

Department of Justice

U.S. Attorney's Office

Middle District of Florida

FOR IMMEDIATE RELEASE

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Two Hondurans Sentenced To Prison For Scheme To Facilitate Employment Of Undocumented Aliens In Construction Industry And To Evade Payroll Taxes

Jacksonville, Florida – United States District Judge Brian J. Davis has sentenced Fanny Melina Zelaya-Mendez (39, Jacksonville) and Roger Omar Zelaya-Mendez (34, Jacksonville) to federal prison terms for crimes arising out of a scheme to facilitate the employment of undocumented aliens in the construction industry and to evade state and federal payroll taxes and workers' compensation laws.

Fanny Zelaya-Mendez was sentenced to four years in federal prison for three counts of conspiracy to commit wire fraud, one count of conspiracy to defraud the IRS, and one count of aggravated identity theft. Roger Zelaya-Mendez was sentenced to two years in prison for one count of conspiracy to commit wire fraud and one count of conspiracy to defraud the IRS. The court ordered the Zelaya-Mendezes to forfeit \$399,776.43 and two vehicles, all of which was seized during the investigation. The court also ordered them to forfeit a total of \$1,033,485 in proceeds from the wire fraud offenses and to pay restitution to the IRS for a tax loss totaling \$6,536,796. The Zelaya-Mendezes, who are siblings, are Honduran citizens unlawfully present in the United States. They had previously pleaded guilty to the offenses.

According to court documents, the fraudulent scheme involved the Zelaya-Mendezes establishing shell companies for which they obtained minimal workers' compensation insurance covering only a few employees. They then entered into agreements with numerous construction contractors to provide hundreds of workers, most of whom were undocumented aliens, for the contractors' projects.

The contractors wrote payroll checks to the shell companies for the work performed by the workers. The Zelaya-Mendezes cashed the checks, kept 4% as a fee, and distributed the remaining cash to work crew leaders, who then paid the workers in cash. By obtaining and paying the workers through the shell companies, the contractors could disclaim responsibility for ensuring that the workers were legally authorized to work in the United States, that adequate workers' compensation insurance was provided, and that required payroll taxes were paid.

Between June 2016 and April 2018, a total of \$25,837,141 of payroll passed through the shell companies and the Zelaya-Mendezes's 4% fee totaled \$1,033,485. The premiums for a workers' compensation insurance policy covering hundreds of workers and a payroll of \$25,837,141 would have been approximately \$6.6 million. Neither the Zelaya-Mendezes nor the contractors remitted payroll taxes to the IRS. According to the IRS, the estimated payroll taxes due on total wages of \$25,837,141 is \$6,536,796.

When Fanny Melina Zelaya-Mendez was arrested on May 4, 2018, she gave a false name to an immigration officer and claimed to be a U.S. citizen who had been born in Puerto Rico. She also

presented a valid Florida Identification Card she had obtained in the false name. Subsequent investigation revealed that the identity she had adopted was for a real U.S. citizen who was born in Puerto Rico and that she had obtained the Florida ID card using a genuine Puerto Rico birth certificate and a genuine Social Security card.

“These sentences should remind anyone who circumvents our nation’s immigration laws and exploits the financial industry that they will be held accountable,” said HSI Tampa Special Agent in Charge James C. Spero.

“Today’s sentences should send a message to those involved in the business of evading employment taxes,” said Special Agent in Charge Mary Hammond of the IRS Criminal Investigation, Tampa Field Office. “Let this be a warning to all that law enforcement will not allow construction contractors to gain an unfair advantage by breaking the law.”

This case was investigated by U.S. Immigration and Customs Enforcement’s Homeland Security Investigations and the Internal Revenue Service – Criminal Investigation. It was prosecuted by Assistant United States Attorney Arnold B. Corsmeier.

Topic(s):

Financial Fraud

Identity Theft

Immigration

Tax

Component(s):

USAO - Florida, Middle