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U.S. DISTRICT COURT
DISTRICT OF MARYLAND

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CLERK'S OFFICE
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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

UNITED STATES OF AMERICA,

v.

KRYSTAL PROCTOR,

Defendant

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CRIMINAL NO.

(Conspiracy, 18 U.S.C. § 371; Theft of
Public Money, 18 U.S.C. 641; Aiding and
Abetting, 18 U.S.C. § 2; Forfeiture, 18
18 U.S.C. § 981(a)(1)(C), 28 U.S.C.
§ 2461(c)), and 21 U.S.C. § 853(p)

INDICTMENT

COUNT ONE

(Conspiracy to Commit Theft of Public Money)

The Grand Jury for the District of Maryland charges that:

Introduction

At all times relevant to this Indictment:

1. Defendant **KRYSTAL PROCTOR** ("PROCTOR") was a resident of Maryland.
2. The Internal Revenue Service ("IRS") was an agency of the United States Department of the Treasury responsible for enforcing and administering the tax laws of the United States and collecting taxes owed to the United States.
3. A Form 1040 U.S. Individual Income Tax Return ("Form 1040") was a tax form used to report an individual's taxable income from wages and/or from self-employment. A Schedule C Profit or Loss from Business ("Schedule C") was used to report profit or loss from a business operated as a sole proprietorship and was attached to an individual's Form 1040. Profit or loss reflected on the Schedule C was also reported on the Form 1040.

4. The Earned Income Tax Credit (“EITC”) was a refundable federal income tax credit for low- to moderate-income working individuals and families. When the EITC exceeded the amount of taxes owed, it resulted in a tax refund to those who claimed and qualified for the credit. The amount of an individual’s EITC varied depending on, among other things, the individual’s earned income and whether the individual had a qualifying dependent or dependents.

The False Tax Return Conspiracy

5. From approximately in or about June 2004 until in or about June 2012, **PROCTOR** was employed as a teller at a business located in Maryland that was engaged in, among other things, the cashing of checks.

6. While working at the business, in or about 2011, **PROCTOR** and others conspired to file false federal income tax returns with the IRS in the names of purported taxpayers for the purpose of obtaining tax refunds to which the purported taxpayers were not entitled. The returns were filed using stolen names and Social Security numbers of individuals, listing on each return an individual as the purported taxpayer and listing as the purported taxpayer’s residence an address that was not the purported taxpayer’s address but was, in fact, an address controlled by a co-conspirator.

7. The filed returns falsely claimed, among other things, that the purported taxpayer operated a Schedule C business and had income sufficient to generate a tax refund based on the EITC. The returns also falsely claimed that the purported taxpayer had certain dependents who were not, in fact, the purported taxpayer’s dependents.

8. As a result of the false returns being filed, the IRS issued tax refunds in the form of U.S. Treasury checks made out to the purported taxpayers and mailed the Treasury checks to the addresses as listed on the returns.

9. **PROCTOR** and other employees of check cashing services and financial institutions facilitated the negotiation of the fraudulently obtained Treasury checks.

10. **PROCTOR** stopped working at the check cashing business in or around June 2012. Around that time, **PROCTOR** recruited a co-worker (hereinafter "Co-Conspirator A") to negotiate the fraudulently obtained Treasury checks in **PROCTOR**'s place. **PROCTOR** arranged dates and times for co-conspirators to bring the checks to Co-Conspirator A for negotiation and met with Co-Conspirator A to pay Co-Conspirator A for negotiating the checks.

The Charge

11. Beginning from in or about 2011 and continuing through at least in or about April 2013, in the District of Maryland and elsewhere, the defendant,

KRYSTAL PROCTOR,

and others, known and unknown to the Grand Jury, did unlawfully, voluntarily, intentionally, and knowingly conspire, combine, confederate, and agree together and with each other to commit the offense of theft of public money, in violation of Title 18, United States Code, Section 641.

Object of the Conspiracy

12. It was an object of the conspiracy that **PROCTOR** and others would enrich themselves by causing false tax returns to be filed with the IRS using stolen names and Social Security numbers, fraudulently obtaining tax refund checks from the IRS based on the false returns, and negotiating the fraudulently obtained checks at check cashing services and financial institutions.

Manner and Means

13. The conspiracy was carried out through the following manner and means, among others:

a. From in or about 2011 through in or about May 2012, **PROCTOR** used her position as a teller at a check cashing business to negotiate fraudulently obtained third-party tax refund checks obtained as part of the conspiracy.

b. To conceal her participation in the conspiracy, **PROCTOR** entered false information in the check cashing business's database, including by processing fraudulently obtained checks under the names and addresses of existing customers rather than under the names of the payees listed on the checks. **PROCTOR** also did not save images of the fraudulently obtained checks in the business's database, even though the business required tellers to do so for all checks they negotiated.

c. In or about June 2012, **PROCTOR** recruited Co-Conspirator A to negotiate the fraudulently obtained checks in **PROCTOR**'s place. **PROCTOR** told Co-Conspirator A when other co-conspirators would be bringing fraudulently obtained tax refund checks to the check cashing business and directed Co-Conspirator A to negotiate those checks. On **PROCTOR**'s instructions, Co-Conspirator A negotiated the checks.

d. On **PROCTOR**'s instructions and to conceal the existence of the conspiracy from her employer, Co-Conspirator A entered false information into the check cashing business's database, including by processing fraudulently obtained checks under the names and addresses of existing customers rather than under the names of the payees listed on the checks. Co-Conspirator A also did not save images of the fraudulently obtained refund checks in the business's database, in violation of the business's typical practice.

e. **PROCTOR** met with Co-Conspirator A to pay Co-Conspirator A for negotiating the checks brought by the co-conspirators.

f. Between in or about 2011 through in or about April 2013, **PROCTOR** and Co-Conspirator A negotiated more than 100 fraudulently obtained Treasury checks as part of the conspiracy described herein, with those checks totaling more than \$500,000.

Overt Acts

14. In furtherance of the conspiracy, and to achieve its purposes, **PROCTOR** and her co-conspirators committed the following overt acts, among others, in the District of Maryland and elsewhere:

a. On or about May 22, 2012, at the check cashing business in Clinton, Maryland, **PROCTOR** negotiated a U.S. Treasury check in the amount of \$4,480.49, which was an income tax refund issued from the U.S. Treasury, made payable to Individual 1 and mailed to a Washington, D.C. address, based upon a false 2010 income tax return filed with the IRS in the name of purported taxpayer Individual 1.

b. On or about July 5, 2012, at the check cashing business in Clinton, Maryland, Co-Conspirator A negotiated a U.S. Treasury check in the amount of \$2,883.04, which was an income tax refund issued from the U.S. Treasury, made payable to a misspelled version of Individual 2's name and mailed to a Washington, D.C. address, based upon a false 2008 income tax return filed with the IRS in the name of purported taxpayer Individual 2.

c. On or about April 3, 2013, in Temple Hills, Maryland, **PROCTOR** paid Co-Conspirator A for negotiating fraudulently obtained tax refund checks at the check cashing business.

d. On or about April 5, 2013, in Clinton, Maryland, Co-Conspirator A negotiated a U.S. Treasury check in the amount of \$2,509.03, which was an income tax refund issued from the U.S. Treasury, made payable to Individual 3 and mailed to a Clinton, Maryland address, based upon a false 2009 income tax return filed with the IRS in the name of purported taxpayer Individual 3.

e. On or about April 8, 2013, at the check cashing business in Clinton, Maryland, **PROCTOR** met Co-Conspirator A and paid Co-Conspirator A for negotiating fraudulently obtained checks at the check cashing business.

f. On or about April 11, 2013, in Temple Hills, Maryland, **PROCTOR** met Co-Conspirator A and paid Co-Conspirator A for negotiating fraudulently obtained checks at the check cashing business.

g. On or about April 12, 2013, at the check cashing business in Clinton, Maryland, Co-Conspirator A negotiated a U.S. Treasury check in the amount of \$4,894, which was an income tax refund issued from the U.S. Treasury, made payable to Individual 3 and mailed to a Clinton, Maryland address, based upon a false 2011 income tax return filed with the IRS in the name of purported taxpayer Individual 3.

h. On or about April 14, 2013, in Temple Hills, Maryland, **PROCTOR** met Co-Conspirator A and paid Co-Conspirator A for negotiating fraudulently obtained checks at the check cashing business.

18 U.S.C. § 371

COUNT TWO
(Theft of Public Money)

The Grand Jury for the District of Maryland further charges that:

1. Paragraphs 1 through 10 and 12 through 14 of Count One are incorporated here.
2. On or about July 5, 2012, in the District of Maryland and elsewhere, the

defendant,

KRYSTAL PROCTOR,

did steal, purloin, and knowingly and willfully convert to her own use and the use of another, and did receive and retain with intent to convert to her own use and gain, knowing it to have been stolen, purloined, and converted, money of the United States, namely funds administered by the Department of the Treasury in the form of a U.S. Treasury check in the amount of \$2,883.04 made payable to a misspelled version of the name of Individual 2, which was mailed to an address in Washington, D.C. and negotiated at the check cashing business by Co-Conspirator A.

18 U.S.C. § 641

18 U.S.C. § 2

COUNT THREE
(Theft of Public Money)

The Grand Jury for the District of Maryland further charges that:

1. Paragraphs 1 through 10 and 12 through 14 of Count One are incorporated here.
2. On or about April 5, 2013, in the District of Maryland and elsewhere, the
defendant,

KRYSTAL PROCTOR,

did steal, purloin, and knowingly and willfully convert to her own use and the use of another, and did receive and retain with intent to convert to her own use and gain, knowing it to have been stolen, purloined, and converted, money of the United States, namely funds administered by the Department of the Treasury in the form of a U.S. Treasury check in the amount of \$2,509.03 and in the name of Individual 3, which was mailed to an address in the District of Maryland and negotiated at the check cashing business by Co-Conspirator A.

18 U.S.C. § 641

18 U.S.C. § 2

COUNT FOUR
(Theft of Public Money)

The Grand Jury for the District of Maryland further charges that:

1. Paragraphs 1 through 10 and 12 through 14 of Count One are incorporated here.
2. On or about April 12, 2013, in the District of Maryland and elsewhere, the

defendant,

KRYSTAL PROCTOR,

did steal, purloin, and knowingly and willfully convert to her own use and the use of another, and did receive and retain with intent to convert to her own use and gain, knowing it to have been stolen, purloined, and converted, money of the United States, namely funds administered by the Department of the Treasury in the form of a U.S. Treasury check in the amount of \$4,894 and in the name of Individual 3, which was mailed to an address in the District of Maryland and negotiated at the check cashing business by Co-Conspirator A.

18 U.S.C. § 641

18 U.S.C. § 2

FORFEITURE ALLEGATION

The Grand Jury for the District of Maryland further finds that:

1. Pursuant to Federal Rule of Criminal Procedure 32.2, notice is hereby given to the defendant that the United States will seek forfeiture as part of any sentence in accordance with 18 U.S.C. § 981(a)(1)(C), 28 U.S.C. § 2461(c), and 21 U.S.C. § 853(p), in the event of the defendant's convictions under Counts One through Four of this Indictment.

2. As a result of the offenses alleged in Counts One through Four of this Indictment, the defendant,

KRYSTAL PROCTOR,

shall forfeit to the United States any property, real or personal, which constitutes or is derived from proceeds traceable to these offenses, including, but not limited to, a money judgment equal to the value of any property, real or personal, which constitutes or is derived from proceeds traceable to these offenses.

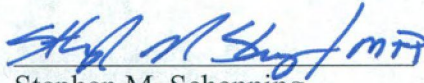
3. If any of the property described above as being subject to forfeiture, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold 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 that cannot be divided without

difficulty;

the defendant shall forfeit to the United States any other property of the defendant, up to the value of the property described above as being subject to forfeiture, pursuant to Title 21, United States Code, Section 853(p).

18 U.S.C. § 981(a)(1)(C)
28 U.S.C. § 2461(c)
21 U.S.C. § 853(p)


Stephen M. Schenning
Acting United States Attorney

A TRUE BILL:

SIGNATURE REDACTED

Foreperson

Date: June 28, 2017