

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

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

UNITED STATES OF AMERICA,

v.

[1] JULIA BEATRICE KELEHER,

Counts: 1-3, 10, 12, 15-16,

[2] ANGELA AVILA-MARRERO,

A/K/A "ANGIE"

Counts: 19-23, 25

[3] ALBERTO VELAZQUEZ-PIÑOL,

Counts: 12-32

[4] FERNANDO SCHERRER-CAILLET,

Counts: 16, 19, 23-26,

[5] GLENDA E. PONCE-MENDOZA,

Counts: 1, 4-11

[6] MAYRA PONCE-MENDOZA,

Counts: 1, 3-6, 9, 11

Defendants.

INDICTMENT

CRIMINAL NO. 19- 431

CRIMINAL VIOLATIONS:

18 U.S.C. § 1349

(Wire Fraud Conspiracy) Count 1

18 U.S.C. §§ 371, 641

(Conspiracy, Theft) Counts 12, 19

18 U.S.C. § 1343

(Wire Fraud) Counts 2-11, 13-18, 20-25

18 U.S.C. § 1956(h)

(Money Laundering Conspiracy) Count 26

18 U.S.C. § 1957

(Money Laundering) Counts 27-32

32 COUNTS

& FORFEITURE ALLEGATIONS

INDICTMENT

THE GRAND JURY CHARGES:

COUNT ONE

18 U.S.C. § 1349

(Conspiracy to Commit Wire Fraud)

Unless otherwise specified, at all times material to this Indictment:

1. The Puerto Rico Department of Education (hereinafter "PR DOE") was organized under Article V, section 6 of the Constitution of the Commonwealth of Puerto Rico. The PR DOE was responsible for the planning and administration of all public elementary, secondary

and some post-secondary education throughout Puerto Rico.

2. The PR DOE administered various federal financial assistance programs funded by the United States Department of Education (hereinafter “US ED”) intended for students in public and private schools.
3. Keleher & Associates, LLC (hereinafter “Keleher & Associates”) was a foreign for-profit limited liability company organized under the laws of the District of Columbia and duly authorized to do business in Puerto Rico from on or about April 21, 2015, until on or about January 25, 2018.
4. Keleher & Associates was owned and managed by [1] **JULIA BEATRICE KELEHER** from April 21, 2015, until at least in or about 2017.
5. Keleher & Associates maintained a corporate bank account at Wells Fargo Bank, NA managed and controlled by [1] **JULIA BEATRICE KELEHER** until at least in or about June 2018.
6. On or about January 25, 2018, Individual A, an official of Keleher & Associates, was authorized to execute all legal and administrative documents to “renounce” authorization to do business in Puerto Rico.
7. [1] **JULIA BEATRICE KELEHER** was the Secretary of PR DOE from in or about January 2017 until on or about April 1, 2019. While serving as Secretary of PR DOE, [1] **JULIA BEATRICE KELEHER** was paid via professional services contracts by The Puerto Rico Fiscal Agency and Financial Advisory Authority (hereinafter “FAFAA” or “AAFAF”).
8. The PR DOE utilized divisions and units within the PR DOE to manage different functions and to coordinate the activities of the PR DOE. One such division within the PR DOE was

the “Secretaría Auxiliar de Asuntos Federales” (Federal Affairs) unit, managed and overseen by the “Secretaria Auxiliar” (Director).

9. Individual B was the Director of Federal Affairs from in or about January 2017 until in or about August 2017. As such, she had authority to seek services for the unit, including via requests for proposals under the PR DOE regulations.
10. In or about January 2017, [5] **GLEND A. PONCE-MENDOZA** began working in PR DOE representing herself to be Special Assistant to the Secretary. At that time, she was not an employee nor had a contract with the PR DOE.
11. On or about March 28, 2017, [5] **GLEND A. PONCE-MENDOZA** executed a professional services contract to serve as a consultant for PR DOE. The professional services contract was signed by [1] **JULIA BEATRICE KELEHER** and was set to expire on June 30, 2017. Pursuant to the terms of the professional services contract, [5] **GLEND A. PONCE-MENDOZA** would be paid a total of \$30,800.00 from March 28, 2017, to June 30, 2017, at a rate of \$70.00/hour.
12. Colón & Ponce, Inc. (hereinafter “Colón & Ponce”) was a for-profit corporation organized under the laws of Puerto Rico on or about April 25, 2006.
13. [6] **MAYRA PONCE-MENDOZA** was the sister of [5] **GLEND A. PONCE-MENDOZA** and acted as corporate official and owner of Colón & Ponce.

THE CONSPIRACY

14. From in or about January 2017 through in or about April 2018, in the District of Puerto Rico and within the jurisdiction of this Honorable Court,

[1] **JULIA BEATRICE KELEHER,**
[5] **GLEND A. PONCE-MENDOZA,** and

[6] MAYRA PONCE-MENDOZA,

the defendants herein, and others known and unknown to the Grand Jury, did knowingly and willfully conspire and agree with each other to commit an offense against the United States, that is, devising a scheme and artifice to defraud and obtain money and properties by means of false and fraudulent pretenses, and promises, and in doing so, transmitting and causing to be transmitted by means of wire communications in interstate or foreign commerce, writings, signals, and email communications for the purpose of executing such scheme and artifice to defraud, in violation of Title 18, United States Code, Section 1343.

PURPOSE OF THE CONSPIRACY

15. The purpose of the conspiracy was to steer contracts between the Puerto Rico Department of Education and Colon & Ponce. This was accomplished through a corrupted bidding process wherein Colon & Ponce was provided with a competitive advantage based in part, on the close relationship between **[1] JULIA BEATRICE KELEHER**, **[5] GLENDA PONCE-MENDOZA**, and **[6] MAYRA PONCE-MENDOZA**.

OVERT ACTS IN FURTHERANCE OF THE CONSPIRACY

16. In furtherance of the conspiracy, and to accomplish its purpose, the co-conspirators (both indicted and unindicted herein), committed the following overt acts in the District of Puerto Rico and elsewhere:

17. In or about 2017, while working at the PR DOE, and representing herself to be a Special Assistant to the Secretary of PR DOE, **[5] GLENDA E. PONCE-MENDOZA** assisted Colón & Ponce and her sister, **[6] MAYRA PONCE-MENDOZA**, in securing a contract

with PR DOE.

18. On or about March 29, 2017, [6] **MAYRA PONCE-MENDOZA** submitted a proposal to PR DOE for services to be rendered by Colón & Ponce, all via email to her sister, [5] **GLEND A. PONCE-MENDOZA**.
19. On or about April 11, 2017, [5] **GLEND A. PONCE-MENDOZA** forwarded the Colón & Ponce proposal from her sister [6] **MAYRA PONCE-MENDOZA** to [1] **JULIA BEATRICE KELEHER**. After receiving the proposal from Colón & Ponce, [1] **JULIA BEATRICE KELEHER** instructed PR DOE employees to award a contract to Colón & Ponce.
20. PR DOE regulations required a selection process, known as Request For Proposal “RFP”, to award a contract for the services involved in the Colón & Ponce proposal submitted to the PR DOE.
21. Although the PR DOE Office of Federal Affairs had not requested services such as those offered by Colón & Ponce, Individual B, then Director of Federal Affairs, was instructed by [1] **JULIA BEATRICE KELEHER** to award such a contract to Colón & Ponce.
22. On or about May 16, 2017, a RFP was sent by PR DOE to [6] **MAYRA PONCE-MENDOZA** and six other competitor company representatives requesting proposals for services.
23. On or about May 17, 2017, [5] **GLEND A. PONCE-MENDOZA** visited Individual C, a PR DOE employee in charge of handling the RFP involving Colón & Ponce. [5] **GLEND A. PONCE-MENDOZA** asked Individual C about the status of the process, despite the May 22, 2017 deadline established in the RFP. [5] **GLEND A. PONCE-MENDOZA** then informed Individual C that [1] **JULIA BEATRICE KELEHER** had

- already received the proposal and wanted to know when the process would be finalized.
24. Seven vendors were invited under the RFP of which five companies, including Colón & Ponce, timely submitted proposals.
 25. On or about May 23, 2017, via telephone and via email, the US Department of Education Office of Risk Management reminded and advised [1] **JULIA BEATRICE KELEHER** of her duty to comply with the applicable regulations for awarding procurement contracts, with specific reference to the Colón & Ponce contract.
 26. On or about May 23, 2017, after evaluating the five proposals, the original RFP was amended by PR DOE. PR DOE requested that the length and hours of the contract be shortened to no more than six months. The deadline to submit an amended proposal was May 24, 2017 at 4:30 p.m.
 27. After receiving the amended RFP from PR DOE, on May 23, 2017, [6] **MAYRA PONCE-MENDOZA** forwarded the amended RFP to her sister, [5] **GLEND A. PONCE-MENDOZA**, who was acting as a Special Assistant to [1] **JULIA BEATRICE KELEHER**.
 28. After receiving the amended RFP from [6] **MAYRA PONCE-MENDOZA**, on May 24, 2017, [5] **GLEND A. PONCE-MENDOZA** forwarded the amended RFP to Individual A, an official of Keleher & Associates.
 29. On May 24, 2017, Individual A emailed and instructed [5] **GLEND A. PONCE-MENDOZA** on how to amend the Colón & Ponce proposal. Individual A instructed [5] **GLEND A. PONCE-MENDOZA** to add her own work and experience to the Colón & Ponce proposal without disclosing [5] **GLEND A. PONCE-MENDOZA**'s identity.
 30. On May 24, 2017, Colón & Ponce submitted an amended proposal to PR DOE. Following

the electronic submission of the amended proposal to PR DOE, [6] **MAYRA PONCE-MENDOZA** emailed [5] **GLEND A. PONCE-MENDOZA** on May 24, 2017, confirming the submission to PR DOE.

31. On May 25, 2017, a PR DOE internal memo was sent to Individual B indicating that Colón & Ponce was recommended for the contract.
32. Individual C, the PR DOE Process Official for Fund Adjudication Unit, concluded that Colón & Ponce was the only company not qualified for the contract, and was the worst applicant. Individual C refused to sign the letter selecting Colón & Ponce because the selection letter claimed that Colón & Ponce was qualified, when in fact, it was not.
33. On or about June 8, 2017, Colón & Ponce executed contract 2017-AF0220 with PR DOE. The total amount of the contract was \$43,550.00, and it was set to expire on December 31, 2017.
34. Individual B executed contract 2017-AF0220 on behalf of PR DOE because she was pressured to do so by [1] **JULIA BEATRICE KELEHER**.
35. On or about June 17, 2017, Individual D sent an email to [1] **JULIA BEATRICE KELEHER** forwarding the resume of Individual E, his former 2016 gubernatorial campaign director.
36. On or about July 6, 2017, Individual D sent an email to [1] **JULIA BEATRICE KELEHER**, copying Individual E, so that [1] **JULIA BEATRICE KELEHER** could meet with her and share employment options at the PR DOE. In the email, Individual D recommended that the meeting be held outside of the PR DOE.
37. On or about July 11, 2017, [6] **MAYRA PONCE-MENDOZA** sent an email to [5] **GLEND A. PONCE-MENDOZA** containing proposed amendments to the Colón &

Ponce contract, based on work performed with Individual A, in order to discuss with **[1] JULIA BEATRICE KELEHER**. The proposed amendment included an increase of \$54,800.00, for a total amended contract value of \$98,350.00.

38. On or about July 18, 2017, **[1] JULIA BEATRICE KELEHER** forwarded Individual E's resume to Individual F, who acted as one of her Special Assistants.
39. In or about August, 2017, **[1] JULIA BEATRICE KELEHER** became aware that the appointment of Individual E as a government employee would not be feasible.
40. In or about August 2017, Individual E was informed by **[1] JULIA BEATRICE KELEHER** that her payments as a Special Assistant would be made by Colón & Ponce, a company Individual E was not familiar with.
41. On or about August 8, 2017, **[6] MAYRA PONCE-MENDOZA** sent a draft proposal with amendments to the Colón & Ponce contract number 2017-AF0220 for review by **[5] GLENDA E. PONCE-MENDOZA** and Individual A. The proposal contained various options, including a proposed increase in the value of the contract.
42. On August 21, 2017, **[6] MAYRA PONCE-MENDOZA** submitted a proposal for an amended contract to **[1] JULIA BEATRICE KELEHER**. That same date, **[1] JULIA BEATRICE KELEHER** responded via email to **[6] MAYRA PONCE-MENDOZA** advising **[6] MAYRA PONCE-MENDOZA** that revisions were required.
43. On August 22, 2017, **[6] MAYRA PONCE-MENDOZA** sent a further email to **[1] JULIA BEATRICE KELEHER** containing a revised proposal to amend the Colón & Ponce contract. This particular proposal intended to increase the contract value to \$455,100.00.
44. On or about August 24, 2017, **[1] JULIA BEATRICE KELEHER** forwarded **[6]**

MAYRA PONCE-MENDOZA's August 22, 2017 email to Individual G, a PR DOE employee, and Individual F, advising them: "Check this; should be ok to go".

45. In or about August 2017, at the direction of [1] **JULIA BEATRICE KELEHER**, Individual E was provided with an official PR DOE email address even though at that time Individual E was not an employee nor a contractor at the PR DOE. Individual E then used her official email address to communicate with Puerto Rico government officials, representing herself to be an "Ayudante Especial" (Special Assistant) in the Office of the Secretary of the Department of Education.
46. On or about September 1, 2017, [1] **JULIA BEATRICE KELEHER** emailed Individual B, Individual E, and [5] **GLEND A. PONCE-MENDOZA**, regarding the Colón & Ponce contract.
47. On or about September 11, 2017, Individual E sent an email to a federal agent of the United States Department of Homeland Security utilizing a personal Gmail address wherein she represented herself to be an "Ayudante Especial" (Special Assistant) to the "Secretaria de Educacion" (Secretary of Education), even though at that time she was not an employee nor a contractor at the PR DOE. In the email, Individual E requested information from the federal agent in connection with her task of drafting PR DOE's security plan.
48. On or about September 13, 2017, [1] **JULIA BEATRICE KELEHER** approved the request for authorization to amend the Colón & Ponce contract for an initial increase of \$51,450.00.
49. On or about October 25, 2017, an amended contract, 2017-AF0220-A, was executed between Colón & Ponce and the PR DOE. The total value of the amended contract became \$95,000.00.

50. Individual E was paid by Colón & Ponce from the \$51,450.00 added to the original \$43,550.00 contract as follows:

Check Number	Check Dated	Amount
Check 1281	January 13, 2018	\$1,593.00
Check 1284	April 13, 2018	\$6,472.80
Check 1285	April 13, 2018	\$7,551.60
	Total	\$15,617.40

51. During the year 2017, [5] **GLEND A. PONCE-MENDOZA** received monetary payments from Colón & Ponce for services rendered totaling approximately \$16,425.00, plus at least \$834.60 in expenses.

All in violation of Title 18, United States Code, Section 1349.

COUNTS TWO TO ELEVEN

18 U.S.C. § 1343

(Wire Fraud)

52. The allegations contained in Count One, paragraphs 1-51, of this Indictment are re-alleged and incorporated herein by reference.

53. On or about each of the dates set forth below, in the District of Puerto Rico,

[1] **JULIA BEATRICE KELEHER,**
 [5] **GLEND A. PONCE-MENDOZA, and**
 [6] **MAYRA PONCE-MENDOZA,**

defendants in each count when named below, for the purpose of executing the scheme described Count One, and attempting to do so, caused to be transmitted by means of wire communication in interstate commerce the signals and sounds described below for each count, each transmission constituting a separate count:

Count	Date	From	To	Description
2.	August 24, 2017	[1] JULIA BEATRICE KELEHER	Individual G and Individual F	Email forwarding the revised Colón & Ponce proposal to amend the existing contract with an annotation that it "should be ok to go"
3.	August 22, 2017	[6] MAYRA PONCE-MENDOZA	[1] JULIA BEATRICE KELEHER	Email submitting a revised Colón & Ponce proposal to amend the existing contract
4.	August 8, 2017	[6] MAYRA PONCE-MENDOZA	[5] GLENDA E. PONCE-MENDOZA and Individual A	Submitting a draft proposal with amendments to the Colón & Ponce existing contract
5.	July 11, 2017	[6] MAYRA PONCE-MENDOZA	[5] GLENDA E. PONCE-MENDOZA	Email containing proposed amendments to the Colón & Ponce contract to be discussed with [1] Julia Beatrice KELEHER, including an increase of \$54,800
6.	May 24, 2017	[6] MAYRA PONCE-MENDOZA	[5] GLENDA E. PONCE-MENDOZA	Email forwarding an email with the submission of the updated Colón & Ponce proposal to PR DOE
7.	May 24, 2017	Individual A	[5] GLENDA E. PONCE-MENDOZA	Email instructing Glenda E. PONCE-MENDOZA on how to amend the Colón & Ponce proposal to the PR DOE
8.	May 24, 2017	[5] GLENDA E. PONCE-MENDOZA	Individual A	Email forwarding the email from Mayra PONCE-MENDOZA in which she forwarded the email from the PR DOE from May 23, 2017 requesting Colón & Ponce to update the billing rate section in the proposal for services already submitted to the PR DOE
9.	May 23, 2017	[6] MAYRA PONCE-MENDOZA	[5] GLENDA E. PONCE-MENDOZA	Email forwarding an email from the PR DOE from May 23, 2017 requesting Colón & Ponce to update the billing rate section in the proposal for services already submitted to the PR DOE
10.	April 11, 2017	[5] GLENDA E. PONCE-MENDOZA	[1] JULIA BEATRICE KELEHER,	Email forwarding a Colón & Ponce proposal for services for the PR DOE

11.	March 29, 2017	[6] MAYRA PONCE-MENDOZA	[5] GLENDA E. PONCE-MENDOZA	Email forwarding a Colón & Ponce presentation for services to PR DOE
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All in violation of Title 18, United States Code, Section 1343.

COUNT TWELVE

18 U.S.C. § 371

(Conspiracy to Commit an Offense Against the United States)

Unless otherwise specified, at all times material to this Indictment:

54. The allegations contained in paragraphs 1-2 and 7-11 are re-alleged and incorporated herein by reference.
55. BDO Puerto Rico, P.S.C. was a for-profit professional services corporation originally organized under the laws of Puerto Rico on or about January 26, 2000, under its former name Scherrer, Hernandez & Co., CPA, P.S.C.
56. HLB Parissi P.S.C. (“Parissi”) was a for-profit professional services corporation originally organized under the laws of Puerto Rico on or about May 2, 2002, under its former name Rodriguez-Parissi, Vazquez & Co.
57. On or about July 1, 2016, Parissi executed contract 2017-AF0007 with PR DOE to provide technical and finance assistance to the Financial Affairs unit of the PR DOE. The total value of the contract was \$430,200.00, and it was set to expire on June 30, 2017.
58. BDO Puerto Rico, P.S.C. and Parissi executed a Certificate of Merger dated December 31, 2016, wherein BDO Puerto Rico, P.S.C. and Parissi memorialized an agreement to merge pursuant to the terms of an Agreement of Merger, all effective June 30, 2017. Following the merger, the company was known as BDO Puerto Rico, P.S.C. (hereinafter “BDO”).

59. On or about November 3, 2016, BDO executed contract 2017-AF0159 with the PR DOE to provide auditing services to the PR DOE. The total value of the contract was \$199,500.00, and it was set to expire on or about June 30, 2017.

60. [4] **FERNANDO SCHERRER-CAILLET** was the managing partner of BDO.

61. AZUR, L.L.C. (hereinafter “Azur”) was a for-profit limited liability company organized under the laws of Puerto Rico on or about June 5, 2013.

62. [3] **ALBERTO VELAZQUEZ-PIÑOL** was the president, vice president, treasurer, sub-treasurer, secretary, sub-secretary and owner of Azur.

THE CONSPIRACY

63. From in or about January 2017, through in or about April 2019, in the District of Puerto Rico and within the jurisdiction of this Honorable Court,

**[1] JULIA BEATRICE KELEHER,
[3] ALBERTO A. VELAZQUEZ, and
[4] FERNANDO SCHERRER-CAILLET,**

the defendants herein, did knowingly and willfully conspire, combine, confederate, and agree with each other and with other individuals known and unknown to the Grand Jury, to commit an offense against the United States, to wit: theft and conversion of government money and property in excess of \$1,000.00, in relation to federal funds paid by PR DOE to BDO, in violation of Title 18, United States Code, Section 641.

PURPOSE OF THE CONSPIRACY

64. The purpose of the conspiracy and scheme to defraud was for the defendants to utilize the position of public officials within the government of the Commonwealth of Puerto Rico to benefit and enrich themselves through fraud and the theft of government funds.

MANNER AND MEANS OF THE CONSPIRACY

As part of the manner and means of the conspiracy:

65. Defendants and other co-conspirators exchanged email communications containing internal government information regarding government contracts.
66. Government contract balances were disclosed to non-government employees for use in the submission of new contract proposals.
67. Internal government information was disclosed to non-governmental individuals in order to aid companies and individuals in obtaining government contracts.
68. Entities seeking government contracts utilized individuals with government influence to seek and obtain government contracts.
69. Entities seeking government contracts negotiated with and paid individuals with government influence to obtain government contracts.
70. On occasion, existing government contracts were cancelled or terminated in order to award replacement or substitute contracts to vendors endorsed and promoted by individuals with government influence.
71. Government officials acted based on the political affiliation of proposed contractors.
72. Government officials granted non-governmental individuals access to facilities, offices, information, and other government operations despite the fact that the individuals were neither employees nor contractors of the government at the time access was granted. This practice provided access to non-governmental individuals to obtain internal government information and documentation. This practice allowed vendors to obtain internal government department or agency information for the preparation of contract proposals.

Further, this practice permitted non-governmental individuals to utilize government property and facilities for their own personal benefit.

73. Government officials allowed and permitted non-governmental individuals to exercise authority over department or agency officials.
74. Individuals misrepresented that they possessed a title or position within the government when in fact the individual was neither an employee nor contractor of the government.
75. Government officials utilized non-government employees and non-government contractors to perform services and direct actions to be performed by government officials.
76. Government officials instructed government contractors to hire and pay specific individuals to perform work at the direction of the government official. Government officials utilized those specific individuals, paid through government contracts, to perform services and functions outside the scope of the contracts awarded.
77. Government officials utilized personal email accounts and instructed subordinates to open and use private email accounts in order to conduct official government business.
78. Government officials and employees utilized electronic messaging applications, including Telegram, an encrypted messaging application that can be programmed by its users to auto-delete messages (self-destruct). This encrypted self-deleting messaging application was often used to conduct official government business.
79. Government officials forwarded internal department and agency information from their official government email accounts to their personal email accounts.
80. Government contracts were awarded without complying with applicable government regulations and competitive proposal processes.
81. Despite express prohibitions on unauthorized subcontracting and the payment of lobbyists,

government contracts were executed by government officials and contractors who intended to subcontract the services and pay commissions for the contracts awarded through influence with government officials.

82. Members of the conspiracy and scheme failed to disclose that portions of the funds assigned under the contracts would be paid as commissions by the contractors to individuals with government influence in exchange for obtaining the government contract.
83. By paying unauthorized commissions, the cost of government contracts was unnecessarily inflated and increased.
84. Electronic communications were transmitted and caused to be transmitted by means of wire communication in interstate commerce, all in furtherance of the conspiracy, scheme to defraud, and the theft of federal funds.
85. Government officials authorized contract amendments that were utilized to increase the value of contracts and to provide employment to specific individuals through contractors.
86. Defendants made false representations and took action in violation of federal and Puerto Rico law in order to solicit, procure, and award government contracts paid with federal funds.

OVERT ACTS IN FURTHERANCE OF THE CONSPIRACY

87. In furtherance of the conspiracy, and to accomplish its purpose, the co-conspirators (both indicted and unindicted herein), committed the following overt acts in the District of Puerto Rico and elsewhere:
88. On or about January 27, 2017, [1] **JULIA BEATRICE KELEHER** sent an email to [3] **ALBERTO VELAZQUEZ-PIÑOL**, [5] **GLENDA E. PONCE-MENDOZA**, and Individual F stating in part, “Alberto, Adjunto las tablas que te mencione... no recopilamos

datos de forma organizada. Glenda, busca las tablas de [PR DOE Employee] sobre vacante, etc y dale FW a Alberto.” (Alberto, Attached are the charts that I had mentioned to you... we don’t gather data in an organized fashion. Glenda, find the charts from [PR DOE Employee] about vacancies, etc. and forward to Alberto.)

89. On or about February 1, 2017, **[3] ALBERTO VELAZQUEZ-PIÑOL** met Individual B for dinner at Suchville Plaza located in Guaynabo, Puerto Rico.
90. On or about February 2, 2017, BDO circulated a proposed engagement letter addressed to Individual B to amend contract 2017-AF0159 to increase the November 2016 contract value of \$199,500.00 by an additional amount of \$291,080.00 for a total of \$490,580.00.
91. On or about February 5, 2017, BDO sent the engagement letter, which was addressed to Individual B, via email to **[3] ALBERTO VELAZQUEZ-PIÑOL**. BDO stated that the requested increase was based on \$196,080.00 in value being transferred from a contract involving Parissi and \$95,000.00 in additional value being added.
92. On or about February 6, 2017, **[3] ALBERTO VELAZQUEZ-PIÑOL** forwarded BDO’s engagement letter to Individual B at XXXX@gmail.com and requested that she verify if it appeared acceptable so that it could be submitted.
93. On or about February 7, 2017, **[3] ALBERTO VELAZQUEZ-PIÑOL** forwarded BDO’s engagement letter to **[1] JULIA BEATRICE KELEHER** at XXXX@gmail.com. **[1] JULIA BEATRICE KELEHER** responded from her personal email account to **[3] ALBERTO VELAZQUEZ-PIÑOL**, discussing language to be utilized in BDO’s contract amendment.
94. On or about February 22, 2017, **[1] JULIA BEATRICE KELEHER** took a photograph, using her personal telephone, of a computer screen containing an internal PR DOE

communication from [1] **JULIA BEATRICE KELEHER** to Individual B. The communication to Individual B involved personnel and hours pertaining to BDO. The photograph was sent via text message (multimedia messaging service or “mms”) to [3] **ALBERTO VELAZQUEZ-PIÑOL**’s email address.

95. On or about February 24, 2017, BDO sent a Proposal and Engagement Letter for the PR DOE to [3] **ALBERTO VELAZQUEZ-PIÑOL** for the amendment of contract 2017-AF0159.
96. Via letter dated March 1, 2017, Parissi requested the early termination of its contract with the PR DOE (2017-AF0007) set to expire on June 30, 2017. Parissi requested a cancellation date of March 14, 2017, and further informed PR DOE that the request was due to Parissi’s merger with BDO. On June 30, 2017, Parissi filed a Certificate of Merger with BDO at the Puerto Rico Department of State notifying that the merger would become effective for all purposes at 11:59 p.m. on June 30, 2017.
97. In or about March 2017, [3] **ALBERTO VELAZQUEZ-PIÑOL** and [4] **FERNANDO SCHERRER-CAILLET** agreed that [3] **ALBERTO VELAZQUEZ-PIÑOL** would receive a 10% commission on any contracts he obtained for BDO.
98. On or about March 14, 2017, BDO executed an amendment to contract 2017-AF0159 with PR DOE to increase the value of the contract by \$291,080.00. The amended value of the contract was \$490,580.00.
99. As a part of Contract 2017-AF0159, [4] **FERNANDO SCHERRER-CAILLET** certified that services under the contract did not include lobbying services and that the funds assigned under the contract would not be used to pay for lobbying services, regardless of their purpose.

100. Contract 2017-AF0159 prohibited BDO from subcontracting other companies to perform the services to be provided under the contract.
101. On or about April 11, 2017, [3] **ALBERTO VELAZQUEZ-PIÑOL** submitted invoice 20170411 from Azur to BDO requesting a partial payment corresponding to a 10% commission for [3] **ALBERTO VELAZQUEZ-PIÑOL**'s efforts in securing a \$95,000.00 partial increase to contract 2017-AF0159.
102. On or about May 4, 2017, BDO paid [3] **ALBERTO VELAZQUEZ-PIÑOL**, via check number 14979 payable to the order of Azur, a total of \$5,226.75 pertaining to commissions billed in April 2017.
103. On or about April 19, 2017, BDO executed a second amendment to contract 2017-AF0159 with the PR DOE to increase the value of the contract by an additional \$589,000.00. Pursuant to the second amendment, the contract value was \$1,079,580.00.
104. On or about July 10, 2017, BDO executed contract 2018-AF0019 with the PR DOE to provide consulting services to the PR DOE. The total value of the contract was \$4,770,330.00, and it was set to expire on or about June 30, 2018.
105. As part of Contract 2018-AF0019, [4] **FERNANDO SCHERRER-CAILLET** certified that services under the contract did not include lobbying services and that the funds assigned under the contract would not be used to pay for lobbying services, regardless of their purpose.
106. Contract 2018-AF0019 prohibited BDO from subcontracting other companies to perform the services to be provided under the contract.
107. On or about October 19, 2017, BDO paid [3] **ALBERTO VELAZQUEZ-PIÑOL** a total of \$47,570.16, via check number 15642 payable to the order of Azur with memo:

“PS/Comisiones- BDO-PRED Contract.” (PS/Comissions – BDO-PRED Contract). Check number 15642 was signed by [4] **FERNANDO SCHERRER-CAILLET**.

108. On or about December 22, 2017, Individual E emailed [6] **MAYRA PONCE-MENDOZA** and Individual F advising them that Individual E’s contract with Colón & Ponce was set to expire at the end of the year. In or about December 2017, [1] **JULIA BEATRICE KELEHER** met with Individual H, a partner at BDO, and instructed him to hire Individual E under BDO. Individual E was then informed by [1] **JULIA BEATRICE KELEHER** that her payments as a Special Assistant would now be made through BDO, a company Individual E was not associated with at the time.

109. On or about December 27, 2017, BDO’s internal accountant provided [3] **ALBERTO VELAZQUEZ-PIÑOL** with a summary of the commissions invoiced by [3] **ALBERTO VELAZQUEZ-PIÑOL** through Azur and payments by BDO to [3] **ALBERTO VELAZQUEZ-PIÑOL** through Azur for the months of July 2017 through September 2017. The chart prepared by BDO, and provided via email to [3] **ALBERTO VELAZQUEZ-PIÑOL**, detailed the amounts collected by BDO from PR DOE and the 10% commission payments by BDO to [3] **ALBERTO VELAZQUEZ-PIÑOL**. The chart provided as follows:

PRDE						
Invoices Period	Amount	(-1.5%) Gov tax	Collected	AZUR (Hourly Invoices)	Net Amount	10% Bonus
Jul-17	89,656.25	1,344.84	88,311.41	-	88,311.41	8,831.14 PAID
Jul-17	99,583.75	1,493.76	98,089.99	-		
Aug-17	223,867.50	3,358.02	220,509.48	-	220,509.48	22,050.95 PAID
Aug-17	139,008.75	2,085.14	136,923.61	-	136,923.61	13,692.36 PAID
Sep-17	56,620.00	849.30	55,770.70	-	55,770.70	5,577.07 PAID
Sep-17	88,065.00	1,320.97	86,744.03	-	86,744.03	8,674.40 PAID

110. On or about January 19, 2018, BDO executed an amendment to contract 2018-AF0019 with the PR DOE to increase the value of the contract by \$1,938,000.00, for a total of

\$6,708,330.00.

111. Individual E received the following payments from BDO for her work as a Special Assistant to [1] **JULIA BEATRICE KELEHER**:

Check Number	Check Dated	Amount
Check 16170	March 2, 2018	\$8,335.50
Check 16229	March 13, 2018	\$9,030.30
Check 16359	April 10, 2018	\$8,202.60
Check 16523	May 14, 2018	\$7,728.30
Check 16675	June 15, 2018	\$7,449.30
Check 16782	July 12, 2018	\$5,403.30
Total		\$46,149.30

112. On or about July 31, 2018, BDO executed contract 2019-AF0022 with the PR DOE to provide consulting services to the PR DOE. The total value of the contract was \$6,363,000.00, and it was set to expire on or about June 30, 2019.

113. On or about August 16, 2018, BDO's internal accountant provided [3] **ALBERTO VELAZQUEZ-PIÑOL** a summary of the commissions invoiced through Azur and payments by BDO to [3] **ALBERTO VELAZQUEZ-PIÑOL** through Azur, for the months of April 2018 through June 2018. The chart prepared by BDO and provided via email to [3] **ALBERTO VELAZQUEZ-PIÑOL** detailed the amounts collected by BDO from PR DOE and the 10% commission payments by BDO to [3] **ALBERTO VELAZQUEZ-PIÑOL**. The chart provided as follows:

PRDE- Federal											
Invoices	Adj.	Federal	AZUR								
Period	Amount	Amount to State	Total Amount	1.50%	Collected	(Hourly Invoices)	Net Amount	10% Bonus	Sales Tax 4%	Total Commission	
Apr-18	327,678.75	(87,875.00)	239,803.75	(3,597.06)	236,206.69	-	236,206.69	23,620.67	944.83	33,567.41	
May-18	349,148.75	(86,877.50)	262,271.25	(3,934.07)	258,337.18	-	258,337.18	25,833.72	1,033.35	35,766.80	
Jun-18	422,987.50	(63,080.00)	359,907.50	(5,398.61)	354,508.89	-	354,508.89	35,450.89	1,418.04	43,330.84	
								\$108,331.78		\$112,665.05	

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

COUNTS THIRTEEN TO EIGHTEEN**18 U.S.C. § 1343****(Wire Fraud)**

114. The allegations contained in Count Twelve, paragraphs 54-113 of this Indictment are re-alleged and incorporated herein by reference.

115. On or about each of the dates set forth below, in the District of Puerto Rico,

**[1] JULIA BEATRICE KELEHER,
[3] ALBERTO VELAZQUEZ-PIÑOL, and
[4] FERNANDO SCHERRER-CAILLET,**

defendants in each count as named below, for the purpose of executing the scheme described in Count Twelve, and attempting to do so, caused to be transmitted by means of wire communication in interstate commerce the signals and sounds described below for each count, each transmission constituting a separate count:

Count	Date	From	To	Description
13.	February 5, 2017	Individual H	[3] ALBERTO VELAZQUEZ-PIÑOL	Email attaching BDO's Engagement Letter and a statement to specify that the requested increase in amount for BDO's contract 2017-AF0159 was based on a \$196,080 transfer from Parissi's contract plus a new amount of \$95,000
14.	February 6, 2017	[3] ALBERTO VELAZQUEZ-PIÑOL	Individual B	Email forwarding Individual H's email from February 5, 2017 with BDO's Engagement Letter for the amendment of BDO contract 2017-AF0159 and the statement to specify that the requested increase in amount for BDO's contract 2017-AF0159 was based on a \$196,080 transfer from Parissi's contract plus a new amount of \$95,000
15.	February 7, 2017	[3] ALBERTO VELAZQUEZ-PIÑOL	[1] JULIA BEATRICE KELEHER	Email forwarding his email to Individual B on February 6, 2017 in which he forwarded Individual

				H's email from February 5, 2017 with BDO's Engagement Letter for the amendment of contract BDO 2017-AF0159 and the statement to specify that the requested increase in amount for BDO's contract 2017-AF0159 was based on a \$196,080 transfer from Parissi's contract plus a new amount of \$95,000
16.	February 14, 2017	[1] JULIA BEATRICE KELEHER,	[3] ALBERTO VELAZQUEZ-PIÑOL	Email agreeing to use general language in BDO contract that will not limit the various tasks and list of work to be requested.
17.	February 24, 2017	BDO	[3] ALBERTO VELAZQUEZ-PIÑOL	Email attaching BDO's Proposal and Engagement Letter for the amendment of contract BDO 2017-AF0159
18.	April 11, 2017	[3] ALBERTO VELAZQUEZ-PIÑOL	BDO	Email submitting Azur's invoice 20170411 requesting partial payment of 10% commission related to the \$95,000 partial increase to contract 2017-AF0159

All in violation of Title 18, United States Code, Section 1343.

COUNT NINETEEN

18 U.S.C. § 371

(Conspiracy to Commit an Offense Against the United States)

Unless otherwise specified, at all times material to this Indictment:

116. The allegations contained in paragraphs 55-56, 58, and 60-62 are re-alleged and incorporated herein by reference.
117. The Puerto Rico Department of Health (hereinafter "PR DOH") was organized under Article V, section 6 of the Constitution of the Commonwealth of Puerto Rico.
118. The Medicaid Program ("Medicaid") was a federal health benefit program intended to

provide benefits to low-income individuals and families. Medicaid was monitored and funded by the United States Department of Health and Human Services (hereinafter “HHS”) through its agency, the Centers for Medicare and Medicaid Services (hereinafter “CMS”). In the Commonwealth of Puerto Rico, Medicaid was commonly referred to in Spanish as “*Reforma*”, “*Mi Salud*”, “*Plan de Salud del Gobierno*” or “*Vital*”.

119. Although Medicaid was federally funded, it was administered by the states and/or United States territories, including the Commonwealth of Puerto Rico. PR DOH was the designated single state agency responsible for Medicaid.

120. The Puerto Rico Health Insurance Administration (PRHIA) also known as “*Administracion de Seguros Salud de Puerto Rico*” (hereinafter “ASES”) was a public corporation and Puerto Rico government instrumentality, created by Act 72 of 1993, known as the Puerto Rico Health Insurance Administration Act.

121. PR DOH had a cooperative agreement with ASES, which implemented and administered the island-wide health insurance system.

122. HHS provided PR DOH more than \$1 billion annually to fund and/or reimburse the costs of Medicaid. These costs included the reimbursement of any administrative expenses incurred by the PR DOH, ASES and its authorized contractors for work performed in furtherance of the successful operation of Medicaid.

123. [2] **ANGELA AVILA-MARRERO** was the *acting* Executive Director of ASES from in or about January 2017, through in or about February 2017. [2] **ANGELA AVILA-MARRERO** was the Executive Director of ASES from in or about February 2017, through on or about June 25, 2019.

THE CONSPIRACY

124. From in or about January 2017, through in or about June 2019, in the District of Puerto Rico and within the jurisdiction of this Honorable Court,

**[2] ANGELA AVILA-MARRERO,
[3] ALBERTO A. VELAZQUEZ, and
[4] FERNANDO SCHERRER-CAILLET,**

the defendants herein, did knowingly and willfully conspire, combine, confederate, and agree with each other and with other individuals known and unknown to the Grand Jury, to commit an offense against the United States, to wit: theft and conversion of government money and property in excess of \$1,000.00, in relation to federal funds paid by ASES to BDO, in violation of Title 18, United States Code, Section 641.

PURPOSE OF THE CONSPIRACY

125. The purpose of the conspiracy and scheme to defraud was for the defendants to utilize the position of public officials within the government of the Commonwealth of Puerto Rico to benefit and enrich themselves through fraud and the theft of government funds.

MANNER AND MEANS OF THE CONSPIRACY

As part of the manner and means of the conspiracy:

126. Beginning in or about January 2017, **[3] ALBERTO VELAZQUEZ-PIÑOL** attended meetings and activities conducted by ASES and PR DOH.

127. **[2] ANGELA AVILA-MARRERO** requested information from ASES employees which she then disclosed to **[3] ALBERTO VELAZQUEZ-PIÑOL** through the use of her personal email account.

128. Defendants and other co-conspirators exchanged email communications containing internal government information regarding government contracts.

129. Government contract balances were disclosed to non-government employees for use in the submission of new contract proposals.
130. Internal government information was disclosed to non-governmental individuals in order to aid companies and individuals in obtaining government contracts.
131. Entities seeking government contracts utilized individuals with government influence to seek and obtain government contracts.
132. Entities seeking government contracts negotiated with and paid individuals with government influence to obtain government contracts.
133. On occasion, existing government contracts were cancelled or terminated in order to award replacement or substitute contracts to vendors endorsed and promoted by individuals with government influence.
134. Government officials acted based on the political affiliation of proposed contractors.
135. Government officials granted non-governmental individuals access to facilities, offices, information, and other government operations despite the fact that the individuals were neither employees nor contractors of the government at the time access was granted. This practice provided access to non-governmental individuals to obtain internal government information and documentation. This practice allowed vendors to obtain internal government department or agency information for the preparation of contract proposals. This practice also permitted non-governmental individuals to utilize government property and facilities for their own personal benefit.
136. Government officials allowed and permitted non-governmental individuals to exercise authority over department or agency officials.

137. Individuals misrepresented that they possessed a title or position within the government when in fact the individual was not an employee or contractor of the government.
138. Government officials utilized non-government employees and non-government contractors to perform services and direct actions to be performed by government officials.
139. Government officials utilized personal email accounts to conduct official government business.
140. Government officials and employees utilized electronic messaging applications, including Telegram, an encrypted messaging application that can be programmed by its users to auto-delete messages (self-destruct). This encrypted self-deleting messaging application was often used to conduct official government business.
141. Government officials forwarded internal department and agency information from their official government email accounts to their personal email accounts.
142. Despite prohibitions on unauthorized subcontracting and the payment of lobbyists, government contracts were executed by government officials and contractors who intended to subcontract the services and pay commissions for the contracts awarded through influence with government officials.
143. Members of the conspiracy and scheme failed to disclose that portions of the funds assigned under the contracts would be paid as commissions by the contractors to individuals with government influence in exchange for obtaining the government contract.
144. By paying unauthorized commissions, the cost of government contracts was unnecessarily inflated and increased.
145. Electronic communications were transmitted and caused to be transmitted by means of wire communication in interstate commerce, all in furtherance of the conspiracy, scheme

to defraud, and the theft of federal funds.

146. Defendants made false representations and took action in violation of federal and Puerto Rico law in order to solicit, procure, and award government contracts paid with federal funds.

OVERT ACTS IN FURTHERANCE OF THE CONSPIRACY

147. In furtherance of the conspiracy, and to accomplish its purpose, the co-conspirators (both indicted and unindicted herein), committed the following overt acts in the District of Puerto Rico and elsewhere:

148. On or about January 15, 2017, [2] **ANGELA AVILA-MARRERO** sent a text message to Individual I, her Executive Assistant, requesting: “Si puedes forward la tabla con el detalle de los contratos a mi email personal.” (“If you can, forward the chart with the contract details to my personal email.”)

149. On or about January 16, 2017, Individual I and Individual J, an employee at ASES, forwarded multiple emails pursuant to [2] **ANGELA AVILA-MARRERO**'s requests. The emails sent to [2] **ANGELA AVILA-MARRERO**'s official email address at aavila@asespr.org contained charts, contracts, proposals, and contract balances. The contract balance listed for contract 2017-00039 with Company A was \$1.1 million. The contract balance listed for contract 2017-00033 with Company B was \$125,000.00. The contract balance listed for contract 2017-00040 with Company B was \$100,000.00.

150. Upon receipt of the emails, [2] **ANGELA AVILA-MARRERO** forwarded the internal government information to her personal email account at Yahoo.

151. On or about January 16, 2017, [2] **ANGELA AVILA-MARRERO** forwarded the internal government information pertaining to the balance of multiple ASES contracts to

[3] ALBERTO VELAZQUEZ-PIÑOL from her personal email account.

152. On or about January 16, 2017 and from her personal account, [2] ANGELA AVILA-MARRERO emailed [3] ALBERTO VELAZQUEZ-PIÑOL an excel spreadsheet entitled “Contratos Servicios Profesionales y Comprados 2017 LR.xlsx” with the message: “Saludos ! Adjunto lista de contratos. Le voy a enviar copias de lo contratos mas importantes en correos individuales.” (“Greetings. Attached is a list of contracts. I am going to send copies of the most important contract in individual messages.”)
153. On or about January 16, 2017 and from her personal account, [2] ANGELA AVILA-MARRERO emailed [3] ALBERTO VELAZQUEZ-PIÑOL an electronic .pdf file containing a copy of contract 2017-00040 between ASES and Company B, and the contract proposal. Contract 2017-00040 had a total value of \$200,000.00, and was set to expire on June 30, 2017.
154. On or about January 18, 2017, Individual I emailed [3] ALBERTO VELAZQUEZ-PIÑOL an electronic .pdf file containing a copy of contract 2017-00039 between ASES and Company A, the contract proposal, and internal government documentation. Contract 2017-00039 had a total value \$2.2 million, and was set to expire on June 30, 2017.
155. On or about January 18, 2017, [3] ALBERTO VELAZQUEZ-PIÑOL forwarded the email and .pdf attachment regarding Company A to Individual K, President and owner of Company C. In the body of the email, [3] ALBERTO VELAZQUEZ-PIÑOL informed Individual K that: “Este es el contrato que vamos a reemplazar. Cuando lo revises hablamos.” (“This is the contract that we are going to replace. Let’s talk when you review it.”). On or about January 23, 2017, Company C sent an electronic fund transfer in the amount of \$5,000.00 to [3] ALBERTO VELAZQUEZ-PIÑOL via Azur’s bank account.

156. On or about January 20, 2017, [2] **ANGELA AVILA-MARRERO** sent letters to Company B cancelling contract 2017-000033 and contract 2017-000040. The letter cancelling contract 2017-00040, signed by [2] **ANGELA AVILA-MARRERO**, specifically stated, “En virtud de la clausula Cuadragésima Séptima del mencionado contrato de servicios y luego de realizar un análisis de necesidad, la ASES ha determinado cancelar el acuerdo, efectivo inmediatamente.” (“Pursuant to Clause Forty-Seven of the aforementioned services contract and upon an analysis of needs, ASES has determined to cancel the contract, effective immediately.”).

157. On or about January 23, 2017, [4] **FERNANDO SCHERRER-CAILLET** sent the following “Modelo de Negocios” (business model) to [3] **ALBERTO VELAZQUEZ-PIÑOL** which outlined two options for payment of a commission to [3] **ALBERTO VELAZQUEZ-PIÑOL**.

Modelo de Negocios

Billing rate - Gross	125	125
Billing rate - BDO	95	95
Excess	30	30
Project hours	10,000	10,000
Alberto direct hours	5%	5%
Alberto share of excess	50%	0%
BDO share of excess	50%	100%
Commission	0%	10%

	Model 1		Model 2	
Gross revenues	1,250,000		1,250,000	
		Commission	118,750	
		Net revenues	1,131,250	
Alberto - direct	62,500		62,500	
BDO - direct	950,000		950,000	
Excess	237,500		118,750	
Alberto share	118,750		-	
BDO share	118,750		118,750	
Alberto total revenue	181,250	15%	181,250	14.50%
BDO total revenue	1,068,750	86%	1,068,750	85.50%
BDO rate per hour	106.88		106.88	

158. On or about January 24, 2017, [4] **FERNANDO SCHERRER-CAILLET** sent a proposal on behalf of BDO for advisory services to [3] **ALBERTO VELAZQUEZ-PIÑOL** and [2] **ANGELA AVILA-MARRERO**, via her personal email account. The contract amount proposed by BDO was \$1,035,000.00 from inception until June 30, 2017.
159. On or about January 24, 2017, [3] **ALBERTO VELAZQUEZ-PIÑOL** sent a proposal from Company C for Grant Management Staffing for Accounting Services and Other Professional Services to [2] **ANGELA AVILA-MARRERO**'s, personal email account. The contract amount proposed by Company C was \$1,158,000.00.
160. At approximately 12:54 a.m., on or about January 25, 2017, [2] **ANGELA AVILA-MARRERO** sent an email to Board Member A, President of Board of Directors of ASES, containing an agenda for the ASES Board of Directors meeting to be held on January 25, 2017, along with a draft of the "Informe Del Directora Ejecutivo Interina" (*sic*) (Acting Executive Director Report). The Acting Executive Director Report draft contained a section submitting proposals to award contracts to BDO, Company C, and Individual L, at the time a student intern at ASES, for the Board of Director's approval. The proposals were purportedly based on the fiscal situation facing the Puerto Rico health system and the need to avoid the interruption of services.
161. At approximately 1:05 a.m., on or about January 25, 2017, [2] **ANGELA AVILA-MARRERO** forwarded her 12:54 a.m. email to [3] **ALBERTO VELAZQUEZ-PIÑOL**.
162. On or about January 25, 2017, [2] **ANGELA AVILA-MARRERO** sent a letter to Company A cancelling contract 2017-000039. The letter signed by [2] **ANGELA AVILA-MARRERO** stated, "En virtud de la clausula Cuadragesima Sexta del mencionado contrato de servicios y luego de realizar un analisis de necesidad, la ASES ha determinado

cancelar el acuerdo, efectivo inmediatamente.” (“Pursuant to Clause Forty-Six of the aforementioned services contract and upon an analysis of needs, ASES has determined to cancel the contract, effective immediately.”).

163. On or about January 25, 2017, the ASES Board of Directors held a meeting. [2] **ANGELA AVILA-MARRERO** was present at the meeting and discussed the cancellation of various contracts, including the cancellation of contracts with Company A.

164. On or about January 25, 2017, at the meeting of the ASES Board of Directors, [2] **ANGELA AVILA-MARRERO** recommended that some of the cancelled contracts be substituted and awarded to Company C and BDO, among others. With respect to Company C, [2] **ANGELA AVILA-MARRERO** recommended to the Board of Directors that a financial firm which had “la confianza de esta administracion” (the trust of this administration) should be contracted. With respect to BDO, [2] **ANGELA AVILA-MARRERO** confirmed to the Board of Directors that BDO had the trust of the administration.

165. At the January 25, 2017 meeting of the ASES Board of Directors, [2] **ANGELA AVILA-MARRERO** stated as follows:

*Board Member B: Directora, ¿ estos son nuevos, son proveedores nuevos?
(Director, these are new, new providers?)*

[2] ANGELA AVILA-MARRERO: *Nuevos.
(New.)*

*Board Member B: Nuevos.
(New.)*

[2] ANGELA AVILA-MARRERO: *Totalmente nuevos.
(Totally new.)*

*Board Member B: Bien.
(Good.)*

[2] ANGELA

*AVILA-MARRERO: Y que gozan de la confianza de...
(And they have the trust of...)*

*Board Member B: De su administración.
(of your administration.)*

[2] ANGELA

*AVILA-MARRERO: ... de nuestra administración.
(of our administration.)*

166. On or about January 25, 2017, the ASES Board of Directors discussed the approval of contracts to BDO and Company C based on the recommendations made by **[2] ANGELA AVILA-MARRERO**.

167. In or about February 2017, **[2] ANGELA AVILA-MARRERO** was appointed Executive Director of ASES.

168. On or about March 1, 2017, **[2] ANGELA AVILA-MARRERO** and **[3] ALBERTO VELAZQUEZ-PIÑOL** attended the meeting of the ASES Board of Directors. **[3] ALBERTO VELAZQUEZ-PIÑOL** was identified as the “Asesor Asuntos Federales, ASES” (ASES Advisor for Federal Affairs) even though he was not an employee or contractor of ASES at the time. **[2] ANGELA AVILA-MARRERO** informed the ASES Board of Directors that the Puerto Rico Oficina de Gerencia y Presupuesto (hereinafter “OGP” or “Office of Management and Budget” or “OMB”) had not yet certified the contracts for BDO or Company C.

169. On or about March 1, 2017, the ASES Board of Directors ratified the award of contracts to BDO and Company C.

170. On or about March 22, 2017, the “Gobierno de Puerto Rico Oficina de Secretario de la Gobernacion” (Government of Puerto Rico Office of Chief of Staff hereinafter “Chief of Staff”) approved a contract between ASES and BDO for a total amount of \$828,000.00. The approval letter was signed by the Chief of Staff and Board Member B, who was also

an official at OGP. On or about that same date, [2] ANGELA AVILA-MARRERO sent the approval letter to [3] ALBERTO VELAZQUEZ-PIÑOL, as well as others, and requested that certain information be provided to [3] ALBERTO VELAZQUEZ-PIÑOL to perform services under the contract. [3] ALBERTO VELAZQUEZ-PIÑOL forwarded the approval letter to [4] FERNANDO SCHERRER-CAILLET.

171. On or about March 31, 2017, Individual M, an employee of ASES, sent an email to [3] ALBERTO VELAZQUEZ-PIÑOL and [2] ANGELA AVILA-MARRERO containing a proposed draft letter to be sent to the Associate Regional Administrator for HHS, Medicaid Division. The proposed draft letter informed CMS that ASES had cancelled the contract with Company B and was seeking permission to replace Company B with BDO.

172. On or about March 31, 2017, [3] ALBERTO VELAZQUEZ-PIÑOL responded via email to Individual M and [2] ANGELA AVILA-MARRERO that he had suggestions to edit the proposed letter to the Associate Regional Administrator for HHS, as detailed below in redacted format:

Author AVP <[REDACTED]@gmail.com> ☆

Subject Re: Bosquejo M. [REDACTED] re BDO-[REDACTED]

To [REDACTED] <[REDACTED]@asespr.org> ☆

Cc [REDACTED] <[REDACTED]@asespr.org> ☆, Angela Ávila <aavila@asespr.org> ☆

Aún no. Tengo par de sugerencias para editar el doc. Estoy a punto de despegar. Te comento luego.

Saludos, Not yet. I have a couple of suggestions to edit the doc. I'm about to take off. I'll tell you later.

AV Greetings,

On Mar 31, 2017, at 12:59 PM, [REDACTED] <[REDACTED]@asespr.org> wrote:

Hola Alberto,

Este es el bosquejo. ¿Ya hablaste con Michael?

Saludos,

📎 1 attachment: Bosquejo M. [REDACTED] re BDO-[REDACTED].doc 30.0 KB

Hello Alberto,

This is the draft. Did you talk to Michael?

Greetings,

173. On or about April 5, 2017, [2] **ANGELA AVILA-MARRERO** emailed a revised letter to the Associate Regional Administrator for HHS, [3] **ALBERTO VELAZQUEZ-PIÑOL** and Individual M, requesting permission to contract with BDO.
174. The April 5, 2017 letter to the Associate Regional Administrator for HHS represented that the contract with Company B was terminated due to a potential conflict of interest.
175. The April 5, 2017 letter to the Associate Regional Administrator for HHS did not disclose that [3] **ALBERTO VELAZQUEZ-PIÑOL** had an interest in BDO's operations or [3] **ALBERTO VELAZQUEZ-PIÑOL**'s role in drafting the April 5, 2017 letter requesting authorization to contract with BDO to perform the services previously performed by Company B.
176. On or about April 3, 2017, BDO executed contract 2017-000080 with ASES with a total value of \$828,000.00, and an expiration of June 30, 2017.
177. In response to the April 5, 2017 letter, on or about June 8, 2017, the Associate Regional Administrator for HHS approved ASES' request to contract with BDO.
178. On or about June 19, 2017, BDO executed contract 2017-000085 with ASES for a total amount of \$125,000.00, and set to expire on November 30, 2018.
179. On or about July 10, 2017, BDO executed contract 2018-000033 with ASES for a total amount of \$1,375,000.00 and set to expire on June 30, 2018.
180. BDO made payments to [3] **ALBERTO VELAZQUEZ-PIÑOL**, via Azur, including those identified below on or about the dates listed therein, based on contracts awarded by ASES to BDO. These payments were in addition to payments made to [3] **ALBERTO VELAZQUEZ-PIÑOL** by BDO in relation to other contracts with PR DOE.

From	To	Check Number	Check Date	Amount	Memo
BDO	AZUR	14743	3/6/2017	\$8,781.50	
BDO	AZUR	14956	4/28/2017	\$7,120.50	PS March 15-31, 2017
BDO	AZUR	15010	5/15/2017	\$8,105.25	PS April- 2017
BDO	AZUR	15174	6/15/2017	\$12,309.37	PS May 2017
BDO	AZUR	15309	7/14/2017	\$5,302.50	PS June 2017
BDO	AZUR	15461	8/15/2017	\$19,619.25	PS/ July 2017
BDO	AZUR	15438	8/15/2017	\$2,646.45	PS/ Comisiones
BDO	AZUR	15549	9/13/2017	\$28,254.75	PS/ August 2017
BDO	AZUR	15639	10/19/2017	\$6,741.75	PS/ September 2017
BDO	AZUR	15701	11/13/2017	\$55,449.00	PS/ October 2017
BDO	AZUR	15754	11/27/2017	\$12,495.92	
BDO	AZUR	15814	12/12/2017	\$27,118.50	PS/November 2017
BDO	AZUR	15874	12/20/2017	\$14,393.99	PS/Comisiones - BDO - ASES Contract (Sept)
BDO	AZUR	15954	1/10/2018	\$15,486.00	PS/December 2017
BDO	AZUR	16070	2/5/2018	\$10,566.25	
BDO	AZUR	16120	2/13/2018	\$31,909.40	
BDO	AZUR	16097	2/13/2018	\$22,770.75	PS/January 2018
BDO	AZUR	16214	3/13/2018	\$19,278.75	PS/February 2018
BDO	AZUR	16262	3/14/2018	\$5,641.90	
BDO	AZUR	16263	3/14/2018	\$34,264.83	
BDO	AZUR	16339	4/9/2018	\$29,249.92	
BDO	AZUR	16345	4/10/2018	\$13,095.00	PS/March 2018
BDO	AZUR	16499	5/8/2018	\$63,049.54	
BDO	AZUR	16508	5/14/2018	\$15,714.00	PS/April 2018
BDO	AZUR	16539	5/15/2018	\$5,264.32	
BDO	AZUR	16617	6/13/2018	\$20,661.00	PS/May 2018
BDO	AZUR	16757	7/12/2018	\$18,042.00	PS/June 2018
BDO	AZUR	16823	7/18/2018	\$20,488.82	
BDO	AZUR	16898	8/14/2018	\$7,056.75	PS/july 2018
BDO	AZUR	16963	8/20/2018	\$82,358.12	
BDO	AZUR	16969	8/22/2018	\$2,092.09	PS/Comisiones -BDO - ASES - Contract February 201
BDO	AZUR	17049	9/12/2018	\$17,751.00	PS/August 2018
BDO	AZUR	17105	9/14/2018	\$9,761.66	PS/Comisiones -BDO - ASES - Contract June 2018
BDO	AZUR	17173	10/11/2018	\$16,950.75	PS/September 2018
BDO	AZUR	17250	10/24/2018	\$6,922.08	PS/Comisiones -BDO - ASES - Contract July 2018

BDO	AZUR	17283	10/31/2018	\$6,922.08	PS/Comisiones -BDO - ASES - Contract July 2018
BDO	AZUR	17323	11/14/2018	\$26,990.25	PS/October 2018
			TOTAL	\$710,625.99	

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

COUNTS TWENTY TO TWENTY-FIVE

18 U.S.C. § 1343

(Wire Fraud)

181. The allegations contained in Count Nineteen, paragraphs 116-180 of this Indictment are re-alleged and incorporated herein by reference.

182. On or about each of the dates set forth below, in the District of Puerto Rico,

**[2] ANGELA AVILA-MARRERO,
[3] ALBERTO VELAZQUEZ-PIÑOL, and
[4] FERNANDO SCHERRER-CAILLET,**

defendants in each count when named below, for the purpose of executing the scheme described in Count Nineteen, and attempting to do so, caused to be transmitted by means of wire communication in interstate commerce the signals and sounds described below for each count, each transmission constituting a separate count:

Count	Date	From	To	Description
20.	January 16, 2017	[2] ANGELA AVILA-MARRERO	[3] ALBERTO VELAZQUEZ-PIÑOL	Email forwarding internal government information pertaining to the balance of multiple ASES contracts
21.	January 16, 2017	[2] ANGELA AVILA-MARRERO	[3] ALBERTO VELAZQUEZ-PIÑOL	Email forwarding an excel spreadsheet containing a list of contracts and advising [3] Alberto Velazquez- Piñol that she would be sending copies of

				the most important contracts in individual messages
22.	January 16, 2017	[2] ANGELA AVILA-MARRERO	[3] ALBERTO VELAZQUEZ-PIÑOL	Email forwarding an electronic .pdf file containing a copy of contract 2017-000040 between ASES and Company B
23.	January 23, 2017	[4] FERNANDO SCHERRER-CAILLET	[3] ALBERTO VELAZQUEZ-PIÑOL	Email with the business model outlining two options for payment of a commission for [3] Alberto Velazquez-Piñol
24.	January 24, 2017	[4] FERNANDO SCHERRER-CAILLET	[3] ALBERTO VELAZQUEZ-PIÑOL and [2] ANGELA AVILA-MARRERO	Email containing a proposal from BDO for advisory services for the amount of \$1,035,000.00
25.	March 31, 2017	[3] ALBERTO VELAZQUEZ-PIÑOL	Individual M and [2] ANGELA AVILA-MARRERO	Email from Alberto Velazquez-Piñol responding to Individual M and Angie Avila-Marrero that he had suggestions to edit the proposed letter to the Associate Regional Administrator for HHS

All in violation of Title 18, United States Code, Section 1343.

COUNT TWENTY-SIX

18 U.S.C. § 1956(h)

(Conspiracy to Launder Monetary Instruments)

183. The allegations contained in paragraphs 1-2, 7-11, and 54-182 of this Indictment are re-alleged and incorporated herein by reference.

184. From in or about January 2017 through in or about May 2019, in the District of Puerto Rico and within the jurisdiction of this Honorable Court,

**[3] ALBERTO VELAZQUEZ-PIÑOL and
[4] FERNANDO SCHERRER-CAILLET,**

the defendants herein, did knowingly combine, conspire, and agree with each other and with other persons known and unknown to the Grand Jury to commit offenses against the United States in violation of 18 U.S.C. §§ 1956 and 1957, to wit: to knowingly conduct and attempt to conduct financial transactions affecting interstate commerce and foreign commerce, which transactions involved the proceeds of specified unlawful activity, that is, proceeds from the conduct identified in Counts 12-26 above, knowing that the transactions were designed in whole or in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity, and that while conducting and attempting to conduct such financial transactions, knew that the property involved in the financial transactions represented the proceeds of some form of unlawful activity, in violation of 18 U.S.C. § 1956(a)(1)(B)(i);

MANNER AND MEANS OF THE CONSPIRACY

185. The manner and means used to accomplish the objectives of the conspiracy included, among others, the use of company and business bank accounts to receive and make monetary transactions.

186. The manner and means used to accomplish the objectives of the conspiracy included, among others, the use of financial institutions to make monetary transactions designed in whole or in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity.

All in violation of 18 U.S.C. § 1956(h).

COUNTS TWENTY-SEVEN TO THIRTY-TWO
18 U.S.C. § 1957
(Engaging in Monetary Transactions in Property
Derived from Specified Unlawful Activity)

1. The allegations contained in paragraphs 1-2, 7-11, and 54-182 of this Indictment are re-alleged and incorporated herein by reference.
2. On or about the dates set forth below, in the District of Puerto Rico and within the jurisdiction of this Honorable Court,

[3] ALBERTO VELAZQUEZ-PIÑOL

the defendant herein, did knowingly engage and attempt to engage in the following monetary transactions by, through or to a financial institution, affecting interstate or foreign commerce, in criminally derived property of a value greater than \$10,000, that is the, deposit, withdrawal, and transfer of U.S. currency, funds, and monetary instruments, such property having been derived from a specified unlawful activity, that is, conspiracy and theft of government funds in violation of 18 U.S.C. §§ 371 and 641 and wire fraud in violation of 18 U.S.C. § 1343.

Count	Check No. / Description	Date	From		To		Amount (USD)
			Name	Acct	Name	Acct	
27.	103	2-2-2018	Azur, LLC	XXXXX 1893	[3] ALBERTO VELAZQUEZ-PIÑOL	XXXXX 6508	\$13,950.00
28.	111	3-15-2018	Azur, LLC	XXXXX 1893	[3] ALBERTO VELAZQUEZ-PIÑOL	XXXXX 6508	\$13,950.00
29.	1012	7-5-2018	Azur, LLC	XXXXX 1893	[3] ALBERTO VELAZQUEZ-PIÑOL	XXXXX 6508	\$13,950.00
30.	1007	7-20-2018	Azur, LLC	XXXXX 1893	[3] ALBERTO VELAZQUEZ-PIÑOL	XXXXX 6508	\$13,950.00

31.	Withdrawal	8-13-2018	Azur, LLC	XXXXX 1893	Purchase of Official Check	n/a	\$170,631.30
32.	1025	8-31-2018	Azur, LLC	XXXXX 1893	[3] ALBERTO VELAZQUEZ-PIÑOL	XXXXX 6508	\$23,250.00

All in violation of 18 U.S.C. §§ 1957.

FORFEITURE ALLEGATIONS

The allegations contained in Counts 1-25 of this Indictment are hereby re-alleged and incorporated by reference for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

Upon conviction of an offense in violation of Title 18, United States Code, Sections 371, 1343, or 1349 set forth in Counts 1-25 of this Indictment, the defendants,

**[1] JULIA BEATRICE KELEHER,
[2] ANGELA AVILA-MARRERO,
[3] ALBERTO VELAZQUEZ-PIÑOL,
[4] FERNANDO SCHERRER-CAILLET,
[5] GLENDA E. PONCE-MENDOZA, and
[6] MAYRA PONCE-MENDOZA,**

shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the offenses, including, but not limited to:

a: HORIZONTAL PROPERTY: Apartment number 2-B in the regime of Horizontal Property known as Las Olas Condominium, located at 1505 Ashford Avenue in Condado, Santurce, Puerto Rico. This apartment is in the central area of the second floor of the building and has a superficial area of approximately 808 square feet, equivalent to 75.06 square meters. Bounding by the NORTH, with party wall that separates it from apartment 2-A from the same floor; by the SOUTH, with party wall that separates it from apartment 2-C from the same floor, by the EAST, with patio area in which the building enclave bounding with land property of the Electric Power Authority; and by the WEST, with common corridor that connects all apartments with elevators, stairs and other common facilities in the same floor.

If any of the property described above, as a result of any act or omission of the defendants (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 which cannot be divided without difficulty, the United States of America shall be entitled to forfeiture of substitute property pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

All pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c).

MONEY LAUNDERING FORFEITURE ALLEGATIONS

The allegations contained in Counts 26-32 of this Indictment are hereby realleged and incorporated by reference for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Sections 982(a)(1).

Pursuant to Title 18, United States Code, Section 982(a)(1), upon conviction of an offense in violation of Title 18, United States Code, Section 1956 or 1957, the defendants,

**[3] ALBERTO VELAZQUEZ-PIÑOL, and
[4] FERNANDO SCHERRER-CAILLET,**

shall forfeit to the United States of America any property, real or personal, involved in such offense, and any property traceable to such property. The property to be forfeited includes, but is not limited to, the following:

a: HORIZONTAL PROPERTY: Apartment number 2-B in the regime of Horizontal Property known as Las Olas Condominium, located at 1505 Ashford Avenue in Condado, Santurce, Puerto Rico. This apartment is in the central area of the second floor of the building and has a superficial area of approximately 808 square feet, equivalent to 75.06 square meters. Bounding by the NORTH, with party wall that separates it from apartment 2-A from the same floor; by the SOUTH, with party wall that separates it from apartment 2-

C from the same floor, by the EAST, with patio area in which the building enclave bounding with land property of the Electric Power Authority; and by the WEST, with common corridor that connects all apartments with elevators, stairs and other common facilities in the same floor.

If any of the property described above, as a result of any act or omission of the defendants (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 which cannot be divided without difficulty, the United States of America shall be entitled to forfeiture of substitute property pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1) and Title 28, United States Code, Section 2461(c).

TRUE BILL

FOREPERSON _____

Date: 07/09/19

ROSA EMILIA RODRÍGUEZ-VÉLEZ
United States Attorney



TR: Timothy R. Henwood
First Assistant United States Attorney



José Capó Iriarte
Assistant United States Attorney
Chief, Criminal Division



Marie Christine Amy
Assistant United States Attorney