
UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Mag. No. 15-6131
v. : Hon. Steven C. Mannion
LUIS MARTIN : **CRIMINAL COMPLAINT**

Jonathan Helmstetter
I, ~~Vernessa Medina~~, being duly sworn, state the following is true
and correct to the best of my knowledge and belief:

SEE ATTACHMENT A

I further state that I am a Special Agent with the United States
Postal Service Office of Inspector General and that this Complaint is based on
the following facts:

SEE ATTACHMENT B

continued on the attached page and made a part hereof.


Special Agent ~~Vernessa Medina~~ *Jonathan Helmstetter*
U.S. Postal Service
~~Office of Inspector General~~
Internal Revenue Service
Criminal Investigation

Sworn to before me and subscribed in my presence,
on May 21, 2015, at Newark, New Jersey


HONORABLE STEVEN C. MANNION
UNITED STATES MAGISTRATE JUDGE

ATTACHMENT A

From in or about June 2014 through in or about February 2015, in Monmouth County, in the District of New Jersey, and elsewhere, defendant

LUIS MARTIN

did knowingly and willfully embezzle, steal, purloin, and knowingly convert to his use and the use of others, money of the United States, approximately \$30,851.47 in United States Treasury checks.

In violation of Title 18, United States Code, Section 641 and Section 2.

ATTACHMENT B

Jonathan Helmstetter
I, ~~Vernessa Medina~~, am a Special Agent with the ~~United States Postal Service Office of Inspector General~~ ^{Internal Revenue Service, Criminal Investigation}. I have knowledge of the following facts based upon both my investigation and discussions with other law enforcement personnel and others. Because this affidavit is being submitted for the sole purpose of establishing probable cause to support the issuance of a complaint, I have not included each and every fact known to the government concerning this matter. Where statements of others are set forth herein, these statements are related in substance and in part. Where I assert that an event took place on a particular date, I am asserting that it took place on or about the date alleged.

1. At all times relevant to this Complaint:
 - a. LUIS MARTIN was employed by the U.S. Postal Service ("Postal Service") at a post office in or around Monmouth County, in the District of New Jersey.
 - b. The standard form used by United States citizens to file individual federal income tax returns was the Individual Income Tax Return Form 1040 ("Form 1040").
 - c. United States employers prepared for each of their employees a Form W-2, Wage and Tax Statement ("Form W-2"), which was used to report wages paid to employees and the taxes withheld from them.
 - d. On a Form 1040, taxpayers were required to report, among other things, their wages, withholdings, and applicable tax credits, in part by supplying the information contained in their Form W-2. Based on the information reported in Form 1040s, the United States Treasury Department ("U.S. Treasury") either required taxpayers to provide additional taxes or paid taxpayers with tax refunds.
 - e. The U.S. Treasury paid tax refunds in the form of checks, which were mailed to taxpayers (the "Treasury Checks"). The Treasury Checks were made payable to the taxpayers and included the mailing address provided by the taxpayer in his or her Form 1040.

Background on Stolen Identify Refund Fraud ("SIRF")

2. From my training and experience, I know that one common type of fraud committed against the United States government involves the use of

stolen identities to commit tax refund fraud. This type of scheme is often referred to as a “Stolen Identity Refund Fraud” (or “SIRF”) scheme. SIRF schemes generally share a number of hallmarks:

- a. Perpetrators of SIRF schemes first obtain social security numbers and other personal identifying information from individuals, some of whom reside in the Commonwealth of Puerto Rico.¹
- b. SIRF perpetrators then use the fraudulently obtained information to complete and file Form 1040s and Form W-2s containing falsified wages earned, taxes withheld, and other data (“Fraudulent Form 1040s” and “Fraudulent W-2s”), always ensuring that the Fraudulent Form 1040s generate a tax refund Treasury Check (“Fraudulent Treasury Check”).
- c. The Fraudulent Treasury Checks are mailed by the U.S. Treasury to locations that SIRF perpetrators control or can access. In some instances, SIRF perpetrators bribe mail carriers to divert the Fraudulent Treasury Checks from the mail stream before delivery.
- d. With the Fraudulent Treasury Checks now in hand, SIRF perpetrators generate cash proceeds. Certain SIRF perpetrators sell Fraudulent Treasury Checks at a discount to face value. In turn, the buyers then cash the Fraudulent Treasury Checks, either themselves or using straw account holders, by cashing checks at banks or check-cashing businesses, or by depositing checks into bank accounts. When cashing or depositing Fraudulent Treasury Checks, SIRF perpetrators often present false or fraudulent identification documents in the names of the “taxpayers” to ensure the checks are payable.

¹ Puerto Rican citizens are issued Social Security numbers, but are not required to pay federal income tax unless they derive income from United States-based companies or from the United States government. Therefore, Social Security numbers assigned to Puerto Ricans are a valuable commodity for SIRF perpetrators because these Social Security numbers are normally not already associated with a Form 1040.

3. The multiple steps in a SIRF scheme often require the participation of numerous individuals, who usually occupy specific and distinct roles in the scheme.

Overview of Scheme

4. The current investigation has revealed that defendant LUIS MARTIN used stolen identities to assist in the filing of Fraudulent Form 1040s used to generate Fraudulent Treasury Checks. From in or about June 2014 through in or about February 2015, LUIS MARTIN caused to be filed approximately thirteen Fraudulent Form 1040s, claiming approximately \$75,380 in fraudulent tax refund payments from the U.S. Treasury.

5. The U.S. Postal Service, Office of the Inspector General ("USPS-OIG") has been conducting an undercover operation to investigate LUIS MARTIN's role in a scheme to commit stolen identity refund fraud. On or about June 18, 2014, a USPS-OIG undercover agent ("UCA") was introduced to MARTIN at his place of employment.

6. On or about June 19, 2014, MARTIN discussed his involvement in a SIRF scheme to the UCA, including providing information to the UCA that MARTIN had obtained stolen identities of Puerto Rican citizens to be used in filing Fraudulent Form 1040s. MARTIN further discussed how he had removed Fraudulent Treasury Checks from the mail while working at the post office.

7. On or about June 25, 2014, MARTIN asked the UCA to provide him with addresses, believed by MARTIN to be under the UCA's control, to which he could have Fraudulent Treasury Checks sent once a Fraudulent Form 1040 was filed.

8. On or about July 17, 2014, the UCA provided MARTIN with approximately ten mailing addresses ("UCA Addresses") that MARTIN indicated would be used to further the SIRF scheme. MARTIN discussed that he and the UCA would share the profits of any Fraudulent Treasury Checks sent to the UCA Addresses.

9. On or about August 7, 2014, approximately ten Form 1040s were filed, claiming tax refunds of approximately \$54,533. Law enforcement agents confirmed that each of the Form 1040s filed on or about August 7, 2014 used one of the UCA Addresses.

10. In response to the filing of the ten Form 1040s on or about August 7, 2014, law enforcement agents caused to be issued three decoy checks funded by controlled U.S. Treasury funds that were made to look like Fraudulent Treasury Checks ("Decoy Checks"). The three Decoy Checks totaled approximately \$16,650. On or about August 27, 2014, the UCA

provided MARTIN with the three Decoy Checks. MARTIN paid the UCA approximately \$1,000 for the Decoy Checks.

11. On or about November 18, 2014, approximately three Form 1040s were filed, claiming tax refunds of approximately \$20,847. Law enforcement has confirmed that each of the Form 1040s filed on or about November 18, 2014 used one of the UCA Addresses.

12. In response to the filing of the three Form 1040s on or about November 18, 2014, law enforcement agents caused to be issued two more Decoy Checks funded by controlled U.S. Treasury funds totaling approximately \$14,201.47.

13. Law enforcement agents have confirmed through this investigation and through multiple individuals whose names and other identifying information appear on the Form 1040s that each of the Form 1040s filed with the UCA Addresses is false.