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**THREE CHARGED IN MANHATTAN FEDERAL COURT
IN \$1.5 MILLION TAX REFUND AND MAIL THEFT SCHEME**

PREET BHARARA, the United States Attorney for the Southern District of New York, CHARLES R. PINE, the Special Agent-in-Charge of the New York Field Office of the Internal Revenue Service, Criminal Investigation Division ("IRS-CID"), JANICE K. FEDARCYK, the Assistant-Director-in-Charge of the New York Field Office of the Federal Bureau of Investigation ("FBI"), [REDACTED], the Inspector-in-Charge of the New York Division of the United States Postal Inspection Service ("USPIS"), and JANE HUGHES, the Special Agent-in-Charge of the Northeast Area Office of the United States Postal Service, Office of Inspector General ("USPS-OIG"), announced charges against PEDRO TORO, HENDRICK PEREZ, and JOSE ALTAGRACIA AQUINO SUAREZ for their roles in a scheme to steal millions of dollars of fraudulently issued federal tax refund checks from the U.S. mail.

Background

Since June 2007, federal law enforcement agents have been investigating a massive scheme involving the fraudulent filing of state and federal tax returns using Social Security numbers assigned to residents of the Commonwealth of Puerto Rico. Residents of Puerto Rico are issued Social Security numbers, but do not file federal tax returns with the Internal Revenue Service ("IRS") if all of the income is derived from Puerto Rican sources.

In the alleged scheme, the fraudulent tax returns used a Puerto Rican Social Security number while falsely claiming that

the filer resided in one of the fifty states of the United States. The use of Puerto Rican Social Security numbers minimized the risk that a legitimate federal tax return was already filed by the legitimate holder of the Social Security number. Tens of thousands of fraudulent federal tax returns, resulting in tens of millions of dollars of fraudulently obtained tax refunds, have been discovered since 2007.

The Fraudulent Scheme

According to an Indictment filed on June 7, 2011, two Criminal Informations, and other documents filed in connection with the case:

Between January 21 and March 3, 2011, approximately 200 federal tax returns were electronically filed via Internet websites run by a particular company. Substantially all of these returns sought a refund, which together totaled approximately \$1.5 million.

One of the ways the participants in the scheme arranged to physically receive the refund checks was to request that they be mailed to various addresses in New York and elsewhere. The addresses were often clustered around a particular location. Participants in the scheme then arranged with United States Postal Service letter carriers to steal the checks from the mail. Participants in the scheme were then provided the checks by the letter carriers, normally for a per-check fee. For example, hundreds of the returns in question requested that refund checks be sent to addresses on the Manhattan postal route assigned to TORO, who was a United States Postal Service letter carrier.

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PEREZ, TORO, and SUAREZ were previously arrested in March 2011. PEREZ was indicted on June 7, 2011, and is charged with one count of conspiracy to steal United States mail, and one count of possession of stolen United States mail. If convicted, he faces a maximum sentence of 10 years in prison.

TORO was charged by Information on June 15, 2011, and is charged with one count of conspiracy to steal United States mail, one count of theft of mail, and one count of delay and destruction of United States mail. If convicted, he faces a maximum sentence of 15 years in prison.

SUAREZ was charged by Information on June 16, 2011 and is charged with one count of conspiracy to steal United States

mail and one count of possession of stolen United States mail. He is also charged with being an alien in possession of a firearm. If convicted, SUAREZ faces a maximum sentence of 20 years in prison.

Mr. BHARARA praised the work of the IRS-CID, the FBI, the USPIS, and the USPS-OIG, and thanked them for their assistance in this case.

These cases are being prosecuted by the Office's Complex Frauds Unit. Assistant U.S. Attorneys DANIEL W. LEVY, IAN MCGINLEY, and DANIEL C. RICHENTHAL are in charge of these prosecutions.

These cases arise out of a coordinated effort among various United States Attorney's Offices and the Tax Division of the Department of Justice to combat the scheme to use Puerto Rican identities to file fraudulent federal tax refund claims. These offices included the United States Attorney's Office for the Middle District of Florida, Eastern District of Pennsylvania, Middle District of Pennsylvania, Southern District of New York, District of Connecticut, and the District of Massachusetts and investigative agencies working with each United States Attorney's Office. Investigation and enforcement actions in each of these Districts resulted in arrests as part of the multi-district effort.

These charges are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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