KSR

1:24-cr-00424
Judge Jeremy C. Daniel
Magistrate Judge Jeffrey Cole
RANDOM/CAT.4

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA v. FRANCESCO DISTEFANO	Violation: Title 18, United States Code, Section 1014 **UNDERSEAL**

The SPECIAL MAY 2024 GRAND JURY charges:

1. At times material to this indictment:

The Small Business Administration

a. The U.S. Small Business Administration ("SBA") was a United States government agency that provided economic support to small businesses.

The Paycheck Protection Program

b. The Coronavirus Aid, Relief, and Economic Security ("CARES") Act was a federal law enacted in or around March 2020 and designed to provide emergency financial assistance to the millions of Americans who were suffering the economic effects caused by the COVID-19 pandemic.

c. One source of relief provided by the CARES Act was the authorization of up to $349 billion in forgivable loans to small businesses and sole proprietors for job retention and certain other expenses, through a program called the Paycheck Protection Program ("PPP"). Congress subsequently authorized an additional $465 billion in funding for PPP loans, for a total of about $814 billion.

d. To obtain a PPP loan, a business, sole proprietor, or self-employed individual submitted a PPP loan application, which was signed by the applicant or an authorized representative of the business. The PPP loan application required the applicants to acknowledge the program rules and make certain affirmative certifications regarding the eligibility of the business, proprietorship, or individual. In the application, businesses, sole proprietors, and self-employed individuals were required to provide, among other things, their number of employees and average monthly payroll. This figure was used to calculate the applicant's eligibility and the amount of money the business could receive under the PPP. Applicants were also required to make good faith certifications, including that economic uncertainties had necessitated their loan requests for continued business operations.

e. PPP loan proceeds were required to be used by the business, sole proprietorship, or self-employed individual for certain permissible expenses—payroll costs, interest on mortgages, rent, and utilities. The PPP allowed the interest and principal on the PPP loan to be entirely forgiven by the SBA if the business, sole proprietorship, or self-employed individual spent the loan proceeds on these items within a designated period of time and used at least a certain percentage of the PPP loan for payroll expenses.

f. To gain access to funds through the PPP, businesses, sole proprietorships, and self-employed individuals applied to financial institutions participating in the PPP and received the loans directly from those financial institutions as the lender.

g. Participating lenders required applicants for PPP loans to provide truthful information about the sole proprietorship, self-employed individual, or business and its owner, including truthful information about the applicant's payroll, income, operating expenses, and how the PPP loan would be used.

Lender A

h. Lender A was a financial institution which funded PPP loans to approved borrowers. The deposit accounts of Lender A were insured by the Federal Deposit Insurance Corporation.

Defendant

i. Defendant FRANCESCO DISTEFANO was the owner and president of Distefano Enterprises LLC ("Distefano Enterprises").

Distefano Enterprises

j. Distefano Enterprises was a limited liability company formed under the laws of Montana.

k. On or about April 27, 2020, a Paycheck Protection Program Borrower Application Form was submitted to Lender A on behalf of Distefano Enterprises. The Number of Employees listed in the application was 14, with an Average Monthly Payroll of $95,000.

l. On or about May 13, 2020, a revised Paycheck Protection Program Borrower Application Form was submitted to Lender A on behalf of Distefano Enterprises. The Number of Employees listed in the revised application was 14, with an Average Monthly Payroll of $79,166.

m. On or about May 13, 2020, Lender A funded a PPP loan to Distefano Enterprises in the amount of approximately $197,915.

2. On or about April 27, 2020, in the Northern District of Illinois, Eastern Division, and elsewhere,

FRANCESCO DISTEFANO,

defendant herein, knowingly made a false statement to Lender A for the purpose of influencing the actions of Lender A concerning a PPP loan application, in that defendant falsely stated:

a. That Distefano Enterprises had 14 employees; and

b. That Distefano Enterprises had an Average Monthly Payroll of $95,000;

when defendant knew that such statements were false;

In violation of Title 18, United States Code, Section 1014.

FORFEITURE ALLEGATION

The SPECIAL MAY 2024 GRAND JURY further alleges:

1. Upon conviction of an offense in violation of Title 18, United States Code, Section 1014, as set forth in this Indictment, defendant shall forfeit to the United States of America any property involved in such offense, and any property constituting, or derived from, proceeds defendant obtained directly or indirectly, as the result of such violation, as provided in Title 18, United States Code, Section 982(a)(2)(A).

2. The property to be forfeited includes, but is not limited to, a personal money judgment in an amount equal to the proceeds derived from the offense in violation of Title 18, United States Code, Section 1014, estimated to be approximately $197,915.

3. If any of the property described above, as a result of any act or omission by a defendant: cannot be located upon the exercise of due diligence, has been transferred or sold to, or deposited with, a third party, has been placed beyond the jurisdiction of the Court; has been substantially diminished in value; or 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, as provided in Title 21, United States Code, Section 853(p).

A TRUE BILL:

____
FOREPERSON

____
ACTING UNITED STATES ATTORNEY