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FOR IMMEDIATE RELEASE

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SANTA CLARA BUSINESS OWNERS INDICTED FOR TAX AND LOAN FRAUD

Government Seeks To Recover Over \$3.3 Million in Proceeds Obtained Through Multi-year Wire Fraud and Bank Fraud Scheme

SAN JOSE, Calif. – Fidencio Moreno, Arturo Moreno, and Elena Moreno were charged, yesterday, in a superseding indictment with one count of conspiracy to defraud the United States, eleven counts of filing a false tax return, one count of conspiracy to commit wire fraud and bank fraud, and seven counts of making false statements on a loan application, announced United States Attorney Melinda Haag, Assistant Attorney General Kathryn Keneally of the Justice Department’s Tax Division, and Internal Revenue Service, Criminal Investigation, Special Agent in Charge José M. Martinez.

According to the superseding indictment, defendants Arturo and Fidencio Moreno were each fifty-percent owners of Quality Assurance Travel, a charter bus company with an office in Santa Clara, Calif. Between 2005 and 2010, the superseding indictment charges that the defendants conspired to defraud the United States by impeding the ability of the Internal Revenue Service (IRS) to ascertain, assess, and collect income taxes. The defendants are alleged to have withheld cash business receipts from deposits into the company’s bank accounts, falsified the company’s financial books and records, and filed false and fraudulent tax returns. The defendants tracked the withheld cash in a cash journal separate from the company’s books and records, and did not disclose the cash journal to their tax return preparer.

All three defendants are also charged with a separate conspiracy to commit wire fraud and bank fraud. According to the superseding indictment, from at least 2005 through 2013, Fidencio, Arturo and Elena Moreno conspired to commit bank fraud and wire fraud. The scheme involved submitting loan applications and supporting documentation that made false and fraudulent statements regarding the loan applicant’s income, assets and the intended use of property that was the subject of the loan. In all, five different properties are identified as having been part of the scheme, which resulted in the approval of loans totaling more than \$3,328,600. Using these loans, the defendants purchased or refinanced several different homes in the San

Jose area. Fidencio and Elena are also charged with individually and jointly making a false statement on a loan application. Based on the bank fraud and wire fraud scheme, as well as the loan fraud counts, the government is seeking forfeiture of various pieces of real property that were derived from the false loan applications and a money judgment of \$3,328,600.

An indictment merely alleges that crimes have been committed, and all defendants are presumed innocent until proven guilty beyond a reasonable doubt. If convicted, the defendants face a maximum sentence of 5 years imprisonment and a fine of \$250,000 for conspiring to defraud the United States; up to 3 years imprisonment and a fine of \$250,000 for each false return count; and a maximum term of imprisonment of 30 years and a fine of \$1,000,000 for conspiracy to commit bank fraud and wire fraud and for each false loan statement count. If convicted, they could also be ordered to pay restitution to the IRS and any financial institutions that they defrauded.

This case was investigated by IRS-Criminal Investigation. Trial Attorneys Katherine L. Wong and Todd P. Kostyshak of the Justice Department's Tax Division, along with Assistant U.S. Attorney Thomas Moore are prosecuting the case, with the assistance of Kathy Tat and Sandra Burgess.

Further information:

Case #: CR 12-00750-LHK

A copy of this press release may be found on the U.S. Attorney's Office's website at www.usdoj.gov/usao/can.

Electronic court filings and further procedural and docket information are available at <https://ecf.cand.uscourts.gov/cgi-bin/login.pl>.

Judges' calendars with schedules for upcoming court hearings can be viewed on the court's website at www.cand.uscourts.gov.

All press inquiries to the U.S. Attorney's Office should be directed Lillian ArauzHaase at (415) 436-6811 or by e-mail at Lillian.ArauzHaase@usdoj.gov.