IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF GEORGIA
SAVANNAH DIVISION

AFFIDAVIT IN SUPPORT OF CRIMINAL COMPLAINT

I, Brian Truax, being first duly sworn, hereby depose and state as follows:

INTRODUCTION AND AGENT BACKGROUND

1. I am a Senior Special Agent with the United States Secret Service ("USSS") assigned to the Savannah Resident Office. I have been employed by the USSS since September of 2002 and have been assigned to the Savannah Resident Office since 2019. I have received training in general law enforcement and criminal investigations from the Federal Law Enforcement Training Center and the USSS James J. Rowley Training Center. As a Special Agent, I have been involved with numerous criminal investigations including credit card fraud, bank fraud, access device fraud, identity theft, wire fraud, money laundering, and various other crimes. I have executed many arrests and executed multiple search and seizure warrants in my almost 20 years as a Senior Special Agent.

2. Based on the facts set forth in this affidavit, there is probable cause to believe the following offenses have been committed by Gladys Harun: wire fraud in violation of 18 U.S.C. § 1343 and making a false statement to the Small Business Administration in violation of 15 U.S.C. § 645, collectively referred to as the "Target Offenses."

RELEVANT STATUTORY BACKGROUND

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

4. Among other relief efforts, the United States sought to provide financial support to eligible businesses that could be used to offset certain business expenses.

5. The SBA was an executive branch agency of the United States government that provided support to entrepreneurs and small businesses. The SBA was headquartered in Washington, DC and maintained its computer servers outside of the State of Georgia. The SBA's mission was to maintain and strengthen the nation's economy by enabling the establishment and viability of small businesses and by assisting in the economic recovery of communities after disasters.

6. As part of this effort, the SBA enabled and provided for loans through banks, credit unions, and other lenders. These loans have government-backed guarantees. In addition, the SBA provided loans that came directly from the U.S. Government.

Economic Injury Disaster Loans

7. One source of relief provided by the CARES Act was the authorization for the SBA to provide EIDLs to eligible small businesses experiencing substantial financial disruption due to the COVID-19 pandemic.

8. In order to obtain an EIDL, a qualifying business had to submit an online application to the SBA and provide information about its operations, such as the number of employees, gross revenues for the twelve-month period preceding the disaster, and the cost of goods the business sold in the twelve-month period preceding the disaster. In the case of EIDLs, the twelve-month period was that preceding January 31, 2020. The applicant also had to certify that all the information in its application was true and correct to the best of the applicant's knowledge.

9. In addition, the CARES Act authorized the SBA to issue advances of up to $10,000 to small businesses within three days of applying for an EIDL ("EIDL Advance"). The amount of the EIDL Advance was determined by the number of employees the applicant certified having.

10. EIDL applications were submitted directly to the SBA online at https://covid19relief.sba.gov/#/ and processed by the agency with support from a government contractor, Rapid Finance. The amount of each loan was determined based, in part, on the information provided by the application about employment, revenue, and cost of goods, as described above. Any funds issued under an EIDL were issued directly by the SBA.

11. EIDL funds could be used for payroll expenses, sick leave, production costs, and business obligations, such as debts, rent, and mortgage payments.

The Paycheck Protection Program

12. Another source of relief provided by the CARES Act was the authorization of up to $349 billion in forgivable loans to small businesses for job retention and certain other expenses, through a program referred to as the Paycheck Protection Program ("PPP"). In or around April 2020, Congress authorized over $300 billion in additional PPP funding.

13. In order to obtain a PPP loan, a qualifying business had to submit a PPP loan application signed by an authorized representative of the business. The PPP loan application required the business (through its authorized representative) to acknowledge the program rules and make certain affirmative certifications in order to be eligible to obtain the PPP loan. In the PPP loan application, the small business (through its authorized representative) had to state, among other things, its: (a) average monthly payroll expenses; and (b) number of employees. These figures were then used to calculate the amount of money the small business was eligible to receive under the PPP. In addition, a business applying for a PPP loan had to provide documentation showing its payroll expenses.

14. A PPP loan application must be processed by a participating lender, such as a financial institution. If a PPP loan is approved, the participating lender funds the PPP loan using its own monies, which are 100% guaranteed by the SBA. Data from the application, including the information about the borrower, the total amount of the loan, and the listed number of employees, is transmitted by the lender to the SBA in the course of processing the loan.

15. The PPP loan proceeds must be used by the business on certain permissible expenses—payroll costs, interest on mortgages, rent, and utilities. The PPP allows the interest and principal of the PPP loan to be entirely forgiven if the business spends the loan proceeds on these expense items within a designated period of time and uses a certain percentage of the PPP loan proceeds on payroll expenses.

PROBABLE CAUSE

Gladys Chege Harun

16. Ms. Harun is the owner and operator of Embrace Africa d/b/a Jackson Hewitt Tax. Jackson Hewitt is a tax-preparation business operating franchises throughout the United States, including in the Southern District of Georgia. Ms. Harun resides at 192 Amelia Drive in Byron, Georgia. In an interview with law enforcement on May 2, 2022, Harun described owning and operating several Jackson Hewitt storefront locations and locations inside Walmart stores, including several locations in Dublin, Eastman, and elsewhere.

17. A review of SBA's records, lender documents, interviews, and tax filings reveal that Ms. Harun received approximately $366,656 in forgiven PPP loans and approximately $137,500 in EIDL grants and loans by submitting false and fraudulent information concerning her business. To obtain the loans, Ms. Harun falsely inflated information concerning her business, namely her average payroll, among other information.

18. The investigation further revealed that Ms. Harun filed and attempted to obtain tens of thousands of dollars in others' names by utilizing their personal identifiable information without those persons' knowledge and consent. Ms. Harun also aided others in submitting false and fraudulent PPP and EIDL applications resulting in losses of several hundred thousand dollars.

Harun's PPP Applications

PPP Application 1

19. On or about April 17, 2020, Wells Fargo received a PPP application signed in the name of Gladys Harun for the business "Embrace Africa DBA Jackson Hewitt Tax." The application claimed that the business had 36 employees and an average monthly payroll of $18,413. Wells Fargo approved the loan and wired $46,033 into a bank account controlled by Harun.

PPP Application 2

20. In or about April 2021, Harun submitted a PPP application to Truist Bank in which she represented she was an independent contractor who received an average monthly payroll of $8,288. On or about April 29, 2021, Truist Bank approved Ms. Harun for a $20,710 PPP loan and wired the money to an account she controlled.

PPP Application 3

21. On or about April 9, 2021, Harun submitted another PPP application to Wells Fargo. The application claimed that Embrace Africa d/b/a Jackson Hewitt

Tax Service had 59 employees and an average monthly payroll of $158,830. The application requested $397,075.

22. Wells Fargo flagged the application as providing questionable or false documentation. Notably, Harun had previously opened Wells Fargo accounts and noted the business employed only 20 people. Wells Fargo rejected the application and observed that the tax documents appeared to be altered.

PPP Application 4

23. On or about June 17, 2021, Lendistry, an SBA-approved lender, received a PPP application signed in the name of Gladys Harun. The application contained a photograph of a passport bearing Ms. Harun's name and date of birth. The application represented that the business, Embrace Africa d/b/a Jackson Hewitt, was located at 5715 Neese Street in Eastman, Georgia, had an average monthly payroll of $119,965.20. Gladys Harun was listed as the individual with a 100% ownership of the business. Lendistry approved the loan and paid $299,913, via interstate wire, into a bank account controlled by Ms. Harun.

<u>Inconsistencies in Harun's PPP Applications</u>

24. A review of information submitted by Harun to the lenders in connection with the PPP applications described above reveals internal and external inconsistencies. First, the applications themselves are inconsistent with each other in terms of monthly payroll and number of employees. Second, a review of information provided by Harun to law enforcement and the IRS reveals that her

PPP applications fraudulently inflated her business income to obtain a larger amount of PPP loans.

25. In response to a grand jury subpoena, Harun provided payroll records consisting of Form 1099s and W-2s. An analysis of the records provided by Harun show that she grossly inflated the average monthly payroll. Specifically, the 2019 payroll records of the business show average monthly payroll of approximately $8,429.96; in contrast, PPP Application 1 represented she had $18,413 in average monthly payroll for the period covering 2019. Similarly, for 2020, PPP Application 4 represented average monthly payroll of $119,965.20, whereas the records she provided to law enforcement show an average monthly payroll of only $9,304.84.

Harun's EIDL Applications

26. A review of SBA's records reveals Gladys Harun submitted at least four EIDL applications, variously representing that Embrace Africa had 32 or 35 employees and revenue of $602,000 or $726,075. In addition, she submitted an EIDL application in the name of Jackson Hewitt Tax Service purporting to be a sole proprietor whose business had $8,766 in gross revenue.

27. As a result of her applications, SBA approved one EIDL loan of $127,500 and one grant for $10,000, and said money was wired into accounts controlled by Harun.

EIDL Application Harun Prepared for L.G.

28. On June 25, 2021, the SBA received an application in the name of a an individual whose initials are L.G. L.G., who resided in the Southern District of

Georgia, died the day before the application was created and submitted, as confirmed by a Georgia death certificate.

29. The application identified L.G. as the sole owner and independent contractor for a personal services company that began on January 12, 2018. According to the application, L.G.'s business had one employee, gross receipts of $2,145, and $21 in the cost of goods sold for the twelve-month period prior to January 31, 2020.

30. EIDL applications provide a section to list anyone who assisted in the preparation or submission; in L.G.'s application, no one was listed.

31. L.G.'s EIDL application listed an address of 192 Amelia Drive in Byron, Georgia, which is Harun's residence, an email address of embraceafrica@yahoo.com, which is consistent with Harun's company and similar to the email used in her Lendistry application, and a phone number ending in 2207, which Harun confirmed to law enforcement as her number.

32. Months after L.G.'s death, SBA received an email from an individual utilizing embraceafrica@yahoo.com who claimed to be L.G. The email asked for help setting up a password to log in and access the portal.

33. SBA's records revealed that the IP address used in the submission of L.G.'s application matched at least 29 other EIDL applications submitted, including applications for individuals whose initials are J.B., J.N., W.P and others. Law enforcement interviewed J.B., J.N. and W.P., and they confirmed their EIDL applications were prepared in large part by Harun.

34. Law enforcement interviewed L.G.'s daughter who recalled that L.G. and Harun had discussed obtaining an EIDL, but the daughter did not know if the application had ever been submitted.

PPP Application Harun Prepared for J.B.

35. SBA records reveal that an individual with the initials J.B. obtained a PPP loan of $8,240. The application submitted to the lender claimed that J.B.'s business was established on December 29, 2018. Law enforcement interviewed J.B., and J.B. described how Harun prepared J.B.'s PPP application in exchange for $800. J.B. confirmed that the business had not been established on that date, and he/she had not told Harun that or provided Harun with any information to support that. Rather, J.B. told law enforcement that the business was established in July 2020. Since PPP recipients had to have a business in existence on or before February 15, 2020, J.B. would not have been eligible had the business establishment date been accurate.

EIDL Application Harun Prepared for J.N.

36. Two EIDL applications were created and submitted to the SBA under the name of an individual whose initials are J.N. As a result of these applications, the SBA paid EIDL grants of $15,000 and an EIDL loan of $101,300.

37. One EIDL application in J.N.'s name claimed that J.N. had a health services business established on May 17, 2019, with 1 employee, and gross revenues for the twelve months prior to January 31, 2020 of $55,840. The application listed Harun as the preparer with $0 fee charged. In support of the application, a 2019

Form 1099-MISC was attached that identified J.N. as receiving $56,476 in compensation from Embrace Africa. A copy of J.N.'s Home Care Aide Certification was also included, though that certificate revealed her initial issuance was not until December 8, 2020.

38. When interviewed by law enforcement, J.N. acknowledged that Harun prepared the EIDL applications, and although J.N. said she worked as an employee in the health services industry, she acknowledged that she did not have her own business. J.N. did not provide any documentation or information to Harun to support the date of establishment or revenue represented in the EIDL application.

<u>PPP Application Harun Prepared Concerning C.H.</u>

39. Law enforcement also interviewed an individual with the initials C.H. who recalled that she worked for Harun preparing tax returns at Jackson Hewitt. C.H. described how he/she had received an email sent to his/her business email account from biz2credit. The email revealed that Harun had attempted to apply for a PPP loan using C.H.'s name and identifiers. The application showed C.H.'s name but Harun's address and the company Embrace Africa. C.H. described how she had no ownership of Embrace Africa.

40. Because the application was linked to C.H.'s email, she was able to use the "forgot password" link to reset the password and view the application. When C.H. viewed the application, C.H. confronted Harun about it. Harun told C.H. it was submitted accidentally.

PPP Application Harun Prepared Concerning H.M.

41. SBA records reveal that Harun's then-husband, who has the initials H.M., had a PPP loan application and an EIDL application submitted on his behalf and using his social security number. When interviewed by agents, H.M., who is currently going through a divorce with Harun, advised that he was unaware of any PPP or EIDL applications submitted under his name or identity.

42. SBA records show a fully cancelled PPP application specifying one employee and an average monthly payroll of $7,917. Additionally, IRS database records show a declined EIDL application for a business with one employee, gross revenues of approximately $87,000, and cost of goods sold of $16,500. H.M. confirmed that he had no business nor any employee working for him. When asked about the email account associated with the PPP application, H.M. recalled that his wife had created the email account and he did not use it. H.M. surmised that Harun had filed the PPP and EIDL applications without his knowledge.

CONCLUSION

I submit that there is probable cause to believe that Harun has violated 18 U.S.C. § 1343 and 15 U.S.C. § 645.

Respectfully submitted,

Brian Truax

Brian Truax
Special Agent
U.S. Secret Service

Subscribed and sworn to me by reliable electronic means, namely Teams VTS, pursuant to Fed. R. Crim. P. 4.1(b)(6), on July 4, 2022.

Honorable Brian K. Epps
United States Magistrate Judge
Southern District of Georgia