ISMAIL J. RAMSEY (CABN 189820)
United States Attorney

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

UNITED STATES OF AMERICA, Plaintiff, v. CASSIE WILL-DARNALL, Defendant.	CASE NO. CR 24-00292-PCP VIOLATIONS: 18 U.S.C. § 1344(2) – Bank Fraud; 18 U.S.C. § 1343 – Wire Fraud; 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c) – Forfeiture Allegation SAN JOSE VENUE

INFORMATION

The United States Attorney charges:

Introductory Allegations

At all times relevant to this Information:

1. CASSIE WILL-DARNALL was a resident of Los Gatos, California. WILL-DARNALL owned or controlled multiple business entities.

2. Alternative Health Services Inc was a Colorado corporation that was first registered on or about May 16, 2007, dissolved on or about November 15, 2018, and reinstated on or about November 11, 2019. In a Statement of Information filed with the California Secretary of State on or about December 8, 2020, and signed with WILL-DARNALL's name, WILL-DARNALL was listed as the Chief Executive Officer.

3. Rosswood Properties LLC was a California limited liability company that was first registered on or about November 19, 2015, and whose registration was cancelled on or about August 10, 2020. In a Statement of Information for Rosswood Properties LLC filed on or about October 4, 2018, WILL-DARNALL was listed as the Chief Executive Officer.

4. Rosswood LLC was a Wyoming limited liability company that was first registered on or about July 11, 2012, and went inactive on or about September 8, 2016. The 2013, 2014, and 2015 annual reports were signed with WILL-DARNALL's name, and the 2015 annual report listed Rosswood LLC's principal office address as 111 Belwood Gateway, Los Gatos, California, which was WILL-DARNALL's personal residence.

<u>The Small Business Administration</u>

5. 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.

<u>The Paycheck Protection Program</u>

6. 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 suffering the economic effects caused by the COVID-19 pandemic. 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. In order to obtain a PPP loan, a qualifying business was required to submit a PPP loan application, which 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, 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 were required to provide documentation showing their payroll expenses.

8. Among the types of businesses eligible for a PPP loan were individuals who operated under a "sole proprietorship" business structure. In order to be eligible to receive such a PPP loan, individuals had to report and document their income and expenses from the sole proprietorship, as typically reported to the Internal Revenue Service ("IRS") on Form 1040, Schedule C, for a given tax year. The lending institution or loan processor used this information and documents to calculate the amount of money the individual was entitled to receive under the PPP.

9. A PPP loan application was required to be 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% 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.

10. PPP loan proceeds were required to be used by the business on 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 if the business spent the loan proceeds on these expense items within a designated period of time after receiving the proceeds and used a certain amount of the PPP loan proceeds on payroll expenses.

11. On December 27, 2020, the Consolidated Appropriations Act of 2021, which included the Economic Aid to Hard-Hit Small Businesses, Nonprofit, and Venues Act (the "Relief Act") was signed into law, which provided an additional $284.5 billion for the PPP. Under the Relief Act, certain eligible borrowers that previously obtained a PPP loan under the original PPP were eligible to apply for a Second Draw PPP loan. The Relief Act also re-opened the application period for First Draw PPP loans to businesses that had not been approved for a "first draw" loan prior to August 8, 2020, or who may have been eligible to receive more funds during the "first draw" period than they actually received.

12. Borrowers were generally eligible to apply for a Second Draw PPP loan if they previously received a PPP loan and would or had already used the full amount only for authorized uses, had no more than 300 employees, and could demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020. Second Draw PPP loans were approved with the same general loan terms as the first draw PPP loans.

<u>The Economic Injury Disaster Loan Program</u>

13. The Economic Injury Disaster Loan ("EIDL") program was a SBA program that provided low-interest financing to small businesses, renters, and homeowners in regions affected by declared disasters.

14. The CARES Act also authorized the SBA to provide EIDL loans of up to $2 million to eligible small businesses experiencing substantial financial disruption due to the COVID-19 pandemic. 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 loan. The amount of the advance was determined by the number of employees the applicant certified having. The advances did not have to be repaid.

15. In order to obtain an EIDL loan and/or advance, a qualifying business was required to submit an application to the SBA and provide information about its operations, such as the number of employees, gross revenues for the 12-month period preceding the disaster, and cost of goods sold in the 12-month period preceding the disaster. In the case of EIDL loans for COVID-19 relief, the 12-month period was that preceding January 31, 2020. The applicant was also required to certify that all of the information in the application was true and correct to the best of the applicant's knowledge.

16. EIDL applications were submitted directly to the SBA. The amount of the loan, if the application was approved, was determined based, in part, on the information provided by the applicant about employment, revenue, and cost of goods, as described above. Any funds issued under an EIDL loan or advance 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. If the applicant also obtained a loan under the PPP, the EIDL funds amount needed to be declared by the applicant and deducted from the total loan eligibility.

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<u>Relevant PPP Lenders</u>

17. Lender 1 was a federally insured financial institution based in New Jersey. Lender 1 participated as an SBA-approved PPP lender to small businesses.

18. Lender 2 was a non-bank lender based in California. Lender 2 participated as an SBA-approved PPP lender to small businesses.

The Scheme and Artifice to Defraud

19. Beginning at least as early as March 2020, and continuing through in or around March 2021, in the Northern District of California and elsewhere, WILL-DARNALL knowingly and with intent to defraud, devised, participated in, and executed a scheme to defraud the SBA and SBA-approved lenders as to material matters, and to obtain moneys, funds, assets, and other property owned by and under the custody and control of lenders and the SBA by means of material false and fraudulent pretenses, representations, and promises, and the concealment of material facts.

20. WILL-DARNALL identified pre-existing non-operating business entities for the purpose of submitting false and fraudulent applications for PPP and EIDL loans.

21. WILL-DARNALL made, and caused to be made, false and fraudulent statements to the SBA and lenders, including Lender 1 and Lender 2, in connection with applications for PPP and EIDL loans, including false and fraudulent representations regarding the dates of operation of the loan applicants (e.g., falsely asserting that the loan applicants were operating at the time of the applications); falsely overstating the number of persons employed by the loan applicants; and falsely overstating the loan applicants' monthly payroll expenses.

22. WILL-DARNALL also electronically submitted, and caused to be submitted, false and fictitious documents to the SBA and lenders, including Lender 1 and Lender 2, in support of the fraudulent PPP and EIDL loan applications, including tax documents, a bank statement, and voided checks.

23. WILL-DARNALL submitted and caused to be submitted at least five PPP loan applications and at least two EIDL loan applications, submitted in her name. In total, WILL-DARNELL sought approximately $9.1 million in PPP and EIDL loan proceeds through these applications and received over $2.8 million from the SBA and SBA-approved lenders.

24. WILL-DARNALL directed that PPP loan proceeds be electronically deposited into a Wells Fargo business account at ending in -7528 held in the name of Rosswood LLC that WILL-DARNALL controlled.

25. After receiving PPP and EIDL loan proceeds, WILL-DARNALL used the fraudulently obtained funds for various purposes, including to pay off real estate loans, pay down credit card debt, make deposits into an investment account, make cryptocurrency transfers, and make retail store and restaurant purchases.

Alternative Health Services Inc Application to Lender 1

26. On or about May 20, 2020, Lender 1 received a PPP application in the name of Alternative Health Services Inc seeking a PPP loan in the amount $968,989. The application was submitted in the name of WILL-DARNALL and represented she was the sole Partner of Alternative Health Services Inc.

27. The PPP application falsely stated that Alternative Health Services Inc's average monthly payroll was $387,595.67, and that the company had ten employees. The PPP loan file included a false and fraudulent Employer's Annual Federal Tax Return (IRS Form 944) for year 2019, which claimed that Alternative Health Services Inc had paid $19,526,696.30 in wages, tips, and other compensation, and was signed with WILL-DARNALL's name. The PPP loan file also included a false and fraudulent February 2020 City National Bank statement for an account ending in -6529, which purported to be the in the name of Alternative Health Services Inc. The City National Bank account ending in -6529 was in the name of Rosswood Properties LLC and was closed in September 2018. WILL-DARNALL was a signer on this account. The PPP loan file also included several voided checks purporting to be in the name of Alternative Health Services Inc, including a check on the City National Bank account ending in -6529 and a check on the Wells Fargo account ending in -7528.

28. Based on the false information provided to Lender 1 in the Alternative Health Services Inc PPP application and supporting documentation, Lender 1 approved and funded the PPP loan. On or about May 20, 2020, $968,989 was transferred to a business account at Wells Fargo ending in -7528 held in the name of Rosswood LLC and controlled by WILL-DARNALL.

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Rosswood Properties LLC Application to Lender 2

29. On or about July 12, 2020, Lender 2 received a PPP application in the name of Rosswood Properties LLC seeking a PPP loan in the amount $1,650,500. The application was submitted in the name of WILL-DARNALL and represented that she was the CEO of Rosswood Properties LLC.

30. The PPP application falsely stated that Rosswood Properties LLC's average monthly payroll was $816,551, and that the company had 35 employees. The PPP loan file included a false and fraudulent Employer's Annual Federal Tax Return (IRS Form 944) for year 2019, which claimed that Rosswood Properties LLC had paid $8,949,906 in wages, tips, and other compensation, and was signed with WILL-DARNALL's name.

31. Based on the false information provided to Lender 2 in the Rosswood Properties LLC application and supporting documentation, Lender 2 approved and funded the PPP loan. On or about July 21, 2020, $1,864,565 was transferred to a business account at Wells Fargo ending in -7528 held in the name of Rosswood LLC and controlled by WILL-DARNALL.

COUNT ONE: (18 U.S.C. § 1344(2) – Bank Fraud)

32. Paragraphs 1 through 31 of this Information are re-alleged and incorporated as if fully set forth here.

33. Beginning at least as early as March 2020, and continuing through in or around March 2021, in the Northern District of California and elsewhere, the defendant,

CASSIE WILL-DARNALL,

knowingly and with the intent to defraud, devised, participated in, executed, and attempted to execute a scheme to obtain moneys, funds, credits, assets, and other property owned by and under the custody and control of federally insured financial institutions by means of material false and fraudulent pretenses, representations, and promises, and the concealment of material facts.

34. On or about May 20, 2020, in the Northern District of California and elsewhere, for the purpose of executing the aforementioned scheme and attempting to do so, the defendant,

CASSIE WILL-DARNALL,

committed and willfully caused others to commit the following act, which constituted an execution of the fraudulent scheme: Lender 1 transferred $968,989 to a Wells Fargo business account ending in -7528 and controlled by WILL-DARNALL to fund a PPP loan to Alternative Health Services Inc.

All in violation of Title 18, United States Code, Section 1344(2).

COUNT TWO: (18 U.S.C. § 1343 – Wire Fraud)

35. Paragraphs 1 through 31 of this Information are re-alleged and incorporated as if fully set forth here.

36. Beginning at least as early as March 2020, and continuing through in or around March 2021, in the Northern District of California and elsewhere, the defendant,

CASSIE WILL-DARNALL,

knowingly and with the intent to defraud, participated in, devised, and intended to devise a scheme and artifice to defraud as to a material matter, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and by means of omission and concealment of material facts.

37. On or about July 12, 2020, in the Northern District of California and elsewhere, for the purpose of executing the aforementioned scheme and artifice to defraud and attempting to do so, the defendant,

CASSIE WILL-DARNALL,

did knowingly transmit and cause to be transmitted in interstate and foreign commerce, by means of a wire communication, certain writings, signs, signals, pictures, and sounds, specifically: a PPP loan application for Rosswood Properties LLC transmitted from WILL-DARNELL in California to the SBA through its server in Virginia.

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

FORFEITURE ALLEGATION: (18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c))

The allegations contained in this Information are re-alleged and incorporated by reference for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

Upon conviction for any of the offenses set forth in this Information, the defendant,

CASSIE WILL-DARNALL,

shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and

Title 28, United States Code, Section 2461(c), all property, real or personal, constituting, or derived from proceeds the defendant obtained directly and indirectly, as the result of those violations, including but not limited to the following:

1. 111 Belwood Gateway, Los Gatos CA 95032, Santa Clara County, APN 527-31-019;

2. 306 Los Gatos Almaden Rd., Los Gatos, CA 95032, Santa Clara County, APN 527-46-002;

3. A forfeiture money judgment in the amount of $2,833,554, representing the total value of proceeds obtained directly or indirectly by the defendant from the commission of the offense of conviction.

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

a. cannot be located upon 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).

All pursuant to Title 18, United States Code, Section 981(a)(1)(C), Title 28, United States Code, Section 2461(c), and Federal Rule of Criminal Procedure 32.2.

DATED: May 29, 2024

ISMAIL J. RAMSEY
United States Attorney

Sarah E. Griswold

SARAH E. GRISWOLD
Assistant United States Attorney

DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION - IN U.S. DISTRICT COURT

BY: ☐ COMPLAINT ☒ INFORMATION ☐ INDICTMENT ☐ SUPERSEDING

Name of District Court, and/or Judge/Magistrate Location
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

OFFENSE CHARGED

Count 1: Bank Fraud in violation of 18 U.S.C. § 1344(2)
Count 2: Wire Fraud in violation of 18 U.S.C. § 1343

☐ Petty
☐ Minor
☐ Misde-meanor
☒ Felony

PENALTY: Count 1: 30 years imprisonment, 5 years supervised release, $1,000,000 fine, $100 special assessment, forfeiture;
Count 2: 20 years imprisonment, 3 years supervised release, $250,000 fine, $100 special assessment, forfeiture

DEFENDANT - U.S

Cassie Will-Darnall

DISTRICT COURT NUMBER

CR 24-00292-PCP

PROCEEDING

Name of Complaintant Agency, or Person (& Title, if any)

FBI Special Agent Jennifer Barnard

☐ person is awaiting trial in another Federal or State Court, give name of court

☐ this person/proceeding is transferred from another district per (circle one) FRCrp 20, 21, or 40. Show District

☐ this is a reprosecution of charges previously dismissed which were dismissed on motion of:
☐ U.S. ATTORNEY ☐ DEFENSE

SHOW DOCKET NO.

☐ this prosecution relates to a pending case involving this same defendant

☐ prior proceedings or appearance(s) before U.S. Magistrate regarding this defendant were recorded under

MAGISTRATE CASE NO.

Name and Office of Person Furnishing Information on this form: Ismail J. Ramsey

☒ U.S. Attorney ☐ Other U.S. Agency

Name of Assistant U.S. Attorney (if assigned): Sarah E. Griswold

DEFENDANT

IS *NOT* IN CUSTODY

1) ☒ Has not been arrested, pending outcome this proceeding. If not detained give date any prior summons was served on above charges

2) ☐ Is a Fugitive

3) ☐ Is on Bail or Release from (show District)

IS IN CUSTODY

4) ☐ On this charge

5) ☐ On another conviction } ☐ Federal ☐ State

6) ☐ Awaiting trial on other charges

If answer to (6) is "Yes", show name of institution

Has detainer been filed? ☐ Yes ☐ No } If "Yes" give date filed

DATE OF ARREST Month/Day/Year

Or... if Arresting Agency & Warrant were not

DATE TRANSFERRED TO U.S. CUSTODY Month/Day/Year

☐ This report amends AO 257 previously submitted

ADDITIONAL INFORMATION OR COMMENTS

PROCESS:

☒ SUMMONS ☐ NO PROCESS* ☐ WARRANT Bail Amount:

If Summons, complete following:
☒ Arraignment ☒ Initial Appearance

Defendant Address:
c/o Federal Public Defender, 55 South Market Street, Ste. 820, San Jose, CA 95113

** Where defendant previously apprehended on complaint, no new summons or warrant needed, since Magistrate has scheduled arraignment*

Date/Time: May 30, 2024/1:00 p.m. Before Judge: Cousins

Comments: