

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

UNITED STATES OF AMERICA	:	Hon.
	:	
v.	:	Crim. No. 20 -
	:	
LUCIANO ESTEVEZ	:	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. LUCIANO ESTEVEZ, a resident of Camden, New Jersey, was the owner, operator, and/or manager 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, 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,

LUCIANO ESTEVEZ,

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 LUCIANO ESTEVEZ 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, LUCIANO ESTEVEZ 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 LUCIANO ESTEVEZ 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 LUCIANO ESTEVEZ 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, LUCIANO ESTEVEZ 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, LUCIANO ESTEVEZ and his co-conspirators would then utilize the EBT cards to purchase bulk goods and food items from nearby large-scale superstores. These goods and food items would then be resold in LOCAL STORE 1 owned by LUCIANO ESTEVEZ, resulting in a profit to him.

8. It was further part of the conspiracy that LUCIANO ESTEVEZ and his co-conspirators used hundreds of fraudulently procured EBT cards at large-scale superstores in and around Southern New Jersey for the purpose of purchasing bulk goods and food items for resale in local small convenience and grocery stores, including LOCAL STORE 1 owned by LUCIANO ESTEVEZ.

9. It was further part of the conspiracy that LUCIANO ESTEVEZ obtained a rogue EBT terminal that was registered to a large superstore in Philadelphia, Pennsylvania (“SUPERSTORE 1”) for use at LOCAL STORE 1 during the course of the conspiracy. 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, LUCIANO ESTEVEZ and his co-conspirators ran \$110,568.35 in SNAP funds through the rogue EBT terminal, resulting in obtaining funds for themselves and LOCAL STORE 1 rather than SUPERSTORE 1.

10. During the course of the conspiracy, LUCIANO ESTEVEZ 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

11. In furtherance of the conspiracy and to effectuate its unlawful object, LUCIANO ESTEVEZ 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, LUCIANO ESTEVEZ and his co-conspirators, including co-conspirator Jose Garcia, none of whom were lawful SNAP recipients, went to a superstore in New Jersey together (“SUPERSTORE 1”), opened a membership account, and used EBT cards at SUPERSTORE 1 to purchase several cases of baby formula for the purpose of reselling the baby formula at LOCAL STORE 1 and/or to resell to others for a profit.

b. On or about February 25, 2019, LUCIANO ESTEVEZ and his co-conspirators, including co-conspirator Jose Garcia, none of whom were lawful SNAP recipients, went to another superstore in New Jersey together (“SUPERSTORE 2”) and opened a membership account, allowing LUCIANO ESTEVEZ and his co-conspirators to use the membership account to buy food and goods in bulk at SUPERSTORE 2 to be resold for a profit to grocery/convenience stores in and around the District of New Jersey.

c. On or about February 25, 2019, while working at LOCAL STORE 1 managed by LUCIANO ESTEVEZ, co-conspirator 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.

d. On or about March 6, 2019, LUCIANO ESTEVEZ exchanged two EBT cards for cash in LOCAL STORE 1. During this meeting, LUCIANO ESTEVEZ told CS-1 that he would recruit others, including co-conspirator Jose Garcia, to also exchange EBT cards for cash.

e. Between approximately February 27, 2019 and July 25, 2019, LUCIANO ESTEVEZ and his co-conspirators caused approximately \$10,362.84 in EBT funds to be processed

through a membership account at SUPERSTORE 1 associated with LUCIANO ESTEVEZ, who was not a lawful SNAP recipient.

f. Between approximately July 9, 2018 and May 14, 2019, LUCIANO ESTEVEZ and his co-conspirators caused approximately \$10,650.71 in EBT funds to be processed through a membership account at SUPERSTORE 2 associated with LUCIANO ESTEVEZ, who was not a lawful SNAP recipient.

g. Between approximately July 9, 2018 and May 14, 2019, LUCIANO ESTEVEZ, who was not a lawful SNAP recipient, and his co-conspirators caused approximately \$14,357.80 in EBT funds to be processed at a superstore in New Jersey (“SUPERSTORE 3”).

h. On or about March 28, 2019, LUCIANO ESTEVEZ utilized a rogue EBT terminal at LOCAL STORE 1 that was registered to a large superstore in Philadelphia, Pennsylvania (“SUPERSTORE 4”) to process illegally acquired EBT cards.

i. On or about April 5, 2019, LUCIANO ESTEVEZ exchanged several EBT cards valued at over \$1,000 for cash at LOCAL STORE 1.

j. On or about July 19, 2019, LUCIANO ESTEVEZ exchanged several EBT cards valued at approximately \$2,185 for cash and oxycodone 30 milligram pills.

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

COUNT 2
(Food Stamp Fraud)

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

13. 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,

LUCIANO ESTEVEZ,

did knowingly use and acquire Supplemental Nutrition Assistance Program benefits funded by the United States Department of Agriculture, and by such conduct obtained approximately \$19,425 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, LUCIANO ESTEVEZ 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, including, but not limited to One (1) Electronic Benefit Transfer Machine, Serial No. 2N067269.

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

- 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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v.

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INFORMATION FOR

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