

television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1343.

(Title 18, United States Code, Section 1349.)

COUNTS TWO THROUGH TWENTY-TWO
(Wire Fraud)

3. From at least in or about August 2016, up to and including in or about January 2017, in the Southern District of New York and elsewhere, BETSY MONTALVO and EDWARD GONZALEZ, the defendants, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, and attempting to do so, transmitted and caused to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, to wit, MONTALVO and GONZALEZ and others known and unknown, participated in a scheme to defraud, by telephone, email, and wire transfers of funds, among other means and methods, a factoring company ("Factoring Company-1"), which had entered into a factoring agreement with a nursing services company ("Nursing Company-1"), owned and operated by MONTALVO and GONZALEZ, by creating and submitting invoices for factoring that were false, fraudulent, and inflated and did not reflect the employee nursing services for Hospital-1 that had been performed by Nursing Company-1 and, in furtherance of that scheme, transmitted and caused to be transmitted the wire transactions listed below.

<u>COUNT</u>	<u>EMAIL DATE FROM CC-1</u> <u>to FACTORING COMPANY-</u> <u>1</u>	<u>HOSPITAL-1</u> <u>INVOICE</u> <u>AMOUNT</u>	<u>AMOUNT WIRED BY</u> <u>FACTORING COMPANY-1</u>
2.	August 10, 2016	\$4,702.71	\$33,018.17
3.	August 16, 2016	\$4,632.50	\$32,410.00
4.	August 24, 2016	\$3,039.60	\$32,239.68
5.	August 30, 2016	\$3,094.00	\$28,971.20
6.	September 8, 2016	\$3,185.30	\$24,628.24
7.	September 15, 2016	\$3,291.20	\$24,160.96
8.	September 21, 2016	\$4,488.00	\$24,566.40

9.	September 27, 2016	\$3,683.90	\$29,443.12
10.	October 5, 2016	\$3,780.30	\$29,520.24
11.	October 13, 2016	\$2,850.90	\$40,368.40
12.	October 20, 2016	\$2,726.80	\$36,405.28
13.	October 26, 2016	\$4,804.85	\$28,683.88
14.	November 3, 2016	\$6,572.85	\$28,442.28
15.	November 17, 2016	\$5,643.49	\$24,386.79
16.	November 17, 2016	\$6,470.20	\$28,360.16
17.	December 1, 2016	\$7,159.50	\$29,646.00
18.	December 1, 2016	\$6,387.75	\$28,294.20
19.	December 29, 2016	\$6,361.00	\$28,272.80
20.	December 29, 2016	\$7,549.30	\$28,912.24
21.	December 29, 2016	\$6,020.35	\$28,000.28
22.	December 29, 2016	\$5,028.60	\$24,446.88

COUNT TWENTY-THREE
(Aggravated Identity Theft)

4. From at least in or about August 2016, up to and including in or about January 2017, in the Southern District of New York and elsewhere, BETSY MONTALVO and EDWARD GONZALEZ, the defendants, knowingly did transfer, possess, and use without lawful authority, a means of identification of another person, during and in relation to a felony violation enumerated in Title 18, United States Code, Section 1028A(c), to wit, MONTALVO and GONZALEZ, possessed, used, and transferred the names and personal information of registered nurses to fraudulently obtain funds from Factoring Company-1 in connection with the wire fraud conspiracy charged in Count One of this Complaint.

(Title 18, United States Code, Sections 1028A(a)(1), 1028A(b), and 2.)

The bases for deponent's knowledge and for the foregoing charges are, in part, as follows:

5. I am a Special Agent in the United States Attorney's Office for the Southern District of New York (the "USAO"), and I have been personally involved in the investigation of this matter. I have been employed by the USAO since 2016. I and other members of the investigative team have experience in fraud investigations and techniques associated with such investigations, including executing search warrants, financial

analysis, and working with informants.

6. This affidavit is based in part upon my own observations, my conversations with other law enforcement agents and others, my examination of documents and reports prepared by others, my interviews of witnesses, and my training and experience. Because this affidavit is being submitted for the limited purpose of establishing probable cause, it does not include all of the facts that I have learned during the course of the investigation. Where the contents of documents, including emails, and the actions, statements and conversations of others are reported herein, they are reported in substance and in part, except where specifically indicated otherwise.

I. OVERVIEW OF THE INVESTIGATION

7. The charges in this Complaint result from a scheme to defraud Factoring Company-1, which entered into a contractual relationship with Nursing Company-1 to purchase Nursing Company-1's accounts receivable (invoices) owed to it by a hospital ("Hospital-1") for providing and scheduling registered and licensed practical nurses on a temporary basis to fill the staffing needs of Hospital-1. See *infra* ¶¶ 13-14. In particular, and as described in detail below, I have learned that from at least in or about August 2016, up to and including at least in or about January 2017, BETSY MONTALVO and EDWARD GONZALEZ, the defendants, along with a co-conspirator not named as a defendant herein ("CC-1"), engaged in a scheme in which they presented to Factoring Company-1 false, fraudulent, and inflated invoices that did not reflect the nursing services for Hospital-1 that had been performed by Nursing Company-1. See *infra* ¶¶ 15-16. Before Factoring Company-1 purchased these false, fraudulent, and inflated invoices, Factoring Company-1 would seek verification of the accuracy of the invoice from CC-1, who was then a Hospital-1 employee. See *infra* ¶¶ 15-16. After CC-1 fraudulently verified the accuracy of the inflated invoices, Factoring Company-1 would wire a percentage of the face amount of the invoice to Nursing Company-1 with the expectation of collecting the full amount of the invoice from Hospital-1. See *id.* Based on my review of Hospital-1 documents, Factoring Company-1 documents, and conversations with Hospital-1 and Factoring Company-1 employees, the attempted losses associated with the factoring scheme are approximately \$664,761. See *infra* ¶ 20.

II. RELEVANT DEFINITIONS, INDIVIDUALS, AND ENTITIES

A. Factoring Agreement

8. Based on my participation in this investigation, including my review of publicly-available information, I have learned that "factoring" is a financial transaction in which a business sells its accounts receivable (invoices) to a third party (the factor) at a discount. The factor advances a percentage of the face amount of the invoice to the business, minus the factor's commission and other fees and collects, or attempts to collect, the full amount from the business's customer in due course. Factoring agreements are entered into for, among other reasons, to accelerate cash-flow for a business to meet payroll obligations.

B. Factoring Company-1

9. Based on my participation in this investigation, including my review of publicly-available information, and my conversations with employees of Factoring Company-1 as a part of this investigation, I have learned that Factoring Company-1 is a corporation based in Los Angeles, California, that specializes in, among other things, invoice factoring.

C. Nursing Company-1

10. Based on my participation in this investigation, including my review of publicly-available information, I have learned that Nursing Company-1 is a New York corporation based in the Bronx, New York, that provides nurse staffing services to client companies and invoices the client company for those services. From in or about March 30, 2015, to in or about March 30, 2017, one of Nursing Company-1's clients was Hospital-1.

D. Betsy Montalvo

11. Based on my participation in this investigation, including my review of publicly-available information, I have learned that BETSY MONTALVO, the defendant, is a principal of Nursing Company-1 and participated in creating and sending the false, fraudulent, and inflated invoices to Factoring Company-1

as a part of the scheme described herein. I am also aware that MONTALVO is married to EDWARD GONZALEZ, the defendant.

E. Edward Gonzalez

12. Based on my participation in this investigation, including my review of publicly-available information, I have learned that EDWARD GONZALEZ, the defendant, is a principal of Nursing Company-1 and participated in the submission of false, fraudulent, and inflated invoices to Factoring Company-1 as a part of the scheme described herein. I am also aware that GONZALEZ is married to BETSY MONTALVO, the defendant.

F. Hospital-1

13. Based on my participation in this investigation, including my review of publicly-available information, and my conversations with employees of Hospital-1 as a part of this investigation, I have learned that Hospital-1 is a hospital based in the Bronx, New York, that contracted with Nursing Company-1 on or about March 30, 2015. Under the terms of the agreement, Nursing Company-1 was to provide and schedule registered and licensed practical nurses on a temporary basis to fill the staffing needs of Hospital-1 in exchange for payment for such services.

III. FACTORING SCHEME

A. Nursing Company-1's Agreement with Hospital-1

14. Based on my knowledge and experience derived from this investigation, my review of documents maintained by Hospital-1, and my interviews of Hospital-1 employees, I have learned the following, among other things, about how Nursing Company-1's agreement with Hospital-1 generally worked:

a. In or around March of 2015, Hospital-1 entered into an agreement with Nursing Company-1 in which Nursing Company-1 was to provide and schedule registered and licensed practical nurses on a temporary basis to fill the staffing needs

of Hospital-1.

b. When Hospital-1 needed to staff additional nurses, an employee of Hospital-1 would e-mail all of Hospital-1 contracted staffing agencies, including Nursing Company-1, requesting such services. When Nursing Company-1 was able to fulfill such nurse staffing requests, Nursing Company-1 would respond to Hospital-1 listing the nurses available for the request. Hospital-1 would in turn confirm the nurses it required from Nursing Company-1.

c. The first time any nurse from Nursing Company-1 was staffed at Hospital-1, that nurse was required to submit paperwork to Hospital-1's human resources department and would thereafter be issued a badge to swipe into and out of Hospital-1 for their shifts.

d. In addition to swiping into and out of Hospital-1 for their shifts, any nurse from Nursing Company-1 was required to sign in at the Hospital-1 staffing office at the beginning of their shift and sign out at the end of their shift on a shift timesheet (the "Nursing Company-1 Timesheet"). On the Nursing Company-1 Timesheets, the nurses would handwrite their "name," their "time in" at the beginning of their shifts, their "time out" at the end of their shifts, their "floor assignment," as well as their signatures.

e. Once a Nursing Company-1 Timesheet for a particular shift was completed, one of the Hospital-1 staffing coordinators would verify the handwritten times written by the nurses against the electronic swipes associated with the respective nurse's badge. Once all of the times of a Nursing Company-1 Timesheet were verified, one of the Hospital-1 staffing coordinators would fax a copy of the Nursing Company-1 Timesheet to Nursing Company-1.

f. Based on the Nursing Company-1 Timesheets received from Hospital-1, Nursing Company-1 would generate an invoice for payment of the services of the nurses ("Nursing Company-1 Invoice") and send the invoice to Hospital-1 for payment of services. Once Hospital-1 received a Nursing Company-1 Invoice, a Hospital-1 staffing coordinator would verify the hours listed on the invoice against the original Nursing Company-1 Timesheets associated with the invoice. Once the

Nursing Company-1 Invoice was verified, a Hospital-1 staffing coordinator would create a check request document ("Check Request Document") for payment of services to Nursing Company-1. The Check Request Document would eventually be submitted to Hospital-1's financial accounting department.

g. After employees in the Hospital-1 financial accounting department reviewed and approved a Check Request Document, a check for the amount of the invoice would be created. Once a check was ready for Nursing Company-1, either BETSY MONTALVO, the defendant, or others known and unknown, would pick up the check from Hospital-1.

h. The checks approved by Hospital-1 for services rendered by Nursing Company-1 from at least in or about August 2016, up to and including in or about January 2017, averaged in the range of several thousand dollars per check.

**B. Nursing Company-1's Factoring Agreement
with Factoring Company-1 and Submission of
False and Fraudulent Invoices and
Timesheets**

15. Based on my knowledge and experience derived from this investigation, my review of documents maintained by Factoring Company-1, and my interviews of Factoring Company-1 employees, I have learned the following, among other things, about how Nursing Company-1's factoring agreement with Factoring Company-1 generally worked:

a. In May of 2015, Nursing Company-1 entered into a factoring agreement with Factoring Company-1 in which Nursing Company-1 agreed to sell its Hospital-1 invoices to Factoring Company-1. In exchange, Factoring Company-1 would advance a percentage of the face amount of the invoice to Nursing Company-1. Factoring Company-1 would have the right to collect the full amount of the invoice from Hospital-1.

b. On or about May 11, 2015, EDWARD GONZALEZ, the defendant, on behalf of Nursing Company-1, sent Hospital-1 a letter informing Hospital-1 that Nursing Company-1 had entered into a factoring agreement with Factoring Company-1 and that "all existing and future invoices" were to be "assigned and

payable to" Factoring Company-1 until future notice. On or about May 11, 2015, Factoring Company-1 sent Hospital-1 a similar letter.

c. Based on my conversation with an employee of Factoring Company-1 ("FC Employee-1"), and a review of documents maintained by Factoring Company-1, I have learned in substance and in part, the following:

i. FC Employee-1 was assigned as the account manager for Nursing Company-1. On or about May 11, 2015, FC Employee-1 asked BETSY MONTALVO, the defendant, for a contact at Hospital-1 who could approve the invoices for which Nursing Company-1 sought advances from Factoring Company-1. MONTALVO provided the name and contact information for CC-1, who was an employee of Hospital-1.¹

ii. A two-step process occurred before Factoring Company-1 would advance money to Nursing Company-1. First, Nursing Company-1 would email Factoring Company-1 documents supporting the invoice for which Nursing Company-1 was seeking an advance under the factoring agreement. Specifically, MONTALVO, GONZALEZ, and/or other co-conspirators known and unknown who were associated with Nursing Company-1, would email FC Employee-1 a schedule (the "Schedule of Accounts") listing the Nursing Company-1 Invoice for which Nursing Company-1 was seeking an advance. Attached to the Schedule of Accounts would be a copy of the relevant Nursing Company-1 Invoice and Nursing Company-1 Timesheets that purportedly supported the Nursing Company-1 Invoice. MONTALVO, GONZALEZ, and/or other co-conspirators known and unknown would sign the Schedule of Accounts on behalf of Nursing Company-1 before sending the documents to Factoring Company-1.

iii. Second, after FC Employee-1 received a Schedule of Accounts, the Nursing Company-1 Invoice, and the supporting Nursing Company-1 Timesheets (the "FC Invoice Confirmation"), FC Employee-1, or another Factoring Company-1 employee would e-mail CC-1 the FC Invoice Confirmation packet

¹ Based on my discussion with the CFO of Hospital-1, I am aware that CC-1 was not authorized to approve any invoices on behalf of Hospital-1.

and request confirmation that the the FC Invoice Confirmation packet was "accurate in pricing and to be paid in full without offsets/disputes."

iv. Once CC-1 confirmed the accuracy of the FC Invoice Confirmation packet, Factoring Company-1 would advance via a bank wire a percentage of the face amount of the invoice to Nursing Company-1's bank account.

d. Based on my knowledge and experience derived from this investigation, my review of documents maintained by Factoring Company-1, and my review of documents maintained by Hospital-1, I have learned the following, among other things:

i. From on or about August 2016, up to and including April 2017, certain of the Schedule of Accounts, signed by BETSY MONTALVO or EDWARD GONZALEZ, the defendants, on behalf of Nursing Company-1, and the corresponding Nursing Company-1 Invoices and Nursing Company-1 Timesheets were false, fraudulent, and inflated. In particular, the FC Invoice Confirmation packets submitted to CC-1 overstated the employee nursing services that Nursing Company-1 had performed for Hospital-1 during the applicable time periods.

ii. All of the false, fraudulent, and inflated Nursing Company-1 Invoices were accompanied by two types of supporting documents. First, true and accurate handwritten Nursing Company-1 Timesheets completed by the nurses at Hospital-1. Second, false and fraudulent computerized timesheets reflecting the real names of nurses, their alleged "shift time(s)," and the alleged "approved time" for payment ("Nursing Company-1 Fraudulent Timesheets"). Thus, in support of any Nursing Company-1 Fraudulent Timesheet, Nursing Company-1 submitted a combination of true and false timesheets.

e. Based on my conversation with employees of Hospital-1, I have learned that Hospital-1 did not maintain computerized timesheets for any contracted nursing staffing agency, including Nursing Company-1, nor did any authorized Hospital-1 employee verify or approve of the Nursing Company-1

Fraudulent Timesheets submitted to Factoring Company-1.

**C. Nursing Company-1's October 24, 2016
Invoice to Hospital-1 and Corresponding
Factoring Advance (Count Twelve)**

16. Based on my knowledge and experience derived from this investigation, my review of documents maintained by Factoring Company-1, my review of documents maintained by Hospital-1, and my interviews of Factoring Company-1 employees, I have learned the following, among other things, about Nursing Company-1's October 24, 2016 Invoice ("October Invoice"):

a. On or about October 24, 2016, Nursing Company-1 submitted the October Invoice to Hospital-1 for payment for \$4,804.85. A Hospital-1 staffing coordinator verified the hours listed on the October Invoice against the original Nursing Company-1 Timesheets associated with the October Invoice and placed a handwritten checkmark next to each verified time. See *supra* ¶ 14(f).

b. On or about October 25, 2016, BETSY MONTALVO, the defendant, e-mailed a Schedule of Accounts, signed by MONTALVO, and corresponding invoice to Factoring Company-1 for \$35,854.85 ("False October Invoice"). To support the amount of the False October Invoice, MONTALVO submitted the true and accurate Nursing Company-1 Timesheets as well as the Nursing Company-1 Fraudulent Timesheets.

c. On or about October 25, 2016, FC Employee-1 e-mailed the false October Invoice and supporting documentation to CC-1. See *supra* ¶ 15(c)(iii). On or about October 26, 2016, CC-1 confirmed via e-mail that the False October Invoice in the amount of \$35,854.85 was "accurate in pricing and to be paid in full" by Hospital-1. On or about November 4, 2016, Factoring Company-1 wired \$28,683.88 for the False October Invoice. See *supra* ¶ 15(c)(iv).

d. On or about November 7, 2016, a Hospital-1 staffing coordinator submitted a Check Request Document for payment of services to Factoring Company-1 "c/o [Nursing Company-1]" in the amount of \$4,804.85. See *supra* ¶ 14(f).

e. On or about November 9, 2016, the Check Request Document for the October Invoice was approved for payment by Hospital-1's financial accounting department. See *supra* ¶ 14(f).

f. On or about January 26, 2017, a check in the amount of \$4,804.85 was issued to Factoring Company-1 from Hospital-1 as payment for the October Invoice. See *supra* ¶ 14(g).

D. Interviews of Nursing Company-1 Nurses

17. Based on my interview of a nurse listed on the Nursing Company-1 Fraudulent Timesheets ("RN-1") submitted in support of the False October Invoice, see *supra* ¶ 16(b), I have learned in sum and substance that RN-1 did work for Nursing Company-1. RN-1 indicated that while RN-1's name was listed on the Nursing Company-1 Fraudulent Timesheet submitted in support of the False October Invoice, RN-1 did not work at Hospital-1 at the times indicated and RN-1 did not authorize Nursing Company-1 to use RN-1's information on the timesheet.

18. Based on my interview of a nurse listed on the Nursing Company-1 Fraudulent Timesheets ("RN-2") submitted in support of the False October Invoice, see *supra* ¶ 16(b), I have learned in sum and substance that RN-2 did work for Nursing Company-1. RN-2 indicated that while RN-2's name was listed on the Nursing Company-1 Fraudulent Timesheet submitted in support of the False October Invoice, RN-2 did not work at Hospital-1 at the times indicated and RN-2 did not authorize Nursing Company-1 to use RN-2's information on the timesheet.

19. Based on my knowledge and experience derived from this investigation, my review of documents maintained by Factoring Company-1, and my review of documents maintained by the Department of Labor, I have learned that each of the individuals listed on the Nursing Company-1 Fraudulent Timesheets that BETSY MONTALVO and EDWARD GONZALEZ, the defendants, submitted in support of the false, fraudulent and inflated invoices to Factoring Company-1 are real people.

20. Based on my knowledge and experience derived from this investigation, my review of documents maintained by Hospital-1 and Factoring Company-1, and conversations with Hospital-1 and Factoring Company-1 employees, I am aware that BETSY MONTALVO,

EDWARD GONZALEZ, the defendants, and CC-1, conspired to and engaged in the above factoring scheme using the same means and methods described above with respect to the false October Invoice, *see supra* ¶ 16, with respect to twenty-one invoices submitted to Hospital-1 as detailed in Counts Two through Twenty-Two. In particular, the chart for Counts Two through Twenty-Two provides, in sum and substance, the following information with respect to each of those Counts:

a. The column titled "Count" provides the count associated with the relevant invoice purchased by Factoring Company-1 during the course of the scheme.


b. The column titled "E-Mail Date from CC-1 to Factoring Company-1" provides the date that CC-1 sent an email from New York to Factoring Company-1 in California confirming that the false and fraudulent invoice was accurate. *See supra* ¶ 16(c).

c. The column titled "Hospital-1 Invoice Amount" provides the accurate invoice amount that Hospital-1 owed based on the nursing services provided by Nursing Company-1. *See supra* ¶ 16(a), (d) and (f).

d. The column titled "Amount Wired by Factoring Company-1" provides the amount that Factoring Company-1 wired to Nursing Company-1 based upon the false and fraudulent invoice submitted by BETSY MONTALVO, EDWARD GONZALEZ, the defendants, or others known and unknown, who participated in the factoring scheme, and the accuracy of which was confirmed by CC-1 via email confirmation to Factoring Company-1. *See supra* ¶ 16(c).

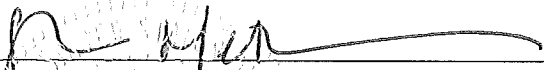
21. Based on my knowledge and experience derived from this investigation, my review of documents maintained by Hospital-1 and Factoring Company-1, and conversations with Hospital-1 and Factoring Company-1 employees, I am aware that the attempted losses associated with the factoring scheme are approximately \$664,761.

WHEREFORE, deponent respectfully requests that warrants be issued for the arrests of BETSY MONTALVO, and EDWARD GONZALEZ, the defendants, and that they be imprisoned or bailed, as the case may be.



JEREMY ROSENMAN
Special Agent
U.S. Attorney's Office, Southern
District of New York

Sworn to before me this
30th day of May, 2018



THE HONORABLE SARAH NETBURN
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK