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**ELEVEN CHARGED IN MASSIVE SCHEME TO FILE FRAUDULENT TAX
RETURNS USING STOLEN PUERTO RICAN IDENTITIES**

LEV L. DASSIN, the Acting United States Attorney for the Southern District of New York, PATRICIA J. HAYNES, the Special Agent-in-Charge of the New York Field Office of the Internal Revenue Service, Criminal Investigation Division ("IRS-CID"), JOSEPH M. DEMAREST, JR., the Assistant Director-in-Charge of the New York Field Office of the Federal Bureau of Investigation ("FBI"), RONALD J. VERROCHIO, the Inspector-in-Charge of the New York Office of the United States Postal Inspection Service ("USPIS"), and JAMIE WOODWARD, the Acting Commissioner of the New York State Department of Taxation and Finance ("NYSDTF"), announced the unsealing of a four-count Indictment charging eleven defendants for their roles in a massive scheme to steal identities of residents of the Commonwealth of Puerto Rico and file fraudulent federal and state tax returns in the names of those people seeking millions of dollars of tax refunds.

According to the Indictment unsealed today in Manhattan federal court:

From approximately 2006 through 2008, the defendants engaged in a scheme to file false and fraudulent federal and state tax returns seeking tax refunds, using identification information of residents of Puerto Rico. Residents of the Commonwealth of Puerto Rico typically do not file tax returns with the IRS because such filing is not required as long as all of the Puerto Rico resident's income is derived from sources in Puerto Rico. By using Social Security numbers assigned to residents of Puerto Rico, participants in the scheme, among other things, minimized the risk that a legitimate federal tax return will already have been filed by the person whose identity has been stolen. Over the course of the scheme, more than \$18 million in fraudulent federal and state tax refunds were sought from the IRS, NYSDTF, and other state tax authorities.

In order to execute this scheme, the defendants and their conspirators, among other things:

- obtained Puerto Rican identities, including names, dates of birth, and Social Security numbers;
- obtained from the IRS numerous Electronic Filer Identification Numbers ("EFINs"), which gave them the ability to electronically file federal and state tax returns;
- filed numerous false and fraudulent federal and state tax returns using Puerto Rican identities and seeking federal and state tax refunds;
- rented residences in New York, New Jersey, and Pennsylvania where they received the fraudulently obtained federal and state tax refund checks in the mail; and
- via arrangements with various banks, issued refund anticipation loan checks payable to the Puerto Rican identities based on the expected value of the fraudulent federal and state refunds they had applied for under those identities.

Of the eleven defendants indicted today, eight were arrested this morning by IRS-CID, FBI agents, and USPIS inspectors. WENDY JIMENEZ, a/k/a "Giemar Rivera Colon," and VIVIANA CASTILLO remain at large. LUIS HERNANDEZ, a/k/a "Juan Ramon Mendez Gonzalez," a/k/a "Daniel Kulian," a/k/a "Samuel Rodriguez," is already in custody in an unrelated case.

LUIS HERNANDEZ, LUIS EDUARDO PEGUERO, a/k/a "Chico Swing," JACKSON RAFAEL LOPEZ HERNANDEZ ("JACKSON LOPEZ"), MELVIN LOPEZ HERNANDEZ ("MELVIN LOPEZ"), RAYAN ISMAEL LOPEZ ("RAYAN LOPEZ"), HENRY ROSA, and CLEOPATRA RODRIGUEZ will be presented and arraigned before United States Magistrate Judge KEVIN NATHANIEL FOX in Manhattan federal court later today.

LUIS HERNANDEZ, 37, PEGUERO, 31, JACKSON LOPEZ, 22, MELVIN LOPEZ, 20, RAYAN LOPEZ, 28, HENRY ROSA, 28, CLEOPATRA RODRIGUEZ, 25, WENDY JIMENEZ, 35, and VIVIANA CASTILLO, 28, reside in Bronx, New York.

RAFAEL CASTILLO, a/k/a "Rafael A. Guadalupe Lopez," a/k/a "Junior," and JANIRA BUENO will be presented in federal court in Allentown, Pennsylvania. RAFAEL CASTILLO, 39, and BUENO, 31, reside in Freemansburg, Pennsylvania.

The case has been assigned to United States District Judge HAROLD BAER, JR.

Each of the defendants are charged in the Indictment with each of the following counts and face the following potential maximum penalties, per count:

COUNT	CHARGE	POTENTIAL PENALTIES
1	Conspiracy to defraud the government with respect to claims	Maximum sentence of 10 years in prison; maximum fine of \$250,000 or twice the gross pecuniary loss or gain derived from the offense.
2	Conspiracy to commit mail fraud, wire fraud	Maximum sentence of 20 years in prison; maximum fine of \$250,000 or twice the gross pecuniary loss or gain derived from the offense.
3	Conspiracy to commit fraud in connection with identification documents	Maximum sentence of 15 years in prison; maximum fine of \$250,000 or twice the gross pecuniary loss or gain derived from the offense.
4	Aggravated identity theft	Mandatory consecutive 2-year prison term; maximum fine of \$250,000 or twice the gross pecuniary loss or gain derived from the offense.

Mr. DASSIN praised the work of the IRS-CID, FBI, USPIS, and the NYSDTF, and thanked them for their work in this case. He added that the investigation is continuing.

This case is being prosecuted by the Office's Major Crimes Unit. Assistant United States Attorney DANIEL W. LEVY is in charge of the prosecutions.

The charges contained in the Indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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