

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO**

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**UNITED STATES OF AMERICA,**  
Plaintiff,

v.

**LUIS M. RIVERA-CRUZ,**  
Defendant.

**SECOND SUPERSEDING  
INDICTMENT**

CLERK'S OFFICE  
U.S. DISTRICT COURT  
SAN JUAN, P.R.

Criminal No. 05-079 (DRD)

**VIOLATIONS:**  
18 U.S.C. § 371, 1344 and 2

**THE GRAND JURY CHARGES:**

**INTRODUCTORY ALLEGATIONS**

**AT ALL TIMES MATERIAL TO THIS INDICTMENT:**

1. The Bank & Trust of Puerto Rico (hereinafter "BT"), was a financial institution, the deposits of which were insured by the Federal Deposit Insurance Corporation ("FDIC").
2. Guido Barletta-Blassini (hereinafter "Barletta"), was an insurance agent/broker, President and principal shareholder of "International Insurance Specialties, Corp."
3. On or about June 1, 1998, BT purchased "The Money Store, Inc.," a corporation engaged in the business of financing insurance premium contracts and leasing motor vehicles, together with all its assets, employees, clients and portfolio, including the services of Barletta.
4. Insurance Premium Finance is a financing service that a bank can offer to the public, through an insurance broker or agency. The service consists of the bank lending monies for payment of an insurance policy to a client, who repays the bank in monthly installments of principal and interest. The insurance broker or agency obtains a commission from the bank in exchange for bringing insurance finance premium clients to the bank.
5. To obtain financing for an insurance premium, the insurance broker or agency and the client execute an Insurance Premium Finance contract with the bank, detailing the entity to be insured, the insurance company, the policy number, the value of the insurance premium, and the

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premium amount to be financed by the bank.

6. After the Insurance Premium Finance contract is duly executed, the bank issues a check for the portion of the insurance premium financed by the bank and forwards the same to the insurance agency and/or broker, who must then forward the monies to the insurance company he/she represents, to pay for the policy. The client is then responsible for repaying the amount financed by the bank, in monthly installments of principal and interest.

7. If an insurance premium finance client fails to pay the monthly installments, the bank notifies the insurance broker or agency and the client. Upon default, the insurance company returns the balance of the premium to the bank.

8. On or about June 1, 1998, BT and Barletta entered into a contract whereby Barletta agreed to act as a “producer” of Insurance Premium Finance contracts by obtaining prospective clients and submitting their insurance contracts to BT for financing, in exchange for a commission.

9. During the period of July of 1998 through October of 2000, Barletta produced numerous Insurance Premium Finance contracts for BT, each containing one or more insurance policies.

10. Defendant Luis M. Rivera-Cruz (hereinafter “**RIVERA-CRUZ**”), requested and obtained insurance premium financing from BT with the assistance of Barletta through the execution of fraudulent Insurance Premium Finance contracts.

11. **RIVERA-CRUZ** was the President and owner of Universal Security Advisors, Inc. (hereinafter “USA”), a company engaged in the business of security.

12. Illinois Insurance Exchange (hereinafter “**IIE**”), is an insurance company listed as the insurance company allegedly issuing the insurance policies listed in the Insurance Premium Finance contracts executed by **RIVERA-CRUZ**.

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**COUNT ONE**  
**Title 18, United States Code, § 371**  
**Conspiracy to Commit Bank Fraud**

Paragraphs one (1) through twelve (12) of the Introductory Allegations, set forth above, are realleged and incorporated by reference herein, as though fully set forth herein.

From in or about July of 1998, and continuing through in or about October of 2000, in the District of Puerto Rico, and elsewhere, and within the jurisdiction of this court,

**LUIS M. RIVERA-CRUZ,**

the defendant herein, did, knowingly and intentionally, combine, conspire and agree with Guido Barletta Blasini, a person not charged in this Indictment, and with divers other persons known and unknown to the Grand Jury, to commit an offense against the United States, to wit, to knowingly and willfully execute and attempt to execute a scheme and artifice to defraud The Bank & Trust of Puerto Rico, a federally insured financial institution, and obtain moneys, funds and assets owned by and under the custody of said bank, that is, approximately forty-one million eight hundred and sixty-two thousand six hundred and sixty dollars (\$41,862,660.00), by means of false and fraudulent pretenses, representations and promises, in violation of Title 18, United States Code, sections 1344 and 2. All in violation of Title 18, United States Code, Section 371.

**I. OBJECT OF THE CONSPIRACY**

The object of the conspiracy was to defraud Bank & Trust of Puerto Rico by preparing false and fraudulent insurance premium finance contracts and obtain moneys, funds and assets from said bank.

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## **II. MANNER AND MEANS TO EFFECT THE CONSPIRACY**

The manner and means by which the Defendant and his co-conspirators would further and accomplish the object of the conspiracy included the following:

1. It was part of the conspiracy that defendant **RIVERA-CRUZ** and/or his co-conspirators would request insurance premium financing from BT with the assistance of Barletta through the execution of false and fraudulent Insurance Premium Finance contracts to finance insurance policies which were non-existent, and which contained false information, including IIE as the name of the insurance company allegedly providing the insurance policy to be financed, the number of the insurance policy, the effective date of the policy, and the down payment allegedly provided by the person responsible for paying the policy.

2. It was a further part of the conspiracy that after the Insurance Premium Finance contract was duly executed, Barletta would receive a check from BT for the portion of the insurance premium financed by the bank.

3. It was a further part of the conspiracy that Barletta would retain part of the monies forwarded by BT to pay for the monthly installments of principal and interest due on the Insurance Premium Finance contracts.

4. It was a further part of the conspiracy that with the balance of the monies forwarded by BT, Barletta would purchase manager's checks payable to defendant **RIVERA-CRUZ** and/or his co-conspirators.

5. It was a further part of the conspiracy that **RIVERA-CRUZ** would receive manager's checks from Barletta and deposit the monies in his personal account, or in the account of his

business, USA.

#### **IV. OVERT ACTS IN FURTHERANCE OF THE CONSPIRACY**

On or about the dates listed below, in the District of Puerto Rico, in furtherance of this conspiracy and to effect and accomplish the objects of it, defendant **RIVERA-CRUZ** and/or his co-conspirators, did, knowingly commit, among others, the following overt acts:

1. Barletta, acting as the insurance broker, executed 307 fraudulent Insurance Premium Finance contracts with BT totaling \$41,862,660.00.

2. **RIVERA-CRUZ** knowingly executed the following fraudulent Insurance Premium Finance contracts with BT to finance insurance policies which were non-existent, as more specifically described below:

<b>BT Insurance Finance Contract Number</b>	<b>Date of Contract</b>	<b>Amount Loaned by BT</b>	<b>Signature on Contract</b>	<b>Agent</b>	<b>Insurance Company Listed in Contract</b>
021200102	7/24/98	\$40,000.00	LR	Barletta	IIE
021200123	11/6/98	\$80,300.00	LR	Barletta	IIE
021200126	12/2/98	\$170,500.00	LR	Barletta	IIE
021200130	12/11/98	\$210,000.00	LR	Barletta	IIE
121200145	1/29/99	\$200,000.00	LR	Barletta	IIE
121200154	2/10/99	\$97,000.00	LR	Barletta	IIE
121200165	3/3/99	\$5,600.00	LR	Barletta	IIE
121200166	3/3/99	\$70,000.00	LR	Barletta	IIE
121200180	3/29/99	\$71,000.00	LR	Barletta	IIE
121200181	3/26/99	\$100,00.00	LR	Barletta	IIE

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<b>BT Insurance Finance Contract Number</b>	<b>Date of Contract</b>	<b>Amount Loaned by BT</b>	<b>Signature on Contract</b>	<b>Agent</b>	<b>Insurance Company Listed in Contract</b>
121200182	3/30/99	\$48,000.00	LR	Barletta	IIE
121200189	4/5/99	\$52,000.00	LR	Barletta	IIE
121200196	4/22/99	\$100,000.00	LR	Barletta	IIE
121200197	4/23/99	\$65,000.00	LR	Barletta	IIE
121200201	4/28/99	\$145,000.00	LR	Barletta	IIE
121200202	4/28/99	\$50,000.00	LR	Barletta	IIE
121200216	5/20/99	\$70,000.00	LR	Barletta	IIE
121200223	6/1/99	\$31,500.00	LR	Barletta	IIE
121200228	6/14/99	\$53,000.00	LR	Barletta	IIE
121200237	7/10/99	\$130,000.00	LR	Barletta	IIE
121200238	7/6/99	\$80,000.00	LR	Barletta	IIE
121200285	10/25/99	\$77,000.00	LR	Barleta	IIE
121200291	10/29/99	\$53,000.00	LR	Barletta	IIE
121200297	11/10/99	\$140,200.00	LR	Barletta	IIE
121200300	11/23/99	\$180,000.00	LR	Barletta	IIE
121200309	12/13/99	\$56,000.00	LR	Barletta	IIE
121200388	04/10/00	\$299,000.00	LR	Barletta	IIE
121200395	04/16/00	\$254,000.00	LR	Barletta	IIE
121200397	04/28/00	\$230,000.00	LR	Barletta	IIE
121200399	04/30/00	\$200,600.00	LR	Barletta	IIE
121200413	05/15/00	\$120,700.00	LR	Barletta	IIE
121200414	05/15/00	\$120,000.00	LR	Barletta	IIE

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<b>BT Insurance Finance Contract Number</b>	<b>Date of Contract</b>	<b>Amount Loaned by BT</b>	<b>Signature on Contract</b>	<b>Agent</b>	<b>Insurance Company Listed in Contract</b>
121200416	05/16/00	\$126,000.00	LR	Barletta	IIE
121200421	05/25/00	\$80,000.00	LR	Barletta	IIE
121200428	06/04/00	\$82,000.00	LR	Barletta	IIE
121200530	08/29/00	\$200,000.00	LR	Barletta	IIE
121200532	08/27/00	\$90,000.00	LR	Barletta	IIE
121200539	09/04/00	\$110,000.00	LR	Barletta	IIE
121200543	09/11/00	\$90,000.00	LR	Barletta	IIE
121200557	09/17/00	\$170,800.00	LR	Barletta	IIE
121200574	10/03/00	\$130,000.00	LR	Barletta	IIE
121200579	10/04/00	\$100,000.00	LR	Barletta	IIE
<b>TOTAL</b>		<b>\$4,778,200.00</b>			

3. Jose Cabranes knowingly executed 152 fraudulent Insurance Premium Finance contracts to finance insurance policies which were non-existent totaling \$15,264,600.00.

4. Abraham López knowingly executed 55 fraudulent Insurance Premium Finance contracts to finance insurance policies which were non-existent totaling \$6,807,700.00.

5. Bienvenido Ortiz knowingly executed 158 fraudulent Insurance Premium Finance contracts to finance insurance policies which were non-existent totaling \$15,012,160.00.

All in violation of Title 18, United States Code, Section 371.

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**COUNT TWO**  
**Title 18, United States Code, § 1344**  
**Bank Fraud**

Paragraphs one (1) through twelve (12) of the Introductory Allegations, set forth above, are realleged and incorporated by reference herein, as though fully set forth herein.

From in or about July of 1998, and continuing through in or about October of 2000, in the District of Puerto Rico, and elsewhere, and within the jurisdiction of this court, the defendant herein,

**LUIS M. RIVERA-CRUZ,**

aided and abetted by Barletta and others not charged herein, did, knowingly and willfully, execute and attempt to execute a scheme and artifice to defraud The Bank & Trust of Puerto Rico, a federally insured financial institution, and obtain moneys, funds and assets owned by and under the custody of said bank, that is, approximately four million seven hundred and seventy-eight thousand two hundred dollars (\$4,778,200.00), by means of false and fraudulent pretenses, representations and promises, in violation of Title 18, United States Code, sections 1344 and 2.

**OBJECT OF THE SCHEME AND ARTIFICE TO DEFRAUD**

It was the object of the scheme and artifice to defraud that **RIVERA-CRUZ**, aided and abetted by Barletta and others not charged herein, would obtain money from BT by executing fraudulent Insurance Premium Finance contracts.

**THE SCHEME AND ARTIFICE TO DEFRAUD**

1. It was a part of the scheme and artifice to defraud that Barletta, defendant's aider and abettor, would represent to BT that he was an authorized agent of IIE, which representation was false.



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2. It was further part of the scheme and artifice to defraud, that **RIVERA-CRUZ** and Barletta would cause Insurance Premium Finance contracts to be executed by BT by providing false information in the contracts, including IIE, as the name of the insurance company allegedly providing the insurance policy to be financed, the number of the insurance policy, the effective date of the policy, and the down payment allegedly provided by the person responsible for paying the policy.

3. It was further part of the scheme and artifice to defraud that **RIVERA-CRUZ** would execute Insurance Premium Finance contracts with BT representing that the money lent by BT was to be used for the payment of insurance policies obtained from IIE.

4. It was further part of the scheme and artifice to defraud that after BT disbursed the money to Barletta for payment to IIE, the insurance company listed in the Insurance Premium Finance contracts executed by **RIVERA-CRUZ**, Barlettta and **RIVERA-CRUZ** kept the money for themselves and/or the same was used by defendant's other aiders and abettors.

5. It was further part of the scheme and artifice to defraud that in order to keep BT from discovering the fraudulent scheme, Barletta, would obtain a monthly listing from BT of the monthly installments owed on the fraudulent Insurance Premium Finance contracts executed by **RIVERA-CRUZ**, and would make the payments due on the contracts by using money obtained from BT through the execution of new fraudulent Insurance Premium Finance contracts.

#### **ACTS IN EXECUTION OF THE SCHEME AND ARTIFICE TO DEFRAUD**

On or about the dates listed below, in the District of Puerto Rico, defendant **RIVERA-CRUZ** did, knowingly execute the scheme and artifice to defraud BT by causing it to loan money to

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defendant through the execution of fraudulent Insurance Premium Finance contracts to finance insurance policies which were non-existent, as more specifically described below:

<b>BT Insurance Finance Contract Number</b>	<b>Date of Contract</b>	<b>Amount Loaned by BT</b>	<b>Signature on Contract</b>	<b>Agent</b>	<b>Insurance Company Listed in Contract</b>
021200102	7/24/98	\$40,000.00	LR	Barletta	IIE
021200123	11/6/98	\$80,300.00	LR	Barletta	IIE
021200126	12/2/98	\$170,500.00	LR	Barletta	IIE
021200130	12/11/98	\$210,000.00	LR	Barletta	IIE
121200145	1/29/99	\$200,000.00	LR	Barletta	IIE
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121200202	4/28/99	\$50,000.00	LR	Barletta	IIE
121200216	5/20/99	\$70,000.00	LR	Barletta	IIE
121200223	6/1/99	\$31,500.00	LR	Barletta	IIE

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<b>BT Insurance Finance Contract Number</b>	<b>Date of Contract</b>	<b>Amount Loaned by BT</b>	<b>Signature on Contract</b>	<b>Agent</b>	<b>Insurance Company Listed in Contract</b>
121200228	6/14/99	\$53,000.00	LR	Barletta	IIE
121200237	7/10/99	\$130,000.00	LR	Barletta	IIE
121200238	7/6/99	\$80,000.00	LR	Barletta	IIE
121200285	10/25/99	\$77,000.00	LR	Barleta	IIE
121200291	10/29/99	\$53,000.00	LR	Barletta	IIE
121200297	11/10/99	\$140,200.00	LR	Barletta	IIE
121200300	11/23/99	\$180,000.00	LR	Barletta	IIE
121200309	12/13/99	\$56,000.00	LR	Barletta	IIE
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121200530	08/29/00	\$200,000.00	LR	Barletta	IIE
121200532	08/27/00	\$90,000.00	LR	Barletta	IIE
121200539	09/04/00	\$110,000.00	LR	Barletta	IIE
121200543	09/11/00	\$90,000.00	LR	Barletta	IIE

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BT Insurance Finance Contract Number	Date of Contract	Amount Loaned by BT	Signature on Contract	Agent	Insurance Company Listed in Contract
121200557	09/17/00	170,800.00	LR	Barletta	IIE
121200574	10/03/00	130,000.00	LR	Barletta	IIE
121200579	10/04/00	100,000.00	LR	Barletta	IIE
<b>TOTAL</b>		<b>\$4,778,200.00</b>			


All in violation of Title 18, United States Code, Sections 1344 and 2.


TRUE BILL

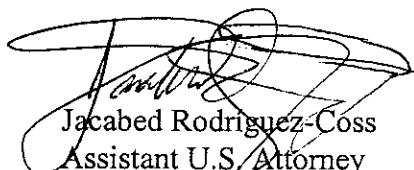
FOREPERSON

Dated: 05/25/05

H.S. GARCIA  
 United States Attorney

  
 Sonia I. Torres  
 Assistant U.S. Attorney  
 Chief, Criminal Division

  
 Nereida Meléndez Rivera  
 Assistant U.S. Attorney  
 Deputy Chief, Criminal Division

  
 Jacabed Rodriguez-Coss  
 Assistant U.S. Attorney  
 Dated: May 25, 2005