



*United States Attorney
Southern District of New York*

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**BRONX MAN SENTENCED IN MANHATTAN FEDERAL COURT TO
78 MONTHS IN PRISON FOR FRAUDULENT MULTIMILLION-DOLLAR
TAX REFUND AND THEFT OF MAIL SCHEME**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced today that JOSE FRANKLIN DUARTE was sentenced today to 78 months in prison in Manhattan federal court by United States District Judge HAROLD BAER, JR., for his role in a scheme to fraudulently obtain millions of dollars in federal tax refund checks and then to steal the checks from the U.S. mail.

According to the Superseding Information filed in Manhattan federal court, to which DUARTE previously pleaded guilty, as well as other documents filed in the case and statements made during his guilty plea and sentencing proceedings:

DUARTE was charged as part of a two-year investigation by law enforcement into a scheme to use stolen Social Security numbers and other identity information to submit fraudulent state and federal tax returns. As part of the scheme, members of the conspiracy electronically filed tens of thousands of fraudulent federal tax returns, and fraudulently obtained tens of thousands of dollars of tax returns and stimulus checks. The co-conspirators targeted Social Security numbers assigned to residents of the Commonwealth of Puerto Rico because residents of Puerto Rico whose income derives solely from Puerto Rican sources were generally not required to file federal tax returns with the Internal Revenue Service ("IRS"). This minimized the risk that a legitimate federal tax return was already filed by the owner of the Social Security number.

In 2008, DUARTE recruited a co-conspirator ("CC-1"), who was a letter carrier employed by the U.S. Postal Service who delivered mail in the Bronx, to participate in the scheme and to give DUARTE addresses to which fraudulently obtained tax refund checks could be addressed. From August 2008 to February 2009,

DUARTE's co-conspirators filed over 9,000 U.S. Individual Income Tax Returns (Forms 1040) for tax years 2007 and 2008 with the IRS that contained information connected to the stolen Social Security numbers of Puerto Rican residents. These returns were filed electronically from the Dominican Republic. The false returns sought refunds totaling over \$91 million dollars to be sent in the form of U.S. Treasury checks via U.S. mail. The checks were to be sent to addresses on CC-1's route and began to arrive in the fall of 2008.

Throughout the later part of 2008, DUARTE and/or co-conspirators paid CC-1 cash in exchange for the mail containing the fraudulently-obtained U.S. Treasury checks addressed to the buildings on CC-1's route. DUARTE and others were arrested in February 2009 after law enforcement agents placed "decoy" checks in CC-1's mail. The actual amount of tax refund checks stolen by DUARTE and his co-conspirators during tax year 2008 was over \$807,000.

DUARTE was also ordered to pay restitution of over \$807,000 to the IRS.

Mr. BHARARA praised the work of IRS Criminal Investigation Division, the Federal Bureau of Investigation, the United States Postal Inspection Service, and the United States Postal Service Office of Inspector General, and thanked them for their work in this case.

Mr. BHARARA also thanked the Dominican National Police, the Attorney General of the Dominican Republic, and Prosecutor of the Judicial District of Santiago, Dominican Republic, for their assistance and cooperation in this investigation.

This case is being prosecuted by the Office's Complex Frauds Unit. Assistant United States Attorney DANIEL W. LEVY is in charge of this prosecution.

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