



PRESS RELEASE

Internal Revenue Service - Criminal Investigation
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Twenty-Eight Marine Reservists Charged in Travel Voucher Fraud Scheme

Reservists Assigned to the Terminal Island Facility Filed Travel Vouchers Claiming Over \$870,000 in Fraudulent Expenses

Los Angeles - The latest defendant to be arrested in a scheme involving 28 Marine reservists charged with submitting fraudulent travel vouchers will make his initial appearance in federal court this afternoon.

Byron Orantes, 36, a sergeant in the United States Marine Corps Forces Reserve assigned to the Third Air Naval Gunfire Liaison Company (“ANGLICO”) at Terminal Island, was arrested late Friday afternoon pursuant to a 50-count indictment charging him and six others with conspiring to file fraudulent travel vouchers.

Filed in September, the indictment alleges that between August 2007 and September 2009, the seven defendants conspired to defraud the U.S. Department of Defense, Defense Finance and Accounting Service (“DFAS”) by obtaining fraudulent travel expense claims.

One defendant named in the indictment is currently being sought by authorities, Bladimir Flores, of Orange County. In addition to being charged with conspiracy to defraud the United States with respect to claims and 12 counts of false claims to the United States government, he is also being charged with two counts of subscribing to a false tax return and one count of failure to file an income tax return. If you have information regarding Bladimir Flores, please contact the Naval Criminal Investigative Service 24-hour hotline number at 1-877-579-3648.

According to the indictment, Flores served as an administrative officer responsible for submitting travel expense reimbursement claims of ANGLICO personnel to the DFAS. Flores would prepare and submit to DFAS fraudulent travel vouchers claiming reimbursement of purported lodging and other travel expenses incurred by the defendants while on active duty orders from the United States Marine Corps Forces Reserve. The fraudulent travel vouchers claimed expenses the defendants were not entitled to because the expenses were not actually incurred and/or the Marine reservists resided within a reasonable commuting distance from Terminal Island and were not entitled to be reimbursed for the claimed lodging expenses at issue.

As support for the lodging expense reimbursements fraudulently claimed, Flores would often attach fake hotel receipts to the travel voucher forms. In addition, he would often list fake residence addresses on the forms to make it appear as if the claimants resided beyond a reasonable commuting distance from Terminal Island and were therefore eligible for reimbursement of the travel expenses submitted.

In return for Flores submitting fraudulent claim forms to DFAS for the defendants, Flores would receive from the claimants a portion of the amount DFAS paid to them. In communicating about the conspiracy, many of the defendants and their co-conspirators used the code word “sandwich” to refer to payments made to Flores in return for submitting fraudulent claims on their behalf.

The five additional defendants who were named in the indictment and have been released on bond following their arrests in October are:

- Corporal Robert Jackson, 28, of Los Angeles is charged with conspiracy to defraud the United States with respect to claims and 11 counts of false claims to the United States government;
- Lance Corporal Francisco Salas, 27, of Sylmar is charged with conspiracy to defraud the United States with respect to claims and 11 counts of false claims to the United States government;
- Corporal Gabriel Rangel, 26, of Hermosa Beach is charged with conspiracy to defraud the United States with respect to claims and five counts of false claims to the United States government;
- Corporal Marcos Solis, 33, of Victorville is charged with conspiracy to defraud the United States with respect to claims and one count of false claims to the United States government; and
- Lance Corporal Octavio Renteria, 27, of Downey is charged with conspiracy to defraud the United States with respect to claims and two counts of false claims to the United States government.

An indictment contains allegations that a defendant has committed a crime. Every defendant is presumed to be innocent until proven guilty in court.

Twenty-one additional defendants in the scheme have already pleaded guilty or have agreed to plead guilty to tax violations regarding their failure to report to the IRS fraudulently obtained travel and lodging payments received while on active military duty in the U.S. Marine Corps Reserve. They are:

- Corporal Richard Estrada, 30, of Garden Grove, who pleaded guilty to subscribing to a false tax return and is scheduled to be sentenced in December;
- Sergeant Allan Armstrong, 31, of San Diego, who is scheduled to plead guilty to filing a false tax return later this month;
- Sergeant Kevin William Rea, 35, of Redondo Beach, who pleaded guilty to subscribing to a false tax return and is scheduled to be sentenced in December;
- Lance Corporal Camden Rene Amy, 25, of Reseda, who pleaded guilty to subscribing to a false tax return and is scheduled to be sentenced in December;
- Corporal Miguel Polanco, 31, of Canyon Country, who pleaded guilty to subscribing to a false tax return and is scheduled to be sentenced in January;
- Sergeant Carlos Q. Chavez, 31, of Newhall, who is scheduled to plead guilty to filing a false tax return later this month;
- Sergeant Markus D. Cooper, 31, of Canyon Country, who pleaded guilty to filing a false tax return and is scheduled to be sentenced in January;
- Corporal Aaron Payton, 29, of Burbank, who pleaded guilty to failure to pay tax and is scheduled to be sentenced in January;
- Sergeant Glen Pena, 30, of Downey, who pleaded guilty to filing a false tax return and is scheduled to be sentenced in January;
- Lance Corporal Franco Tapia, 27, of El Monte, who pleaded guilty to failure to pay tax and is scheduled to be sentenced in December;
- Corporal Jonattan Robles, 25, of Los Angeles, who is scheduled to plead guilty later this month to filing a false tax return, with no mention of receiving fraudulent voucher payments;
- Lance Corporal Christian Flores, 24, of South Gate, who pleaded guilty to filing a false tax return and is scheduled to be sentenced in January;
- Corporal Jose L. Munoz, 26, of Las Vegas, NV, who pleaded guilty to filing a false tax return and is scheduled to be sentenced in January;
- Corporal Juan Charles Rodriguez, 27, of Montebello, who pleaded guilty to filing a false tax return and is scheduled to be sentenced in February;

- Corporal Jovanny Cruz Rojas, 30, of Long Beach, who pleaded guilty to filing a false tax return and is scheduled to be sentenced in January;
- Corporal Robert A. Peckinpaugh, 29, of Palmdale, who pleaded guilty to filing a false tax return and is scheduled to be sentenced in January;
- Gunnery Sergeant Michael Cruz, 43, of Sierra Vista, AZ, who is scheduled to plead guilty to filing a false tax return later this month;
- Staff Sergeant Alfredo Orozco, 36, of North Las Vegas, NV, who is scheduled to plead guilty to filing a false tax return later this month;
- Sergeant Noe Ruvalcaba, 36, of Las Vegas, NV, who pleaded guilty to filing a false tax return and is scheduled to be sentenced in January;
- Staff Sergeant Stanley Carranza, 38, has agreed to plead guilty to filing a false tax return and is scheduled to make his initial appearance later this month; and
- Lance Corporal Juan Oliva Pulido, 26, has agreed to plead guilty to filing a false tax return and is scheduled to make his initial appearance later this month.

In total, the defendants received at least \$874,572 in fraudulently obtained travel and lodging payments. Of that amount, \$223,835 was paid in kickbacks to either Bladimir Flores or unidentified co-conspirator "B.F." The tax loss to the government as a result of the unreported lodging payments was \$121,498.

The charge of conspiracy to defraud the United States with respect to false claims carries a statutory maximum sentence of ten years in federal prison. Each count of submitting false claims to the United States government carries a statutory maximum sentence of five years in prison. Each count of subscribing to a false tax return carries a statutory maximum sentence of three years in prison. Each count of filing a false tax return and/or failure to pay tax carries a statutory maximum sentence of one year in prison.

This investigation was conducted by special agents with IRS Criminal Investigation, the U.S. Department of Defense, Defense Criminal Investigative Service, and the Naval Criminal Investigative Service, with assistance from the Marine Forces Reserve Finance office.

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