

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

ORIGINAL FILED

UNITED STATES OF AMERICA : Hon. Patty Shwartz
v. :
 : Mag. No. 12-3038 (PS)
LUCCIO CHAVEZ : CRIMINAL COMPLAINT
 : FILED UNDER SEAL

APR 10 2012

PATTY SHWARTZ
U.S. MAG. JUDGE

I, Kevin G. Carroll, 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 Secret Service, and that this Complaint is based on the following facts:

SEE ATTACHMENT B

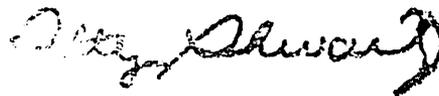
continued on the attached page and made a part hereof.

Kevin G. Carroll, Special Agent
United States Secret Service

Sworn to before me, and
subscribed in my presence

April 10, 2012 at
Newark, New Jersey

HONORABLE PATTY SHWARTZ
UNITED STATES MAGISTRATE JUDGE



Signature of Judicial Officer

ATTACHMENT A

COUNT ONE
(Bank Fraud)

From in or about November 2007 through in or about April 2012, in Passaic County, in the District of New Jersey and elsewhere, defendant

LUCCIO CHAVEZ

did knowingly, and with intent to defraud, execute, and attempt to execute, a scheme and artifice to defraud a financial institution, namely "Victim 1," and to obtain money, funds, and assets owned by and under the custody and control thereof, by means of materially false and fraudulent pretenses, representations, and promises.

In violation of Title 18, United States Code, Sections 1344(1) and (2).

COUNT TWO
(Aggravated Identity Theft)

On or about December 4, 2007, in Passaic County, in the District of New Jersey and elsewhere, defendant

LUCCIO CHAVEZ

did knowingly transfer, possess, and use, without lawful authority, a means of identification of another person, to wit: the bank account number of an individual identified as "D.B.P," during and in relation to a felony violation of a provision contained in Chapter 63, United States Code, to wit: bank fraud, in violation of Title 18, United States Code, Section 1344, charged in Count One of this Complaint.

In violation of Title 18, United States Code, Section 1028A(a)(1) and Section 2.

ATTACHMENT B

I, Kevin G. Carroll, am a Special Agent with the United States Secret Service. I am fully familiar with the facts set forth herein based on my own investigation, my conversations with other law enforcement officers, and my review of reports, documents, and evidence. Where statements of others are related herein, they are related in substance and part. Because this complaint is being submitted for a limited purpose, I have not set forth each and every fact that I know concerning this investigation. 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.

GENERAL ALLEGATIONS

At all times relevant to this Complaint:

1. "Victim 1" was a federally regulated national banking association, the accounts of which were insured by the Federal Deposit Insurance Corporation, making it a "financial institution" as that term is defined in Title 18, United States Code, Section 20.
2. Chavez Financial Services ("Chavez Financial") was a New Jersey corporation, with its principal place of business listed as 217 Broadway, Paterson, New Jersey. Chavez Financial purported to be in the business of, among other things, providing tax preparation services.
3. Defendant LUCCIO CHAVEZ owned and operated Chavez Financial, and resided at a home located at 7 Hobart Place, Clifton, New Jersey ("7 Hobart Place").
4. "F.C." acted as a "straw buyer" of 7 Hobart Place in exchange for a \$5,000 fee from defendant LUCCIO CHAVEZ. F.C. was also a client of Chavez Financial, and defendant CHAVEZ prepared F.C.'s tax returns.
5. Victim "D.B.P." maintained a bank account "XXXXXX82" at Bank A. Victim D.B.P did not know defendant LUCCIO CHAVEZ or F.C., and never authorized either of them to use his/her bank account information.

THE SCHEME TO DEFRAUD VICTIM 1

6. Through a series of transactions, defendant LUCCIO CHAVEZ obtained ownership of 7 Hobart Place in or about 2006.
7. From in or about November 2007 through in or about December 2007, defendant LUCCIO CHAVEZ completed or caused to be completed two "Uniform Residential Loan Applications," one of which was dated November 12, 2007 and the other of which was dated December 4, 2007. Both applications falsely stated that:

- a. F.C. intended to purchase defendant LUCCIO CHAVEZ's home at 7 Hobart Place;
- b. F.C. intended to use 7 Hobart Place as his/her primary residence upon purchase;
- c. F.C. was employed at Smart Copy located at 153 Ellison Street, Paterson, New Jersey, as a foreperson for approximately two and a half years;
- d. F.C.'s monthly income was \$5,862;
- e. F.C.'s current rent was \$1,350;
- f. F.C. maintained account "XXXXXX82" at Bank A in which he/she had approximately \$127,000; and
- g. F.C. intended to contribute approximately \$90,225 (according to the November 12, 2007 application) and \$46,435 (according to the December 4, 2007 application) in cash towards his/her purported purchase of 7 Hobart Place.

8. In truth and in fact, however, both loan applications were completed by defendant LUCCIO CHAVEZ and were false. F.C. never intended to purchase 7 Hobart Place, nor did he/she have the financial ability to do so. F.C. was merely a "straw buyer" that defendant CHAVEZ recruited to pose as a purchaser for 7 Hobart Place in exchange for a fee of \$5,000.

9. In exchange for the \$5,000 defendant LUCCIO CHAVEZ paid F.C., F.C. agreed to allow defendant CHAVEZ to use F.C.'s identity and credit information in a false and fraudulent mortgage loan application, and to falsely represent to lenders that he/she was the true buyer of 7 Hobart Place and the individual who would be responsible for making payments on any loan.

10. Both of the loan applications described in paragraph 7 above were false in at least the following respects. First, F.C. never worked at Smart Copy and never earned \$5,862 per month. Indeed, the phone number for Smart Copy on both loan applications was the number for Chavez Financial. Second, F.C.'s monthly rent was not \$1,350. Third, F.C. did not have a bank account containing \$127,000 at Bank A or anywhere else; the account number provided on the application – "XXXXXX82" at Bank A – belonged to D.B.P., who never provided defendant CHAVEZ or F.C. with authority or permission to use it. Fourth, F.C. never intended to contribute approximately \$46,435 in cash towards the purported purchase of 7 Hobart Place, nor did F.C. have access to such funds. In truth and in fact, F.C. was a laborer who was unemployed for portions of 2007 and lived modestly in an apartment for which he/she and his/her family paid approximately \$900 per month.

11. In or about between November 2007 and December 2007, defendant LUCCIO CHAVEZ caused the above-described false and fraudulent loan applications and other documents to be submitted to Victim 1. The false and fraudulent information and documents were used to induce Victim 1 to fund a mortgage loan in F.C.'s name.

12. In addition to submitting false and fraudulent information to Victim 1, on or about November 27, 2007, a Victim 1 representative conducted a telephonic employment verification for F.C., and called the number provided on the loan applications for Smart Copy. The Victim 1 representative spoke to someone who stated that his name was "Luccio Chavez," the "owner" of Smart Copy. During that call, the individual the Victim 1 representative spoke with stated that Smart Copy "distribute[d] toners for commercial use," and confirmed that F.C. had worked at Smart Copy as a "fore[person]" for approximately two and a half years and was presently employed there.

13. On or about December 4, 2007, defendant LUCCIO CHAVEZ executed, or caused to be executed, a HUD-1 Settlement Statement ("HUD-1") that was submitted to Victim 1, which falsely stated that F.C. was personally paying approximately \$43,600 in cash at closing. In truth and in fact, F.C. paid no cash to defendant CHAVEZ at closing or otherwise, nor did F.C. have access to such funds.

14. Based on the materially false and fraudulent misrepresentations in F.C.'s loan applications, supporting documentation and HUD-1, in or about December 2007, Victim 1 approved F.C.'s mortgage application and funded a mortgage loan of approximately \$316,800 to facilitate F.C.'s purported purchase of 7 Hobart Place. Approximately \$234,087 of the loan amount was used to pay off defendant LUCCIO CHAVEZ's existing mortgage on 7 Hobart Place, and approximately \$114,473 was paid directly to defendant CHAVEZ at closing. Shortly after the closing, defendant CHAVEZ paid F.C. approximately \$5,000 for acting as the straw buyer of 7 Hobart Place.

15. Defendant LUCCIO CHAVEZ paid F.C.'s first two purported mortgage payments to Victim 1, but no others; F.C. personally made no mortgage payments. In addition, at no time did F.C. take occupancy of 7 Hobart Place. In fact, defendant LUCCIO CHAVEZ continued to occupy 7 Hobart Place until at least October 2011.

16. Eventually, Victim 1's loan to F.C. for 7 Hobart Place went into default resulting in a substantial loss to Victim 1.