

**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

UNITED STATES OF AMERICA	:	Hon.
	:	
v.	:	Crim. No. 20 -
	:	
JUAN MELO	:	18 U.S.C. § 371 and
	:	7 U.S.C. § 2024(b)

INFORMATION

The defendant having waived in open court prosecution by Indictment, the United States Attorney for the District of New Jersey charges:

COUNT 1
(Conspiracy to Defraud the United States)

1. At all times relevant to this Information:

a. JUAN MELO, a resident of Woodlynne, New Jersey, was an employee of LOCAL STORE 1, FNS No. ending in 208, located in Camden, New Jersey.

b. The Supplemental Nutrition Assistance Program (“SNAP”), formerly known as the “Food Stamp Program,” was a program funded by the United States Department of Agriculture (“USDA”) in accordance with the Food Stamp Act of 1977. The USDA works with state governmental agencies, such as the New Jersey Department of Human Services (“DHS”), to assist low-income individuals who qualify to purchase groceries and certain food items.

c. Between 1939 and 2001, Food Stamp Program beneficiaries were issued paper coupons, or food stamps, as a way to acquire low or no cost food for themselves and their families. In 2001, the program transitioned from the paper coupon system to the current electronic system of access devices to distribute SNAP benefits. Today, SNAP benefits are loaded onto EBT cards similar to commercial debit cards. The EBT cards have personal identifying information

and other data concerning the applicant stored on them electronically. Each month, EBT cards are automatically credited with the appropriate level of food stamp benefits for each SNAP recipient to subsidize food purchases at participating supermarkets, convenience stores, and other food retailers. The balance of an EBT card may be ascertained by calling a customer service phone line, which is typically printed on the back of EBT cards.

d. SNAP benefits may only be used to purchase specific food items, and may not be used to purchase prepared foods, alcoholic beverages, pet food, or other non-food items. More fundamentally, SNAP benefits may not be exchanged for cash or other items of value, a practice known as “trafficking.”

e. Store owners seeking to participate in SNAP as SNAP merchants must prepare and file an application with USDA’s Food and Nutrition Service Agency (“FNS”) on a Form FNS 252, which discloses, among other things, the store owner’s identity and certain background information. The Form FNS 252 requires the store owner to certify that he/she provided truthful and complete information on the form; acknowledge that if he/she provides false information to FNS, the application may be withdrawn or denied; and accept responsibility on behalf of the store for violations of SNAP regulations. Specifically, the Form FNS 252 requires the store owner to acknowledge that trading cash for SNAP benefits is a violation of SNAP regulations. Further, by signing the Form FNS 252, the store owner certifies that he/she has read and understood the conditions of participating in SNAP, and agrees to follow program rules and regulations.

f. Once a store owner has been authorized to enroll in SNAP (thus becoming an “Authorized Retailer”), the Authorized Retailer will receive a valid FNS Number and will be required to use an EBT terminal, purchased through a third-party processor (“the Third-Party Processor”). The processing includes the electronic debiting of a SNAP beneficiary’s account and

the crediting of the SNAP merchant's bank account. When purchasing food, the beneficiary provides the card to the merchant, who then swipes the EBT card through the EBT terminal. After the customer enters a confidential Personal Identification Number ("PIN"), the EBT terminal verifies the PIN, determines whether the customer's account balance is sufficient to cover the proposed transaction, and decides whether the transaction should be authorized or denied. If the transaction is authorized, the amount of the purchase is then deducted electronically from the SNAP benefits reserved for the customer, and the amount is credited to the SNAP merchant's designated bank account. Only the Third-Party Processor has contact with the SNAP merchants' bank accounts.

g. A financial intermediary ("the Financial Intermediary") assists DHS in processing SNAP benefits by facilitating transactions between DHS and the Third-Party Processor. In this role, the Financial Intermediary pulls funds from the Federal Reserve Bank of Richmond and transfers to the Third-Party Processor, who then facilitates the crediting and debiting of SNAP beneficiary and SNAP merchant accounts.

h. On or about November 12, 2018, JUAN MELO'S co-conspirator, Luciano Estevez, submitted a SNAP application to USDA's FNS for LOCAL STORE 1 to participate in SNAP. By executing and submitting the original application, Luciano Estevez attested that he read the warnings and certifications, which provided, among other things, that he would abide by SNAP rules and regulations. Luciano Estevez further signed a certification acknowledging that he agreed to accept responsibility for violations of SNAP regulations, including trading cash for SNAP benefits.

2. From in or about February 2019 through in or about July 2019, in Camden County, in the District of New Jersey and elsewhere, the defendant,

JUAN MELO,

did knowingly combine, conspire, confederate, and agree with other persons, known and unknown, to defraud the United States, namely a federal agency, the United States Department of Agriculture, in violation of Title 18, United States Code, Section 371.

Object of the Conspiracy

3. It was the object of the conspiracy for JUAN MELO and his co-conspirators to unlawfully enrich themselves by unlawfully trafficking SNAP benefits in exchange for cash, controlled substances, and/or other items of value.

Manner and Means of the Conspiracy

4. It was part of the conspiracy that, beginning in at least as early as February 2019 and continuing through approximately July 2019, JUAN MELO unlawfully redeemed and trafficked SNAP benefits in exchange for cash, controlled substances, and/or other items of value.

5. It was further part of the conspiracy that JUAN MELO and his co-conspirators sought out individuals who possessed or had access to EBT cards loaded with federal funds from SNAP.

6. It was further part of the conspiracy that JUAN MELO and his co-conspirators agreed to purchase EBT cards from such individuals in exchange for approximately half the value of the EBT card. The half value of the EBT card was paid in cash, controlled substances, or other items of value. For example, if an EBT card had \$500 of EBT funds on it, JUAN MELO and his co-conspirators would give the cardholder approximately \$250 in cash or controlled substances in exchange. This arrangement allowed the EBT cardholder to gain quick access to cash or controlled substances, which they otherwise could only spend on certain food items.

7. It was further part of the conspiracy that, upon purchasing the EBT cards, JUAN MELO and his co-conspirators would then utilize the EBT cards to purchase bulk goods and food items from nearby large-scale superstores in and around the District of New Jersey. These goods and food items would then be resold in LOCAL STORE 1 where JUAN MELO worked.

8. It was further part of the conspiracy that co-conspirator Luciano Estevez obtained a rogue EBT terminal that was registered to a large superstore in Philadelphia, Pennsylvania (“SUPERSTORE 1”) for unlawful use at LOCAL STORE 1 where JUAN MELO worked. By exploiting a point of the system in which the USDA and the Third-Party Processor and/or the Financial Intermediary systems do not synchronize, \$110,568.35 in SNAP funds were run through the rogue EBT terminal, resulting in obtaining funds for the co-conspirators and LOCAL STORE 1 rather than SUPERSTORE 1.

9. During the course of the conspiracy, JUAN MELO and his co-conspirators engaged in 43 controlled transactions with two confidential sources working with law enforcement (“CS-1” and “CS-2”) resulting in the trafficking of approximately \$40,559.62 of SNAP benefits.

Overt Acts

10. In furtherance of the conspiracy and to effectuate its unlawful object, JUAN MELO and his co-conspirators committed, and caused to be committed, the following overt acts, among others, in the District of New Jersey and elsewhere:

a. On or about February 25, 2019, while working at LOCAL STORE 1, JUAN MELO instructed CS-1 to go to LOCAL STORE 2 managed by co-conspirator Octavio Rodriguez for the purpose of exchanging EBT cards for cash with Octavio Rodriguez.

b. On or about March 28, 2019, co-conspirator Luciano Estevez utilized a rogue EBT terminal that was registered to a large superstore in Philadelphia, Pennsylvania at LOCAL STORE 1 where JUAN MELO worked to process illegally acquired EBT cards.

c. On or about March 6, 2019, while working at LOCAL STORE 1, JUAN MELO referred CS-1 to co-conspirator Octavio Rodriguez at LOCAL STORE 2 for the purpose of exchanging EBT cards for cash. At this time, JUAN MELO called co-conspirator Octavio Rodriguez to discuss the exchange of EBT cards for cash at LOCAL STORE 2, and JUAN MELO then instructed CS-1 to go to LOCAL STORE 2 to exchange EBT cards for cash with Octavio Rodriguez.

d. On or about March 6, 2019, after receiving a telephone call from JUAN MELO, co-conspirator Octavio Rodriguez exchanged an EBT card valued at approximately \$375 for cash at LOCAL STORE 2.

e. On or about March 12, 2019, while working at LOCAL STORE 1, JUAN MELO instructed CS-1 to go to LOCAL STORE 2 and exchange EBT cards for cash with co-conspirator Octavio Rodriguez.

f. On or about March 19, 2019, while working at LOCAL STORE 1, JUAN MELO instructed CS-1 to go to LOCAL STORE 2 and exchange EBT cards for cash with co-conspirator Octavio Rodriguez. While at LOCAL STORE 1, JUAN MELO called Octavio Rodriguez at LOCAL STORE 2 to confirm the exchange of EBT cards at LOCAL STORE 2.

g. On or about March 19, 2019, after receiving a telephone call from JUAN MELO, co-conspirator Octavio Rodriguez exchanged EBT cards valued at approximately \$730 for cash.

h. Between approximately January 1, 2019 and May 1, 2019, JUAN MELO, who was not a lawful SNAP recipient, called the New Jersey and Pennsylvania EBT customer service lines approximately 41 times to ascertain the value of EBT cards.

i. Between approximately January 1, 2019 and May 1, 2019, JUAN MELO and co-conspirator Luciano Estevez exchanged approximately 200 telephone calls, many of which occurred on or about the dates of EBT card exchanges.

j. Between approximately January 1, 2019 and May 1, 2019, JUAN MELO and co-conspirator Octavio Rodriguez exchanged approximately 400 telephone calls, many of which occurred on or about the dates of EBT card exchanges.

k. On or about May 1, 2019, JUAN MELO exchanged an EBT card valued at approximately \$420 for cash and controlled substances at LOCAL STORE 1.

All in violation of Title 18, United States Code, Section 371.

COUNT 2
(Food Stamp Fraud)

11. Paragraphs 1 and 3-10 of this Information are hereby realleged and incorporated as though set forth in full herein.

12. From in or around February 2019 through in and around July 2019, in Camden County, in the District of New Jersey and elsewhere, the defendant,

JUAN MELO,

did knowingly use and acquire Supplemental Nutrition Assistance Program benefits funded by the United States Department of Agriculture, and by such conduct obtained approximately \$420 in a manner contrary to the statutes and regulations of the Supplemental Nutrition Assistance Program.

In violation of Title 7, United States Code, Section 2024(b).

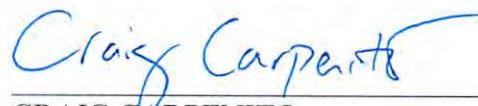
FORFEITURE ALLEGATION

1. As a result of committing the offenses alleged in this Information, pursuant to 7 U.S.C. § 2024(f), 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461, JUAN MELO shall forfeit to the United States all property, real and personal, used in the commission of such offenses and any and all property used or intended to be used in any manner or part to commit and to facilitate the commission of such offenses.

2. If any of the above-described forfeitable property, as a result of any act or omission of JUAN MELO:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third person;
- 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 which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p), as incorporated by 18 U.S.C. § 982(b), to seek forfeiture of any other property of said defendant up to the value of the above forfeitable property.



CRAIG CARPENITO
United States Attorney

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18 U.S.C. § 371 and 7 U.S.C. § 2024(b)

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