

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon. Mark Falk
 :
 v. : Mag. No. 13- 3606 (MF)
 :
 LUIS PENA, :
 GLORIA RIVERA, : **CRIMINAL COMPLAINT**
 LOURDES ORTIZ, :
 WELLINGTON FELIZ, :
 RAYMUNDO HERNANDEZ, :
 FAUSTO BERNARD, and :
 ISAIAS HERNANDEZ :

I, Valerie S. Mangarella, 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, and that this complaint is based on the following facts:

SEE ATTACHMENT B

continued on the attached pages and made a part hereof.


Valerie S. Mangarella
Special Agent, Postal Inspector
United States Postal Service

Sworn to before me and subscribed in my presence,
May 20, 2013 at Newark, New Jersey

HONORABLE MARK FALK
UNITED STATES MAGISTRATE JUDGE


Signature of Judicial Officer

ATTACHMENT A

From between in or about December 2011 through in or about April 2013, in Essex County, in the District of New Jersey and elsewhere,

LUIS PENA,
GLORIA RIVERA,
LOURDES ORTIZ,
WELLINGTON FELIZ,
RAYMUNDO HERNANDEZ,
FAUSTO BERNARD, and
ISAIAS HERNANDEZ

did knowingly and intentionally conspire and agree with each other and with others to embezzle, steal, purloin, and knowingly convert to their use and the use of others, money of the United States, specifically United States Treasury checks, contrary to Title 18, United States Code, Section 641.

In violation of Title 18, United States Code, Section 371.

ATTACHMENT B

I, Valerie S. Mangarella, am a Special Agent with the United States Postal Service. I am fully familiar with the facts set forth herein based on my own investigation, my conversations with law enforcement officers and others, and my review of reports, documents, and items of evidence. 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.

1. At all times relevant to this Complaint:
 - a. GLORIA RIVERA and LOURDES ORTIZ worked as mail carriers for the United States Postal Service. RIVERA delivered mail along a route in Flushing, New York (the "Flushing Mail Route"). ORTIZ delivered mail on the Flushing Mail Route when RIVERA was unavailable.
 - 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. On a Form 1040, taxpayers were required to report, among other things, their wages, withholdings, and applicable tax credits. 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.
 - d. The U.S. Treasury paid tax refunds in the form of checks, which were mailed to taxpayers (the "Treasury Checks") or electronically deposited into accounts designated by the taxpayers.
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 "SIRF" scheme.
 - a. Perpetrators of SIRF schemes first obtain social security numbers and other personal identifying information from individuals, many of whom reside in the Commonwealth of Puerto Rico.¹
 - b. SIRF perpetrators then use the stolen social security numbers to file Form 1040s containing falsified wages earned and taxes withheld ("Fraudulent Form 1040"), always ensuring that the Fraudulent Form 1040 generates a tax refund Treasury Check ("Fraudulent Treasury Check").

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 perpetrators of SIRF schemes because these Social Security numbers are normally not already associated with a Form 1040.

- 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 remove the Fraudulent Treasury Checks from their mail routes.
- d. SIRF perpetrators then deposit the Fraudulent Treasury Checks into bank accounts that they control in order to generate cash proceeds.

Overview of the Scheme

3. The instant investigation has revealed that defendants LUIS PENA, LOURDES ORTIZ, GLORIA RIVERA, WELLINGTON FELIZ, RAYMUNDO HERNANDEZ, FAUSTO BERNARD, ISAIAS HERNANDEZ, and others, were participants in a classic SIRF scheme. At PENA's behest, unidentified co-conspirators sent Fraudulent Treasury Checks to addresses along the Flushing Mail Route. ORTIZ and RIVERA intercepted the Fraudulent Treasury Checks, and ORTIZ delivered them to PENA in exchange for cash payments. Subsequently, PENA passed the Fraudulent Treasury Checks on to co-conspirators, and the Fraudulent Treasury Checks were ultimately deposited by FELIZ, RAYMUNDO HERNANDEZ, BERNARD, and ISAIAS HERNANDEZ into bank accounts that they each controlled. The co-conspirators then shuttled the proceeds generated by the Fraudulent Treasury Checks between their bank accounts, and RAYMUNDO HERNANDEZ, FELIZ, and ISAIAS HERNANDEZ withdrew large amounts of the proceeds in cash and used other portions of the proceeds to purchase cars and gamble at Atlantic City casinos. In total, the co-conspirators obtained and deposited over \$2 million in Fraudulent Treasury Checks.

Intercepting Fraudulent Treasury Checks from the United States Mail

4. RIVERA, ORTIZ, and PENA ensured that the Fraudulent Treasury Checks were removed from the United States mail and passed along to other co-conspirators in the SIRF scheme. To that end, in or around 2011, RIVERA agreed to let PENA use addresses on the Flushing Mail Route to receive Fraudulent Treasury Checks. RIVERA agreed to intercept those Fraudulent Treasury Checks from the Flushing Mail Route and deliver them to PENA, in exchange for a cash payment of approximately \$400 per check.
5. In or around December 2011, RIVERA approached ORTIZ to enlist ORTIZ's help in intercepting the Fraudulent Treasury Checks. At that time, RIVERA needed to take time off from work due to an injury she had sustained. ORTIZ replaced RIVERA on the Flushing Mail Route on the days that RIVERA was absent. ORTIZ agreed to intercept Fraudulent Treasury Checks for RIVERA in exchange for approximately \$200 per Fraudulent Treasury Check. For approximately the next year, between in or around December 2011 through in or around December 2012, ORTIZ intercepted Fraudulent Treasury Checks from the Flushing Mail Route and delivered them to RIVERA, in exchange for cash payments.

6. RIVERA delivered the Fraudulent Treasury Checks – both the Fraudulent Treasury Checks she stole as well as the Fraudulent Treasury Checks stolen for her by ORTIZ – to PENA. From in or around 2011 until in or around April 2013, ORTIZ and RIVERA intercepted at least 100 Fraudulent Treasury Checks. The vast majority of these Fraudulent Treasury Checks were obtained in classic SIRF fashion – using Puerto Rican social security numbers and falsified wage and tax withholding information to generate tax refunds.
7. In interviews with law enforcement, RIVERA and ORTIZ each admitted to having removed Fraudulent Treasury Checks from the Flushing Mail Route in exchange for cash. RIVERA also admitted to having passed the Fraudulent Treasury Checks on to PENA.

Generating Cash from the Fraudulent Treasury Checks

8. PENA passed the Fraudulent Treasury Checks on to co-conspirators, after which the Fraudulent Treasury Checks were ultimately deposited into bank accounts controlled by FELIZ, RAYMUNDO HERNANDEZ, BERNARD, ISAIAS HERNANDEZ, and others. FELIZ, RAYMUNDO HERNANDEZ, BERNARD, and ISAIAS HERNANDEZ created bank accounts in the names of businesses that they owned, deposited the Fraudulent Treasury Checks into those bank accounts, and then quickly withdrew or transferred the resulting cash out of those bank accounts.

Wellington Feliz

9. On or about November 18, 2011, FELIZ registered Crene Corporation, 27 Crane Street, Newark, NJ, with the State of New Jersey. On that same date, FELIZ opened a business bank account at a Sovereign Bank in New Jersey in the name of Crene Corporation (“Crene Account”). Crene Corporation has never filed a federal tax return.
10. Between on or about November 28, 2011, and on or about March 21, 2012, 79 Fraudulent Treasury Checks, totaling approximately \$570,550, were deposited into the Crene Account. Of the 79 Fraudulent Treasury Checks deposited into the Crene Account, at least 11 Fraudulent Treasury Checks were intercepted by RIVERA and ORTIZ from the Flushing Mail Route and passed on to PENA.
11. Between on or about November 30, 2011, and on or about April 17, 2012, FELIZ withdrew nearly \$200,000 in cash from the Crene Account, and FELIZ passed several thousands of dollars in cash along to RAYMUNDO HERNANDEZ, ISAIAS HERNANDEZ, and other uncharged co-conspirators. Multiple bank surveillance photos show FELIZ accessing the Crene Account and making cash withdrawals.
12. On or about October 12, 2011, FELIZ registered Erickson Supermarket Corporation, 243 Stuyvesant Avenue, Newark, NJ, with the State of New Jersey. Shortly thereafter, on or about November 2, 2011, FELIZ opened a business banking account at a Sovereign Bank

in New Jersey in the name of Erickson Supermarket Corporation ("Erickson Account"). Erickson Supermarket Corporation has never filed a federal tax return.

13. Between on or about November 4, 2011, and on or about February 27, 2012, 80 Fraudulent Treasury Checks, totaling approximately \$552,000, were deposited into the Erickson Account. Of the 80 Fraudulent Treasury Checks deposited into the Erickson Account, at least 4 Fraudulent Treasury Checks were stolen by RIVERA and ORTIZ and passed on to PENA.
14. Between on or about December 9, 2011, and on or about April 17, 2012, FELIZ withdrew nearly \$100,000 in cash from the Erickson Account. Multiple bank surveillance photos show FELIZ accessing the Erickson Account and making cash withdrawals.

Fausto Bernard

15. On or about January 10, 2012, FAUSTO BERNARD registered Super Meat Plaza Corporation, 862 18th Avenue, Irvington, NJ, with the State of New Jersey. On that same date, BERNARD opened a business bank account at a Sovereign Bank in New Jersey in the name of Super Meat Plaza Corporation ("Super Meat Plaza Account"). BERNARD was the only signatory on the Super Meat Plaza Account.
16. Between on or about January 27, 2012, and on or about March 15, 2012, 35 Fraudulent Treasury Checks were deposited into the Super Meat Plaza Account, totaling approximately \$256,237. Of the 35 Fraudulent Treasury Checks deposited into the Super Meat Plaza Account, at least 8 Fraudulent Treasury Checks were intercepted by RIVERA and ORTIZ from the Flushing Mail Route and passed on to PENA.
17. Between on or about March 1, 2012, and on or about March 13, 2012, BERNARD distributed proceeds from the Fraudulent Treasury Checks to certain co-conspirators, including: 6 checks to FELIZ, totaling approximately \$25,300; 2 checks to ISAIAS HERNANDEZ, totaling approximately \$7,000; and 2 checks to RAYMUNDO HERNANDEZ, totaling approximately \$8,600.
18. In an interview with law enforcement, BERNARD admitted that he wrote all of the checks out of the Super Meat Plaza Account and that he was the sole signatory on the Super Meat Plaza Account.

Raymundo Hernandez

19. On or about September 16, 2011, RAYMUNDO HERNANDEZ registered Raymundo Grocery Corporation, 31 Grafton Avenue, Newark, NJ, with the State of New Jersey. On or about September 21, 2011, RAYMUNDO HERNANDEZ opened a business bank account at a Sovereign Bank in New Jersey in the name of Raymundo Grocery Corporation ("Raymundo Grocery Account"). RAYMUNDO HERNANDEZ was the

only signatory on the Raymundo Grocery Account. Raymundo Grocery Corporation has never filed a federal tax return.

20. Between on or about September 22, 2011, and on or about February 21, 2012, 20 Fraudulent Treasury Checks, totaling approximately \$149,527, were deposited into the Raymundo Grocery Account. Of the 20 Fraudulent Treasury Checks deposited into the Raymundo Grocery Account, at least 1 Fraudulent Treasury Check was intercepted by RIVERA and ORTIZ from the Flushing Mail Route and passed on to PENA.
21. Between on or about September 23, 2011, and on or about February 22, 2012, RAYMUNDO HERNANDEZ withdrew approximately \$80,000 in cash from the Raymundo Grocery Account. Additionally, RAYMUNDO HERNANDEZ wrote several checks out of this account to FELIZ or to FELIZ's businesses (Crene Corporation and Erickson Supermarket Corporation), totaling approximately \$50,000. RAYMUNDO HERNANDEZ also spent thousands of dollars in Fraudulent Treasury Check proceeds at various Atlantic City casinos.

Isaias Hernandez

22. On or about December 8, 2011, ISAIAS HERNANDEZ and R.H. registered RH & Sons Auto Sales, 1 West Clarke Place, Bronx, NY, with the State of New York. On or about January 18, 2012, ISAIAS HERNANDEZ and R.H. opened a business bank account at a Sovereign Bank in New Jersey in the name of RH & Sons Auto Sales Inc. ("RH & Sons Account"). RH & Sons Auto Sales Inc. has never filed a federal tax return.
23. Between on or about February 3, 2012, and on or about May 11, 2012, 48 Fraudulent Treasury Checks were deposited into the RH & Sons Account, totaling approximately \$342,590. Of the 48 Fraudulent Treasury Checks deposited into the RH & Sons Account, at least 1 Fraudulent Treasury Check was intercepted by RIVERA and ORTIZ from the Flushing Mail Route and passed on to PENA.
24. Between on or about February 8, 2012, and on or about May 7, 2012, ISAIAS HERNANDEZ took thousands of dollars in cash out of the RH & Sons Account. Additionally, during that time period, ISAIAS HERNANDEZ deposited thousands of dollars in checks from co-conspirators, including approximately \$17,000 from FELIZ and approximately \$10,000 from RAYMUNDO HERNANDEZ.

Spending Fraudulent Treasury Check Proceeds

25. Manheim is a large-volume reseller of used vehicles that has two New Jersey locations – Fairfield and Brodowntown. In order to purchase a vehicle through Manheim, the purchaser must be a registered auto dealer.
26. RAYMUNDO HERNANDEZ and ISAIAS HERNANDEZ were licensed representatives of Tommy's Auto Sales, a registered auto dealer. They used their status as licensed

representatives to purchase vehicles from Manheim's Brodentown location using the proceeds from Fraudulent Treasury Checks.

27. Between on or about January 12, 2012, and on or about February 13, 2012, FELIZ obtained 7 certified checks, payable to Manheim, using funds from his Crene Account. Additionally, on or about January 5, 2012, FELIZ obtained a certified check payable to Manheim using funds from his Erickson Account. These certified checks were used by RAYMUNDO HERNANDEZ to purchase at least six vehicles from Manheim.
28. Between on or about March 6, 2012, and on or about April 25, 2012, ISAIAS HERNANDEZ obtained 25 certified checks, payable to Manheim, using funds from his RH & Sons Account. These certified checks were used by RAYMUNDO HERNANDEZ and ISAIAS HERNANDEZ to purchase at least 8 vehicles from Manheim, one of which currently is registered to a relative of ISAIAS HERNANDEZ.