

AO 91 (Rev. 11/11) Criminal Complaint

UNITED STATES DISTRICT COURT

for the

Eastern District of Louisiana

ORIGINAL

United States of America)

v.)

RYAN S. CORTEZ)

Case No.)

18-139 MAG)

Defendant(s)

CRIMINAL COMPLAINT

I, the complainant in this case, state that the following is true to the best of my knowledge and belief.

On or about the date(s) of time unknown through present in the county of Jefferson and elsewhere in the Eastern District of Louisiana, the defendant(s) violated:

<i>Code Section</i>	<i>Offense Description</i>
18 USC § 1711	Misappropriation of Postal funds

This criminal complaint is based on these facts:

Continued on the attached sheet

Continued on the attached sheet.

William P. Kuhn

Complainant's signature

William P. Kuhn, Jr. / USPS-OIG Special Agent

Printed name and title

Sworn to before me and signed in my presence.

Date: 10/10/18

Daniel E. Knowles

Judge's signature

City and state: New Orleans, LA

Daniel E. Knowles, III, U.S. Magistrate Judge

Printed name and title

F20
 Processed by eec/USM
 DKtd
 CIRMDop
 Doc. No.

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA**

UNITED STATES OF AMERICA * **CASE NO. 18-139**
v. * **SECTION: MAG**
RYAN S. CORTEZ *
* * *

AFFIDAVIT IN SUPPORT OF REQUEST FOR A COMPLAINT

I, William P. Kuhn, Jr., being first duly sworn, depose and state the following:

INTRODUCTION

1. I have been employed as a Special Agent with the United States Postal Service (“USPS”), Office of Inspector General (“OIG”), for about 8 years. I am currently assigned to the New Orleans, LA office, and have participated in and conducted investigations involving violations of federal criminal laws. Prior to being employed with the OIG as a Special Agent, I was a student intern with the USPS OIG from 2006 to 2010. Since 2006, I have participated in investigations involving various crimes against the USPS, and have become familiar with the patterns of activity for individuals committing crimes against the USPS and/or utilizing their employment position within the USPS as a means to gain information, access to goods or items of value, or other instrumentalities which may be utilized to commit/facilitate a fraud scheme. I have conducted federal criminal investigations regarding fraud.
2. As a federal agent, I am authorized to investigate violations of laws of the United States and to execute warrants issued under the authority of the United States.
3. This investigation concerns alleged violations of Title 18, United States Code, Section 1711 - Misappropriation of Postal Funds, which provides, in pertinent part:

Whoever, being a Postal Service officer or employee, loans, uses, pledges, hypothecates, or converts to his own use, or deposits in any bank, or exchanges for other funds or property, except as authorized by law, any money or property coming into his hands or under his control in any manner, in the execution or under color of his office, employment, or service, whether or not the same shall be the money or property of the United States; or fails or refuses to remit to or deposit in the Treasury of the United States or in a designated depository, or to account for or turn over to the proper officer or agent, any such money or property, when required to do so by law or the regulations of the Postal Service, or upon demand or order of the Postal Service, either directly or through a duly authorized officer or agent, is guilty of embezzlement; and every such person, as well as every other person advising or knowingly participating therein, shall be fined under this title or in a sum equal to the amount or value of the money or property embezzled, whichever is greater, or imprisoned not more than ten years, or both.

OVERVIEW AND PURPOSE OF AFFIDAVIT

4. This Affidavit is made in support of a criminal complaint charging **Ryan S. Cortez**, with one count of violating Title 18, United States Code, Section 1711 (Misappropriation of Postal Funds).
5. I am personally familiar with the facts and circumstances surrounding this investigation based on my own involvement in the investigative activities.
6. This affidavit is intended to show only that there is sufficient probable cause that Cortez

violated Title 18, United States Code, Section 1711, and does not set forth all of my knowledge about this matter. The information in this affidavit comes from my personal knowledge, training, and experience, business records of involved entities, and information other individuals have provided to me.

THE INVESTIGATION- FACTUAL BACKGROUND

7. During the course of this investigation, I have learned the following:
8. Ryan S. Cortez (Cortez) is a United States Postal Service employee. Specifically, Cortez is the Manager of Customer Service Operations at the North Kenner Post Office located at 390 W Esplanade Ave, Kenner, LA 70065.
9. Because of Cortez's position, he has a significant amount of access to USPS inventory such as US postage stamps. USPS records indicate Cortez is responsible for ordering stamps from the USPS Stamp Fulfillment Center and has done so on many occasions. According to USPS accounting records, the value of the reserve stamp stock held at the North Kenner Post Office rapidly increased from fluctuating in the \$50,000-\$70,000 range in 2016 to more than \$630,000 on September 19, 2018. This growth of the unit's reserve is inconsistent with normal Post Office operations as it indicates ordering of large volumes of stamps incommensurate with sales of those stamps. Accounting records show Cortez was frequently accountable for his Post Office's reserve stamp stock. Such access would allow theft of this stamp stock. In addition, because of his position as a manager, Cortez could potentially enter data and fraudulent information in account systems without raising suspicion, in an attempt to avoid detection of illicit activity.
10. PayPal records indicate Cortez has sold large quantities of stamps at significantly less than their face value to several individuals. Initially, these stamp sales took place on

eBay, an Internet marketplace, with buyers paying Cortez via PayPal. PayPal disabled Cortez's account due to suspected fraudulent activity in or around May of 2018.

11. Records obtained indicate Cortez was receiving checks for payment from three major sources when PayPal disabled his account. These checks varied in amount, but generally ranged from \$2,000.00 to \$4,900.00. Frequently, the checks listed "Inventory" or "Invoice...Forever Stamps" on the memo line.

12. Between July 2018 and August 2018, Cortez deposited numerous checks like those described above, totaling \$58,730.57, into his Regions Bank account.

During the timeframe noted above, Cortez continued to receive sums of money from the same three sources in the form of check payments. Many of the check deposits indicate the checks were written for payment of stamps based on the notations on the memo line of the check. For example, on about July 10, 2018, Cortez deposited a check into his Regions bank account in the amount of \$3,868.75. The memo line indicates "Invoice 1021 10,000 Forever Stamps." USPS Forever Stamps currently sell for \$.50. Cortez sold 10,000 stamps for \$.38 per stamp.

13. Records obtained indicate Cortez has not utilized his personal funds to purchase large amounts of USPS stamps from the USPS. There is no reasonable explanation as to the origin of the stamps sold by Cortez, other than the stamps were stolen. PayPal records show a pattern of unusual sales activity consistent with sales of stolen postage extending back to 2011.

14. Records obtained indicate Cortez had a very active presence at casinos, including the Harrah's Casino in New Orleans, LA. According to Harrah's Casino records, on some occasions, Cortez appears to structure large dollar amount transactions, potentially to

avoid transaction reporting requirements. This technique is used sometimes by those engaging in illicit money laundering operations.

15. Cortez' gambling activity is inconsistent with his known means and sources of income. According to USPS records, Cortez's annual salary is approximately \$70,818.00. According to casino records, Cortez has lost a large amount of money at Harrah's every year since 2011. In 2017, Harrah's records show Cortez lost \$220,702.00. Since 2011, Harrah's records show Cortez has incurred a net loss of \$667,522.00.
16. Based on my experience, addiction to gambling is often a motive for committing fraud or theft. In 2017, Cortez's gambling losses totaled over three times his USPS salary.
17. Information from the Louisiana Workforce Commission (LWC) revealed that Cortez had no other sources of income.
18. Based on a review of the Louisiana Secretary of State business filing records, Cortez is listed as the treasurer of the Des Allemands Mennonite Church in Des Allemands, LA. Cortez's Regions Bank account activity shows numerous checks deposited into Cortez's bank account from the Des Allemands Mennonite Church and appear to be written and endorsed by Cortez. During the timeframe noted above, Cortez deposited approximately \$9,122.11 from the church's bank account.
19. Shortly after depositing checks like those listed above, Cortez habitually made ATM withdrawals at Harrah's Casino. These withdrawals frequently occur the same day or days following the check deposit.
20. On October 10, 2018, USPS OIG agents interviewed Cortez. During the interview, Cortez admitted to agents he had stolen stamps from the North Kenner Post Office and sold them on eBay. When asked to estimate the dollar amount of stamp stock that had

been stolen, Cortez responded, "Hundreds of thousands." Cortez confirmed he mostly sold stamps to two buyers; one in Billings, MT and another in Chatham, NJ. Those buyers are referenced above. Cortez claimed he began selling stamps on eBay in 2015. Cortez informed agents he is addicted to gambling and the money obtained from the illegal sale of stamps has been used to support his gambling addiction.

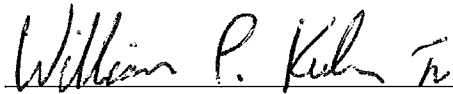
21. Cortez confirmed he manipulated stamp stock counts by using another supervisor's password to access the computer system. Cortez also explained he stole stamps that were not included in the office's "Excess Stock Calculation" such as Christmas stamp stock. As a result, existing internal controls failed to detect the theft of these stamps.
22. During the interview, Cortez confirmed he had embezzled money from the Des Allemands Mennonite Church. He informed agents he was in possession of the church's check book which was in a back pack in his personally owned vehicle. Cortez explained he wrote the checks out and forged the secondary signature on the checks.
23. On October 10, 2018, USPS OIG agents performed an audit of the North Kenner Post Office's finances. This audit confirmed the North Kenner Post Office Unit Reserve Stock is short \$631,065.35. The total shortage of the office is \$655,830.97.
24. On October 10, 2018, USPS OIG agents executed a search warrant at Cortez's home. The search of the residence yielded documents and other items of evidence related to Title 18, United States Code, Section 1711, Misappropriation of Postal Funds, such as packing material in which stamps are received from the USPS stamp distribution office.

CONCLUSION

25. Based on the above-described facts and my training and experience, I respectfully submit that there is probable cause that **Ryan S. Cortez** has used and converted to his own use

funds or property coming into his hands under his control, in the execution or under color of his office, employment, or service, whether or not the same shall be the money or property of the United States, or to account for or turn over to the proper officer or agent, any such money or property, when required to do so by law or the regulations of the Postal Service, or upon demand or order of the Postal Service, either directly or through a duly authorized officer or agent, is guilty of embezzlement. Taken together, this conduct is in violation of Title 18, United States Code, Section 1711, Misappropriation of Postal Funds.

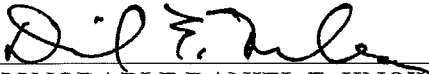
26. Based upon the foregoing, I respectfully request that this Court issue a warrant for the arrest of **Ryan S. Cortez**.



William P. Kuhn, Jr., Special Agent
United States Postal Service
Office of Inspector General

Subscribed and sworn before me on

this 10 day of October 2018.



HONORABLE DANIEL E. KNOWLES, III
UNITED STATES MAGISTRATE JUDGE