

United States District Court

SOUTHERN DISTRICT OF FLORIDA

UNITED STATES OF AMERICA

v.

CRIMINAL COMPLAINT

LANNY FRIED

CASE NUMBER: 12-2593-Dubé

I, the undersigned complainant, being duly sworn, state the following is true and correct to the best of my knowledge and belief.

On or about February 23, 2012, in Miami-Dade County, in the Southern District of Florida, the defendant, LANNY FRIED, did knowingly steal, embezzle, purloin, and convert to his own use, money of the United States and a department and agency thereof, the aggregate of which exceeded \$1,000, that is, United States Department of Treasury tax refund checks, in violation of Title 18, United States Code, Section 641.

On or about March 14, 2012, in Miami-Dade County, in the Southern District of Florida, the defendant, LANNY FRIED, did knowingly possess with intent to use and transfer unlawfully five or more false identification documents, that is, eleven (11) Florida driver's licenses, in and affecting interstate commerce, in violation of Title 18, United States Code, Sections 1028(a)(3) and 2.

I further state that I am a Special Agent with the Federal Bureau of Investigation and that this complaint is based on the following facts:

SEE ATTACHED AFFIDAVIT

Michael R Meyer
MICHAEL R. MEYER, SPECIAL AGENT
FEDERAL BUREAU OF INVESTIGATION

Sworn to before me, and subscribed in my presence,

May 1, 2012

at

Miami, Florida
City and State

ROBERT L. DUBÉ
UNITED STATES MAGISTRATE JUDGE
Name and Title of Judicial Officer

Signature of Robert L. Dubé
Signature of Judicial Officer

AFFIDAVIT

I, Michael R. Meyer, being duly sworn, hereby depose and state as follows:

1. I am a special agent with the Federal Bureau of Investigation ("FBI"), Miami Field Division, currently assigned to the public corruption unit. I have been employed as a special agent for approximately six years. I have personally conducted or assisted in criminal investigations and prosecutions of identity theft tax fraud schemes, including violations of Title 18, United States Code, Sections 510 (forgery of U.S. Treasury checks), 641 (theft of government money), 1028 (fraud with identification documents), 1029 (access device fraud), and 1343 (wire fraud). I am familiar with the manner and means with which identity thieves operate these schemes.

2. This affidavit is submitted in support of a criminal complaint charging Lanny FRIED with a violation of Title 18, United States Code, Sections 641 (theft of government property) and 1028(a)(3) (possession of five or more identification documents with unlawful intent).

3. This affidavit is based on information obtained from an FBI undercover operation. This affidavit sets forth only those facts that I believe are necessary to establish probable cause. As such, I have not included each and every fact known about this investigation.

Overview of FBI Undercover Operation

4. To combat the growing problem of identity theft tax refund fraud schemes in South Florida, from February 2012 to April 2012, the FBI has operated a financial services store (the "store") in North Miami as a front to accept fraudulently obtained tax refund checks from customers looking to cash those checks for a large fee.

5. The store was equipped with both audio and video surveillance. Undercover FBI agents worked behind the counter at the store. Customers would present tax refund checks in the form of refund anticipation checks issued by financial institutions (“RACs”) and/or U.S. Treasury tax refund checks (“T-Checks”). Customers would also present fraudulent identification documents (photocopied driver’s licenses or social security cards) or handwritten social security numbers in the name of the victims on the checks. Often, customers would forge the signature of the victim on the back of the check while inside the store. Many of the true taxpayers whose names appear on the checks have already filed identity theft affidavits with the Internal Revenue Service (“IRS”).

6. The undercover agent would charge a substantial fee for processing the check—ranging from thirty-five to forty-five percent of the value of the check—consistent with the fraudulent nature of the check.¹ The FBI paid these customers from official FBI funds. None of the tax refund checks were actually cashed.

7. During the three month undercover operation, eight different individuals negotiated with undercover agents at the store to cash approximately \$500,000 in fraudulently obtained tax refund checks. The conversations and transactions between the customers and undercover agents at the store were audio and video recorded by the FBI.

¹ Florida law provides that no check cashing store may charge a fee for cashing checks in excess of five percent. Fl. Stat. 560.309(4)

Overview of FRIED's Conduct

8. In February and March 2012, FRIED (and an associate) tried to cash 16 fraudulent tax refund checks (totaling approximately \$94,000) for between five-five and sixty percent of face value using false identification documents.

Chronology of Events

9. In February 2012, FRIED was in contact with a confidential source ("CS") about cashing fraudulently obtained tax refund checks at a check cashing store (the "store").

10. On February 23, 2012, FRIED provided the CS with five tax refund checks in the following names, types, and amounts:

FRIED -- List of February 28 Checks			
NUMBER	TYPE	NAMES	AMOUNTS
1	RAC	Y.B.	\$9,454.05
2	RAC	Y.B.	\$130.00
3	T-Check	C.H.	\$8,825.79
4	T-Check	S.O.	\$10,843.99
5	T-Check	J.T.	\$9,323.54
Total			\$38,577.37

11. FRIED also provided the CS with photocopies of Florida driver's license for the four individuals from the list above. Three of the Florida driver's licenses were clearly fraudulent (those in the name of C.H., S.O., and J.T.). The driver's license numbers did not correspond to the names in the Florida driver's license records. In addition, a records check revealed that C.H., S.O., and J.T. are all deceased. This agent is aware that identity thieves often file tax returns in the name of recently deceased individuals.

12. On February 28, 2012, at around 12:00 p.m., the CS called FRIED and explained that there were issues with the identification documents provided. The CS said that the store would cash the checks, but that the store needed the real social security numbers for the

individuals on the checks for the store's files. FRIED said that he did not know if he could obtain those. FRIED stated that he "underst[ood] that it has to be clean."

13. On that that same day, at around 3:15 p.m., FRIED arrived at the parking lot near the store. FRIED stepped out of his vehicle and entered the CS's car. The CS went into the store and returned to the CS's car. The CS provided FRIED with approximately \$15,250 dollars in pre-recorded U.S. currency from FBI funds as payment for checks 1, 2, 3, and 5 from the above list (approximately fifty-five percent of face value). FRIED asked whether the store would provide a better payout percentage. The CS explained it was not possible. The CS returned check 4 from the above list to FRIED.

14. On March 2, 2012, the CS engaged in a recorded call with FRIED. The CS advised that the store would be willing to pay out sixty percent of face value on the checks. The CS told FRIED that the name on the identification document must match the name on the check. FRIED assured that the "DLs" (driver's licenses) would match.

15. On March 14, 2012, the CS met with FRIED in Weston, Florida. W.J. drove FRIED to the meeting. During the meeting, FRIED provided the CS with eleven tax refund checks in the following names, types, and amounts:

FRIED / W.J. -- List of March 14 Checks			
NUMBER	TYPE	NAMES	AMOUNTS
1	RAC	C.R.	\$4,574.10
2	RAC	L.J.-C.	\$3,589.00
3	RAC	M.T.	\$5,788.10
4	RAC	K.L.	\$5,112.00
5	RAC	M.K.	\$5,539.10
6	RAC	B.S.	\$4,608.10
7	RAC	T.L.	\$4,564.10
8	RAC	B.Q.	\$4,603.10
9	RAC	D.H.	\$4,549.10
10	RAC	S.C.	\$5,406.10
11	RAC	V.B.	\$7,749.00
Total			\$56,081.80

16. FRIED also provided the CS with photocopies of Florida driver's license and social security cards in the name of the eleven victims identified above.

17. On March 19, 2012, at around 3:45 p.m., the CS engaged in a recorded call with FRIED. The CS told FRIED that half of the money for the checks would be available. The CS told FRIED to meet at the store on the following day.

18. On March 20, 2012, at around 2:00 p.m., FRIED met the CS at the store. At this time, FRIED met with and spoke to an undercover FBI agent ("UC2") at the store. UC2 paid FRIED \$11,700 in prerecorded U.S. currency from FBI funds as payment for checks 1, 2, 3 and 5 in the above list. UC2 told FRIED that checks 6-10 from the above list had not been signed. FRIED signed those checks in the store. UC2 explained that FRIED would receive payment on these later. In addition, UC2 told FRIED that checks 4 and 11 could not be verified with the bank and UC2 returned those two checks to FRIED.

19. During the meeting, FRIED showed UC2 a T-Check in the name of P.R. in the amount of \$6,947 to negotiate. FRIED endorsed this check in UC2's presence. FRIED did not have a date of birth and social security number for the check, but FRIED indicated that he would provide that information later.

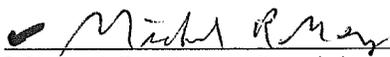
20. On that same day, after leaving the store, FRIED (along with two other individuals) drove to a Wells Fargo bank in North Miami Beach, FL. At the bank, FBI agents approached FRIED and FRIED agreed to talk with agents. FRIED had \$5,550 on his person and checks 4 and 11 from the above list. FRIED advised agents that the rest of the money from the checks was in the vehicle with another individual. Agents recovered an additional \$5,600 from an individual in the vehicle. FRIED explained that the checks and money came from W.J.

21. On March 20, 2012, FRIED dictated a statement to the agents about his involvement in the tax refund fraud scheme. Among other things, FRIED admitted (a) that he knew the tax refund checks had been fraudulently obtained; (b) that he had received approximately sixty percent of face value for the checks he had provided to the CS; (c) that he had gone to the store to pick up the money for the checks; and (d) that he knew what he was doing was wrong and a crime. FRIED then signed this statement.

22. Based on the foregoing facts and circumstances, and your Affiant's training, knowledge and expertise, there is probable cause to believe that FRIED:

- (1) Did knowingly steal, embezzle, purloin, and convert to his own use, money of the United States, and a department and agency thereof, the aggregate to which exceeded \$1,000, that is, United States Department of Treasury tax refund checks, in violation of Title 18, United States Code, Section 641, on February 23, 2012; and
- (2) Did knowingly possess with intent to use and transfer unlawfully five or more identification documents, that is eleven (11) Florida driver's licenses, in violation of Title 18, United States Code, Sections 1028(a)(3) and 2, on March 14, 2012.

FURTHER YOUR AFFIANT SAYETH NAUGHT.


Michael R. Meyer, Special Agent
Federal Bureau of Investigation

Sworn to before me this
1st day of May 2012


ROBERT L. DUBÉ
UNITED STATES MAGISTRATE JUDGE