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CENTRAL DISTRICT OF CALIFORNIA
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UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

October 2025 Grand Jury

UNITED STATES OF AMERICA, Plaintiff, v. LORENA PADILLA, SELINA MEDINA PRECIADO, MELANIE MEDINA, JANINE J. GARCIA, aka "Janette Ortega," SUSANA CARDENAS, CARLOS PADILLA, PABLO ARAQUE, Defendants.	CR 2:25-CR-00931-FWS I N D I C T M E N T [18 U.S.C. § 1349: Wire Fraud Conspiracy; 18 U.S.C. § 1956(h): Money Laundering Conspiracy; 26 U.S.C. § 7202: Failure to Account for and Pay Over Employment Taxes; 18 U.S.C. §§ 981(a)(1)(C), 982(a)(1), 26 U.S.C. §§ 7301, 7302 & 28 U.S.C. § 2461(c): Criminal Forfeiture]

The Grand Jury charges:

COUNT ONE

[18 U.S.C. § 1349]

[ALL DEFENDANTS]

A. INTRODUCTORY ALLEGATIONS

At times relevant to this Indictment:

Relevant Individuals and Entities

1. Platinum Staffing was a corporation with its principal place of business in Montebello, California, which operated as a temporary staffing business between in or around 2010 and in or around 2015.

2. Payroll Staffing Solutions, Inc. ("Payroll Staffing") was a corporation with its principal place of business in the City of Industry, California, which operated as a temporary staffing business between in or around 2015 and in or around 2017.

3. Three Star Global, Inc. ("Three Star") was a corporation with its principal place of business in Corona, California, which operated as a temporary staffing business between in or around 2017 and in or around 2019.

4. Next Level Staffing ("Next Level") was a corporation with its principal place of business in Maywood, California, which operated as a temporary staffing business from in or around 2019 through the return of this indictment.

5. Next Level, Three Star, Payroll Staffing, and Platinum Staffing (collectively, the "Staffing Companies") provided workers and human resources services to client businesses in various industries in the Central District of California and elsewhere. For all temporary workers staffed with clients, each of the Staffing Companies claimed to provide the following services, among others: 1) payroll tracking; 2) paycheck preparation and distribution services; 3) the withholding and payment of payroll taxes to federal and state tax authorities; 4) the preparation and filing of quarterly federal employment tax returns; and 5) the maintenance of valid workers' compensation insurance.

6. Company 1 was a professional employer organization ("PEO") based in Fresno, California. Client businesses generally hired PEOs to handle human resources, payroll, benefits, and tax administration for covered employees of the clients. Unlike staffing companies, PEOs did not typically provide workers to their clients, but instead served as the employer of record (for tax filing purposes) for the clients' covered employees.

7. Defendant LORENA PADILLA, a resident of Los Angeles County, was the primary decisionmaker for the Staffing Companies and exercised control over their operations.

8. Defendant SELINA MEDINA PRECIADO was defendant PADILLA'S daughter and an employee of Next Level who exercised control over the company's operations. Defendant PRECIADO resided variously in Riverside and Los Angeles Counties.

9. Defendant MELANIE MEDINA was defendant PADILLA'S daughter and an employee of Next Level who exercised control over the company's operations. Defendant MEDINA resided variously in Riverside, Los Angeles, and Orange Counties.

10. Defendant JANINE GARCIA, also known as "Janette Ortega," a resident of Los Angeles County, worked for defendant PADILLA at each of the Staffing Companies and was the district manager for Next Level.

11. Defendant SUSANA CARDENAS, a resident of Los Angeles County, worked for defendant PADILLA at each of the Staffing Companies and was the payroll manager for Next Level.

12. Defendant CARLOS PADILLA ("CARLOS PADILLA") was defendant PADILLA's brother and worked for defendant PADILLA at Payroll

Staffing, Three Star, and Next Level. Defendant CARLOS PADILLA was a resident of Los Angeles County.

13. Defendant PABLO ARAQUE was a professional tax return preparer and the owner and operator of two tax return preparation businesses, One Stop Tax Consulting and Colima Commerce Network, in Downey, California.

14. The Internal Revenue Service ("IRS") was an agency of the United States Department of the Treasury responsible for administering the tax laws of the United States and collecting taxes owed to the United States.

15. The California Employment Development Department ("EDD") was the California state agency responsible for collecting California employment taxes.

Employment Taxes & Workers' Compensation Insurance

16. Employers were required by federal law to withhold employment taxes from the wages they paid to their employees, including the employees' federal income taxes ("withholding taxes") and Federal Insurance Contribution Act taxes ("FICA taxes"). These withheld employment taxes were commonly referred to as "trust fund taxes." At the same time, employers were also required to pay over the employers' share of the FICA taxes, which was generally in amounts equal to the employees' share.

17. The IRS generally required that an employer report employment taxes on an IRS Form 941 (Employer's Quarterly Federal Tax Return). The IRS Form 941 was generally filed quarterly, one month after the conclusion of each quarter. An employer had to pay over employment taxes to the IRS in full by the due date of the IRS Form 941.

18. Any person having authority to exercise significant control over an employer's financial affairs was deemed responsible for collecting, accounting for, and paying over employment taxes, regardless of whether the individual exercised such control in fact. More than one person might be considered a "responsible person" for the purpose of collecting, accounting for, and paying over employment taxes including trust fund amounts and employers' matching amounts.

19. In California, there were four state payroll taxes imposed in connection with the payment of employee wages: Unemployment Insurance ("UI"), Employment Training Tax ("ETT"), State Disability Insurance ("SDI"), and California Personal Income Tax ("PIT") withholding. California employers paid UI and ETT, while SDI and PIT were imposed on the employee and withheld from employee wages by the employer. California employers generally were required to report their wages paid and applicable payroll taxes incurred by filing Form DE-9 (Quarterly Contribution Return and Report of Wages) with the EDD on a quarterly basis.

20. Under California law, employers were generally required to maintain workers' compensation insurance for their employees. Proof of workers' compensation insurance was generally provided in the form of a "Certificate of Insurance" declaring that the employer had the required insurance coverage.

B. <u>OBJECT OF THE CONSPIRACY</u>

21. Beginning as early as 2012 and continuing until at least September 2024, in Los Angeles County, within the Central District of California, and elsewhere, defendants PADILLA, GARCIA, CARDENAS, and CARLOS PADILLA, conspired with each other, with defendants PRECIADO and MEDINA beginning as early as 2019, with defendant ARAQUE

beginning as early as 2020, and with others known and unknown to the Grand Jury to commit wire fraud, in violation of Title 18, United States Code, Section 1343.

22. Defendants PADILLA, PRECIADO, MEDINA, GARCIA, CARDENAS, CARLOS PADILLA, and ARAQUE (collectively "defendants") sought to defraud both the customers of the Staffing Companies, as well as the IRS and EDD. To secure business for the Staffing Companies, the defendants made false representations to potential customers that the Staffing Companies would handle all employment taxes and would provide workers' compensation insurance on all temporary workers provided by the Staffing Companies. However, the defendants caused the Staffing Companies to continually fail to pay all applicable federal and state employment taxes. Moreover, beginning as early as January 2018 and continuing through at least 2023, the defendants paid workers' compensation insurance premiums on only a small percentage of the Staffing Companies' payroll.

C. MANNER AND MEANS OF THE CONSPIRACY

23. The object of the conspiracy was to be carried out, and was carried out, in substance, as follows:

a. To secure business for the Staffing Companies, defendants PADILLA and GARCIA would falsely represent to potential customers that the Staffing Companies would pay all employment taxes related to wages paid to their temporary workers and would maintain workers' compensation insurance covering all temporary workers.

b. Despite these promises, defendants would instead cause the Staffing Companies to fail to pay the appropriate employment taxes and to fail to maintain workers' compensation insurance for all, or at least the vast majority, of the temporary workers.

c. In particular, although defendants PADILLA, GARCIA, CARDENAS, PRECIADO, MEDINA and CARLOS PADILLA would cause the Staffing Companies to withhold employment taxes from wages paid to the vast majority of the Staffing Companies' employees, defendants PADILLA, GARCIA, CARDENAS, PRECIADO, MEDINA and CARLOS PADILLA would cause the Staffing Companies not to pay these withheld taxes over to the IRS and EDD as required and not to pay the employer portion of FICA, UI, and ETT taxes on the employees' wages. For these employees, defendants PADILLA, GARCIA, CARDENAS, PRECIADO, MEDINA and CARLOS PADILLA would cause the Staffing Companies to generate Forms W-2 but would not file these forms annually with the government, as required.

d. For other employees, defendants PADILLA, GARCIA, CARDENAS, PRECIADO, MEDINA and CARLOS PADILLA would not cause the Staffing Companies to withhold any employment taxes from the employees' wages, effectively paying these employees "under the table," and would not pay the employer portion of FICA, UI, and ETT taxes on the employees' wages.

e. In August 2018, to conceal her control of Next Level, defendant PADILLA would direct another individual, S.R., to execute corporate paperwork listing himself as the owner and chief executive officer of Next Level, even though S.R. exercised no control over the operations of Next Level.

f. To conceal that they were not reporting wage and tax information for the vast majority of Next Level's employees and enable them to continue that scheme without detection, beginning in May 2020, defendants would create "the 32 List," a list of the small portion of Next Level's employees for whom taxes would be withheld and relevant wage and tax information reported to the IRS and EDD using a payroll processing service (the "payroll processor").

g. Defendants CARLOS PADILLA and CARDENAS would be responsible for maintaining the 32 List. Defendant CARDENAS, acting at the direction of defendants PADILLA, GARCIA, PRECIADO, and MEDINA, would instruct defendant CARLOS PADILLA to add or remove specific employees from the 32 List. Every week, defendant CARLOS PADILLA would prepare the wage and hour information for the 32 List for defendant CARDENAS, who would then, using interstate wires, provide that information to defendant ARAQUE to provide to the payroll processor.

h. After receiving the 32 List information, defendant ARAQUE would submit the wage and hour information for that limited portion of Next Level's employees to the payroll processor, as though those were all of Next Level's employees. Defendants would thereby cause the payroll processor to prepare and file quarterly federal employment tax returns (IRS Forms 941) and California quarterly employment tax returns (EDD Forms DE-9) on behalf of Next Level that significantly understated the wages paid and applicable employment taxes due for Next Level.

i. During the years 2020 to 2025, defendants would cause the payroll processor to submit, by interstate wires to the IRS, the following false Forms 941, which returns collectively understated the federal employment taxes due and owing from Next Level by over $44,000,000:

Calendar Quarter Ending	**Approximate Filing Date**
June 30, 2020	July 24, 2020
September 30, 2020	October 27, 2020
December 31, 2020	January 16, 2021
March 31, 2021	April 28, 2021

Calendar Quarter Ending	**Approximate Filing Date**
June 30, 2021	July 28, 2021
September 30, 2021	October 26, 2021
December 31, 2021	January 27, 2022
March 31, 2022	April 27, 2022
June 30, 2022	July 27, 2022
September 30, 2022	October 27, 2022
December 31, 2022	January 28, 2023
March 31, 2023	April 29, 2023
June 30, 2023	July 28, 2023
September 30, 2023	October 27, 2023
December 31, 2023	January 28, 2024
March 31, 2024	April 27, 2024
June 30, 2024	July 27, 2024
September 30, 2024	October 27, 2024
December 31, 2024	January 29, 2025

j. From 2020 through 2024, defendants would cause the payroll processor to submit to the EDD the following false Forms DE-9, which returns understated the California employment taxes due and owing from Next Level:

Calendar Quarter Ending	**Approximate Filing Date**
June 30, 2020	July 24, 2020
September 30, 2020	October 27, 2020
December 31, 2020	January 27, 2021
March 31, 2021	April 28, 2021
June 30, 2021	July 27, 2021
September 30, 2021	October 27, 2021
December 31, 2021	January 26, 2022
March 31, 2022	April 27, 2022
June 30, 2022	July 27, 2022
September 30, 2022	October 25, 2022
December 31, 2022	January 23, 2023
March 31, 2023	April 24, 2023
June 30, 2023	July 25, 2023
September 30, 2023	October 23, 2023
December 31, 2023	January 22, 2024
March 31, 2024	April 22, 2024
June 30, 2024	July 22, 2024
September 30, 2024	October 21, 2024

k. To conceal their failure to report employee wages and taxes and pay employment taxes, defendants PADILLA, GARCIA, MEDINA, and PRECIADO would cause Next Level to hire as temporary workers large numbers of individuals present in the United States without legal status, who defendants anticipated would be less likely to file federal income tax returns with the IRS reporting wages received by Next Level and thus be less likely to alert the IRS to Next Level's ongoing failure to account for and pay over employment taxes.

l. Additionally, in order to conceal and continue their scheme, Next Level would pay employees who complained that they were unable to obtain their federal income tax refund due to Next Level's failure to report their wages to the IRS. In such cases, defendant GARCIA would generally provide defendant ARAQUE with tax records or correspondence obtained from the complaining employee. Defendant ARAQUE would confirm the refund amount the employee was entitled to based on the wages paid to them by Next Level. Defendant GARCIA would then direct defendant CARDENAS to issue a substitute refund check to the employee for the amount determined by defendant ARAQUE. Thereafter, defendants CARDENAS and CARLOS PADILLA would include the employee on the 32 List and would report the employee's wage and hour information to defendant ARAQUE each pay period.

m. To further conceal Next Level's unreported employee wages, and its accrual of unpaid employment tax liabilities, defendant PADILLA would deliberately fail to file federal corporate income tax returns for Next Level. Had Next Level filed accurate federal income tax returns, Next Level would have needed to report gross revenues, employee wages, and accrued payroll tax liabilities substantially at odds with the false Forms 941 filed by the company, thereby alerting the IRS to Next Level's ongoing fraud.

n. Defendants also caused the Staffing Companies to fail to obtain and maintain workers' compensation insurance, despite promising to their customers that they would do so. Beginning as early as January 2018, defendant PADILLA would cause Three Star to enter into a service agreement with Company 1 for professional employer services that would enable Three Star to maintain the illusion that it had obtained and maintained workers' compensation insurance coverage for all of its employees, as it had promised to its clients. After entering into the abovementioned agreement, defendants PADILLA and GARCIA would obtain Certificates of Insurance from Company 1, which they would provide, or cause to be provided, to Three Star's customers as evidence that the Three Star employees temporarily staffed with the customers were covered by workers' compensation insurance. However, defendants PADILLA and GARCIA would cause only a small portion of Three Star's employees to be processed through Company 1, leaving the majority of Three Star's employees uncovered by any valid workers' compensation insurance policy.

o. In February 2019, defendant PADILLA would cause Next Level to enter into a service agreement with Company 1 for professional employer services on terms substantially similar to those memorialized in Company 1's prior agreement with Three Star. Thereafter, defendants PADILLA and GARCIA would provide Certificates of Insurance to Next Level customers as evidence that the temporary workers staffed with the customers were covered by workers' compensation insurance, when, in fact, defendants PADILLA and GARCIA would cause Next Level to process only a small percentage of its employees through Company 1, leaving the vast majority of Next Level's employees uncovered by any valid workers' compensation insurance policy.

p. Between 2020 and 2024, defendants PADILLA, GARCIA, CARDENAS, MEDINA, and PRECIADO would prevent Next Level from being able to pay its applicable employment tax obligations by diverting, and causing to be diverted, funds from Next Level's bank accounts, through the use of interstate wires, to pay for personal expenses and purchases for defendants and their family members. Defendants PADILLA, PRECIADO, and MEDINA concealed their receipt of diverted funds by filing with the IRS false individual personal income tax returns that omitted the income they each received via funds diverted from Next Level's bank accounts.

D. TAX LOSSES ATTRIBUTABLE TO DEFENDANTS' CONDUCT

24. Between January 2012 and September 2024, defendants caused the Staffing Companies to fail to pay employment taxes due and owing of over $90,000,000.

E. OVERT ACTS

25. In furtherance of the conspiracy and to accomplish its object, defendants and others known and unknown to the Grand Jury, on or about the dates set forth below, committed and caused to be committed the following overt acts, among others, in the Central District of California and elsewhere:

False Representations to Clients

Overt Act No. 1: On September 19, 2013, defendant PADILLA provided Client 1 with a written staffing proposal in which Platinum Staffing represented that it would provide Client 1 with staffing services in exchange for a fee equal to the gross wages of any temporary workers staffed with Client 1, plus a markup of 22%. In the written staffing proposal, Platinum Staffing falsely represented that "[a]ll bill rates include statutory Federal and State Employer taxes [and] workers' compensation insurance…"

Overt Act No. 2: On September 26, 2016, defendant GARCIA provided Client 1 with a written staffing proposal in which Payroll Staffing represented that it would provide Client 1 with staffing services in exchange for a fee equal to the gross wages of any temporary workers staffed with Client 1, plus a markup of 22%. In the written staffing proposal, Payroll Staffing falsely represented that "[a]ll bill rates include statutory Federal and State Employer taxes [and] workers' compensation insurance…"

Overt Act No. 3: On March 4, 2019, defendant GARCIA provided Client 2 with a written staffing proposal in which Next Level represented that it would provide Client 2 with staffing services in exchange for a fee equal to the gross wages of any temporary workers staffed with Client 2, plus a markup of between 18% and 23%. In the materials, Next Level falsely represented that "[a]ll bill rates include statutory Federal and State Employer taxes [and] workers' compensation insurance…"

Overt Act No. 4: On March 8, 2019, defendant GARCIA provided Client 3 with a Certificate of Insurance representing Next Level had a valid workers' compensation insurance policy for temporary workers staffed with Client 3.

Overt Act No. 5: On January 24, 2020, defendant PADILLA provided Client 4 with a written staffing proposal in which Next Level represented that it would provide Client 4 with staffing services in exchange for a fee equal to the gross wages of any temporary workers staffed with Client 4, plus a markup of between 28% and 30%. In the materials, Next Level falsely represented that "[a]ll bill rates include statutory Federal and State Employer taxes [and] workers' compensation insurance…"

Overt Act No. 6: On January 28, 2020, defendant GARCIA, cc'ing defendant PADILLA, emailed a Certificate of Insurance to Client 3 representing Next Level had a valid workers' compensation insurance policy for temporary workers staffed with Client 3.

Overt Act No. 7: On October 6, 2021, defendant GARCIA provided Client 3 with a Certificate of Insurance representing Next Level had a valid workers' compensation insurance policy for temporary workers staffed with Client 3.

Overt Act No. 8: On November 11, 2021, defendant GARCIA provided Client 5 with a Certificate of Insurance representing Next Level had a valid workers' compensation insurance policy for temporary workers staffed with Client 5.

Overt Act No. 9: On October 27, 2023, defendant GARCIA provided Client 3 with a Certificate of Insurance representing Next Level had a valid workers' compensation insurance policy for temporary workers staffed with Client 3.

Overt Act No. 10: On April 15, 2024, defendant GARCIA provided Client 4 Certificates of Insurance for 2023 and 2024, representing Next Level had a valid workers' compensation insurance policy for temporary workers staffed with Client 4.

Overt Act No. 11: On November 13, 2024, defendant GARCIA provided Client 3 with a Certificate of Insurance representing Next Level had a valid workers' compensation insurance policy for temporary workers staffed with Client 3.

Defendant MEDINA Directs Defendant CARDENAS Not To Withhold Taxes

Overt Act No. 12: On December 23, 2020, defendant MEDINA sent an email to defendant CARDENAS instructing defendant CARDENAS to "not deduct from [M.V.]"

Overt Act No. 13: On December 24, 2020, defendant CARDENAS sent a reply email to defendant MEDINA stating "[t]hank you. I will set [M.V.] up in payroll with no deductions."

Overt Act No. 14: On January 26, 2021, defendant MEDINA sent an email to defendant CARDENAS instructing defendant CARDENAS to cease withholding taxes from paychecks issued to Next Level employee R.G.

Omission of Wage and Hour Information in Submissions to Defendant ARAQUE for the Payroll Processor

Overt Act No. 15: On May 29, 2020, defendant CARDENAS sent an email to defendant ARAQUE containing Next Level employee wage and hour information for the weekly pay period ending May 24, 2020, but omitted the wage and hour information for the vast majority of Next Level employees employed during that period.

Overt Act No. 16: On September 18, 2020, defendant CARDENAS sent an email to defendant ARAQUE containing Next Level employee wage and hour information for the weekly pay period ending September 13, 2020, but omitted the wage and hour information for the vast majority of Next Level employees employed during that period.

Overt Act No. 17: On December 30, 2020, defendant CARDENAS sent an email to defendant ARAQUE containing Next Level employee wage and hour information for the weekly pay period ending December 20, 2020, but omitted the wage and hour information for the vast majority of Next Level employees employed during that period.

Overt Act No. 18: On September 8, 2021, defendant CARDENAS sent an email to defendant ARAQUE containing Next Level employee wage and hour information for the weekly pay period ending August 29, 2021, but omitted the wage and hour information for the vast majority of Next Level employees employed during that period.

Overt Act No. 19: On October 5, 2022, defendant CARDENAS sent an email to defendant ARAQUE containing Next Level employee wage and hour information for the weekly pay period ending September 30, 2022, but omitted the wage and hour information for the vast majority of Next Level employees employed during that period.

Overt Act No. 20: On November 14, 2023, defendant CARDENAS sent an email to defendant ARAQUE containing Next Level employee wage and hour information for the weekly pay period ending November 10, 2023, but omitted the wage and hour information for the vast majority of Next Level employees employed during that period.

Overt Act No. 21: On January 11, 2024, defendant CARLOS PADILLA sent an email to defendant ARAQUE containing Next Level employee wage and hour information for the weekly pay period ending January 5, 2024, but omitted the wage and hour information for the vast majority of Next Level employees employed during that period.

Overt Act No. 22: On January 18, 2024, defendant CARLOS PADILLA sent an email to defendant ARAQUE containing Next Level employee wage and hour information for the weekly pay period ending January 12, 2024, but omitted the wage and hour information for the vast majority of Next Level employees employed during that period.

Overt Act No. 23: On February 5, 2024, defendant CARDENAS sent an email to defendant ARAQUE containing Next Level employee wage and hour information for the weekly pay period ending January 26, 2024, but omitted the wage and hour information for the vast majority of Next Level employees employed during that period.

Overt Act No. 24: On February 9, 2024, defendant CARDENAS sent an email to defendant ARAQUE containing Next Level employee wage and hour information for the weekly pay period ending February 2, 2024, but omitted the wage and hour information for the vast majority of Next Level employees employed during that period.

Substitute Refund Payments to Next Level Employees

Overt Act No. 25: On April 20, 2022, defendant PRECIADO directed defendant CARDENAS to issue a check to A.A., a Next Level employee whose claimed federal income tax refund for the 2020 calendar year had been denied by the IRS based on Next Level's failure to report A.A.'s wages and income tax withholdings.

Overt Act No. 26: On April 20, 2022, defendant CARDENAS issued a check in the amount of $7,824 drawn on a Next Level corporate bank account and made payable to A.A.

Overt Act No. 27: On January 17, 2024, defendant GARCIA emailed defendant ARAQUE information regarding N.G., a Next Level employee whose claimed federal income tax refund for the 2022 calendar year had been denied by the IRS based on Next Level's failure to report N.G.'s wages and income tax withholdings. In the email, defendant GARCIA asked defendant ARAQUE, "Can you please review and let me know what amount she should get?"

Overt Act No. 28: On January 17, 2024, defendant ARAQUE emailed defendant GARCIA a response to the email described in Overt Act 27, stating, "[N.G. is] supposed to get $6685."

Overt Act No. 29: On January 25, 2024, defendant CARDENAS issued a check in the amount of $6,685 drawn on a Next Level corporate bank account and made payable to N.G.

Overt Act No. 30: On January 25, 2024, defendant GARCIA emailed defendant ARAQUE information regarding L.S., a temporary worker employed by Next Level, whose claimed federal income tax refund for the 2019 calendar year had been denied by the IRS based on Next Level's failure to report L.S.'s wages and income tax withholdings.

Overt Act No. 31: On January 25, 2024, defendant ARAQUE emailed defendant GARCIA a response to the email described in Overt Act 30, stating, "[L.S.] should receive $4279."

Overt Act No. 32: On January 26, 2024, defendant CARDENAS issued a check in the amount of $4,279 drawn on a Next Level corporate bank account and made payable to L.S.

COUNT TWO

[18 U.S.C. § 1956(h)]

[DEFENDANTS PADILLA, PRECIADO, MEDINA, GARCIA, AND CARDENAS]

26. The Grand Jury realleges paragraphs 1 through 20 and 23 of this Indictment here.

A. INTRODUCTORY ALLEGATIONS

27. On June 26, 2020, defendants PADILLA and PRECIADO caused Empire Employment Solutions, Inc. ("Empire Employment"), which defendant PADILLA had caused to be incorporated in August 2019, to open a business checking account with Chase Bank with an account number ending 5038 (the "Empire Employment Chase Account"). The signatories on the Empire Employment Chase Account were defendant PRECIADO and A.F.O.G., the son of defendant PADILLA's husband.

B. OBJECT OF THE CONSPIRACY

28. Beginning no later than in or around February 2019 and continuing through in or around March 2025, in Los Angeles County, within the Central District of California, and elsewhere, defendants PADILLA, PRECIADO, MEDINA, GARCIA, and CARDENAS conspired with each other and others known and unknown to the Grand Jury, knowing that the property involved represented the proceeds of some form of unlawful activity, to knowingly engage in monetary transactions in criminally derived property of a value greater than $10,000, such property having been derived from specified unlawful activity, namely, wire fraud, in violation of Title 18, United States Code, Section 1343, in violation of Title 18, United States Code, Section 1957.

C. MANNER AND MEANS OF THE CONSPIRACY

29. The object of the conspiracy was to be carried out, and was carried out, in substance, as follows:

a. As described in paragraph 23 of this Indictment, defendants PADILLA and GARCIA would secure business for Next Level by falsely representing to Next Level's customers: 1) that Next Level would pay all applicable employment taxes associated with wages paid to Next Level's temporary workers; and 2) that Next Level would maintain workers' compensation insurance on temporary workers staffed with Next Level's customers. However, defendants PADILLA, GARCIA, CARDENAS, PRECIADO, and MEDINA would cause Next Level to: 1) not pay applicable employment taxes on the majority of Next Level's employee wages; 2) not maintain workers' compensation insurance on the majority of Next Level's employees; and 3) file and caused to be filed false federal and California state employment tax returns omitting the majority of Next Level's employee wages.

b. Defendants PADILLA, GARCIA, CARDENAS, PRECIADO, and MEDINA, together with others known and unknown to the Grand Jury, would spend the proceeds of their fraud, distributed from Next Level bank accounts, including via monetary transactions of a value greater than $10,000, for their own personal benefit and for the benefit of others, including purchases of real estate and luxury automobiles, and the payment of credit card bills.

c. Between 2020 and 2024, defendants PADILLA, MEDINA, and PRECIADO used, and caused to be used, funds from Next Level's bank accounts to pay for the following personal expenses and purchases, amongst others:

i. A rental property located in Ontario, California, purchased on November 10, 2020, for approximately $465,000;

ii. A 2021 Lamborghini Urus purchased for defendant PRECIADO, on December 16, 2020, for approximately $278,578;

iii. A rental property located in Corona, California, purchased on December 24, 2020, for approximately $700,000;

iv. A family vacation to Hawaii, in June 2021, costing over $42,000 in hotel and airfare expenses;

v. A ranch property in Riverside, California, purchased in June 2021, for approximately $3,000,000;

vi. Musical acts to perform at a joint birthday party, in or around October 2021, for defendants PRECIADO and MEDINA, for $475,000;

vii. A family vacation to Aspen, Colorado, in December 2021, costing over $43,000 in hotel expenses;

viii. A residential property in Whittier, California, purchased for defendant PRECIADO, in January 2022, for approximately $2,500,000.

ix. A $150,000 downpayment on a 2021 Mercedes Benz G63 AMG sport utility vehicle, purchased for defendant MEDINA, on February 19, 2022, for approximately $341,671;

x. A residential property in Yorba Linda, California, purchased for defendant MEDINA in April 2022 for approximately $3,500,000;

xi. A vacation to Paris, France, in April 2022, costing over $300,000 in airfare, hotel, and shopping expenses;

xii. A vacation to Dubai, United Arab Emirates, in December 2022, costing over $220,000 in airfare, hotel, and shopping expenses;

xiii. A $261,737 downpayment on a 2022 Lamborghini Huracan, purchased by defendant MEDINA, on May 13, 2023, for approximately $525,195;

xiv. A vacation to Tokyo, Japan, in July 2023, costing over $130,000 in airfare and hotel expenses;

xv. A 2024 Rolls Royce Cullinan purchased by defendant PRECIADO on August 30, 2023, for approximately $611,470;

xvi. A vacation to Aspen, Colorado, in January 2024, costing over $48,000 in airfare, hotels, and shopping expenses; and

xvii. A vacation to Italy, in July 2024, costing over $123,000 in airfare, hotels, and shopping expenses.

D. OVERT ACTS

30. In furtherance of the conspiracy and to accomplish its object, defendants PADILLA, PRECIADO, MEDINA, GARCIA, and CARDENAS, and others known and unknown to the Grand Jury, on or about the dates set forth below, committed and caused to be committed the following overt acts, among others, in the Central District of California and elsewhere:

Overt Act No. 1: On June 14, 2021, defendants PADILLA, MEDINA, and PRECIADO caused $2,989,655 in funds traceable to Next Level bank accounts to be transferred from the Empire Employment Chase Account as part of the purchase of a ranch property in Riverside, California, that was subsequently placed in defendant PRECIADO's name ("the Riverside Property").

Overt Act No. 2: On December 30, 2021, defendant CARDENAS, acting at the direction of defendant PRECIADO, emailed defendant PRECIADO a PDF file containing two checks, each in the amount of $1,000,000, and one check in the amount of $500,000, to be issued from an account held in the name of Next Level with Bank of the West with the account number ending 4761 ("Next Level BOW Account 4761"), made payable to Empire Employment Solutions ("the 12/30/21 checks").

Overt Act No. 3: On December 31, 2022, defendant PRECIADO deposited two of the 12/30/21 checks, each in the amount of $1,000,000, into the Empire Employment Chase Account.

Overt Act No. 4: On January 3, 2022, defendant PRECIADO deposited the last of the 12/30/21 checks, in the amount of $500,000, into the Empire Employment Chase Account.

Overt Act No. 5: On January 12, 2022, defendants PADILLA and PRECIADO caused $2,427,441.97 to be transferred from the Empire Employment Chase Account as part of the purchase of a residential property located in Whittier, California, that was subsequently placed in defendant PRECIADO's name (the "Whittier Property").

Overt Act No. 6: On March 15, 2022, defendant CARDENAS, acting at the direction of defendant PRECIADO, caused a $500,000 check to be issued from Next Level BOW Account #4761, made payable to Empire Employment Solutions (the "3/15/22 check").

Overt Act No. 7: On March 17, 2022, defendant PRECIADO deposited the 3/15/22 check into the Empire Employment Chase Account.

Overt Act No. 8: On March 24, 2022, defendant MEDINA caused $3,000,000 in funds traceable to Next Level to be withdrawn from the Empire Employment Chase Account and deposited into an account held in the name of defendant MEDINA with Chase bank.

Overt Act No. 9: On March 31, 2022, defendant MEDINA wired $3,406,004.47 in funds traceable to Next Level to be wired from an account held in the name of defendant MEDINA to an escrow account as part of the purchase of a residential real property located in Yorba

Linda, California (the "Yorba Linda Property"), and purchased in the name of defendant MEDINA.

Overt Act No. 10: On November 11, 2023, defendant GARCIA opened an American Express credit card in defendant GARCIA's name with the account number ending 01006 and added defendant PADILLA as a cardholder on the same account.

Overt Act No. 11: On September 30, 2024, defendant PRECIADO caused $1,715,958.73 to be transferred from a checking account held in the name of Next Level with Pacific Premiere Bank, with the account number ending 0587, to a checking account with Pacific Premiere Bank, with the account number ending 4332, held in the name of LMS Events LLC, a corporation defendant PRECIADO had recently formed.

Overt Act No. 12: On September 30, 2024, defendant PRECIADO caused $2,266,585.58 to be transferred from a checking account held in the name of Next Level with Pacific Premiere Bank, with the account number ending 0722 ("Next Level Pacific Premiere Account 0722") into an account held in the name of LMS Events LLC with Pacific Premiere Bank with the account number ending 5150.

Overt Act No. 13: On September 30, 2024, defendant PRECIADO caused $2,331,113.50 to be transferred from the Next Level Pacific Premiere Account 0722 into an account held in the name of LMS Events LLC with Pacific Premiere Bank with the account number ending 5142.

COUNTS THREE THROUGH EIGHT

[26 U.S.C. § 7202]

[DEFENDANTS PADILLA, PRECIADO, AND MEDINA]

31. The Grand Jury realleges 1 through 5, 7 through 9, and 14 of this Indictment here.

32. At all relevant times:

a. Defendants PADILLA, PRECIADO, and MEDINA exercised control over Next Level's financial affairs by, among other acts, approving payments, directing the distribution of funds from corporate accounts, and wielding decisionmaking authority over the use of corporate assets. Thus, defendants PADILLA, PRECIADO, and MEDINA were each responsible for collecting trust fund taxes and accounting for the employment taxes.

b. Defendants PADILLA, PRECIADO, and MEDINA were each persons required to collect, account for on quarterly Forms 941, and pay over to the IRS on behalf of Next Level, Income, Social Security, and Medicare taxes imposed on Next Level's employees by the Internal Revenue Code.

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33. For each of the calendar quarters listed below, in Los Angeles County, within the Central District of California, and elsewhere, defendants PADILLA, PRECIADO, and MEDINA willfully failed and willfully caused Next Level to fail to truthfully account for and pay over the trust fund taxes due and owing to the IRS for Next Level employees by the dates set forth below, for each of the following calendar year quarters.

Count	**Calendar Quarter Ending**	**Due Date of Form 941**
3	March 31, 2023	April 30, 2023
4	June 30, 2023	July 31, 2023
5	September 30, 2023	October 31, 2023
6	December 31, 2023	January 31, 2023
7	March 31, 2024	April 30, 2024
8	June 30, 2024	July 31, 2024

FORFEITURE ALLEGATION ONE

[18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c)]

1. Pursuant to Rule 32.2 of the Federal Rules of Criminal Procedure, notice is hereby given that the United States of America will seek forfeiture as part of any sentence, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), in the event of any defendant's conviction of the offenses set forth in Count One of this Indictment.

2. Any defendant so convicted shall forfeit to the United States of America the following:

(a) All right, title, and interest in any and all property, real or personal, constituting, or derived from, any proceeds traceable to the offenses, including but not limited to:

(i) The real property located at 21667 Casino Ridge Road, Yorba Linda, Orange County, California 92887, more particularly identified at Assessor's Parcel 326-193-48;

(ii) The real property located at 19222 Parker Circle, Villa Park, California 92861, more particularly identified at Assessor's Parcel Number 370-021-21;

(iii) The real property located at 16012 Aurora Crest Drive, Whittier, California 90605, more particularly identified at Assessor's Parcel Number 8291-039-022;

(iv) The real property located at 905 North El Dorado Avenue, Ontario, California 91764, more particularly identified at Assessor's Parcel Number 0110-201-19-0-000;

(v) The real property located at 7074 Dove Valley Way, Eastvale, California 62880, more particularly identified at Assessor's Parcel Number 152-310-003;

(vi) The real property located at 18780 Markham Street, Riverside, California 92508, more particularly identified at Assessor's Parcel Number 267-210-008; and

(b) To the extent such property is not available for forfeiture, a sum of money equal to the total value of the property described in subparagraph (a).

3. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), the defendant, if so convicted, shall forfeit substitute property, up to the value of the property described in the preceding paragraph if, as the result of any act or omission of the defendant, the property described in the preceding paragraph or any portion thereof (a) cannot be located upon the exercise of due diligence; (b) has been transferred, sold to, or deposited with a third party; (c) has been placed beyond the jurisdiction of the court; (d) has been substantially diminished in value; or (e) has been commingled with other property that cannot be divided without difficulty.

FORFEITURE ALLEGATION TWO

[18 U.S.C. § 982]

1. Pursuant to Rule 32.2(a) of the Federal Rules of Criminal Procedure, notice is hereby given that the United States will seek forfeiture as part of any sentence, pursuant to Title 18, United States Code, Section 982(a)(1), in the event of any defendant's conviction of the offenses set forth in Count Two of this Indictment.

2. Any defendant so convicted shall forfeit to the United States of America the following:

(a) Any property, real or personal, involved in such offense, and any property traceable to such property, including but not limited to:

(i) The real property located at 21667 Casino Ridge Road, Yorba Linda, Orange County, California 92887, more particularly identified at Assessor's Parcel 326-193-48;

(ii) The real property located at 19222 Parker Circle, Villa Park, California 92861, more particularly identified at Assessor's Parcel Number 370-021-21;

(iii) The real property located at 16012 Aurora Crest Drive, Whittier, California 90605, more particularly identified at Assessor's Parcel Number 8291-039-022;

(iv) The real property located at 905 North El Dorado Avenue, Ontario, California 91764, more particularly identified at Assessor's Parcel Number 0110-201-19-0-000;

(v) The real property located at 7074 Dove Valley Way, Eastvale, California 62880, more particularly identified at Assessor's Parcel Number 152-310-003;

(vi) The real property located at 18780 Markham Street, Riverside, California 92508, more particularly identified at Assessor's Parcel Number 267-210-008; and

(b) To the extent such property is not available for forfeiture, a sum of money equal to the total value of the property described in subparagraph (a).

3. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1), and Title 18, United States Code, Section 982(b)(2), the defendant, if so convicted, shall forfeit substitute property, if, by any act or omission of the defendant, the property described in the preceding paragraph, or any portion thereof: (a) cannot be located upon the exercise of due diligence; (b) has been transferred, sold to, or deposited with a third party; (c) has been placed beyond the jurisdiction of the court; (d) has been substantially diminished in value; or (e) has been commingled with other property that cannot be divided without difficulty. Substitution of assets shall not be ordered, however, where the convicted defendant acted merely as an intermediary who handled but did not retain the property in the course of the money laundering offense unless the defendant, in committing the offense or offenses giving rise to the forfeiture, conducted three or more separate transactions involving a total of $100,000.00 or more in any twelve-month period.

FORFEITURE ALLEGATION THREE

[26 U.S.C. §§ 7301, 7302, and 28 U.S.C. § 2461(c)]

1. Pursuant to Rule 32.2(a) of the Federal Rules of Criminal Procedure, notice is hereby given that the United States of America will seek forfeiture as part of any sentence, pursuant to Title 26, United States Code, Sections 7301 and 7302, and Title 28, United States Code, Section 2461(c), in the event of any defendant's conviction of the offenses set forth in any of Counts Three through Eight of this Indictment.

2. Any defendant so convicted, shall forfeit to the United States of America the following:

(a) Any property sold or removed by the defendant in fraud of the internal revenue laws, or with design to avoid payment of such tax, or which was removed, deposited, or concealed, with intent to defraud the United States of such tax or any part thereof, including but not limited to:

(i) The real property located at 21667 Casino Ridge Road, Yorba Linda, Orange County, California 92887, more particularly identified at Assessor's Parcel 326-193-48;

(ii) The real property located at 19222 Parker Circle, Villa Park, California 92861, more particularly identified at Assessor's Parcel Number 370-021-21;

(iii) The real property located at 16012 Aurora Crest Drive, Whittier, California 90605, more particularly identified at Assessor's Parcel Number 8291-039-022;

(iv) The real property located at 905 North El Dorado Avenue, Ontario, California 91764, more particularly identified at Assessor's Parcel Number 0110-201-19-0-000;

(v) The real property located at 7074 Dove Valley Way, Eastvale, California 62880, more particularly identified at Assessor’s Parcel Number 152-310-003; and

(vi) The real property located at 18780 Markham Street, Riverside, California 92508, more particularly identified at Assessor’s Parcel Number 267-210-008;

(b) All property manufactured into property of a kind subject to tax for the purpose of selling such taxable property in fraud of the internal revenue laws, or with design to evade the payment of such tax;

(c) All property whatsoever, in the place or building, or any yard or enclosure, where the property described in subsection (a) or (b) is found, or which is intended to be used in the making of property described in subsection (a), with intent to defraud the United States of tax or any part thereof, on the property described in subsection (a);

(d) All property used as a container for, or which shall have contained, property described in subsection (a) or (b);

(e) Any property (including aircraft, vehicles, vessels, or draft animals) used to transport or for the deposit or concealment of property described in subsection (a) or (b), or any property used to transport or for the deposit or concealment of property which is intended to be used in the making or packaging of property described in subsection (a);

(f) All right, title, and interest in any and all property used or intended to be used to commit any such offense, including but not limited to:

(i) The real property located at 21667 Casino Ridge Road, Yorba Linda, Orange County, California 92887, more particularly identified at Assessor's Parcel 326-193-48;

(ii) The real property located at 19222 Parker Circle, Villa Park, California 92861, more particularly identified at Assessor's Parcel Number 370-021-21;

(iii) The real property located at 16012 Aurora Crest Drive, Whittier, California 90605, more particularly identified at Assessor's Parcel Number 8291-039-022;

(iv) The real property located at 905 North El Dorado Avenue, Ontario, California 91764, more particularly identified at Assessor's Parcel Number 0110-201-19-0-000;

(v) The real property located at 7074 Dove Valley Way, Eastvale, California 62880, more particularly identified at Assessor's Parcel Number 152-310-003;

(vi) The real property located at 18780 Markham Street, Riverside, California 92508, more particularly identified at Assessor's Parcel Number 267-210-008; and

(g) To the extent that such property is not available for forfeiture, a sum of money equal to the total value of the property described in this paragraph.

3. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), the defendant, if so convicted, shall forfeit substitute property, up to the total value of the property described in the preceding paragraph if, as the result of any act or omission of the defendant, the property described in the preceding paragraph, or any portion thereof (a) cannot be located upon the exercise of due diligence; (b) has

been transferred, sold to or deposited with a third party; (c) has been placed beyond the jurisdiction of the court; (d) has been substantially diminished in value; or (e) has been commingled with other property that cannot be divided without difficulty.

A TRUE BILL

/S/
Foreperson

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