

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Hon. Kevin McNulty
	:	
	:	Crim. No. 21-
v.	:	
	:	18 U.S.C. § 1349
	:	
CESAR MENDEZ	:	

INFORMATION

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

COUNT ONE
(Conspiracy to Commit Bank Fraud)

Background

1. At all times relevant to this Information:
 - a. Defendant Cesar Mendez (“MENDEZ”) was an employee at Cash Flow Partners, LLC (“Cash Flow”), a business-consulting firm with offices in New Jersey and New York. He worked in Cash Flow’s sales department as a sales broker, who, among other things, encouraged customers to sign up for various loan programs that Cash Flow provided.
 - b. Edward Espinal (“Espinal”) was the founder and Chief Executive Officer (“CEO”) of Cash Flow. Espinal owned Cash Flow from on or about January 5, 2016 through on or about April 9, 2018, when Espinal transferred ownership of Cash Flow to his wife. As the CEO, Espinal controlled Cash Flow’s operations. Cash Flow employees reported to Espinal, and Espinal directed their activities.

c. The “Victim Banks” were federally insured financial institutions, as that term is defined in 18 U.S.C. § 20.

The Conspiracy

2. From in or about March 2016 through in or about September 2019, in Bergen County, in the District of New Jersey, and elsewhere, defendant

CESAR MENDEZ

knowingly and intentionally conspired and agreed with Espinal and others to execute and attempt to execute a scheme and artifice to defraud financial institutions, as defined in Title 18, United States Code, Section 20, whose deposits were insured by the Federal Deposit Insurance Corporation, and to obtain moneys, funds, credits, assets, securities, and other property owned by, and under the custody and control of those financial institutions, by means of materially false and fraudulent pretenses, representations, and promises, contrary to Title 18, United States Code, Section 1344(1),(2).

Goal of the Conspiracy

3. It was the goal of the conspiracy for MENDEZ, Espinal, and others (the “Co-conspirators”) to obtain loans and credit cards from banks, including the Victim Banks, on the basis of false representations.

Manner and Means of the Conspiracy

4. The manner and means by which defendant MENDEZ, Espinal, and others sought to accomplish the goal of the conspiracy included, among other things, the following:

a. Espinal, through his operation of Cash Flow, developed a systematic approach for obtaining loans and credit cards for Cash Flow's customers from the Victim Banks on the basis of false representations. Espinal organized Cash Flow's employees into a series of departments, including the Marketing, Sales, File Building, and Funding Departments. Each department served a specific function in furtherance of the fraud.

b. Cash Flow's Marketing Department attracted customers through online advertisements and seminars that offered to assist low-income individuals with obtaining personal bank loans and/or credit cards from the Victim Banks. Employees in the Marketing Department assessed which marketing initiatives were the most effective at attracting customers.

c. Cash Flow's Sales Department included sales agents, including MENDEZ, who interfaced directly with potential customers. Sales agents encouraged customers to use Cash Flow's services to obtain a personal bank loan and/or a credit card. Once customers agreed to utilize Cash Flow's services, sales agents directed customers to provide Cash Flow representatives with the requisite documentation for a personal bank loan or credit card application, including pay stubs and income tax information.

d. The File Building Department at Cash Flow collected customers' requisite documentation for a personal bank loan or credit card application and prepared or "built" an application file. In many instances, the department's personnel prepared applications that falsified material information related to a customer's employment and income. Specifically, if a customer was

unemployed, personnel falsely stated on bank applications that the customer was employed at a specific job that the customer did not actually have, which Cash Flow employees called a “Second Source.” Employees in the File Building Department also created bogus pay stubs. In addition, if a customer’s income was too low to qualify for a bank loan or credit card, employees in the File Building Department falsely inflated the customer’s salary so that they would qualify for a loan and/or credit card. MENDEZ was aware of the File Building Department’s practice of falsifying material information in Cash Flow customers’ applications to Victim Banks for loans and/or credit cards. At times, MENDEZ recruited employers to pose as Second Sources for customers who would not otherwise qualify for loans.

e. Once a file was “built” with false information, the File Building Department forwarded customers’ loan and/or credit card applications to the Funding Department, which directed the process by which Cash Flow obtained bank loans and/or credit cards for its customers. For example, the Funding Department corresponded with customers and the Victim Banks, and prepared bank loan and/or credit card applications for final submission to the banks.

f. Cash Flow personnel submitted fraudulent loan and/or credit card applications, including the false documentation they had created, to the Victim Banks, which then approved and paid out loans and/or provided credit cards to Cash Flow’s customers.

g. In situations where Cash Flow customers received credit cards from the Victim Banks, Cash Flow provided a service by which customers could

“cash out” their credit cards. Specifically, in exchange for a fee, Cash Flow would process charges on a customer’s credit card to a separate entity that it controlled for various “business services.” Cash Flow, in turn, provided its customers with cash in the same amount of charges that were directed to the entity.

h. As a result of the foregoing conduct, the Victim Banks suffered total losses of at least approximately \$4,500,000.

All in violation of Title 18, United States Code, Section 1349.

FORFEITURE ALLEGATION

1. As a result of committing the offense charged in this Information, MENDEZ shall forfeit to the United States of America, pursuant to 18 U.S.C. § 982(a)(2)(A), any property constituting, or derived from, proceeds obtained, directly or indirectly, as a result of such violation, and any and all property used or intended to be used in any manner or part to commit and to facilitate the commission of the offense charged in this Information.


Substitute Assets Provision

2. If any of the property described above, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred 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 which cannot be

divided without difficulty,

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p), as incorporated by 28 U.S.C. § 2461(c), to seek forfeiture of any other property of the defendant up to the value of the above forfeitable property.


RACHAEL A. HONIG
Acting United States Attorney

CASE NUMBER: 21-_____

**United States District Court
District of New Jersey**

UNITED STATES OF AMERICA

v.

CESAR MENDEZ

INFORMATION FOR

18 U.S.C. § 1349

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