

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon. André M. Espinosa
:
v. : Mag. No. 23- 11198
:
DAMARIS VALERIO a/k/a : **CRIMINAL COMPLAINT**
DAMARIS TINEO ABREU

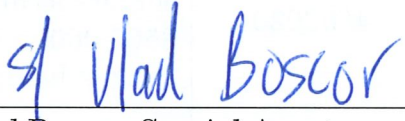
I, Vlad Boscor, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A

I further state that I am a Special Agent with the Department of Homeland Security Investigations, and that this Complaint is based on the following facts:

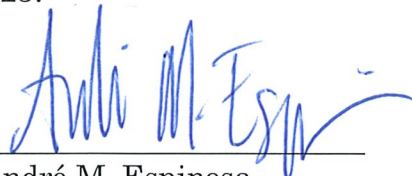
SEE ATTACHMENT B

continued on the attached pages and made a part hereof.



Vlad Boscor, Special Agent
Homeland Security Investigations

Special Agent Vlad Boscor, attested to this Affidavit by telephone pursuant to F.R.C.P. 4.1(B)(2)(A) on this 14 day of November, 2023.



Hon. André M. Espinosa
United States Magistrate Judge

ATTACHMENT A

COUNT ONE
(Wire Fraud)

From in or around March 2020 through in and around December 2021, in Middlesex County, in the District of New Jersey and elsewhere, the defendant,

DAMARIS VALERIO a/k/a DAMARIS TINEO ABREU,

knowingly and intentionally devised and intended to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and, for the purpose of executing and attempting to execute such scheme and artifice, did transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce, the following writing, sign, signal, picture, and sound:

Approx. Date	Description of Wire
4/4/2020	EIDL application for La Vogue House of Beauty submitted from New Jersey via interstate wire to servers located in Iowa, requesting approximately \$500,000 in EIDL funds and approximately \$10,000 as an advance.

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

COUNT TWO
(Money Laundering)

On or about June 17, 2020, in the District of New Jersey and elsewhere, the defendant,

DAMARIS VALERIO a/k/a DAMARIS TINEO ABREU,

did knowingly engage and attempt to engage in a monetary transaction by, through, and to a financial institution, affecting interstate and foreign commerce, in criminally derived property of a greater value than \$10,000, that is, causing a check for approximately \$25,000 from a bank account ending in 2583 to be deposited into an bank account ending in 9052, such property having been derived from a specified unlawful activity, that is, wire fraud, in violation of Title 18, United States Code, Section 1343.

In violation of Title 18, United States Code, Sections 1957 and 2.

ATTACHMENT B

I, Vlad Boscor, am a Special Agent of the U.S. Department of Homeland Security, Homeland Security Investigations. The information contained in the complaint is based upon my personal knowledge, as well as information obtained from other sources, including: (a) statements made or reported by various witnesses with knowledge of relevant facts; (b) my review of publicly available information; and (c) my review of evidence, including, business records, bank records, and other documents. Because this complaint is being submitted for a limited purpose, I have not set forth every fact that I know concerning this investigation. Where the contents of documents and the actions and statements of others are reported, they are reported in substance and in part, except where otherwise indicated. Where I assert that an event took place on a particular date, I am asserting that it took place on or about the date alleged.

Overview

1. From in or around April 2020 through in or around December 2021, the Defendant Damaris Valerio (“VALERIO”) participated in a fraudulent scheme to receive approximately \$694,212 in COVID-19 emergency relief funds, which included loans and cash advances meant for distressed small businesses under the Economic Injury Disaster Loan (“EIDL”) program and the Paycheck Protection Program (“PPP”) and unemployment insurance benefits (“UIB”) meant for unemployed workers. The Defendant submitted false and fraudulent loan applications on behalf of her entities in which she inflated the number of employees, revenue, and payroll expenses to obtain more relief funds than to which she was entitled. VALERIO also applied for and received federal unemployment insurance benefits based on a false and fraudulent UIB application. After receiving the EIDL, PPP, and UIB funds based on her fraud, VALERIO diverted virtually all of the proceeds for her personal gain.

Background

The EIDL Program

2. The Coronavirus Aid, Relief, and Economic Security (“CARES”) Act was a federal law enacted in or around March 2020 designed to provide emergency financial assistance to millions of Americans suffering economic effects caused by the COVID-19 pandemic. One source of relief provided by the CARES Act was the authorization of the Economic Injury Disaster Loan (“EIDL”) program. EIDL was a Small Business Administration (“SBA”) program that provided low-interest financing to small businesses, renters, and homeowners in regions affected by declared disasters.

3. In order to obtain an EIDL, 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 EIDLs for COVID-19 relief, the 12-month period constituted the 12 months preceding January 31, 2020. In addition, the business entity must have existed in an operational condition on February 1, 2020.

4. The amount of the EIDL was determined based, in part, on the information the applicant provided regarding the revenue, employees, and cost of goods of the company. The SBA directly issued any funds disbursed under an EIDL to the applicant company. A company was permitted to use EIDL funds for payroll expenses, sick leave, production costs, and business obligations, such as debts, rent, and mortgage payments.

5. EIDL applications were received in cloud-based platforms. The location of the server through which the EIDL application was submitted was based on the date the application was processed by SBA and the application number. During the period relevant to this Information, all EIDL applications and supporting documents were received in a cloud-based platform through SBA servers in Des Moines, Iowa.

The PPP

6. Another source of relief provided by the CARES Act was the authorization of billions of dollars in forgivable loans to small businesses for job retention and certain other expenses, through the PPP.

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 applicant of a PPP loan was required 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 applicant had to state, among other things, its average monthly payroll expenses and number of employees. These figures were used to calculate the amount of money the business was eligible to receive under the PPP. In addition, businesses applying for a PPP loan had to provide documentation showing their payroll expenses.

8. A PPP loan application had to be processed by a participating financial institution (the lender). If the PPP loan application was approved, the 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.

9. PPP loan proceeds could only be used by the business for certain permissible expenses, including 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 used 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.

Federal UIBs

10. The CARES Act also created a new temporary federal unemployment insurance program called Pandemic Unemployment Assistance (“PUA”). PUA provides UIBs for individuals who are not eligible for other types of unemployment (*e.g.*, self-employed individuals, independent contractors, or gig economy workers). The CARES Act also created a new temporary federal program called Federal Pandemic Unemployment Assistance (“FPUA”) that provided an additional weekly benefit to those eligible for PUA and regular UIBs.

11. Applicants were required to complete an application and verify the applicant’s employment status, among other things, prior to receiving benefits. The applicant could also direct the applicable department of labor to send any of the approved benefits to either a specific bank account or a debit card.

12. The state workforce agency (“SWA”) was responsible for distributing funds provided through the PUA and FPUA programs. These funds were received by the SWA from the United States Department of the Treasury (“Treasury”). When an SWA approved a UIB application, the SWA caused money to be transferred to the applicant. Here, the SWA was the New Jersey Department of Labor (“NJDOLE”).

Individuals and Entities

13. At all times relevant to this Criminal Complaint:

a. VALERIO resided in Perth Amboy, New Jersey. VALERIO was also known as Damaris Tineo Abreu.

b. VALERIO fraudulently applied for and received EIDL and PPP loans through La Vogue House of Beauty, LLC (“La Vogue”), located in Perth Amboy, New Jersey. VALERIO was the owner and operator of La Vogue, which maintained a bank account at Bank-1 (“Account 2583”), a financial institution headquartered in San Francisco, California. VALERIO was the sole signatory on the account.

c. Lender-1 was a financial institution headquartered in San Francisco, California.

The Scheme to Defraud

14. From in or around March 2020 through in or around December 2021, VALERIO submitted, or caused to be submitted, at least two fraudulent loan applications on behalf of La Vogue to obtain funds through the EIDL program and PPP, resulting in approximately \$632,292 in disbursed funds. Each application listed VALERIO as the owner and included her contact and personal identifying information. The fraudulently obtained funds were disbursed into Account 2583, which VALERIO controlled. The PPP application was prepared and submitted by VALERIO while residing in New Jersey, to Lender-1.

15. On or about April 4, 2020, VALERIO submitted an EIDL application to the SBA on behalf of La Vogue (the "EIDL Application"). VALERIO prepared and submitted the EIDL Application via the SBA's online portal to SBA servers located in or around Des Moines, Iowa. VALERIO listed herself as sole owner and signed the EIDL Application. She also listed an email address and phone number subscribed to her.

16. VALERIO listed 15 employees, approximately \$100,000 in cost of goods sold, and approximately \$760,000 in annual gross revenues from on or about January 31, 2019 to on or about January 31, 2020. According to records from the New Jersey Department of Labor ("NJDOLE") and the Social Security Administration ("SSA"), La Vogue had only 5 employees in 2019, and only 7 employees in 2020. Further, VALERIO reported receiving approximately \$22,000 in both 2019 and 2020 in personal wages from La Vogue. Further, La Vogue bank records during the relevant time period do not support the gross revenues listed in the EIDL Application. For instance, on or about January 31, 2020, Account 2583 had a balance of approximately \$393.38 and no fund influx during the relevant timeframe that would support the purported revenue listed on the EIDL Application.

17. VALERIO's fraudulent EIDL Application caused the SBA to transfer a total of approximately \$510,000, including an advance and loan, into Account 2583 from on or about April 27, 2020 through on or about December 27, 2021.

18. On or about April 15, 2020, VALERIO submitted a PPP application to Lender-1 on behalf of La Vogue (the "PPP Application"). VALERIO listed herself as sole owner and signed the PPP Application. She also listed an email address and phone number subscribed to her. As part of the PPP Application, VALERIO certified that all proceeds would be used for specified business-related purposes.

19. The PPP Application stated that La Vogue's monthly payroll was approximately \$48,917 and that La Vogue had 15 employees. According to records from the NJDOLE and SSA, La Vogue had only 7 employees in 2020 with approximately \$4,955.84 per month in wages and approximately \$59,470.11 in annual wages, including approximately \$22,000 in annual wages to VALERIO.

20. As a result of VALERIO's fraudulent PPP Application, on or about May 8, 2020, Lender-1 transferred approximately \$122,292 to Account 2583.

21. Based on a review of Account 2583 records, between on or about April 27, 2020 to on or about December 27, 2021, VALERIO received a total of approximately \$632,292 in fraudulent PPP and EIDL funds. Records demonstrate that she used virtually all of the fraudulently obtained funds for personal expenses. For instance, VALERIO diverted virtually all of the fraudulent proceeds to personal accounts or made personal transactions directly from Account 2583, including transferring thousands of dollars to her relative, paying off her home mortgage, financing multiple vehicles, transferring funds to a cryptocurrency account, and funding renovations on an unrelated real estate property that she later sold for profit.

22. For instance, on or about June 17, 2020, VALERIO transferred approximately \$25,000 from Account 2583 to a personal bank account at Bank-1 for which VALERIO's relative was the primary signatory and VALERIO was the secondary signatory.

23. According to records from the NJDOL, VALERIO submitted a claim for unemployment insurance benefits on or about March 29, 2020. In the application VALERIO noted she was self-employed and the owner La Vogue and the application claimed, among other things, that: she was no longer employed during the relevant period; that her last reported date of employment during the reporting period was on March 16, 2020; and that the reason for her unemployment was because her "business closed." She continued to certify her unemployment insurance benefits until in or around August 2021.

24. While VALERIO reported she was unemployed and that her business had closed, during the same time period, La Vogue received over \$600,000 in PPP and EIDL funds and VALERIO received income from La Vogue, including a total of \$22,000 in the third and fourth quarters of 2020 and \$33,000 in 2021.

25. In total from in or around April 4, 2020, through in or around August 21, 2021, VALERIO received a total of approximately \$61,920 in fraudulent UIBs. During that same approximate timeframe, La Vogue received a total of approximately \$632,292 in fraudulent EIDL and PPP funds.