EXHIBIT
A
to Motion

Jackson Hewitt®
TAX SERVICE

BY UPS OVERNIGHT AND ELECTRONIC MAIL

September 19, 2022

Gladys Harun
Business Name #3332 / GYH
1220 Russell Pkwy #5
Warner Robins, GA 31088
[redacted]@yahoo.com

Re: Notice of Termination of Franchise Agreements for Territories GA037, GA038, GA039, GA040, GA055, GA056, GA530, GA532, GA540, GA573, and GA577 and Reservation of Rights

Dear Gladys Harun:

This letter is being sent to you in your individual capacity as an owner and guarantor of the legal entity to which this letter is addressed (the "Franchisee") and as the representative of such Franchisee. All further references in this letter to "you" will mean both you and the Franchisee.

This letter relates to critical defaults under those certain Franchise Agreements (the "Franchise Agreements") dated December 16, 2016, July 12, 2017, February 6, 2019, and November 24, 2020, pursuant to which Jackson Hewitt Inc. ("Jackson Hewitt," "we," "us" or "our") granted you the right to operate, and you undertook certain obligations with respect to the operation of, Jackson Hewitt Tax Service Businesses (the "Franchised Businesses") in the territories designated in the Franchise Agreements as GA037, GA038, GA039, GA040, GA055, GA056, GA530, GA532, GA540, GA573, and GA577.

<u>Notice Of Termination for Felony Or Criminal Offense Charges Related To The Franchised Business</u>

Pursuant to Section 19.2(n) of the Franchise Agreements, "[w]e may immediately terminate this Agreement upon the occurrence of any of the following: …(n) you or an Owner of five percent (5%) or more interest in you is charged with…any felony or any criminal offense related to the Franchised Business (or any related business such as an accounting practice), including, but not limited to, tax fraud or tax evasion or any other felony that could in our reasonable opinion reflect poorly on the goodwill of our name or any of our Marks, Operating System, or the Network."

On July 5, 2022, the United States government (the "Government") filed a complaint against you for (1) wire fraud, and (2) making a false statement to the Small Business Administration (the "Complaint"). A copy of the Complaint is attached hereto as Exhibit A. On September 8, 2022, the Government filed a superseding indictment charging you with seven counts, including two counts of wire fraud, one count of false declaration, and four counts of money laundering (the "Superseding Indictment"). A copy of the Superseding Indictment is attached hereto as Exhibit B.

The allegations in the Complaint and the charges in the Superseding Indictment are related to the Franchised Business. *See, e.g.*, Exhibit A at ¶¶ 16, 19, 21, 23, and 26; Exhibit B at ¶¶ 1, 19, 20, and 21. **Accordingly, we hereby exercise our rights under Section 19.2(n) of the Franchise Agreements to declare the Franchise Agreements terminated effective immediately.**

Liquidated Damages, Walmart License Fees, And Outstanding Receivables Balance

Because the Franchise Agreements are terminated for your defaults, pursuant to Section 19.5 we are entitled to and you are responsible for paying damages caused by the interruption of the revenue stream that we bargained for and damages caused to the Jackson Hewitt brand (the "Liquidated Damages"). Pursuant to Section 19.5 of the Franchise Agreements, the Liquidated Damages are calculated as follows:

> by multiplying (1) the number of calendar months in the Measurement Period, by (2) the aggregate of the Royalty and advertising and marketing fee percentages, by (3) the average monthly Gross Volume of Business of the Franchised Business during the 12 full calendar months immediately preceding the termination date.

Accordingly, below is the Liquidated Damages calculation:

GA037

(1) Number of calendar months in the Measurement Period (9/1//2022-2/6/2029):	77
(2) Aggregate of the Royalty and advertising and marketing fee percentages:	21%
(3) Average monthly Gross Volume of Business during the 12 full calendar months immediately preceding the termination date:[1]	$14,792.00
Liquidated Damages:	$239,189.02

GA038

(1) Number of calendar months in the Measurement Period (9/1/2022-7/12/2027):	58
(2) Aggregate of the Royalty and advertising and marketing fee percentages:	21%
(3) Average monthly Gross Volume of Business during the 12 full calendar months immediately preceding the termination date:[2]	$4,658
Liquidated Damages:	$56,738.50

GA039

(1) Number of calendar months in the Measurement Period (9/1/2022-7/12/2027):	58
(2) Aggregate of the Royalty and advertising and marketing fee percentages:	21%
(3) Average monthly Gross Volume of Business during the 12 full calendar months immediately preceding the termination date:[3]	$14,792.00
Liquidated Damages:	$180,168.35

[1] This amount is equal to $177,506.00 of total Gross Volume of Business during the 12 full calendar months immediately preceding the termination date, divided by 12.
[2] This amount is equal to $55,900.00 of total Gross Volume of Business during the 12 full calendar months immediately preceding the termination date, divided by 12.
[3] This amount is equal to $177,506.00 of total Gross Volume of Business during the 12 full calendar months immediately preceding the termination date, divided by 12.

Jackson Hewitt TAX SERVICE

GA040

(4) Number of calendar months in the Measurement Period (9/1/2022 – 7/12/2027):	58
(5) Aggregate of the Royalty and advertising and marketing fee percentages:	21%
(6) Average monthly Gross Volume of Business during the 12 full calendar months immediately preceding the termination date:[4]	$18,886.00
Liquidated Damages:	$230,029.45

GA055

Number of calendar months in the Measurement Period (9/12022 – 7/12/2027):	58
(4) Aggregate of the Royalty and advertising and marketing fee percentages:	21%
(5) Average monthly Gross Volume of Business during the 12 full calendar months immediately preceding the termination date:[5]	$2,318.00
Liquidated Damages:	$28,233.24

GA056

(4) Number of calendar months in the Measurement Period (9/1/2022 – 7/12/2027):	58
(5) Aggregate of the Royalty and advertising and marketing fee percentages:	21%
(6) Average monthly Gross Volume of Business during the 12 full calendar months immediately preceding the termination date:[6]	$4,626.00
Liquidated Damages:	$56,343.67

GA530

(7) Number of calendar months in the Measurement Period (9/1/2022 – 7/12/2027):	58
(8) Aggregate of the Royalty and advertising and marketing fee percentages:	21%
(9) Average monthly Gross Volume of Business during the 12 full calendar months immediately preceding the termination date:[7]	$4,133.00
Liquidated Damages:	$50,344.00

[4] This amount is equal to $226,630.00 of total Gross Volume of Business during the 12 full calendar months immediately preceding the termination date, divided by 12.
[5] This amount is equal to $27,816.00 of total Gross Volume of Business during the 12 full calendar months immediately preceding the termination date, divided by 12.
[6] This amount is equal to $55,511.00 of total Gross Volume of Business during the 12 full calendar months immediately preceding the termination date, divided by 12.
[7] This amount is equal to $49,600.00 of total Gross Volume of Business during the 12 full calendar months immediately preceding the termination date, divided by 12.

GA532

(6) Number of calendar months in the Measurement Period (9/1/2022 – 12/16/2026):	51
(7) Aggregate of the Royalty and advertising and marketing fee percentages:	21%
(8) Average monthly Gross Volume of Business during the 12 full calendar months immediately preceding the termination date:[8]	$27,470.00
Liquidated Damages:	$294,201.03

GA540 (Year 2 Scaled Royalty)

(1) Number of calendar months in the Measurement Period (9/1/2022 – 5/30/2023):	10
(2) Aggregate of the Royalty and advertising and marketing fee percentages:	16%
(3) Average monthly Gross Volume of Business during the 12 full calendar months immediately preceding the termination date:[9]	$2,907.00
Liquidated Damages:	$4,651.47

GA540 (Remainder of Term)

(4) Number of calendar months in the Measurement Period (6/1/2023 – 11/24/2030):	88
(5) Aggregate of the Royalty and advertising and marketing fee percentages:	21%
(6) Average monthly Gross Volume of Business during the 12 full calendar months immediately preceding the termination date:[10]	$2,907.00
Liquidated Damages:	$53,724.54

GA573 (Year 2 Scaled Royalty)

(1) Number of calendar months in the Measurement Period (9/1/2022 – 5/30/2023):	10
(2) Aggregate of the Royalty and advertising and marketing fee percentages:	16%
(3) Average monthly Gross Volume of Business during the 12 full calendar months immediately preceding the termination date:[11]	$2,230.00
Liquidated Damages:	$3,568.00

GA573 (Remainder of Term)

(4) Number of calendar months in the Measurement Period (6/1/2023 – 11/24/2030):	88
(5) Aggregate of the Royalty and advertising and marketing fee percentages:	21%
(6) Average monthly Gross Volume of Business during the 12 full calendar months immediately preceding the termination date:[12]	$2,230.00
Liquidated Damages:	$41,210.40

[8] This amount is equal to $329,637.00 of total Gross Volume of Business during the 12 full calendar months immediately preceding the termination date, divided by 12.
[9] This amount is equal to $34,886.00 of total Gross Volume of Business during the 12 full calendar months immediately preceding the termination date, divided by 12.
[10] This amount is equal to $34,886.00 of total Gross Volume of Business during the 12 full calendar months immediately preceding the termination date, divided by 12.
[11] This amount is equal to $26,760.00 of total Gross Volume of Business during the 12 full calendar months immediately preceding the termination date, divided by 12.
[12] This amount is equal to $26,760.00 of total Gross Volume of Business during the 12 full calendar months immediately preceding the termination date, divided by 12.

Jackson Hewitt
TAX SERVICE

GA577

(9) Number of calendar months in the Measurement Period (9/1/2022 – 7/12/2027):	58
(10) Aggregate of the Royalty and advertising and marketing fee percentages:	21%
(11) Average monthly Gross Volume of Business during the 12 full calendar months immediately preceding the termination date:[13]	$18,407.00
Liquidated Damages:	$219,808.40

In addition to the aforementioned amounts, you are also responsible for license fees in connection with the Agreements Regarding Walmart Locations for territories GA055, GA038, GA573, GA056, GA540, GA530, GA038, and GA532, which were executed on November 24, 2020 and July 6, 2022 (the "Addendums"). Section 10 of the Addendums dictates "in the event of a termination of this Agreement…the license fee for the full Term shall become immediately due and payable." The amounts are set forth below:

(1) Number of years remaining on Addendums	3
(2) Number of locations operated under Addendums	8
(3) License fee per year per location	$8,000.00 / $4,000 for location 50840
Total Amount:	$ 168,000.00

Additionally, your outstanding receivables balance as of September 15, 2022 is $7.20.

Total Amount Due to Jackson Hewitt (Liquidated Damages + Walmart License Fees + receivables balance):	**$1,626,217.27**

Attached to this letter are the invoice and payment instructions for the above amounts which, pursuant to Section 19.4 of the Franchise Agreements, are immediately due and payable to us. Please coordinate making timely payment of the amounts reflected in the invoice in accordance with the enclosed instructions. In accordance with Section 4.11 of the Franchise Agreements, if you fail to timely pay the above amounts, you will be charged interest at the simple daily equivalent rate of 18% per year or, to the extent it is lower, the highest interest rate permitted by law. Please note that there may be other monies owed to us under the Franchise Agreements due to revenue that was not reported to us. We have, and hereby reserve, the right to audit your business to ascertain any such amounts and determine if any additional amounts are owed. Please understand that our right to audit and your obligation to cooperate with any audit does not end with the termination of the Franchise Agreements.

Please bear in mind that you have personally guaranteed both the performance and payment obligations under the Franchise Agreements. Please immediately contact the Accounts Receivable Department at (877) 282-9629 to discuss reporting and payment of such debt. If you do not pay, we will pursue all rights afforded to us under the law, up to and including collections and litigation.

Post-Termination Covenants

As a result of the termination of the Franchise Agreements, you will have no further rights to operate the Franchised Businesses or to use the Jackson Hewitt trademarks, confidential information or system, and you will

[13] This amount is equal to $216,560.00 of total Gross Volume of Business during the 12 full calendar months immediately preceding the termination date, divided by 12.

be required to comply with all obligations under the Franchise Agreements that are triggered by the termination of the Franchise Agreements, including the following:

(a) cease exercising any rights granted to you under the Franchise Agreements, including the right to use the Marks, the Manual or any of our confidential information and trade secrets;

(b) return to Jackson Hewitt and cease using, without retaining any copies, the originals and all copies of all of Jackson Hewitt's trade secrets, confidential and proprietary materials (including, without limitation, client files and data) and provide access to Jackson Hewitt or its designee to remove all copies of any such items from any computers or storage media that are not part of the Assets but are in your possession or control;

(c) return to Jackson Hewitt or destroy at your expense and according to Jackson Hewitt's direction, all literature, sign facings, and unused advertising materials bearing the Marks that are not transferred to Jackson Hewitt as part of the Assets;

(d) notify the telephone company and all listing agencies and advertising directories where the numbers are listed, that you no longer have the right to use any telephone numbers, listings, and advertisements used with the Marks, and authorize them to transfer all such telephone numbers, listings and advertisements to Jackson Hewitt or its designee;

(e) cancel all registrations of fictitious name that include any of the Marks;

(f) cease identifying yourself as a Jackson Hewitt Tax Service business franchisee;

(g) return to Jackson Hewitt all customer files and data; and

(h) comply with the post-term covenants in Section 17 of the Franchise Agreements that: (1) prohibit post-termination competition (Section 17.2); prohibit solicitation of customers (Section 17.4); and require protection of trade secrets (Section 17.5).

We direct your attention to those provisions of the Franchise Agreements that, either by their expressed terms or by their nature, survive the termination, including, without limitation, your indemnification obligations under Section 27 of the Franchise Agreements. We also note that under Section 15.3 our right to audit and your obligation to cooperate with any audit does not end with the termination of the Franchise Agreements.

Nothing contained in this letter shall be considered a waiver of any rights or remedies we have under the Franchise Agreements (including any Collateral Agreements) or at law or in equity, all of which we hereby expressly reserve. In any litigation between the parties, we reserve our right to assert any other defaults or bases supporting termination which are supported by the facts, whether or not set forth in this Notice of Termination. Capitalized terms used but not defined in this letter have the meanings given them in the Franchise Agreements.

Sincerely,

Victoria McShane
Director, Franchise Administration and Compliance

Jackson Hewitt
TAX SERVICE

Bill To
Gladys Harun
1220 Russell Pkwy #5
Warner Robins, GA 31088

Entity Number	Date
3332	19-Sept-2022

Description	Amount
090-5074-40610 – Liquidated Damages - Royalties – GA037	$170,849.30
090-5074-40611 – Liquidated Damages - Advertising – GA037	$68,339.72
090-5074-40610 – Liquidated Damages - Royalties – GA038	$40,527.50
090-5074-40611 – Liquidated Damages - Advertising – GA038	$16,211.00
090-5074-40610 – Liquidated Damages - Royalties – GA039	$128,691.68
090-5074-40610 – Liquidated Damages - Advertising – GA039	$51,476.67
090-5074-40610 – Liquidated Damages - Royalties – GA040	$164,306.75
090-5074-40610 – Liquidated Damages - Advertising – GA040	$65,722.70
090-5074-40610 – Liquidated Damages - Royalties – GA055	$20,166.60
090-5074-40610 – Liquidated Damages - Advertising – GA055	$8,066.64
090-5074-40610 – Liquidated Damages - Royalties – GA056	$40,245.48
090-5074-40610 – Liquidated Damages - Advertising – GA056	$16,098.19
090-5074-40610 – Liquidated Damages - Royalties – GA530	$35,960.00
090-5074-40610 – Liquidated Damages - Advertising – GA530	$14,384.00
090-5074-40610 – Liquidated Damages - Royalties – GA532	$210,143.59
090-5074-40610 – Liquidated Damages - Advertising – GA532	$84,057.44
090-5074-40610 – Liquidated Damages - Royalties – GA540 (Year 2)	$2,907.17
090-5074-40611 – Liquidated Damages - Advertising – GA540 (Year 2)	$1,744.30
090-5074-40610 – Liquidated Damages - Royalties – GA540 (Remainder of Term)	$38,374.60
090-5074-40611 – Liquidated Damages - Advertising – GA540 (Remainder of Term)	$15,349.94
090-5074-40610 – Liquidated Damages - Royalties – GA573 (Year 2)	$2,230.00
090-5074-40611 – Liquidated Damages - Advertising – GA573 (Year 2)	$1,338.00
090-5074-40610 – Liquidated Damages - Royalties – GA573 (Remainder of Term)	$29,436.00
090-5074-40611 – Liquidated Damages - Advertising – GA573 (Remainder of Term)	$11,774.40
090-5074-40610 – Liquidated Damages - Royalties – GA577	$157,006.00
090-5074-40611 – Liquidated Damages - Advertising – GA577	$62,802.40
090-0000-11703 – Walmart Licensing Fees	$168,000.00
Outstanding Receivables Balance as of 9/15/2022	$7.20

Total : $1,626,217.27

Jackson Hewitt
TAX SERVICE

Special Instructions:

Accordingly, upon termination, please pay using one of the following methods:

1. **Wire Transfer:**

Bank Name and Address:	CIBC Bank USA 120 South LaSalle Chicago, IL 60603
Account Name:	Jackson Hewitt Inc.
ABA/Routing Number:	071006486
Account Number:	2699907

2. **Mail check to:**

Jackson Hewitt Inc.
ATTN: Accounts Receivable Dept.
10 Exchange Place
27th Floor
Jersey City, NJ 07302

Exhibit A

AO 91 (Rev. 11/11) Criminal Complaint

UNITED STATES DISTRICT COURT

for the

Southern District of Georgia

United States of America
v.
Gladys Harun

Defendant(s)

Case No. 1:22mj051

CRIMINAL COMPLAINT

I, the complainant in this case, state that the following is true to the best of my knowledge and belief.

On or about the date(s) of April 2020 until June 17, 2021 in the county of Laurens, Dodge in the Southern District of Georgia, the defendant(s) violated:

Code Section	*Offense Description*
18 U.S.C. 1343	Wire Fraud
15 U.S.C. 645	False Statement to the Small Business Administration

This criminal complaint is based on these facts:

See Attached Affidavit

☑ Continued on the attached sheet.

Brian Truax

Complainant's signature

Brian Truax, Special Agent U.S. Secret Service

Printed name and title

Sworn to before me and signed in my presence.

Date: 7/14/22

Judge's signature

City and state: Augusta, Georgia

Hon. Brian K. Epps, U.S. Magistrate

Printed name and title

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.

Case 1:22-mj-00061-BKE Document 3-1 Filed 07/05/22 Page 4 of 13

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.

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

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

Case 1:22-mj-00061-BKE Document 3-1 Filed 04/14/22 Page 8 of 13

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

Case 3:22-mj-00015-BKE Document 3-1 Filed 04/14/22 Page 11 of 13

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.

PPP Application Harun Prepared Concerning C.H.

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

Exhibit B

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF GEORGIA
DUBLIN DIVISION

UNITED STATES OF AMERICA	) SUPERSEDING INDICTMENT NO.
	) 3:22-CR-09
v.	)
	) 18 U.S.C. § 1623
GLADYS HARUN	) False Declaration
a/k/a "GLADYS CHEGE"	)
	) 18 U.S.C. § 1343
	) Wire Fraud
	)
	) 18 U.S.C. § 1957
	) Money Laundering Transaction
	) Over $10,000

THE GRAND JURY CHARGES THAT:

At all times relevant to this Superseding Indictment:

INTRODUCTION

Defendant and Her Business

1. **GLADYS HARUN** was a resident of Georgia. She owned and operated a franchise of Jackson Hewitt Inc., a tax-preparation business headquartered in New Jersey. **HARUN's** tax-preparation business had locations in the Southern District of Georgia and elsewhere and did business as "Jackson Hewitt."

The COVID-19 Pandemic and the CARES Act

2. 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 suffered economic effects caused by the COVID-19 pandemic.

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

4. At all times material to this Indictment, the Small Business Administration ("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.

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

The Paycheck Protection Program

6. One 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.

7. 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 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.

8. 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, was transmitted by the lender to the SBA in the course of processing the loan.

9. 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.

10. Lendistry SBLC, LLC was a wholly owned subsidiary of B.S.D. Capital, Inc. ("Lendistry") and was based in California. Lendistry was an approved lender authorized to receive and process PPP applications and supporting documentation, and then make loans as part of the PPP.

Economic Injury Disaster Loans

11. Another 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.

12. 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.

13. 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 the number of employees the applicant certified having.

14. 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. Any funds issued under an EIDL were issued directly by the SBA. EIDL funds could be used for payroll expenses, sick leave, production costs, and business obligations, such as debts, rent, and mortgage payments.

COUNT ONE
False Declaration
18 U.S.C. § 1623

15. On or about December 2, 2019, within the Southern District of Georgia, defendant,

GLADYS HARUN
a/k/a "GLADYS CHEGE,"

in a declaration under penalty of perjury in case number 3:18-CV-051 before the United States District Court for the Southern District of Georgia, knowingly did make a false material declaration in an Application to Proceed in District Court Without Prepaying Fees or Costs, to wit:

a. Defendant falsely claimed she had not worked in the past four years;

b. Defendant falsely claimed that neither she nor her spouse had any employment history for the previous two years; and

c. Defendant falsely claimed that her only income source during the previous 12 months was from disability,

when, in truth and in fact, as the Defendant knew, she had worked in 2019 and in years prior, and she and her spouse had derived income in 2019 for which she did not report.

All in violation of Title 18, United States Code, Section 1623.

COUNT TWO
Wire Fraud
18 U.S.C. § 1343

16. The Grand Jury realleges and incorporates by reference paragraphs 1-14 above in their entirety as if fully set forth herein.

The Scheme

17. From in or about May 2021, through in or about June 2021, defendant **GLADYS HARUN** devised and intended to devise a scheme to defraud Lendistry, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises. Defendant **GLADYS HARUN**'s scheme was to unjustly enrich herself by obtaining PPP proceeds under false and misleading pretenses, including by making false statements in a PPP application and providing false and altered supporting documentation.

18. In reliance on false representations and records submitted in and with Defendant's PPP application, Lendistry, headquartered in California, approved the requested loan and deposited nearly $300,000 into a bank account in Georgia controlled by Defendant.

Manner and Means

19. It was part of the scheme that defendant **GLADYS HARUN** submitted, or caused the submission of, a PPP loan application to Lendistry. The loan application sought $299,913 and fraudulently represented that Defendant's business averaged $119,965 in monthly payroll.

20. It was further part of the scheme that, to substantiate the amount of

average monthly payroll represented in the PPP loan application, defendant submitted, or caused the submission of, altered and false IRS Forms and other records with amounts that were fraudulently inflated.

21. On or about June 18, 2021, in the Southern District of Georgia, and elsewhere, **GLADYS HARUN**, for the purpose of executing the scheme and artifice described above, caused to be transmitted in interstate commerce, by means of a wire communication, certain signs, signals, and sounds: that is, Defendant **GLADYS HARUN**, caused to be transmitted via electronic signature closing documents for the PPP loan from the Southern District of Georgia to Lendistry in California, which caused Lendistry to deposit the requested loan amount into Defendant's bank account.

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

COUNTS THREE THROUGH SIX

Money Laundering Transaction Over $10,000
18 U.S.C. § 1957

22. The Grand Jury realleges and incorporates by reference paragraphs 1–14 and 16–21 above in their entirety as if fully set forth herein.

23. On or about the dates set forth below, in the Southern District of Georgia, and elsewhere, the defendant,

GLADYS HARUN
a/k/a "GLADYS CHEGE,"

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, such property having been derived from a specified unlawful activity, that is, Wire Fraud, in violation of Title 18 U.S.C. § 1343, knowing that the property was criminally derived:

COUNT	DATE	DESCRIPTION OF MONETARY TRANSACTION
3	Feb. 17, 2022	The purchase of a Wells Fargo cashier's check of $150,000 from Defendant's Wells Fargo account ending in 5484 payable to Gladys Harun
4	Feb. 17, 2022	The purchase of a Wells Fargo cashier's check of $150,000 from Defendant's Wells Fargo account ending in 5484 payable to Blue Sky
5	March 4, 2022	The deposit of a cashier's check of $150,000 payable to Gladys Harun into Defendant's Truist account ending in 6416
6	March 4, 2022	The deposit of a cashier's check of $150,000 payable to Blue Sky into a Truist account Defendant controlled ending in 7890

All in violation of Title 18, United States Code, Section 1957.

COUNT SEVEN
Wire Fraud
18 U.S.C. § 1343

24. The Grand Jury realleges and incorporates by reference paragraphs 1–14 above in their entirety as if fully set forth herein.

The Scheme

25. In or about July 2021, through in or about August 2021, defendant **GLADYS HARUN** devised and intended to devise a scheme to defraud the SBA, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises. Defendant **GLADYS HARUN**'s scheme was to use the personal identifying information of an individual with the initials K.E.W. to cause the SBA to pay out EIDL funds based on false and misleading pretenses, including false statements in an EIDL application Defendant caused to be transmitted electronically.

Manner and Means

26. It was part of the scheme that defendant **GLADYS HARUN** submitted, or caused the submission of, false EIDL applications to the SBA. The EIDL applications falsely claimed that an individual with the initials K.E.W. had a business opened on December 1, 2019, and that such business generated $2,114 in gross revenues in 2019, and had $165 in cost of goods sold in 2019.

27. On or about July 27, 2021, in the Southern District of Georgia, and elsewhere, **GLADYS HARUN**, for the purpose of executing the scheme and artifice described above, caused to be transmitted in interstate commerce, by means of a wire communication, certain signs, signals, and sounds: that is, Defendant **GLADYS**

HARUN, caused to be transmitted via electronic wire EIDL Application 3322814905 into the Southern District of Georgia and to the SBA's servers outside the State of Georgia.

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

FORFEITURE ALLEGATIONS

The allegations contained in Counts Two through Seven of this Superseding Indictment are hereby re-alleged and incorporated by reference for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Sections 981(a)(1)(C), 982(a)(1), 982(a)(3), and Title 28, United States Code, Section 2461(c).

Upon conviction of one or more of the offenses in violation of Title 18, United States Code, Section 1343 set forth in Counts Two and Seven of this Superseding Indictment, the defendant, **GLADYS HARUN**, 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.

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 1957, set forth in Counts Three through Six, the defendant, **GLADYS HARUN**, shall forfeit to the United States of America any property, real or personal, involved in such offense, and any property traceable to such property.

If any of the property described above, as a result of any act or commission of the defendant:

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).

A True Bill.

David H. Estes
United States Attorney

Chris Howard
Assistant United States Attorney
*Lead Counsel

Patricia G. Rhodes
Assistant United States Attorney
Chief, Criminal Division