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CLERK, U.S. DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

IN THE UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,

Plaintiff,

v.

AARON ASHCRAFT,

Defendant.

CASE NO. 2:22-cr-0087 KJM

18 U.S.C. § 1343 – Wire Fraud (2 Counts); and
18 U.S.C. § 1344 – Bank Fraud (5 Counts)

I N F O R M A T I O N

COUNTS ONE AND TWO: [18 U.S.C. § 1343 – Wire Fraud]

The United States Attorney charges:

AARON ASHCRAFT,

defendant herein, as follows:

INTRODUCTION

At all relevant times,

1. AARON ASHCRAFT was a resident of Sacramento, California.

The Small Business Administration

2. The United States Small Business Administration ("SBA") was an executive-branch agency of the United States government that provided support to entrepreneurs and small businesses. The mission of the SBA 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.

The Paycheck Protection Program

3. The Coronavirus Aid, Relief, and Economic Security ("CARES") Act was a federal law enacted in 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. One source of relief provided by the CARES Act was the authorization of forgivable loans to small businesses for job retention and certain other expenses, through a program referred to as the Paycheck Protection Program ("PPP").

4. To obtain a PPP loan, a qualifying business was required to submit a PPP loan application that was 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 (SBA Form 2483), the small business (through its authorized representative) was required to state, among other things, its: (a) average monthly payroll expenses; and (b) number of employees. These figures were used to calculate the amount of money the small business was eligible to receive under the PPP. In addition, businesses applying for a PPP loan typically were required to provide documentation showing their payroll expenses.

5. A PPP loan application was processed by a participating lender. If a PPP loan application was approved, the participating lender funded the PPP loan using its own monies, which were 100 percent guaranteed by the SBA. Data from the application, including 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.

6. PPP loan proceeds were required to be used on certain permissible expenses, including payroll costs, mortgage interest, rent, and utilities. Under the applicable PPP rules and guidance, the interest and principal on the PPP loan were eligible for forgiveness if the business spent the loan proceeds on these expense items within a designated period of time and used a certain portion of the loan towards payroll expenses.

Lending Institutions

7. Lender 1 was an independent finance provider for small businesses based in California.

8. Lender 2 was an independent finance provider for small businesses based in Florida.

9. Lender 3 was an independent finance provider for small businesses based in California.

10. Bank 1 was a financial institution based in Florida, the deposits of which were insured by the Federal Deposit Insurance Corporation ("FDIC").

11. Lender 1, Lender 2, Lender 3, and Bank 1 were authorized by the SBA to participate as PPP lenders to small businesses.

Purported Businesses

12. AARM, LLC, dba AACIIS Services ("AACIIS"), was a purported business located in Sacramento, California.

13. Aarox, Inc., was a purported business located in Sacramento, California.

14. Booktech Enterprises was a purported business located in Grass Valley, California.

15. Eros Productions was a purported business located in Sacramento, California.

16. Tech 1 Engineering was a purported business located in Sacramento, California.

SCHEME TO DEFRAUD

17. From in or around May 2020 through in or around April 2021, in the State and Eastern District of California and elsewhere, AARON ASHCRAFT knowingly and with the intent to defraud devised, participated in, executed, and attempted to execute a material scheme and artifice to defraud the lending institutions identified in paragraphs 7-10 of this Information and to obtain money and property from such lending institutions by means of materially false and fraudulent pretenses, representations, and promises, and the concealment of material facts.

PURPOSE OF THE SCHEME TO DEFRAUD

18. The purpose of the scheme and artifice to defraud was for AARON ASHCRAFT to enrich himself unlawfully by obtaining PPP loans through the submission of fraudulent PPP loan applications and related materials.

MANNER AND MEANS

In furtherance of the scheme and artifice to defraud, AARON ASHCRAFT employed, among others, the following manner and means:

19. AARON ASHCRAFT submitted at least seven fraudulent PPP loan applications to SBA-approved lenders, some of which were funded, as described below:

Entity	Lender	Approx. Application Date	Approx. Amount Sought	Approx. Date Funded	Amount Funded
Aarox, Inc.	Lender 1	5/21/2020	$44,785	5/27/2020	$44,785
AACIIS Services	Lender 1	5/27/2020	$81,164	6/3/2020	$81,165
Eros Productions	Lender 1	6/1/2020	$163,034	6/18/2020	$163,035
Booktech Enterprises	Lender 1	6/7/2020	$303,261	6/30/2020	$303,260
Booktech Enterprises	Bank 1	6/11/2020	$307,100	N/A	$0
Tech 1 Engineering	Lender 2	2/5/2021	$153,260	2/22/2021	$153,260
Tech 1 Engineering	Lender 3	4/17/2021	$174,093.75	4/21/2021	$174,093.75

20. In the PPP loan applications, AARON ASHCRAFT falsely represented, among other things, that each purported business had employees and an average monthly payroll expense, as described below, when the purported businesses had no employees and no monthly payroll expenses:

Entity	Lender	Approx. Application Date	Purported No. of Employees	Purported Avg. Monthly Payroll
Aarox, Inc.	Lender 1	5/21/2020	2	$17,914
AACIIS Services	Lender 1	5/27/2020	4	$32,465.80
Eros Productions	Lender 1	6/1/2020	8	$65,214
Booktech Enterprises	Lender 1	6/7/2020	9	$121,304
Booktech Enterprises	Bank 1	6/11/2020	9	$122,840
Tech 1 Engineering	Lender 2	2/5/2021	11	$61,304
Tech 1 Engineering	Lender 3	4/17/2021	11	$69,638.50

21. To support the PPP loan applications, AARON ASHCRAFT submitted fabricated records, including IRS forms, business checking account statements, and payroll summaries.

22. In total, based on the seven fraudulent PPP loan applications AARON ASHCRAFT submitted and caused to be submitted, AARON ASHCRAFT fraudulently sought to obtain over approximately $1.2 million and obtained over approximately $920,000.

EXECUTION OF THE SCHEME

23. On or about the dates listed below as to each count, in the State and Eastern District of California and elsewhere, for the purpose of executing and attempting to execute the aforementioned scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and the concealment of material facts, AARON ASHCRAFT knowingly transmitted and caused to be transmitted by means of wire communications in interstate commerce the following writings, signs, signals, pictures, and sounds:

Count	Approx. Wire Date	Wire Description
1	6/3/2020	ACH transfer of approximately $81,165 from Lender 1 to a financial account ending 4409 that AARON ASHCRAFT controlled
2	6/30/2020	ACH transfer of approximately $303,260 from Lender 1 to a financial account ending 7575 that AARON ASHCRAFT controlled

All in violation of Title 18, United States Code, Sections 2 and 1343.

COUNT THREE: [18 U.S.C. § 1344 – Bank Fraud]

The United States Attorney further charges:

AARON ASHCRAFT

defendant herein, as follows:

1. Paragraphs 1 through 22 of Counts One and Two of this Information are realleged and incorporated by reference as if fully set forth herein.

2. On or about June 11, 2020, in the State and Eastern District of California and elsewhere, AARON ASHCRAFT knowingly and with the intent to defraud executed and attempted to execute a material scheme and artifice to defraud Bank 1 and to obtain the monies, funds, credits, assets, securities, and other property owned by and under the custody and control of Bank 1, by means of materially false and fraudulent pretenses, representations, and promises, that is, submission of a fraudulent PPP loan application for Booktech Enterprises to Bank 1 for $307,100, in violation of Title 18, United States Code, Sections 2 and 1344.

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COUNTS FOUR THROUGH SEVEN: [18 U.S.C. § 1344 – Bank Fraud]

The United States Attorney further charges:

AARON ASHCRAFT

defendant herein, as follows:

INTRODUCTION

At all relevant times:

1. AARON ASHCRAFT was a resident of Sacramento, California. From in or around December 2007 through in or around June 2020, AARON ASHCRAFT worked for Company 1, which was a street sweeping company located in Sacramento, California. AARON ASHCRAFT held multiple positions at Company 1, including chief financial officer. AARON ASHCRAFT's duties included, among other things, accounting, financial reporting, and tax preparation.

2. Company 1 held two business credit card accounts at Bank 2, which was a financial institution based in Virginia, the deposits of which were insured by the FDIC. The accounts had multiple authorized users with separate credit card numbers. AARON ASHCRAFT was not an authorized user of either account. AARON ASHCRAFT did, however, have access to the credit card numbers of authorized users.

3. The credit card account numbers ended in 3519 and 9059.

4. AARON ASHCRAFT controlled the following financial accounts:

a. Bank 3 account ending 6657 ("Bank 3 Account");

b. Bank 4 account ending 5236 ("Bank 4 Account"); and

c. Bank 5 account ending 4409 ("Bank 5 Account").

5. AARON ASHCRAFT also controlled multiple online payment accounts (each an "Online Account" and, collectively, "Online Accounts").

SCHEME TO DEFRAUD

6. From in or around September 2017 through June 2020, AARON ASHCRAFT knowingly and with the intent to defraud executed and attempted to execute a material scheme and artifice to defraud Bank 2 and to obtain the monies, funds, credits, assets, securities, and other property owned by and under the custody and control of Bank 2, by means of materially false and fraudulent pretenses,

representations, and promises.

MANNER AND MEANS

7. Without authorization, AARON ASHCRAFT charged the credit card numbers of authorized users of Company 1's Bank 2 credit card accounts to make payments to accounts he controlled, including the Bank 3 Account, Bank 4 Account, Bank 5 Account, and Online Accounts.

8. To conceal his fraudulent scheme from Company 1, rather than entering each credit card charge separately as an expense in Company 1's accounting software, AARON ASHCRAFT combined the unauthorized charges with legitimate charges as one expense.

9. In total, AARON ASHCRAFT made over 300 fraudulent charges to Company 1's Bank 2 credit card accounts. Based on those charges, AARON ASHCRAFT fraudulently obtained from Bank 2 approximately $780,000.

EXECUTION OF THE SCHEME

10. On or about the dates listed below as to each count, in the State and Eastern District of California and elsewhere, for the purpose of executing and attempting to execute the aforementioned scheme and artifice to defraud Bank 2 and to obtain the monies, funds, credits, assets, securities, and other property owned by and under the custody and control of Bank 2, by means of materially false and fraudulent pretenses, representations, and promises, AARON ASHCRAFT charged the following amounts to Company 1's Bank 2 credit card accounts:

Count	Company 1 Bank 2 Account	Approx. Charge Date	Charge Amount	Ashcraft Receiving Account
4	3519	9/13/2017	$1,188	Online Payment Account
5	9059	2/4/2020	$3,500	Bank 3 Account
6	3519	2/11/2020	$6,455.20	Bank 4 Account
7	3519	6/16/2020	$3,256.18	Bank 5 Account

All in violation of Title 18, United States Code, Sections 2 and 1344.

Dated: April 25, 2022

PHILLIP A. TALBERT
United States Attorney

By: ______________________
MATTHEW THUESEN
Assistant United States Attorney

United States v. Aaron Ashcraft
Penalties for Information

Defendant
Aaron Ashcraft

COUNTS 1 and 2:

VIOLATION: 18 U.S.C. § 1343 – Wire Fraud

PENALTIES: Up to 20 years of imprisonment, or fine up to $250,000, or both;
Up to 3 years of supervised release;
Restitution

SPECIAL ASSESSMENT: $100

COUNTS 3-7:

VIOLATION: 18 U.S.C. § 1344 – Bank Fraud

PENALTIES: Up to 30 years of imprisonment, or fine up to $1,000,000, or both;
Up to 5 years of supervised release;
Restitution

SPECIAL ASSESSMENT: $100