
UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon. Michael A. Hammer
v. :
: Mag. No. 19-4327
FERNANDO Q. MARTINS :
: **CRIMINAL COMPLAINT**

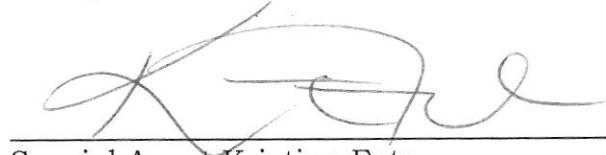
I, Kristine Fata, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A

I further state that I am a Special Agent with the Department of Treasury, Internal Revenue Service, Criminal Investigation ("IRS-CI"), and that this complaint is based on the following facts:

SEE ATTACHMENT B

Continued on the attached page and made a part hereof:



Special Agent Kristine Fata
IRS-CI

Sworn to before me and subscribed in my presence,
July 17, 2019 in Newark, New Jersey

HONORABLE MICHAEL A. HAMMER
UNITED STATES MAGISTRATE JUDGE



Signature of Judicial Officer

ATTACHMENT A

COUNT ONE

(Operating an Unlicensed Money Transmitting Business)

From at least as early as in or around 2015, through the Present, in Essex County, in the District of New Jersey, and elsewhere, the defendant,

FERNANDO Q. MARTINS,

did knowingly conduct, control, manage, supervise, direct, and own all and part of an unlicensed money transmitting business affecting interstate and foreign commerce, which failed to comply with the money transmitting business registration requirements set forth in federal law and regulations.

In violation of Title 18, United States Code, Section 1960.

ATTACHMENT B

I, Kristine Fata, am a Special Agent with the Department of Treasury, Internal Revenue Service, Criminal Investigation ("IRS-CI"). 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 items of evidence. Where statements of others are related herein, they are related in substance and part. Because this Complaint is being submitted for the sole purpose of establishing probable cause to support the issuance of a complaint and arrest warrant, 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.

A. Legal Background

1. Based on my experience and participation in this investigation, I am aware of the following about the regulation of check cashers:

- a. Check cashers are considered money transmitters under federal law and are subject to federal regulations if they do substantial business in the United States. See 31 U.S.C. § 5330(d)(1).
- b. Among other things, federal regulations require a check casher to register with the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN") as a money transmitting business, see 31 C.F.R. § 1022.380, and to report movements of United States Currency of more than \$10,001 in Currency Transaction Reports ("CTRs") to the federal government, see 31 U.S.C. § 5313.

B. Overview of the Scheme

2. This investigation has shown that **Fernando Q. Martins** ("Martins") and his co-conspirators operated and continue to operate an unlicensed and illegal money transmitting business through which they are cashing millions of dollars of checks for customers in exchange for a fee or percentage of the checks being cashed. Since approximately March 2015, **Martins**, or someone acting at **Martins'** direction, collects checks from his customers, primarily in the Newark and Union, New Jersey areas, and travels approximately over forty miles to a licensed check cashier in Neptune City, New Jersey (the "Licensed Check Cashier"), where the checks are exchanged for cash. **Martins**, or one of his agents, then travels back with the cash to distribute to the customers, minus **Martins'** fees. **Martins** and his agents also sometimes bring the cash to customers in New York.

3. **Martins'** customers are primarily individuals and companies

involved in the construction and building trades. **Martins** executes this unlicensed check cashing scheme through businesses he owns or controls (the “Martins Companies”) and through businesses which he and his agents obtain authorization to cash checks (“Customer Companies”). For checks cashed through the Martins Companies, **Martins**’ customers can get cash from him by (1) writing checks from their own accounts to the Martins Companies, (2) obtaining checks from third parties that are written to one of the Martins Companies, or (3) getting blank checks and filling out the “To” portion of the check with the name of a Martins Company provided by **Martins** or his agents. After obtaining the checks written to the Martins Companies, **Martins** or his agent will cash these checks at the Licensed Check Cashier, and deliver the cash to the customers. **Martins**’ customers can also get cash through checks written to the Customer Companies.

4. I am aware that companies can cash checks for no or minimal fees at almost any bank but that doing so would trigger CTRs for large cash transactions. By obtaining cash from **Martins** through the Martins Companies however, the customers avoid the generation of CTR filings showing the receipt of cash. Instead, the Licensed Check Cashier, dealing only with **Martins** and his agents, files the CTRs listing only the particular Martins Company and **Martins** (or one of his agents) as receiving the cash. This enables **Martins**’ customers to pay employees and laborers off the books in cash to avoid payroll and income taxes.

5. Neither **Martins** nor any of his businesses have registered with the U.S. Department of the Treasury as a money transmitter.

6. Neither **Martins** nor any of his businesses have ever reported a CTR to the U.S. Department of the Treasury for cashing a check.

7. Through this scheme, **Martins** and his agents have cashed over approximately \$400 million dollars in checks at the Licensed Check Cashier on behalf of at least approximately 600 different payor companies through at least 64 different payee companies. In 2019 alone, **Martins** and his co-conspirators have cashed at least \$60 million in checks at the Licensed Check Cashier.

C. Confidential Witnesses

8. As part of this investigation, I have interviewed two reliable confidential witnesses (“CW1” and “CW2”) who are familiar with **Martins**’ illegal check cashing operation.

9. According to CW1, **Martins** runs a “dirty” business that involves cashing checks and that someone known to CW1 introduced a number of people to **Martins** in order to “cash checks to stay away from taxes.”

10. CW1 has cashed checks through **Martins** and a storefront multi-service agency in Newark that **Martins** owns and operates (hereinafter the "Martins Agency"). According to CW1, Martins charged 3% of the amount of the check as a fee. CW1 stated that CW1 occasionally uses one of **Martins'** "dirty" companies to cash checks, and that when CW1 needs this service, one of **Martins'** workers at the Martins Agency will call **Martins** to get the name of the particular Martins Company to specify on the check.

11. CW1 also has observed that **Martins** operates this check cashing operation out of a building supply company he owns in Newark (hereinafter the "Martins Building Supply Company").

12. CW1 identified a photograph of an individual ("CC1"), a co-conspirator and employee, of **Martins**. According to CW1, CC1 formerly worked at the Martins Agency and would run the business for **Martins** when he was out of the country.

13. CW2 has observed the cashing of checks at the Martins Agency. According to CW2, individuals leave checks at the Martins Agency and return at a later time to retrieve their cash. It is believed that, in the interim, **Martins** or one of his agents travels to the Licensed Check Cashier to cash the checks. CW2 also believed that **Martins** charged a 3% fee to cash the checks.

D. Customer Bundling

14. During the scheme, CC1 has cashed over \$130 million in checks for **Martins** at the Licensed Check Cashier between on or about August 1, 2015 and July 29, 2017. Further, CC1 cashed checks written to companies controlled by one of **Martins'** customers ("CC2") who, based on my training and experience, appears to be bundling checks from multiple companies to be cashed by **Martins**.

15. The pattern involving CC2 generally was as follows:

- a. Various companies would write checks payable to one of the construction companies owned by CC2 (the "CC2 Construction Companies");
- b. The CC2 Construction Companies in turn would issue checks to one of several other companies affiliated with CC2 (the "CC2 Payee Companies");
- c. The checks payable to the CC2 Payee Companies were issued close in time to one another; and
- d. Either the same day or within a matter of days, CC1, on behalf

of **Martins**, cashed the checks payable to the CC2 Payee Companies at the Licensed Check Cashier.

16. For example, on or about January 9, 2016, a CC2 Construction Company issued two checks totaling approximately \$15,000 to a CC2 Payee Company. That same day, CC1 cashed over approximately \$549,000 at the Licensed Check Cashier, including the two checks payable to the CC2 Payee Company.

17. On another occasion, on or about May 3, 2016 in the morning, CC2 briefly visited **Martins'** former residence in Union, New Jersey (the "Former Residence"). After CC2 left, CC1 drove to the Former Residence in a vehicle registered to **Martins**, entered carrying a large black bag, and left approximately one hour later carrying the same bag. Later that afternoon, CC1 drove to the Licensed Check Cashier and entered, carrying the same bag. CC1 then returned to the Former Residence, again carrying the same bag. Later that same day, CC2 drove around Newark, making numerous stops.

18. It is my belief that CC1, working on behalf of **Martins**, exchanged checks, including those bundled by CC2, and CC2 distributed the cash, all in a manner that would obscure the source of the funds.

E. Martins and CC3 Cash Checks

19. Beginning in on or about February 12, 2018, **Martins'** family member, CC3, worked with **Martins** to cash checks at the Licensed Check Cashier. According to CTRs, from January 1, 2019 through June 29, 2019, over approximately \$60 million were cashed by **Martins** and CC3, including checks payable to a CC2 Construction Company.

20. For example, on or about March 8, 2019, CC3 drove a vehicle registered to **Martins** to the Licensed Check Cashier, entered the store, and left approximately thirty minutes later carrying a large box that CC3 placed in the vehicle before departing. A CTR filed by the Licensed Check Cashier revealed that CC3 cashed checks totaling approximately \$1,011,782 on this day.

21. On or about March 18, 2019, **Martins** drove to the Licensed Check Cashier and entered carrying what appeared to be a money bag. **Martins** exited carrying a large box that he placed in his vehicle before departing. A CTR filed by the Licensed Check Cashier revealed that **Martins** cashed checks totaling approximately \$353,021.

F. Conclusion

22. Based on my training and experience and my review of the evidence in this case, there is probable cause to believe that **Martins** and his co-conspirators are operating an unlicensed money transmitting business.