IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

UNITED STATES OF AMERICA *v.* CARL DELANO TORJAGBO a/k/a Karl Lucius Delano	Criminal Action No. 1:22-CR-171-MLB

United States's Sentencing Memorandum

The United States of America, by Theodore S. Hertzberg, United States Attorney, and Kelly K. Connors and Nicholas L. Evert, Assistant United States Attorneys for the Northern District of Georgia, files this Sentencing Memorandum.

Background

Following a weeklong trial, a jury convicted Karl Lucius Delano, formerly known as Carl Delano Torjagbo, on ten counts of fraud and money laundering. The fraud charges involved two separate schemes – (1) to submit and receive a fraudulent Paycheck Protection Program ("PPP") loan for over $9.5 million based on false and fraudulent supporting documents claiming that he operated a company called Kremkov Industries, employed 493 people who resided in the United States, and paid monthly wages to those employees of more than $3.8 million, and (2) to submit two fraudulent IRS tax returns, each filed using a different social security number and each claiming a tax refund of over $3 million based on false earnings, passive losses, and withholdings related to Kremkov Industries. As a result of these fraudulent schemes, Mr. Delano received a PPP loan from J.P. Morgan Chase Bank ("JPMC") for $9,554,425. He also received a tax refund check from the IRS for $3,373,441, which he deposited into a bank account that he controlled. The IRS did not pay out one of the fraudulent tax returns.

After receiving a combined $12,927,866 in PPP and tax fraud proceeds, Mr. Delano began moving the funds through a series of financial and monetary transactions and using multiple bank accounts. When JPMC realized that the PPP loan was fraudulent, it recalled the funds that Mr. Delano had not yet removed from the deposit account, $6,554,515. With more than $6 million still in hand from his fraud schemes, Mr. Delano purchased multiple luxury items, including a $1.6 million home, 2021 Land Rover Range Rover Velar, 2022 BMW M850xi, and 2014 Lamborghini Aventador.

The evidence and testimony presented at trial proved beyond a reasonable doubt that Mr. Delano was guilty of bank fraud, wire fraud, concealment money laundering, and transactional money laundering. He is scheduled for sentencing on January 27, 2026.

Presentence Report

Defendant's Factual Disputes

Mr. Delano filed objections to virtually every factual paragraph in the PSR. (*See* PSR at 33-34 (outlining defense objections)). At sentencing, the Court must resolve all factual disputes by a preponderance of the evidence. *See United States v. Aguilar-Ibarra*, 740 F.3d 587, 592 (11th Cir. 2014) (noting that factual disputes must be proven by a preponderance of the evidence). But Mr. Delano's factual disputes lack specificity and clarity, thus leaving the Court to guess what it must resolve. *See United States v. Bennett*, 472 F.3d 825, 832 (11th Cir. 2006) (finding that a defendant's factual disputes must be raised with specificity and clarity, or they are waived); *United States v. Aleman*, 832 F.2d 142, 145 (11th Cir. 1987) (same).

For example, Mr. Delano objects to paragraph 20, which lays out that he submitted a PPP loan application for Kremkov Industries, claimed that the business had been in operation since December 31, 2014, reported 493 employees, and listed a monthly payroll of $3,821,771. At trial, Mr. Delano testified that he completed the PPP loan application for Kremkov Industries, his gold mines had 493 employees, and he had documentation supporting the payroll information. Yet, he objects to "any of the alleged facts contained [in paragraphs 20 to 25] which imply any fraudulent behavior or activity by him." This objection is vague and leaves the Court to speculate what Mr. Delano's actual objections are. Does Mr. Delano dispute that Keanu Reeves, Gene Hackman, and Charlie Brown were listed as Kremkov employees? (*See* PSR ¶ 21). Does he dispute that JPMC approved the PPP loan and deposited $9,554,425 into an account held in Kremkov's name? (*See* PSR ¶ 22). Does he dispute that he used the PPP funds to write a check for $3 million and deposited that check into a PNC account held in Kremkov's name? (*See* PSR ¶ 23). Or do none of these facts "imply any fraudulent behavior or activity by him" and thus are uncontested? Prior to sentencing, Mr. Delano should be required to restate all of his factual objections with specificity and clarity.[1]

Additional Factual Objection by Government

The final PSR includes a clarification by Mr. Delano on page 3 that was not part of the initial PSR. (PSR at 3). The government raises an objection to this clarification, which asserts that Mr. Delano "obtained a new social security number when he and his wife separated" and that "immigration corrected his date of birth," requiring him to change his social security number. (*Id.*). No

[1] Mr. Delano's objections to paragraphs concerning the fraudulent tax returns and money laundering activity are likewise vague and confusing. For example, Mr. Delano testified that he personally filed the tax return using SSN -0540, which is the return that was paid out. He also testified that he attempted to file the return twice. Yet, he now objects to paragraph 30, which includes facts concerning the tax return filed under -0540. He "objects to the allegations contained in paragraphs 26-30, stating he committed fraud on the tax returns." (*See* PSR ¶ 26-30). Again, he leaves the Court to guess which facts in these paragraphs are actually in dispute.

evidence has been presented to support either of these assertions, and they are inconsistent with the evidence presented at trial. When Mr. Delano requested a second social security number, he provided different identifying information and marked "no" to the question asking if he had previously been issued a social security number. Nothing on the application suggests that Mr. Delano was required to obtain a second number or that he was not required to truthfully answer the question regarding a prior social security number.

Guideline Calculations

The Probation Officer correctly calculated Mr. Delano's guidelines. For his bank and wire fraud offenses (Counts 1 through 3), the PSR included a base offense level of 7. (PSR ¶ 49). Twenty levels were added due to a loss amount of more than $9.5 million but not more than $25 million. (PSR ¶ 50). Two-level enhancements were added for sophisticated means and deriving more than $1 million in gross receipts from a financial institution. (PSR ¶¶ 51-52). A two-level adjustment was applied for obstruction of justice under USSG § 3C1.1. (PSR ¶ 55). The adjusted offense level for the fraud offenses was 33.

For his money laundering offenses (Counts 4 through 10), the PSR calculated the base offense level under USSG § 2S1.1(a)(1), resulting in an offense level of 31. (PSR ¶ 57). Two levels were added due to a conviction under 18 U.S.C. § 1956, and two levels were added for sophisticated laundering. (PSR ¶¶ 58-59). A two-level upward adjustment for obstruction of justice was also applied. (PSR ¶ 62). The adjusted offense level was 37. (PSR ¶ 62).

The Probation Officer properly applied the grouping provisions under USSG § 3D1.2. (PSR ¶¶ 46-48). Mr. Delano did not object to these paragraphs. After applying a two-level reduction for Zero-Point Offender, the total offense level was 35. (PSR ¶¶ 67-68). With a criminal history category of I, the resulting custody guidelines range was calculated as 168 to 210 months.

Defendant's Guideline Objections

Mr. Delano objected to every guideline calculation, stating "Mr. Delano maintains his innocence and objects to any computation of offense," including base offense level, specific offense characteristics, and adjusted offense levels. (*See* PSR ¶¶ 49-68). Defendant's objections submitted to Probation failed to make any factual or legal arguments regarding the guidelines' applications, and the Probation Officer was left to generally respond that the guidelines were properly calculated. (*Id.*). On January 20, 2026, Mr. Delano filed a sentencing memorandum that provided more specific objections to sophisticated means and obstruction of justice. (Doc. 255). The Court should overrule Mr. Delano's objections.

A. The loss amount is more than $9.5 million.

Mr. Delano fails to raise a specific objection related to loss, beyond his claim of innocence. The evidence presented at trial, which the PSR summarizes, established the loss amount by a preponderance of the evidence. First, Kelli Carpenter, a witness from JPMC, confirmed that JPMC received a PPP loan application for Kremkov Industries, that JPMC relied on the application to approve the PPP loan, and that $9,554,425 in PPP loan funds were deposited into a JPMC bank account held in Kremkov's name.[2] Second, Salvatore Hazel, an IRS employee, testified that two tax returns were submitted to the IRS for Mr. Delano, each using a different social security number, date of birth, and varying income, withholdings, and passive losses for Kremkov. As a result of one of the returns, IRS issued a check to Mr. Delano for $3,373,441. The second return requested a refund of $3,015,573, but IRS did not pay out these funds. The Probation Officer correctly included a loss amount of $15,943,439 based on the PPP loan and tax returns, which resulted in an increase of 20 levels. (PSR ¶ 50). The Court should overrule this objection.

B. Mr. Delano's conduct was sophisticated.

Mr. Delano objects to the two-level application for sophisticated means under USSG § 2B1.1(b)(10)(C) and the two-level application for sophisticated laundering under USSG § 2S1.1(b)(3)(A). (Doc. 255 at 3-4). He asserts that his conduct was not sophisticated, complex, or intricate. (*Id.*). The Court should overrule his objections.

A two-level specific offense enhancement applies if the offense involved sophisticated means, meaning "especially complex or especially intricate offense

[2] These facts also support the two-level enhancement for deriving $1 million or more from a financial institution.

conduct pertaining to the execution or concealment of an offense." USSG § 2B1.1, cmt. n. 9; USSG § 2B1.1(b)(10)(C). Although the application notes identify some ways a defendant can use sophisticated means, it is not an exhaustive list. *See United States v. Feaster*, 798 F.3d 1374, 1380 (11th Cir. 2015). "There is no requirement that each of a defendant's individual actions be sophisticated in order to impose the enhancement. Rather, it is sufficient if the totality of the scheme was sophisticated." *United States v. Ghertler*, 605 F.3d 1256, 1267 (11th Cir. 2010).

Here, Mr. Delano's conduct was undoubtedly sophisticated and intricate. First, regarding his fraudulent PPP loan application, Mr. Delano created fake IRS documents, and he carefully crafted fake payroll for 493 employees, including false statements about tax and social security withholdings. He submitted dozens of pages of false documents and ensured that the numbers lined up to what he put on his PPP application. His application was tailored to ensure that he had just under the employee cap of 500 and could obtain a loan for nearly the maximum allowable amount of $10 million. And when his application was initially denied, he promptly submitted additional fraudulent documents to support his alleged payroll and number of employees.

Second, Mr. Delano's fraudulent tax returns were particularly sophisticated. He filed two different returns using different social security numbers and dates of birth, as well as different addresses and different wages, withholdings, and losses. This conduct alone merits the sophisticated means enhancement. But Mr. Delano did more. When his initial attempts to file his tax returns were declined by IRS, he tried again – finagling the data and using a different employer identification number ("EIN"). Twice, he was unsuccessful, but then he discovered which EIN worked and promptly filed the next return. While Mr. Delano seeks to describe his conduct as ordinary fraud, his actions were far from ordinary; they were extraordinarily sophisticated, intricate, and complex.

Mr. Delano's laundering activity was no less complex. At trial, Adrienne Richardson, a forensic auditor, outlined the numerous steps that Mr. Delano took to conceal and disguise his laundering activity. Almost immediately after receiving the PPP funds into a JPMC account, Mr. Delano wrote a check for $3 million, with a memo line that said "payroll," and deposited the check into a PNC account held in Kremkov's name. When he received the IRS refund check of over $3.3 million, issued in his name, he deposited the funds into the same PNC account for Kremkov rather than a personal account. He then moved the majority of the fraud proceeds, approximately $6 million, to a different PNC account. From there, he funneled money to other accounts and made large purchases. Several months later, he created Flyingjack Freight & Logistics and opened a Bank of America account in the company's name. He funneled fraud proceeds to this account and made additional transactions – far removed from the initial accounts where the PPP and tax funds were deposited. *See United*

States v. Cabrera, 635 F. App'x 801, 808 (11th Cir. 2015) (upholding sophisticated laundering enhancement where defendant layered proceeds through multiple accounts and used shell companies to disguise funds). Mr. Delano's extensive layering activities were sophisticated, and the enhancement was properly applied.

C. Mr. Delano obstructed justice when he falsely testified.

To determine if an obstruction of justice enhancement is warranted, the Court should consider whether Mr. Delano's testimony was a "willful impediment to or obstruction of justice" and whether the testimony was the result of mistake, confusion, or some other impairment. *United States v. Dunnigan*, 507 U.S. 87, 95-96 (1993). Mr. Delano chose to testify at trial and concocted an elaborate story, with the goal of explaining away the facts presented at trial. He told an unbelievable tale of Mr. Lee and Andrea Lewis. Mr. Delano claimed that he operated two gold mines in Ghana and that Mr. Lee was his partner. Mr. Lee covered payroll and directly paid the employees via wire transfer, but Mr. Delano knew that his mines employed 493 employees. Andrea Lewis was his bookkeeper, and she was the one who provided the supporting payroll and tax documents that he provided with the PPP loan application. She also snuck into his house while he was away and filed one of the fraudulent tax returns without his knowledge.

Mr. Delano failed to mention Mr. Lee or Andrea Lewis when he was interviewed by FBI following his arrest, and he alleged that he had no way of contacting either of them. While crafty, his story was unbelievable and filled with falsehoods that were designed solely to substantially affect the outcome of the case. *See Dunnigan*, 507 U.S. at 95-96 (finding the enhancement was appropriate because defendant's testimony was refuted by other witnesses and designed to affect the outcome of the trial). An enhancement for obstruction of justice is appropriate.

Conclusion

The Court should require Mr. Delano to specify his factual objections so that the Court may fully address them at the sentencing. The Court should overrule Mr. Delano's guidelines objections. The PSR contains the correct guideline calculations.

The United States recommends a custodial sentence of 186 months, within the custody guidelines range. As the government will explain at the sentencing, the recommended sentence is reasonable in light of the § 3553(a) factors, and a downward variance below the guidelines range is unreasonable. The United States will also seek a period of supervised release of 5 years.

Respectfully submitted,

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