follows:

8. I am a Supervisory Criminal Investigator with the USAO. I have been a Criminal Investigator with the USAO for over 20 years. While with the USAO, I have participated in multiple investigations of theft, embezzlement, and fraud.

9. I am familiar with the facts and circumstances set forth below from my participation in the investigation of this case and my conversations with other law enforcement officers and others. Specifically, I have spoken with an investigator and other personnel from the New York City Office of the Special Commissioner of Investigation ("SCI"), which has been conducting an investigation of NELSON RUIZ and WILLIAM CRUZ, a/k/a "Bill Chacon," the defendants, among others, in connection with their roles as vendors to the DOE. During the investigation, SCI conducted interviews of DOE employees and other persons, and gathered and analyzed other evidence including, but not limited

to, financial records, internal DOE correspondence, student records, and applications and invoices pertaining to the provision of sign language interpreting services. The information set forth below, except where specifically indicated, is based on my review of relevant evidence and analyses obtained or conducted by SCI, my discussions with SCI investigators who gathered and analyzed the evidence, and my independent review of various documents. Because this Affidavit is being submitted for the limited purpose of establishing probable cause, I have not included every fact I have learned during the investigation. Where the actions, statements and conversations of others are recounted herein, they are related in substance and in part, unless otherwise indicated.

Overview of the Fraudulent Scheme

10. During the 2010-2011 and 2011-2012 academic years, five companies owned and/or controlled by NELSON RUIZ and/or WILLIAM CRUZ, a/k/a "Bill Chacon," the defendants, billed and received from the DOE more than \$1.5 million for sign language interpretation services. According to the DOE billing forms that RUIZ and CRUZ caused to be submitted to the DOE, the sign language interpretation services were provided to ten purported New York City public school students with special needs (the "Ten Students") at these Ten Student's schools between July 2010 and July 2012. As discussed in more detail below, in truth and in fact, none of the sign language interpretation services for which the DOE paid were ever provided to any of the purported students. In fact, during the two academic years in question, three of the ten purported students were not enrolled in a DOE school. Through the use of the personal information of the Ten Students, the submission of fraudulent DOE applications and billing forms, and the forgery of the signatures of seven DOE officials and at least two students' parents, among other means, RUIZ and CRUZ defrauded the DOE out of at least \$1.5 million. Prior to the 2010-2011 academic year, the five companies RUIZ and/or CRUZ controlled billed and received from the DOE more than \$2.3 million over the course of the academic years 2003-2004 through 2009-2010. The investigation of the defendants' conduct during that time period is ongoing.

The Defendants and Their Companies

11. As set forth in greater detail below, NELSON RUIZ and/or WILLIAM CRUZ, a/k/a "Bill Chacon," the defendants own and/or control the following companies relevant to this investigation: (1) Bilingual Words in Motion ("BWIM"); (2) Deaf & Hard of Hearing Interpreting Spanish ("DHHIS"); (3) Related

Services Solutions ("RSS"); (4) Comprehensive Bilingual Services ("CBS"); and (5) Perfect Link Interpreting Services ("PLIS") (collectively, the "RUIZ and CRUZ Companies"). None of the RUIZ and CRUZ Companies appears to have actual offices. For example, the respective addresses listed on certain bank, corporate, and DOE records for BWIM, DHHIS, CBS, and PLIS go back to private mailbox businesses in Manhattan. The address for RSS on a recent RSS bank record is the same address listed as RUIZ's residence on RUIZ's current Pennsylvania driver's license ("RUIZ's Driver's License"). In addition, a review of bank records from in or about January 2011 to the present for the RUIZ and CRUZ Companies reveals that none of these entities received any significant income from a source other than the DOE's payments for the purported sign language interpretation services to the Ten Students.

12. Relying on forms submitted by the RUIZ and CRUZ Companies, the DOE paid a total of approximately \$1,524,160 to these five companies during the 2010-2011 and 2011-2012 academic years. These payments were made either by electronic fund transfers from a bank account controlled by the New York City Department of Finance ("DOF") to designated bank accounts for the RUIZ and CRUZ Companies, or by the mailing of DOF checks from the DOF to the mailing address that had been provided by the companies to the DOE. Based on information from the DOF, a review of bank account information for the RUIZ and CRUZ Companies, and information provided by a representative of a bank where the RUIZ and CRUZ Companies maintain their respective bank accounts, I have learned that the electronic fund transfers from the DOF to the bank accounts of the RUIZ and CRUZ Companies traveled via interstate wires.

Background

13. The Individuals with Disabilities Education Act ("IDEA") is a federal law designed to ensure that public school students with disabilities receive a free and appropriate public school education that prepares them for further education and employment. Pursuant to the IDEA, the DOE received a total of approximately \$570 million in federal funds during the 2010-2011 and 2011-2012 academic years. The IDEA requires that public schools create an Individualized Education Program ("IEP") for each eligible student, which specifies, among other things, the manner in which the student's disability affects his or her education and the special services to be provided to the student. Where available, the special services called for by the IEP may be provided directly to the student at his or her school by teachers and staff. If the student's school is not capable of

providing the necessary special services, the school district must arrange for the special services to be provided to the student by a private provider and pay for the services on the student's behalf.

14. In New York City public schools operated by the DOE, the special services are frequently provided onsite at DOE schools by DOE teachers, staff, or a contracted agency. However, when a DOE student has a particular need that cannot be addressed by the DOE at his or her particular school, the student's parent or guardian may be issued by the DOE a Related Service Authorization-2 Form ("RSA-2 Form") and afforded the opportunity to select an independent provider of their choice to address that need. The RSA-2 Form that is sent to the parent or guardian sets forth the nature of the recommended services, the number of sessions per week, and information about the student, including the student's name, student identification number, and the student's address. The parent or guardian is responsible for completing the remainder of the RSA-2 Form, which requests information about the provider the parent has selected. If the provider is working on behalf of a particular agency, the agency's name, address, and tax identification number are also called for by the RSA-2 Form. RSA-2 Forms must be signed by the provider of the service, a parent or guardian of the student, and a DOE official from the student's school district. These three signatures on each RSA-2 Form indicate, among other things, that: (1) the parent or guardian has agreed to the provision of the services specified in the RSA-2 Form by the provider; (2) the provider has agreed to provide such services and submit accurate invoices for such services to the DOE; and (3) the DOE has authorized the provision of such services by the specified provider.

15. Under DOE regulations, a parent or guardian of a DOE student with special needs may file a complaint with the DOE that the student's IEP is not adequate and/or the services the student is receiving pursuant to the IEP are unsatisfactory. As part of this process, the parent or guardian may request an administrative hearing at which the parent or guardian can voice his or her complaints to an impartial adjudicator. The parent or guardian may choose to be represented at such an administrative hearing by an "advocate" who functions, in essence, as the student's representative at the hearing. The DOE provides parents with a list of *pro bono* advocates, but parents are allowed to retain their own paid or unpaid advocates as well.

The Ten Students

16. Based upon discussions with DOE officials, interviews of DOE principals, the interview of one student's parent, and a review of DOE files, including relevant IEPs, SCI learned the following about the Ten Students who purportedly received sign language interpretation services from the RUIZ and CRUZ Companies during the 2010-2011 and 2011-2012 academic years:

a. Each of the Ten Students had varying special needs, including for certain of these students significant cognitive, developmental, academic, and language delays, which required an IEP.

b. Three of the Ten Students were not DOE students during either the 2010-2011 or the 2011-2012 academic year. One student ("Student J") has not attended a DOE school since 2000; the second student ("Student F") has not attended a DOE school since 2006; and the third student ("Student G") graduated from a DOE school in 2009.

c. The remaining seven students did not receive or qualify for sign language interpretation services from a private provider.

i. According to Student A's mother, her child did not need or receive sign language interpretation services in either the 2010-2011 or 2011-2012 academic years. In addition, Student A's mother did not sign the RSA-2 Forms received by the DOE that purported to contain her signatures and she never heard of the individual listed on the RSA-2 Forms as having provided her child with sign language interpretation services.

ii. Another student's IEP ("Student B") did not require sign language interpretation services, and all of the required special services listed on the IEP were provided by DOE teachers and staff at Student B's school. According to Student B's principal, the principal has never heard of the purported provider of sign language interpretation services to Student B listed on the relevant RSA-2 Forms, even though the services were purportedly provided by that provider at the school itself for nine hours a day on approximately 200 occasions between March 2011 and April 2012. In addition, the signature of Student B's parent on Student B's IEP and school emergency contact form does not match this same parent's alleged signature on a RSA-2 Form submitted to the DOE for sign language interpretation services.

iii. Two other students ("Student I" and "Student D") did not need a sign language interpreter and the current principal of their respective schools has never heard of the purported provider of sign language interpretation services who signed the relevant RSA-2 Forms and purported to provide the services from 9:00 a.m. to 5:00 p.m. at the schools themselves. In addition, the signature of the principal on RSA-2 Forms for Student I purports to be that of the individual who was principal of that school three years before the form was submitted to the DOE.

iv. Two of the three remaining students ("Student C" and "Student E") already had full-time DOE-provided classroom sign language interpreters assigned to them for the 2010-2011 and 2011-2012 academic years. And the final student ("Student H") was in a classroom where all the students were hearing impaired, the teacher provided sign language instruction, and there was already a DOE-provided sign language interpreter assigned to the class. In addition, none of the three students' respective principals had ever heard of the non-DOE providers or agencies identified on these students' RSA-2 Forms.

The Forgery of Seven DOE Officials' Signatures

17. For the 2010-2011 and 2011-2012 academic years, NELSON RUIZ and WILLIAM CRUZ, a/k/a "Bill Chacon," the defendants, caused a total of 38 RSA-2 Forms to be submitted to the DOE relating to the provision of sign language interpretation services by the RUIZ and CRUZ Companies to the Ten Students. The 38 RSA-2 Forms are all dated with one of four dates - July 5, 2010, September 8, 2010, July 5, 2011, or September 8, 2011. Each of the 38 RSA-2 Forms appears to bear the authorizing signature of one of seven different DOE officials. Based on interviews with certain of the DOE officials themselves as well as interviews of other representatives of DOE, SCI has determined that all of the signatures for DOE officials on the 38 RSA-2 Forms were forged. One DOE official who purportedly signed approximately half of the 38 RSA-2 Forms was deceased prior to July 5, 2010, the earliest of the dates on the 38 RSA-2 Forms. Another DOE official who purportedly signed several of the 38 RSA-2 Forms retired from the DOE in 2004. And each of the five remaining DOE officials who purportedly signed one or more of the 38 RSA-2 Forms on behalf of the DOE stated that they had not signed any of the RSA-2 Forms and that their signature had been forged. In addition, several of the 38 RSA-2 Forms submitted to the DOE for the Ten Students were not the RSA-2 Form then in use by the DOE, and many contained outdated DOE mailing address information.

The Means and Methods of the Defendants' Fraudulent Scheme

18. In order to become a private provider of special services to public school children, the provider or agency providing the services must submit to the DOE a DOE Form W-9, which requires, among other things, the provider's name, entity type (e.g., partnership), taxpayer identification number, and address where any payment for services is to be sent. In order to get paid for any services provided to a DOE student, the DOE must receive a completed RSA-2 Form, including the signatures of the provider, parent, and DOE official, and invoices relating to services set forth on the RSA-2 Form. The invoices are submitted to the DOE on a Related Service Authorization-7B Form ("RSA-7B Form"). Among other information, RSA-7B Forms state the dates and hours of service, the provider's name, the provider's agency, the agency's tax identification number, and the total amount owed to the provider and/or agency for the services provided. RSA-7B Forms must be signed by the provider and a parent, guardian, or DOE principal; these signatures certify that the service billed for was indeed rendered.

19. In furtherance of the fraudulent scheme, I believe that NELSON RUIZ and WILLIAM CRUZ, a/k/a "Bill Chacon," the defendants, were both involved in obtaining and using the personal information of the Ten Students and these students' parents. As described in paragraph 15 above, under DOE procedures, a parent may request an administrative hearing with the DOE at which the parent and student may be represented by an advocate. According to DOE records, a person named "William Cruz" served as an advocate on behalf of Student A, Student B, Student D, Student H, and Student I. With respect to Student A, for example, according to DOE records, "William Cruz" called the DOE on January 9, 2012, as an advocate on behalf of Student A. The first fraudulent RSA-7B Forms submitted by one of the RUIZ and CRUZ Companies for payment for sign language interpretation services to Student A are dated in January 2012.

20. In furtherance of the fraudulent scheme, I believe that NELSON RUIZ, the defendant, submitted fraudulent billing forms to the DOE in order to receive payment for services that were not provided. For example, "Nelson Ruiz" certified to the DOE on various RSA-2 Forms and approximately 75 corresponding RSA-7B forms that "Nelson Ruiz" provided sign language interpretation services for 9 hours per day often five days per week to Student G from in or about July 2010 through in or about July 2012. As stated above, however, Student G has not been a New York City public school student since 2009. Further, the DOE official who purportedly signed the RSA-2 Forms for Student G

died prior to July 2010. In addition, the numerous RSA-7B forms filed with the DOE concerning Student G reflect that over this two-year period, "Nelson Ruiz" claimed to be a provider of sign language interpretation services at various time for four of the RUIZ and CRUZ Companies - RSS, DHHIS, CBS, and PLIS.

21. I believe that the "Nelson Ruiz" who signed and certified the fraudulent RSA-2 Forms and RSA-7B Forms pertaining to Student G is NELSON RUIZ, the defendant, because the social security number listed for "Nelson Ruiz" on these forms is RUIZ's social security number. In addition, the signatures for "Nelson Ruiz" on these RSA-2 and RSA-7B Forms appear to be the same signature as the one on RUIZ's Driver's License and on various bank account opening documents, including a personal checking account in the name of "Nelson Ruiz" that the SCI has reviewed. Based on the fraudulent billing forms that RUIZ certified concerning Student G between July 2010 and July 2012, the DOE paid approximately \$200,000 to RSS, DHHIS, CBS, and PLIS.

22. For the following reasons, I believe that NELSON RUIZ, and WILLIAM CRUZ, a/k/a "Bill Chacon," the defendants, control DHHIS and that RUIZ and CRUZ have knowingly obtained proceeds of the fraud via DHHIS:

a. DOE vendor records reflect that CRUZ is identified as the contact person for DHHIS.

b. Commerce Bank records for DHHIS (the "DHHIS Account") state that "William Cruz" and "Nelson Ruiz" are general partners of DHHIS. I believe that the persons listed on the DHHIS Account are RUIZ and CRUZ because the persons opening the DHHIS account provided RUIZ's and CRUZ's pedigree information, including their respective dates of birth and social security numbers. The tax payer identification number for DHHIS on the Commerce Bank records is the same as the one listed on RSA-2 and RSA-7B Forms that the SCI has reviewed. Further, RUIZ's signature on the RSA-7B Forms that were signed by RUIZ match RUIZ's signature on the DHHIS Account opening documents and RUIZ's Driver's License.

c. In addition, from in or about April 2011 to in or about July 2012, the DOE paid DHHIS, via interstate electronic transfers of funds to the DHHIS Account, approximately \$290,000 for sign language interpretation services that DHHIS never provided to certain of the Ten Students. RUIZ has withdrawn a substantial amount of that money out of the DHHIS Account. For example, between April 2011 and June 2011, RUIZ withdrew more than \$80,000 in cash from the DHHIS Account. In a

similar vein, between March 2011 and June 2011, CRUZ received almost \$8,000 in checks that RUIZ signed for "Interpreting Services," even though CRUZ does not appear to have provided any interpreting services on behalf of DHHIS and none of the Ten Students received any interpreting services from DHHIS or any of the other RUIZ and CRUZ Companies. In addition, apart from RUIZ, none of the DHHIS providers identified on the RSA-2 Forms for the Ten Students received any money from the DHHIS Account.

23. For the following reasons, I believe that NELSON RUIZ, the defendant, controls RSS, and that RUIZ has knowingly obtained proceeds of the fraud via RSS:

a. Commerce Bank account opening records for an RSS account (the "RSS Account") state that "Nelson Ruiz" is the owner of RSS. The signature for "Nelson Ruiz" matches the signature on RUIZ's Driver's License, and RUIZ's signature on the RSA-7B Forms that were signed by RUIZ. In addition, the tax payer identification number for RSS on the RSS Account is the same as the one listed on RSA-7B Forms that the SCI has reviewed.

b. From in or about September 2010 through in or about April 2012, the DOE paid RSS, via interstate electronic transfers of funds to the RSS Account, over \$385,000 for sign language interpretation services that RSS never provided to the Ten Students. RUIZ has withdrawn a substantial amount of that money out of the RSS Account. For example, on one day in April 2012, RUIZ withdrew over \$100,000 in cash from the RSS Account. Thereafter, on one day in December 2010, RUIZ withdrew \$40,000 in cash from the RSS Account. In addition, apart from RUIZ, none of the RSS providers identified on the RSA-2 Forms for the Ten Students received any money from the RSS Account.

24. For the following reasons, I believe that NELSON RUIZ, and WILLIAM CRUZ, a/k/a "Bill Chacon," the defendants, own and control CBS, and that RUIZ and CRUZ have knowingly obtained proceeds of the fraud via CBS:

a. TD Bank account opening records for a CBS bank account (the "CBS Account") include a business certificate that lists "Nelson Ruiz" and a "William Cruz" as the only two partners who own and control CBS. The residences listed for "Nelson Ruiz" and "William Cruz" match addresses associated with RUIZ and CRUZ in public databases. The date of birth and driver's license information for Ruiz match that of RUIZ. Ruiz's signature on the CBS Account documents matches his signature on RUIZ's Driver's License and on the RSA-2 and RSA-7B Forms that RUIZ signed. In addition, the tax identification number for CBS

on TD Bank account records is the same as the one listed on RSA-7B Forms that the SCI has reviewed. Further, in September 2011, RUIZ's signature endorses a more than \$22,000 check from the DOE to CBS for services CBS never provided to Student C and Student J.

b. From in or about June 2011 through in or about March 2012, the DOE paid CBS, via check and interstate electronic transfers of funds to the CBS Account, over \$430,000 for sign language interpretation services that CBS never provided nine of the Ten Students. RUIZ withdrew a substantial amount of that money out of the CBS Account. For example, from January 2012 to April 2012, RUIZ withdrew over \$335,000 in cash from the CBS Account. For his part, between February 2012 and April 2012, CRUZ received approximately \$6,400 in checks signed by RUIZ "for Interpreting Services," even though, as stated above, CRUZ does not appear to have provided any interpreting services for CBS and none of the Ten Students received any interpreting services from CBS or any of the other RUIZ and CRUZ Companies. In addition, apart from RUIZ, none of the CBS providers identified on the RSA-2 Forms for the Ten Students received any money from the CBS Account.

25. For the following reasons, I believe that NELSON RUIZ, the defendant, owns and controls BWIM and RUIZ and WILLIAM CRUZ, a/k/a "Bill Chacon," the defendant, have knowingly profited from the fraud via BWIM:

a. On the RSA-2 and RSA-7B Forms the SCI has reviewed, BWIM's address is listed as a "suite" at a particular address in New York, New York (the "BWIM Address"). A SCI investigator went to the BWIM Address and learned that a private mailbox business is located at the BWIM Address. An employee of the private mailbox business told the SCI investigator that BWIM maintains a mailbox there and that the contact person for BWIM is "Nelson Ruiz."

b. In May 2012, when an SCI investigator called a phone number for BWIM listed on BWIM's then available website, the SCI investigator was offered the option of being connected to the secretary to "Bill Chacon." According to DOE documents and interviews of DOE personnel, CRUZ also used the name "Bill Chacon" when serving as an advocate in DOE impartial hearings.

c. RUIZ opened a bank account for BWIM at TD Bank (the "BWIM Account") on or about November 30, 2011, and provided the BWIM Address as BWIM's mailing address. I believe RUIZ opened the account because the date of birth and driver's

license number provided to the bank match RUIZ's Driver's License and date of birth. In addition, the taxpayer identification number for BWIM on the BWIM Account opening documents is the same as the one listed on RSA-7B Forms that the SCI has reviewed. Further, RUIZ's signature on the RSA-7B Forms that were signed by RUIZ match RUIZ's signature on the BWIM Account opening documents.

d. On or about January 9, 2012, RUIZ provided the DOE with a completed Form W-9 for BWIM. On or about January 18, 2012, the DOE mailed a check for \$37,500 to the BWIM Address as payment for sign language interpretation services that BWIM falsely reported to the DOE as having provided to Student B. On or about January 27, 2012, an individual by the name of "Nelson Ruiz" deposited this check into the BWIM Account.

e. On or about April 19, 2012, RUIZ signed a check from the BWIM Account in the amount of \$2,200 to "William Cruz," for "Interpreting Services," even though none of the records the SCI has reviewed to date indicate that CRUZ has provided any "interpreting services" for the DOE. Further, apart from an initial \$600 cash deposit, the only source of money going into the BWIM Account are checks or wire transfers from the DOE as payments to BWIM for interpretation services that were never provided to Student B and Student A.

26. For the following reasons, I believe that NELSON RUIZ, the defendant, owns and controls PLIS, and RUIZ has knowingly profited from the fraud via PLIS:

a. "Nelson Ruiz" is listed as a general partner of PLIS in a PLIS tax document. An individual named "Nelson Ruiz," executed an "Amended Business Certificate" for PLIS in Manhattan on or about October 4, 2010. In addition, RUIZ opened a bank account for PLIS at TD Bank (the "PLIS Account") on or about November 5, 2010. I believe that it was RUIZ who opened the account because the date of birth and driver's license number provided to the bank match RUIZ's Driver's License and date of birth. In addition, the taxpayer identification number for PLIS on the PLIS Account opening documents is the same as the one listed on RSA-2 and RSA-7B Forms that the SCI has reviewed. Further, RUIZ's signature on the RSA-2 and RSA-7B Forms that were signed by RUIZ match RUIZ's signature on the PLIS Account opening documents and RUIZ's Driver's License.

b. From in or about September 2010 through in or about June 2012, the DOE paid PLIS, via check and interstate electronic transfers of funds to the PLIS Account, over \$370,000

for sign language interpretation services that PLIS never provided to each of the Ten Students. RUIZ appears to have obtained a substantial amount of that money. For example, there is a check dated December 29, 2010, from the PLIS Account made payable to "Nelson Ruiz" in the amount of \$95,424.46, which RUIZ appears to have both signed on behalf of PLIS and endorsed on the back. There is also a check dated May 5, 2011, from the PLIS Account made payable to "cash" in the amount of \$199,524.91, which RUIZ appears to have both signed on behalf of PLIS and endorsed on the back. In addition, there is a check dated February 28, 2011, from the PLIS Account made payable to "William Cruz" in the amount of \$3,200, which Ruiz appears to have signed on behalf of PLIS.

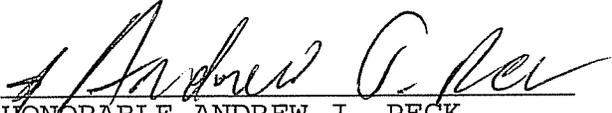
WHEREFORE, deponent respectfully requests that a warrant be issued for the arrest of NELSON RUIZ and WILLIAM CRUZ, a/k/a "Bill Chacon," the defendants, and that they be imprisoned or bailed, as the case may be.



RONALD G. GARDELLA
Criminal Investigator
United States Attorney's Office
Southern District of New York

Sworn to before me this
_____ day of August 2012

AUG 16 2012



HONORABLE ANDREW J. PECK
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK