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Approved:

RAHUL MUKHI/MICAH SMITH
Assistant United States Attorneys

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Before: THE HONORABLE ~~JAMES C. FRANCIS IV~~
United States Magistrate Judge
Southern District of New York

DEBRA FREEMAN
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA,

- v. -

JOSE ANGEL QUILESTORRES,
a/k/a "Carlos Jose"
MIGUEL CACERES,
FELIPE DURAN MARTINEZ,
ANA PIMENTEL, and
EMIL MEJIA,

Defendants.

SEALED COMPLAINT

Violations of
18 U.S.C. §§ 371, 641,
1028A, 286, 287, and 2

COUNTY OF OFFENSE:
BRONX

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SOUTHERN DISTRICT OF NEW YORK, ss.:

MARK BRZYZEK, being duly sworn, deposes and says that he is a Special Agent with the Internal Revenue Service ("IRS"), and charges:

COUNT ONE

1. From at least in or about January 2011, up to and including in or about November 2011, in the Southern District of New York and elsewhere, JOSE ANGEL QUILESTORRES, MIGUEL CACERES, FELIPE DURAN MARTINEZ, ANA PIMENTEL, and EMIL MEJIA, the defendants, and others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other to commit an offense against the United States.

2. It was a part and an object of the conspiracy that JOSE ANGEL QUILESTORRES, MIGUEL CACERES, FELIPE DURAN MARTINEZ, ANA PIMENTEL, and EMIL MEJIA, the defendant, and others known and unknown, would and did embezzle, steal, purloin, and knowingly convert to their use and the use of another, and

without authority, sell, convey and dispose of a record, voucher, money, and thing of value of the United States and of a department and agency thereof, and property made and being made under contract for the United States and a department and agency thereof, and would and did receive, conceal, and retain the same with intent to convert it to their use and gain, knowing it to have been embezzled, stolen, purloined and converted.

OVERT ACTS

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

a. On or about May 30, 2011, JOSE ANGEL QUILESTORRES, the defendant, caused a fraudulent Internal Revenue Service ("IRS") 2010 tax return to be filed in the Bronx, New York, which resulted in the issuance of a United States Treasury tax refund check that was subsequently deposited by MIGUEL CACERES, the defendant, on August 10, 2011.

b. On or about June 10, 2011, JOSE ANGEL QUILESTORRES, the defendant, caused a fraudulent IRS 2010 tax return to be filed in the Bronx, New York, which resulted in the issuance of a United States Treasury tax refund check that was subsequently deposited by FELIPE DURAN MARTINEZ, the defendant, on September 26, 2011.

c. On or about May 30, 2011, JOSE ANGEL QUILESTORRES, the defendant, caused a fraudulent IRS 2010 tax return to be filed in the Bronx, New York, which resulted in the issuance of a United States Treasury tax refund check that was subsequently deposited by EMIL MEJIA, the defendant, on June 30, 2011.

(Title 18, United States Code, Section 371.)

COUNT TWO

4. From at least in or about January 2011, up to and including in or about November 2011, in the Southern District of New York and elsewhere, JOSE ANGEL QUILESTORRES, MIGUEL CACERES, FELIPE DURAN MARTINEZ, ANA PIMENTEL, and EMIL MEJIA, the defendants, did embezzle, steal, purloin, and knowingly convert to their use and the use of another, and without authority,

sell, convey and dispose of a record, voucher, money, and thing of value of the United States and of a department and agency thereof, and property made and being made under contract for the United States and a department and agency thereof, and did receive, conceal, and retain the same with intent to convert it to their use and gain, knowing it to have been embezzled, stolen, purloined and converted, to wit, QUILESTORRES caused the issuance of fraudulently issued United States Treasury tax refund checks totaling \$361,198.80, which were deposited and/or cashed by CACERES, MARTINEZ, PIMENTEL, and MEJIA.

(Title 18, United States Code, Section 641 and 2.)

COUNT THREE

5. From at least in or about January 2011, up to and including in or about November 2011, in the Southern District and elsewhere, JOSE ANGEL QUILESTORRES, MIGUEL CACERES, FELIPE DURAN MARTINEZ, ANA PIMENTEL, and EMIL MEJIA, the defendants, 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, QUILESTORRES, CACERES, MARTINEZ, PIMENTEL, and MEJIA, transferred, possessed and used the name and other personal identifying information of another person without lawful authority, during and in relation to the violation charged in Count Two of this Complaint.

(Title 18, United States Code, Section 1028A and 2.)

COUNT FOUR

6. From at least in or about January 2011, up to and including in or about November 2011, in the Southern District and elsewhere, JOSE ANGEL QUILESTORRES, and others known and unknown, knowingly did agree, combine, conspire and agree together and with each other to defraud the United States, or any department or agency thereof, by obtaining or aiding to obtain the payment or allowance of any false, fictitious or fraudulent claim.

OVERT ACTS

7. In furtherance of the conspiracy and to effect the illegal object thereof, the following overt acts, among others,

were committed in the Southern District of New York and elsewhere:

a. On or about March 14, 2011, JOSE ANGEL QUILESTORRES, the defendant, caused a fraudulent IRS 2010 tax return to be filed in the Bronx, New York, which resulted in the issuance of a United States Treasury tax refund check.

b. On or about March 15, 2011, JOSE ANGEL QUILESTORRES, the defendant, caused a fraudulent IRS 2010 tax return to be filed in the Bronx, New York, which resulted in the issuance of a United States Treasury tax refund check.

c. On or about March 16, 2011, JOSE ANGEL QUILESTORRES, the defendant, caused a fraudulent IRS 2010 tax return to be filed in the Bronx, New York, which resulted in the issuance of a United States Treasury tax refund check.

(Title 18, United States Code, Section 286.)

COUNT FIVE

8. From at least in or about January 2011, up to and including in or about November 2011, in the Southern District of New York and elsewhere, JOSE ANGEL QUILESTORRES, did make and present to a person or officer in the civil, military, or naval service of the United States, and to a department and agency thereof, a claim upon and against the United States, and a department and agency thereof, knowing such claim to be false, fictitious, and fraudulent, to wit, QUILESTORRES caused to be filed approximately 1,776 fraudulent IRS returns.

(Title 18, United States Code, Section 287 and 2.)

The bases for my knowledge and for the foregoing charges are, in part, as follows:

9. I am an IRS Special Agent and I have been personally involved in the investigation of this matter. This affidavit is based upon my own observations, conversations with other law enforcement agents and others, and my examination of reports and records prepared by others. Because this affidavit is being submitted for the limited purpose of establishing probable cause, it does not include all the facts that I have learned during the course of my investigation. Where the contents of documents and the actions, statements, and conversations of

others are reported herein, they are reported in substance and in part, except where otherwise indicated.

Overview of the Scheme

10. Based on my personal participation in this investigation, I am aware of the following:

a. I have been involved in an investigation involving the fraudulent use of stolen identities and Social Security numbers ("SSNs") to submit false and fraudulent federal tax returns.

b. Participants in the scheme file fraudulent federal tax returns seeking tax refunds. The fraudulent returns at issue in this investigation employ stolen Social Security numbers assigned to residents of Puerto Rico.

c. Citizens of the Commonwealth of Puerto Rico are issued Social Security numbers by the Social Security Administration. Social Security numbers issued to people whose mailing addresses are in Puerto Rico begin with the numbers 580, 581, 582, 583, 584, 596, 597, 598, and 599 (the "Puerto Rican SSNs"). Natural born citizens of the Commonwealth of Puerto Rico are, upon birth, automatically granted United States citizenship.

d. Residents 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 Puerto Rican sources.

e. The fraudulently filed tax returns claim that the filer resides in one of the fifty states of the United States, for example, in New York State.

f. By using Puerto Rican identities and SSNs, participants in the scheme, among other things, minimize the risks that a legitimate federal tax return already will have been filed by the person whose identity has been stolen.

g. Participants in the scheme obtain the federal tax refund checks in various ways, including by causing them to be mailed by the United States Treasury.

h. Participants in the scheme sometimes obtain the federal tax refund checks from United States Postal Service ("USPS") employees who agree to steal the checks from the mail and provide them to participants in the scheme, normally for a per-check fee.

The QUILESTORRES Fraud Mill in the Bronx

11. Since in or about June 2011, the IRS has been investigating fraudulently filed tax returns, which have used Puerto Rican SSNs and claimed that the filers reside in Shirley, New York. From my review of public information filed in the United States District Court for the Eastern District of New York, and my conversations with a Special Agent with the United States Postal Service ("USPS"), I learned that on or about October 25, 2011, a USPS Clerk at the Shirley Post Office in Shirley, New York (the "Shirley Postal Clerk"), was charged with stealing United States mail containing tax refund checks from the United States Department of Treasury. To date, the IRS has identified more than 1,032 fraudulent federal tax returns in this investigation, which used Puerto Rican SSNS and resulted in fraudulently issued United States Treasury tax refund checks being mailed to Shirley, New York.

12. I have participated in several debriefings with a Confidential Informant ("CI-1"),¹ who told me and other law enforcement agents the following:

a. In or about June 2011, the CI-1 found out QUILES-TORRES had hired personal acquaintances of CI-1 to prepare tax returns, including two individuals who are now confidential sources ("CS-1" and "CS-2"). CS-1 and CS-2 explained to CI-1 that they were instructed by QUILES-TORRES to input predetermined figures onto numerous tax returns. Furthermore, CS-1 and CS-2 were told that these tax returns were being prepared for QUILES-TORRES's clients. CS-1 and CS-2 prepared these returns on password-protected computers located in an apartment building on Grand Ave, Bronx, NY (the "Grand Avenue Apartment" or the "Fraud Mill"). CS-1 and CS-2 never saw any clients in the 2380 Grand Avenue apartment.

¹ CI-1 is paid for CI-1's work with law enforcement. CI-1's information has proven reliable to date and has been corroborated by, among other things, surveillance, consensually monitored phone calls, and criminal history checks.

b. CI-1 personally visited the Grand Avenue Apartment approximately five times while CS-1 and CS-2, among others, were preparing tax returns for QUILESTORRES. CI-1 stated that during each time CI-1 visited the apartment CI-1 saw tax related forms and individuals preparing tax returns on computers.

c. CI-1 engaged in conversations with QUILESTORRES during CI-1's visits to his apartment. According to CI-1, QUILESTORRES disclosed to CI-1 that he has a second apartment in the Bronx utilized as a stash house to store cash and U.S. Treasury checks. QUILESTORRES also bragged to CI-1 that in February 2011 he made \$7.5 million from tax refunds.

d. During one of their conversations, QUILESTORRES offered to give CI-1 two refund checks and stated that if CI-1 would be able to cash those two checks then he would give CI-1 an additional 20 checks that he has in his possession in his apartment. CI-1 and QUILESTORRES agreed that for each check cashed, QUILESTORRES would receive 65 percent of the proceeds, the check casher 30 percent, and CI-1 five percent.

13. According to CI-1, in or about mid-June 2011, QUILESTORRES gave CI-1 two United States Treasury tax refund checks to cash, which CI-1 provided to a USPIS Postal Inspector ("Postal Inspector-1"). Based on my review of copies of the checks sent to me by the Postal Inspector-1, I learned the following about the two checks QUILESTORRES provided to CI-1:

a. The two checks were: (i) a United States Treasury check in the amount of \$7,118.53, dated June 10, 2011, made payable to an individual with the initials MCG and a purported particular address in Passaic, NJ ("Refund Check-1") and (ii) a United States Treasury check in the amount of \$7,529, dated June 10, 2011, made payable to an individual with the initials MCM and a purported particular address in Passaic, NJ ("Refund Check-2").

b. According to IRS databases, the Refund Check-1 and Refund Check-2 both originated from tax returns that were electronically filed through the website TaxSlayer.com ("TaxSlayer"). Based on my review of the tax returns, both returns listed Puerto Rican SSNs for the individuals on whose behalf the tax returns were purportedly filed and, according to commercial database searches, both individuals are living in Puerto Rico.

c. According to conversations I had with another IRS analyst, the respective W-2 forms filed with the tax returns associated with Refund Check-1 and Refund Check-2 listed the two individuals as being employed by particular employers. However, in separate filings made with the IRS, these employers did not report the individuals as their employees.

d. According to CI-1, a few days after CI-1 received Refund Check-1 and Refund Check-2 from QUILESTORRESS, CI-1 told QUILESTORRES that she was unable to cash the checks. CI-1 stated that QUILESTORRES sent someone to pick up the un-cashed checks from CI-1.

14. According to IRS databases, the tax return that generated Refund Check-1 was filed from a particular Internet Protocol ("IP") address on or about May 23, 2011 and the tax return that generated Refund Check-2 was filed from a second IP address on or about June 1, 2011. According to information provided by Optimum Online (a subsidiary of Cablevision), the IP address from May 23, 2011 was assigned to a subscriber located in another apartment building on Grand Avenue Bronx, NY. Based on my observations, I know that this building is attached to the Grand Avenue Apartment building described above. Based on my training and experience, I know that it is possible for a computer user in an apartment building to use a wireless internet connection originating from another subscriber's apartment if the network is in close proximity to the user and is unsecured. When a computer user accesses another subscriber's internet connection in this manner, the user will be assigned the same IP address as the subscriber.

15. In August 2011, CI-1 made several phone calls and had face-to-face meetings with QUILESTORRES at the direction of the IRS and other law enforcement. During the meetings, CI-1 received four additional treasury checks from QUILESTORRES: (i) a \$7,244 check, dated April 1, 2011, made payable to an individual with the initials FOD and a purported particular address in Shirley, NY ("Refund Check-3") and (ii) a \$7,256 check, dated April 1, 2011, made payable to an individual with the initials QCP and a purported particular address in Shirley, NY 11967 ("Refund Check-4"); (iii) a \$7,256 check, dated April 1, 2011, made payable to an individual with the initials JMR and a purported particular address in Shirley, NY 1196 ("Refund Check-5") and (iv) \$7,281 check, dated April 1, 2011, made payable to an individual with the initials JA and a purported

particular address in Shirley, NY 11967 ("Refund Check-6"). I learned the following about these refund checks:

a. According to IRS databases, each of the refund checks originated from tax returns that were electronically filed through Taxslayer and from the same IP address. According to information provided by Optimum Online (a subsidiary of Cablevision), this IP address was also assigned to a subscriber located in another apartment building in the vicinity of the Grand Avenue Apartment building.

b. Based on my review of the associated tax returns, the returns for Refund Check-3, Refund Check-4, and Refund Check-5 each listed Puerto Rican SSNs for the individuals on whose behalf the tax returns were purportedly filed.

c. According to conversations I had with another IRS analyst, the respective W-2 forms filed with the tax returns listed the individuals as being employed by particular employers. However, in separate filings made with the IRS, these employers did not report the individuals as their employees.

16. Based on my conversations with CS-1 and CS-2,² I learned the following in substance and in part:

a. In or about January 2011, CS-1 and CS-2 began working in the Grand Avenue Apartment for an individual they know as "Carlos Jose." When CS-1 and CS-2 were shown a photo of JOSE ANGEL QUILESTORRES, a/k/a "Carlos Jose," the defendant, they each confirmed that this was the individual they worked for in the Grand Avenue Apartment.

b. CS-1 and CS-2 prepared and filed tax returns in the Grand Avenue Apartment. QUILESTORRES and another co-conspirator not named as a defendant herein ("CC-1") instructed CS-1 and CS-2 how to file tax returns. CS-1 and CS-2 stated that, in addition to themselves, QUILESTORRES, CC-1, and another individual also prepared tax returns in the Grand Avenue Apartment. To prepare the returns, CS-1 and CS-2 received

² CS-1 and CS-2 are cooperating with law enforcement in the hopes of not being charged with criminal violations and/or sentence reductions. The information provided by CS-1 and CS-2 has been reliable and corroborated by, among other things, the information provided by CI-1 and the investigation techniques set forth above.

computer printouts that contained names, SSNs, and addresses, among other information, which CS-1 and CS-2 input into tax returns on TaxSlayer. CS-1 and CS-2 recalled that the Grand Avenue Apartment had a wireless router that enabled the filing of the tax returns.

c. CS-2 remembered frequently inputting addresses in Shirley, NY, into the tax returns. CS-1 and CS-2 stated that they were paid \$1.50 for each return they prepared.

17. Between March 2011 and August 2011, approximately 1,776 tax returns were filed from two IP addresses believed to be associated with apartments in the vicinity of the Grand Avenue Apartment. To date, the IRS has identified more than \$5,000,000 in fraudulently issued tax refund checks, which were issued based upon fraudulent tax returns using Puerto Rican SSNs and were filed from these IP Addresses. The majority of these fraudulently obtained checks were sent to various addresses in Shirley, New York.

The Check Cashers

18. Based on my investigation, including my review of IRS documents, IP information, and bank records, I determined that MIGUEL CACERES, FELIPE DURAN MARTINEZ, ANA PIMENTEL, and EMIL MEJIA, the defendants (collectively, the "Check Cashers"), received and deposited tax refund checks issued based on fraudulent IRS tax returns caused to be filed by JOSE ANGEL QUILESTORRES, the defendant. In particular, I learned in substance and in part the following:

a. MIGUEL CACERES, FELIPE DURAN MARTINEZ, ANA PIMENTEL, and EMIL MEJIA, the defendants, each opened a sole proprietorship bank account at a particular JP Morgan Chase bank branch located in the Bronx (the "Chase Branch"). PIMENTEL and MEJIA's account was jointly held and they are believed to be spouses.

b. A review of CACERES's account records revealed that CACERES deposited approximately 92 fraudulently obtained double endorsed third-party U.S. Treasury checks totaling \$654,739 into his sole proprietorship bank account. Twenty of these U.S. Treasury checks contained Shirley, NY addresses. One Shirley, NY addressed check originated from an IP addresses associated with refund checks that QUILESTORRES provided to CI-1 to cash. CACERES's account was opened May 23, 2011 and was

closed November 9, 2011, due to suspicious activity concerning U.S. Treasury check deposits. This account did not have any activity consistent with a legitimate business. All deposits consisted of third-party double endorsed U.S. Treasury checks and minimal cash deposits. All debits to the account consisted of ATM withdrawals, over the counter teller withdrawals, and checks made payable to PIMENTEL, MEJIA, and MARTINEZ.

c. A review of MARTINEZ's account records revealed that MARTINEZ deposited approximately 67 fraudulently obtained double endorsed third-party U.S. Treasury checks totaling \$422,998.73 into his sole proprietorship bank account. Fourteen (14) of these U.S. Treasury checks contained Shirley, NY addresses. This account was opened on July 12, 2011 and closed on November 30, 2011, due to suspicious activity concerning third party U.S. Treasury check deposits. The business bank account did not have any activity consistent with a legitimate business. All deposits consisted of third-party double endorsed U.S. Treasury checks and minimal cash deposits. All debits to the account consisted of ATM withdrawals, over the counter teller cash withdrawals, and checks made payable to PIMENTEL and MEJIA.

d. A review of PIMENTEL and MEJIA's joint account revealed that MEJIA deposited approximately 69 fraudulently obtained double endorsed third-party U.S. Treasury checks totaling \$436,437.94 into their sole proprietorship bank account. Fifteen (15) of these U.S. Treasury checks contained Shirley, NY addresses. Seven (7) Shirley, NY addressed checks originated from IP addresses associated with refund checks that QUILESTORRES provided to CI-1 to cash. The account was opened on January 19, 2011 and closed on September 30, 2011, due to suspicious activity concerning U.S. Treasury check deposits. This account contained activity consistent with a legitimate business only for a period of three months when MEJIA was the sole account holder. PIMENTEL became an account signer on the account in May 2011, the same time period that fraudulent U.S. Treasury check deposits started in the account. Once U.S. Treasury check deposits started all business activity ceased. All the checks deposited in to MEJIA's account were endorsed by MEJIA, however, as described below, PIMENTEL and MEJIA would go to the bank together to deposit the checks. PIMENTEL also withdrew funds, totaling \$59,440, from the account via over the counter withdrawal tickets that she signed. PIMENTEL also maintained a personal checking account at the Chase Branch and

deposited one fraudulently obtained U.S. Treasury check in the amount of \$6,119.

19. As noted above, I learned from bank records that the Check Cashers made out checks to each other from and to their accounts at the Chase Branch. In particular, based on my review of bank records, I learned the following in substance and in part:

a. MIGUEL CACERES, the defendant, wrote 42 checks to ANA PIMENTEL, the defendant, totaling \$162,993. In addition, CACERES wrote 14 checks to "cash" totaling \$ 54,310, which were endorsed by PIMENTEL. CACERES wrote 12 checks to EMIL MEJIA, the defendant, totaling \$63,420. CACERES wrote five checks to FELIPE DURAN MARTINEZ, the defendant, totaling \$2,925.

b. MARTINEZ wrote 37 checks to PIMENTEL totaling \$116,390. MARTINEZ also wrote 12 checks to "cash" totaling \$45,720, which were endorsed by PIMENTEL. MARTINEZ wrote four checks to MEJIA totaling \$ 12,726.

c. MEJIA wrote one check payable to MARTINEZ totaling \$1,450 and two checks payable to CACERES totaling \$5,230.

20. Based on my conversations, with a Chase Branch employee (the "Chase Employee"), I learned the following:

a. The Chase Employee recognized each of the Check Cashers as customers of the Chase Branch. The Chase Employee recalled that each of the Check Casher's accounts were closed by the bank due to the volume of suspicious activity.

b. The Chase Employee recalled instances of ANA PIMENTEL and EMIL MEJIA, the defendants, being together when PIMENTEL made deposits of U.S. Treasury checks.

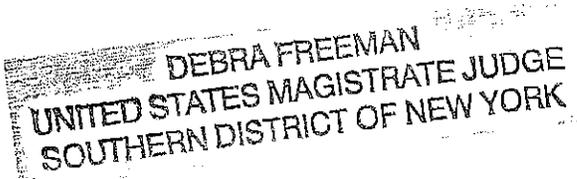


MARK BRZYZEK
Special Agent
IRS, Criminal Investigation

Sworn to before me this
12th day of September, 2012



THE HONORABLE JAMES C. FRANCIS IV
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK


DEBRA FREEMAN
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK