

FILED - SOUTHERN DIVISION  
CLERK, U.S. DISTRICT COURT  
SEP 28 2011  
CENTRAL DISTRICT OF CALIFORNIA  
BY DEPUTY

UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA  
SOUTHERN DIVISION

September 2010 Grand Jury

**SA CR 11-0247**

|    |                           |   |                                  |
|----|---------------------------|---|----------------------------------|
| 12 | UNITED STATES OF AMERICA, | ) | SA CR No. 11-                    |
|    |                           | ) |                                  |
| 13 | Plaintiff,                | ) | <u>I N D I C T M E N T</u>       |
|    |                           | ) |                                  |
| 14 | v.                        | ) | [18 U.S.C. § 286: Conspiracy to  |
|    |                           | ) | Defraud the United States with   |
| 15 | OSMAN NORALES,            | ) | Respect to Claims; 18 U.S.C.     |
|    | GENARO DE LA FUENTE,      | ) | § 287: False, Fictitious, or     |
| 16 | FRANCISCO RAMIREZ, and    | ) | Fraudulent Claims Against the    |
|    | ULISES LINARES,           | ) | United States; 18 U.S.C. § 2(a)  |
| 17 |                           | ) | and (b): Aiding and Abetting and |
|    | Defendants.               | ) | Causing an Act to Be Done]       |
| 18 |                           | ) |                                  |

The Grand Jury charges:

**GENERAL ALLEGATIONS**

At all times relevant to this Indictment:

1. Defendants OSMAN NORALES, GENARO DE LA FUENTE, FRANCISCO RAMIREZ, and ULISES LINARES operated a scheme that caused more than 35 false U.S. Individual Income Tax Returns ("Forms 1040") or Amended U.S. Individual Income Tax Returns ("Forms 1040X") to be filed with the Internal Revenue Service ("IRS") during calendar year 2009, claiming more than \$19,000,000

1 in fraudulent income tax refunds. These fraudulent refunds were  
2 based on hundreds of fictitious IRS Forms 1099-OID that falsely  
3 reported more than \$80,000,000 in fictitious federal income tax  
4 withholding.

5 2. Defendants NORALES, DE LA FUENTE, and RAMIREZ each  
6 filed false Forms 1040 or 1040X for themselves, collectively  
7 claiming over \$3,000,000 in fraudulent refunds based upon false  
8 Forms 1099-OID.

9 3. IRS Forms 1099 are used to report income and associated  
10 withholding to the IRS and are typically issued by employers or  
11 other payers such as banks. Original Issue Discount ("OID"),  
12 reported on IRS Form 1099-OID, is a form of interest income  
13 typically realized on debt instruments that were issued at a  
14 discount to or purchased for less than the ultimate redemption  
15 value of the debt instrument, such as Treasury bills (but not  
16 U.S. savings bonds), zero-coupon bonds, and other debt  
17 instruments that pay no stated interest until maturity.

18 4. Defendants OSMAN NORALES, GENARO DE LA FUENTE, and  
19 FRANCISCO RAMIREZ used De la Fuente Ramirez and Associates  
20 ("DLFRA"), a partnership, to operate a fraudulent OID scheme, and  
21 DLFRA maintained an office in Rancho Cucamonga, California.

22 5. The IRS was and is an agency of the Department of  
23 Treasury of the United States responsible for administering and  
24 enforcing the tax laws of the United States of America.

1 COUNT ONE

2 [18 U.S.C. § 286]

3 6. The General Allegations are incorporated herein by  
4 reference as if here set forth in full.

5 **A. OBJECT OF THE CONSPIRACY**

6 7. Beginning in or about January 2009, and continuing  
7 until at least on or about January 21, 2010, within the Central  
8 District of California and elsewhere, defendants OSMAN NORALES  
9 ("NORALES"), GENARO DE LA FUENTE ("DE LA FUENTE"), FRANCISCO  
10 RAMIREZ ("RAMIREZ"), and ULISES LINARES ("LINARES") (collectively  
11 "defendants") knowingly and unlawfully agreed and conspired with  
12 each other, and with others known and unknown to the Grand Jury,  
13 to defraud the United States by obtaining and aiding to obtain  
14 the payment of false, fictitious, and fraudulent claims,  
15 specifically, the filing of false federal income tax returns  
16 containing fraudulent claims for income tax refunds based upon  
17 false and fictitious amounts of federal income tax withheld  
18 reported on false Forms 1099 that defendants caused to be filed  
19 with the IRS.

20 **B. MEANS BY WHICH THE OBJECT OF THE CONSPIRACY WAS TO BE**  
21 **ACCOMPLISHED**

22 The object of the conspiracy was to be accomplished in  
23 substance as follows:

24 8. Defendants NORALES, DE LA FUENTE, and RAMIREZ would  
25 recruit customers into the fraudulent OID scheme through seminars  
26 and one-on-one consultations.

27 9. Defendants NORALES, DE LA FUENTE, and RAMIREZ would  
28 charge each customer up to \$3,000 to participate in the

1 fraudulent OID scheme.

2 10. Defendants NORALES, DE LA FUENTE, and RAMIREZ would  
3 require customers to pay them a portion of any refunds obtained  
4 from the IRS.

5 11. Defendants NORALES, DE LA FUENTE, and RAMIREZ would  
6 require that each customer provide specific paperwork, including  
7 but not limited to the following: the customer's driver's license  
8 and social security card; a voided check; IRS transcripts and tax  
9 returns for tax years 2005 through 2008; a signed IRS Form 8821,  
10 granting defendants permission to inspect the customer's IRS  
11 records; and a promissory note and trust deed for each piece of  
12 real property that the customer owned.

13 12. Defendants NORALES and RAMIREZ would apply to the IRS  
14 for a Transmitter Control Code ("TCC") to be able to transmit  
15 Forms 1099 to the IRS.

16 13. Defendants NORALES and RAMIREZ would electronically  
17 transmit the fraudulent Forms 1099-OID information to the IRS  
18 despite the IRS "1099-OID Fraud Alert" that appeared each time  
19 that defendants NORALES and RAMIREZ would electronically transmit  
20 a Form 1099-OID to the IRS, which alerts notified them that the  
21 OID scheme was fraudulent.

22 14. Defendant NORALES would use IRS TCC 39694 to  
23 electronically transmit, and cause to be transmitted, to the IRS  
24 more than 300 Forms 1099-OID, falsely reporting more than  
25 \$59,000,000 in fictitious interest earned and more than  
26 \$59,000,000 in false federal income tax withheld.

27 15. Defendant RAMIREZ would use IRS TCC 39H77 to  
28 electronically transmit, and cause to be transmitted, to the IRS

1 approximately 75 fictitious Forms 1099-OID that falsely reported  
2 fictitious federal income tax withholding amounts totaling more  
3 than \$12,000,000.

4 16. Defendant LINARES, a tax return preparer licensed by  
5 the California Tax Education Council, and others known and  
6 unknown to the Grand Jury would prepare false Forms 1040,  
7 claiming large fraudulent refunds based on the fictitious  
8 withholding amounts reported on the false Forms 1099-OID.

9 17. Defendants NORALES, DE LA FUENTE, RAMIREZ, and LINARES  
10 would cause the false IRS Forms 1040 and Forms 1040X to be filed  
11 with the IRS, some of which caused the IRS to issue refunds.

12 18. Defendant LINARES would require customers to come to  
13 the DLFRA office to sign the false OID-based tax returns that he  
14 prepared.

15 19. Defendants NORALES, DE LA FUENTE, and RAMIREZ would  
16 review but then disregard warning letters from the IRS that  
17 notified them that the OID-based Forms 1040 and Forms 1040X that  
18 they had filed were "frivolous" and without "basis in the law."

19 20. Defendant RAMIREZ would draft responses to the IRS  
20 warning letters on behalf of customers and defendants NORALES and  
21 DE LA FUENTE, which would deny the falsity of the OID-based tax  
22 returns and demand that the IRS issue the refunds, plus interest.

23 21. During the IRS search of DLFRA's office in Rancho  
24 Cucamonga, California, on September 30, 2009, defendants NORALES  
25 and DE LA FUENTE would make false statements to IRS-Criminal  
26 Investigation Special Agents who interviewed them.

27 22. After the IRS executed a federal search warrant at  
28 DLFRA's office in Rancho Cucamonga, California, on September 30,

1 2009, defendants NORALES, DE LA FUENTE, and RAMIREZ and others  
2 known and unknown to the Grand Jury would attempt to interfere  
3 with and impede the IRS's investigation of their fraudulent OID  
4 scheme.

5 C. OVERT ACTS

6 In furtherance of the conspiracy and to accomplish the  
7 object of the conspiracy, on or about the dates below, defendants  
8 OSMAN NORALES, GENARO DE LA FUENTE, FRANCISCO RAMIREZ, and ULISES  
9 LINARES and others known and unknown to the Grand Jury committed  
10 various overt acts within the Central District of California, and  
11 elsewhere, including but not limited to the following:

12 Overt Act No. 1: In or about January 2009, defendant NORALES  
13 requested false Forms 1099-OID to be filed with the IRS on behalf  
14 of himself and defendant DE LA FUENTE.

15 Overt Act No. 2: On or about February 11, 2009, defendant  
16 NORALES applied to the IRS for a TCC, causing the IRS to issue  
17 TCC 39H77 to defendant NORALES.

18 Overt Act No. 3: On or about February 22, 2009, defendants  
19 NORALES and DE LA FUENTE each directed tax preparer R.G. in  
20 Fontana, California, to prepare, in their respective names, a  
21 false Form 1040 for tax year 2008, based on a false Form 1099-  
22 OID. Each Form 1040 claimed a fraudulent refund of more than  
23 \$400,000.

24 Overt Act No. 4: On or about February 27, 2009, defendant  
25 NORALES transmitted seven false Forms 1099 in the name of  
26 customer J.H.T. Jr., which falsely reported a total of more than  
27 \$1,000,000 in federal income tax withheld.

28 Overt Act No. 5: In or before March 2009, defendant DE LA

1 FUENTE told customer E.G.B. which documents were required to  
 2 participate in the fraudulent OID scheme, collected a \$3,000 fee  
 3 from E.G.B., and told E.G.B. that he also had to pay a fee of 15%  
 4 of the expected tax refund.

5 Overt Act Nos. 6-23: On or about the dates listed below,  
 6 defendants NORALES and DE LA FUENTE escorted customers to tax  
 7 preparer R.G., who prepared and filed fraudulent Forms 1040 on  
 8 behalf of customers for tax year 2008 based on false Forms 1099-  
 9 OID provided by defendants NORALES and DE LA FUENTE, claiming a  
 10 total of approximately \$8,000,000 in fraudulent refunds, which  
 11 tax returns are identified in the table below by the date  
 12 received by the IRS, customer initials, amount of fictitious  
 13 federal income tax withheld, and the refund claimed:

| Overt Act | Date Received by IRS | Customer Initials   | Withholding Amount Reported | Income Tax Refund Claimed |
|-----------|----------------------|---------------------|-----------------------------|---------------------------|
| 6         | 03/09/09             | J.C. & Y.C.         | \$805,550                   | \$537,050                 |
| 7         | 03/10/09             | J.H.T. Jr. & A.S.T. | \$1,161,723                 | \$769,963                 |
| 8         | 03/11/09             | J.M.V. & B.V.       | \$499,000                   | \$350,997                 |
| 9         | 03/17/09             | T.F.T. & D.T.       | \$486,136                   | \$330,323                 |
| 10        | 03/17/09             | T.B.A.              | \$569,000                   | \$398,683                 |
| 11        | 03/17/09             | E.H.                | \$657,743                   | \$444,593                 |
| 12        | 03/17/09             | M.M.                | \$961,695                   | \$653,937                 |
| 13        | 03/21/09             | J.R.Q. & M.N.Q.     | \$440,285                   | \$316,011                 |
| 14        | 03/23/09             | H.A. Jr.            | \$414,528                   | \$285,484                 |
| 15        | 03/23/09             | C.A.H.Q.            | \$1,001,365                 | \$663,048                 |
| 16        | 03/23/09             | M.L.H.              | \$1,783,885                 | \$1,133,143               |

|    |          |                    |             |           |
|----|----------|--------------------|-------------|-----------|
| 17 | 03/26/09 | O.R.C.             | \$59,071    | \$52,296  |
| 18 | 03/26/09 | S.M.               | \$1,227,516 | \$816,594 |
| 19 | 03/28/09 | R.S. & M.P.        | \$416,000   | \$283,794 |
| 20 | 04/01/09 | A.D.               | \$47,835    | \$42,379  |
| 21 | 04/13/09 | S.G.B. &<br>N.L.B. | \$482,102   | \$333,913 |
| 22 | 04/13/09 | E.G.B. &<br>C.V.B. | \$1,319,907 | \$867,969 |
| 23 | 04/14/09 | V.M.B &<br>M.D.R.  | \$300,000   | \$233,997 |

Overt Act No. 24: On or before March 12, 2009, defendant NORALES explained the fraudulent OID scheme to customer J.I.G.

Overt Act No. 25: On or about March 13, 2009, defendant NORALES electronically transmitted, and caused to be transmitted, to the IRS five fictitious Forms 1099-OID for customer J.I.G., claiming \$882,883 in fictitious federal tax withholdings.

Overt Act Nos. 26-28: On or about the dates listed below, defendants NORALES and DE LA FUENTE caused the IRS to issue false income tax refunds in the following approximate amounts to customers listed below:

| Overt Act | Refund Date | Customer   | False Refund |
|-----------|-------------|------------|--------------|
| 26        | 03/21/09    | J.H.T. Jr. | \$769,963    |
| 27        | 04/06/09    | S.M.       | \$816,594    |
| 28        | 04/13/09    | O.R.C.     | \$52,296     |

Overt Act No. 29: In or about April 2009, defendants NORALES and DE LA FUENTE required customer S.M. to pay them a portion of his fraudulently-obtained tax refund.

Overt Act No. 30: In or about April 2009, defendant NORALES

1 accepted from customer S.M. a check made payable to defendant  
2 NORALES's wife in the amount of \$105,250, and defendant DE LA  
3 FUENTE accepted a cashier's check from S.M. for \$105,300.

4 Overt Act No. 31: On or about May 8, 2009, defendant NORALES  
5 and unindicted co-conspirator A.V. drove customer J.I.G. to the  
6 home of unindicted co-conspirator A.M., a tax preparer, to have  
7 J.I.G.'s false OID-based Form 1040X prepared.

8 Overt Act No. 32: On or about May 9, 2009, defendant NORALES  
9 electronically transmitted, and caused to be transmitted, to the  
10 IRS 30 fictitious Forms 1099-OID on behalf of defendant RAMIREZ  
11 and his wife, claiming a total of \$2,657,182 in fictitious  
12 federal income tax withholding.

13 Overt Act Nos. 33-36: On or about the dates listed below,  
14 defendant NORALES electronically transmitted, and caused to be  
15 transmitted, to the IRS fictitious Forms 1099-OID for the  
16 customers listed below:

| Overt Act | Date     | Customer | Number of transmissions | Fictitious withholdings |
|-----------|----------|----------|-------------------------|-------------------------|
| 33        | 05/24/09 | R.E.O.   | 12                      | \$529,771               |
| 34        | 08/25/09 | N.A.H.   | 5                       | \$1,105,111             |
| 35        | 08/25/09 | S.P.     | 9                       | \$1,128,770             |
| 36        | 08/25/09 | J.O.S.   | 2                       | \$414,903               |

23 Overt Act No. 37: On or about May 27, 2009, defendant  
24 RAMIREZ caused unindicted co-conspirator A.M., a tax preparer  
25 from Riverside, California, to prepare his false 2008 Form 1040X,  
26 which return was filed with the IRS.

27 Overt Act No. 38: On or about May 27, 2009, defendant  
28 NORALES prepared and filed his own 2007 Form 1040X, claiming a

1 fraudulent refund of \$110,916.

2 Overt Act No. 39: In or about July or August 2009, defendant  
3 RAMIREZ explained the fraudulent OID scheme to customers P.M.M.,  
4 M.H., and J.S.

5 Overt Act No. 40: In or about July, August, and September  
6 2009, defendants charged customers between \$1,500 to \$2,500 to  
7 participate in the fraudulent OID scheme.

8 Overt Act No. 41: In or about August 2009, someone from  
9 DLFRA left a business card at the residence of J.R.S. located in  
10 Anaheim, California.

11 Overt Act No. 42: On or about August 7, 2009, defendant  
12 RAMIREZ signed and filed a document with the San Bernardino  
13 County Clerk, which registered "De la Fuente Ramirez &  
14 Associates" as a general partnership between himself and  
15 defendant DE LA FUENTE.

16 Overt Act No. 43: On or about August 13, 2009, defendants DE  
17 LA FUENTE and RAMIREZ opened a bank account in the name of DLFRA,  
18 account number XXXX-XXXXXXX740-1, at Washington Mutual Bank in  
19 Rancho Cucamonga, California ("the DLFRA Bank Account").

20 Overt Act No. 44: On or about August 18, 2009, in response  
21 to a letter that a DLFRA customer had received from the IRS that  
22 notified the DLFRA customer that the OID-based tax returns that  
23 the customer had filed was frivolous and stated that a \$5,000  
24 fine would be imposed if the false tax return was not corrected,  
25 defendant RAMIREZ drafted a letter to the IRS that alleged that  
26 the IRS itself was committing fraud and demanded payment of the  
27 false refund plus interest.

28 Overt Act No. 45: On or about August 19, 2009, defendant

1 RAMIREZ applied to the IRS for a TCC, causing the IRS to issue  
2 TCC 39694 to defendant RAMIREZ.

3 Overt Act No. 46: On or about August 21, 2009, defendant  
4 RAMIREZ wrote a \$500 check from the DLFRA Bank Account to R.H.  
5 for having referred customer M.L.S. to the fraudulent OID scheme.

6 Overt Act Nos. 47-48: On or about the dates listed below,  
7 defendant RAMIREZ electronically transmitted, and caused to be  
8 transmitted, to the IRS fictitious Forms 1099-OID for the  
9 customers listed below:

| Overt Act | Date     | Customer    | Number of transmissions | Fictitious withholdings |
|-----------|----------|-------------|-------------------------|-------------------------|
| 47        | 08/31/09 | J.S. & M.S. | 15                      | \$1,150,288             |
| 48        | 09/01/09 | E.S.B.      | 8                       | \$738,674               |

14  
15 Overt Act No. 49: In or about September 2009, defendant  
16 LINARES falsely told customers E.H. and P.M.M. that the  
17 fraudulent OID scheme was legal.

18 Overt Act No. 50: On or about September 4, 2009, defendants  
19 RAMIREZ and DE LA FUENTE gave an OID seminar attended by S.P.,  
20 who ultimately became a customer of the fraudulent OID scheme.

21 Overt Act No. 51: On or about September 21, 2009, defendant  
22 RAMIREZ drafted a response letter to an IRS letter that notified  
23 a DLFRA customer that the OID-based tax return that the customer  
24 had filed was frivolous and stated that a \$5,000 fine would be  
25 imposed if the false tax return was not corrected.

26 Overt Act Nos. 52-55: On or about the dates listed below,  
27 defendant LINARES prepared and signed Forms 1040X based upon  
28 fictitious Forms 1099-OID, claiming false refunds on behalf of

1 customers in the amounts listed below:

| Overt Act | Customer Initials | Sign date | False Refund Amount |
|-----------|-------------------|-----------|---------------------|
| 52        | E.H.              | 9/17/09   | \$707,850           |
| 53        | R.D.H. & M.D.H.   | 9/18/09   | \$355,397           |
| 54        | P.M.M.            | 9/18/09   | \$206,367           |
| 55        | R.B. & E.B.       | 9/24/09   | \$346,797           |

8 Overt Act Nos. 56-72: On or about the dates listed below,  
9 defendants DE LA FUENTE, NORALES, and LINARES prepared, signed,  
10 and caused to be transmitted to the IRS, on behalf of themselves  
11 and customers, false federal income tax returns for the tax years  
12 listed below:

| FALSE INCOME TAX RETURNS FILED WITH THE IRS |                           |                               |          |  |   |
|---|---------------------------|-------------------------------|----------|--|---|
| OVERT ACT                                   | FILING DATE OF TAX RETURN | TAXPAYER NAME (S) OR INITIALS | TAX YEAR | FEDERAL INCOME TAX WITHHELD REPORTED ON TAX RETURN | FEDERAL INCOME TAX REFUND CLAIMED ON TAX RETURN |
| 56  | 05/11/09                  | J.I.G.                        | 2008     | \$882,883  | \$594,144                                       |
| 57  | 05/27/09                  | OSMAN NORALES                 | 2007     | \$108,875  | \$110,916                                       |
| 58  | 06/01/09                  | FRANCISCO RAMIREZ & M.R.      | 2008     | \$2,497,882  | \$1,652,676                                     |
| 59  | 06/17/09                  | B.R.                          | 2008     | \$694,808  | \$460,982                                       |
| 60  | 06/18/09                  | M.R.                          | 2008     | \$152,905  | \$122,578                                       |
| 61  | 06/24/09                  | R.R.                          | 2008     | \$2,367,114  | \$1,568,044                                     |
| 62  | 06/27/09                  | F.R.                          | 2008     | \$50,423   | \$45,292  |
| 63  | 09/28/09                  | A.S.                          | 2008     | \$1,033,970  | \$668,843                                       |
| 64  | 09/28/09                  | R.E.O.                        | 2007     | \$741,389  | \$488,816                                       |
| 65  | 09/28/09                  | R.E.O.                        | 2008     | \$529,771  | \$366,673                                       |
| 66  | 10/05/09                  | E.S.B.                        | 2008     | \$738,674  | \$492,142                                       |

**FALSE INCOME TAX RETURNS FILED WITH THE IRS**

| OVERT ACT | FILING DATE OF TAX RETURN | TAXPAYER NAME(S) OR INITIALS | TAX YEAR | FEDERAL INCOME TAX WITHHELD REPORTED ON TAX RETURN | FEDERAL INCOME TAX REFUND CLAIMED ON TAX RETURN |
|-----------|---------------------------|------------------------------|----------|--|---|
| 67        | 10/07/09                  | N.A.H. & M.R.                | 2008     | \$1,105,111  | \$731,885                                       |
| 68        | 10/07/09                  | S.P.                         | 2008     | \$1,128,770  | \$746,429                                       |
| 69        | 10/07/09                  | J.S. & M.S.                  | 2008     | \$1,150,198  | \$754,767                                       |
| 70        | 10/15/09                  | J.O.S. & N.E.B.              | 2008     | \$440,824  | \$295,054                                       |
| 71        | 11/04/09                  | N.D.                         | 2008     | \$1,130,000  | \$741,584                                       |
| 72        | 11/25/09                  | J.J.G.                       | 2008     | \$227,780  | \$192,351                                       |

12 Overt Act No. 73: On or about September 30, 2009, defendant  
 13 NORALES falsely stated to the IRS-Criminal Investigation Special  
 14 Agent who interviewed him that DLFRA customers did not have to  
 15 pay for DLFRA's services regarding Forms 1099.

16 Overt Act No. 74: On or about September 30, 2009, defendant  
 17 DE LA FUENTE falsely stated to the IRS-Criminal Investigation  
 18 Special Agent who interviewed him that DLFRA did not charge  
 19 customers for preparing and transmitting Forms 1099 on behalf of  
 20 the customers.

21 Overt Act No. 75: On or about October 10, 2009, defendant  
 22 NORALES transmitted 80 false Forms 1099-OID to the IRS on behalf  
 23 of more than one dozen individuals, claiming a total of more than  
 24 \$9,000,000 in fictitious federal income tax withholding.

25 Overt Act No. 76: On or about November 24, 2009, defendants  
 26 NORALES, DE LA FUENTE, and RAMIREZ sent IRS-Criminal  
 27 Investigation Special Agents J.M. and R.R. a letter entitled  
 28 "First Notice of Fault and Demand for Payment," demanding payment

1 of \$20,000,000 from the Special Agents.

2 Overt Act No. 77: On or about January 7, 2010, defendants  
3 NORALES, DE LA FUENTE, and RAMIREZ sent IRS-Criminal  
4 Investigation Special Agents J.M. and R.R. a "Second Notice of  
5 Fault and Demand for Payment," increasing the demanded payment to  
6 \$25,000,000.

7 Overt Act No. 78: On or about January 21, 2010, defendants  
8 NORALES, DE LA FUENTE, and RAMIREZ sent IRS-Criminal  
9 Investigation Special Agents J.M. and R.R. a "Final Notice of  
10 Fault and Demand for Payment," increasing the demanded payment to  
11 \$35,000,000.

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1 COUNTS TWO THROUGH EIGHT

2 [18 U.S.C. §§ 287, 2]

3 23. The General Allegations are incorporated herein by  
4 reference as if here set forth in full.

5 24. On or about the dates set forth below, within the  
6 Central District of California, and elsewhere, defendants OSMAN  
7 NORALES, GENARO DE LA FUENTE, FRANCISCO RAMIREZ, and ULISES  
8 LINARES, together with others known and unknown to the Grand  
9 Jury, aiding and abetting each other, made and presented, and  
10 caused to be made and presented, to the United States Treasury  
11 Department, through the IRS, claims against the United States for  
12 payment of fraudulent tax refunds in the amounts and on behalf of  
13 the individuals listed below, with knowledge that such claims  
14 were false, fictitious, and fraudulent because they were based on  
15 the fictitious withholding amounts listed below:

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| COUNT | FILING DATE OF TAX RETURN | TAX YEAR | CUSTOMER INITIALS | FEDERAL INCOME TAX WITHHOLDING REPORTED | REFUND CLAIMED ON RETURN |
|-------|---------------------------|----------|-------------------|---|--------------------------|
| TWO   | 09/28/09                  | 2007     | R.E.O             | \$741,389                               | \$488,816                |
| THREE | 09/28/09                  | 2008     | R.E.O             | \$529,771                               | \$366,673                |
| FOUR  | 10/05/09                  | 2008     | E.S.B.            | \$738,674                               | \$492,142                |
| FIVE  | 10/07/09                  | 2008     | S.P.              | \$1,128,770                             | \$746,429                |
| SIX   | 10/07/09                  | 2008     | J.S. & M.S.       | \$1,150,198                             | \$754,767                |
| SEVEN | 10/07/09                  | 2008     | N.A.H. & M.R.     | \$1,105,111                             | \$731,885                |
| EIGHT | 10/15/09                  | 2008     | J.O.S. & N.E.B.   | \$440,824                               | \$295,054                |

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COUNT NINE

[18 U.S.C. §§ 287, 2]

25. The General Allegations are incorporated herein by reference as if here set forth in full.

26. On or about March 11, 2009, in San Bernardino County, within the Central District of California, and elsewhere, defendant GENARO DE LA FUENTE, together with others known and unknown to the Grand Jury, aiding and abetting each other, made and presented, and caused to be made and presented, to the United States Treasury Department, through the IRS, a claim against the United States for payment of a fraudulent tax refund for tax year 2008 in the amount of \$354,951 on behalf of himself, with knowledge that such claim was false, fictitious, and fraudulent because it was based upon a fictitious federal income tax withholding in the amount of \$508,959.

COUNT TEN

[18 U.S.C. §§ 287, 2]

27. The General Allegations are incorporated herein by reference as if here set forth in full.

28. On or about April 13, 2009, in San Bernardino County, within the Central District of California, and elsewhere, defendant GENARO DE LA FUENTE, together with others known and unknown to the Grand Jury, aiding and abetting each other, made and presented, and caused to be made and presented, to the United States Treasury Department, through the IRS, a claim against the United States for payment of a fraudulent tax refund for tax year 2007 in the amount of \$535,839 on behalf of himself, with knowledge that such claim was false, fictitious, and fraudulent because it was based upon a fictitious federal income tax withholding in the amount of \$788,683.

COUNT ELEVEN

[18 U.S.C. §§ 287, 2]

29. The General Allegations are incorporated herein by reference as if here set forth in full.

30. On or about March 11, 2009, in San Bernardino County, within the Central District of California, and elsewhere, defendant OSMAN NORALES, together with others known and unknown to the Grand Jury, aiding and abetting each other, made and presented, and caused to be made and presented, to the United States Treasury Department, through the IRS, a claim against the United States for payment of a fraudulent tax refund for tax year 2008 in the amount of \$403,648 on behalf of himself, with knowledge that such claim was false, fictitious, and fraudulent because it was based upon a fictitious federal income tax withholding in the amount of \$597,631.

COUNT TWELVE

[18 U.S.C. §§ 287, 2]

31. The General Allegations are incorporated herein by reference as if here set forth in full.

32. On or about May 11, 2009, in San Bernardino County, within the Central District of California, and elsewhere, defendants OSMAN NORALES and GENARO DE LA FUENTE, together with others known and unknown to the Grand Jury, aiding and abetting each other, made and presented, and caused to be made and presented, to the United States Treasury Department, through the IRS, a claim against the United States for payment of a fraudulent tax refund in the amount of \$594,144 and on behalf of J.I.G., with knowledge that such claim was false, fictitious, and fraudulent because it was based upon a fictitious federal income tax withholding in the amount of \$882,883.

COUNT THIRTEEN

[18 U.S.C. §§ 287, 2]

33. The General Allegations are incorporated herein by reference as if here set forth in full.

34. On or about May 27, 2009, in San Bernardino County, within the Central District of California, and elsewhere, defendant OSMAN NORALES, together with others known and unknown to the Grand Jury, aiding and abetting each other, made and presented, and caused to be made and presented, to the United States Treasury Department, through the IRS, a claim against the United States for payment of a fraudulent tax refund for tax year 2007 in the amount of \$110,916 on behalf of himself, with knowledge that such claim was false, fictitious, and fraudulent because it was based upon a fictitious federal income tax withholding in the amount of \$109,984.

COUNT FOURTEEN

[18 U.S.C. §§ 287, 2]

35. The General Allegations are incorporated herein by reference as if here set forth in full.

36. On or about June 1, 2009, in San Bernardino County, within the Central District of California, and elsewhere, defendants OSMAN NORALES, GENARO DE LA FUENTE, and FRANCISCO RAMIREZ, together with others known and unknown to the Grand Jury, aiding and abetting each other, made and presented, and caused to be made and presented, to the United States Treasury Department, through the IRS, a claim against the United States for payment of a fraudulent tax refund in the amount of \$1,652,676 and on behalf of defendant FRANCISCO RAMIREZ and his wife, with knowledge that such claim was false, fictitious, and fraudulent because it was based upon a fictitious federal income tax withholding in the amount of \$2,497,882.

