FILED LODGED
RECEIVED
Aug 18, 2023
CLERK U.S. DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON AT TACOMA
BY DEPUTY

UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF WASHINGTON
AT TACOMA

UNITED STATES OF AMERICA, Plaintiff, v. DARLENE A. BAKER, a/k/a DARLENE PIPER, Defendant.	NO. 3:23-cr-05254-DGE **INFORMATION** (Felony)

The United States Attorney charges that:

COUNT 1

(Wire Fraud)

A. Overview

1. From about March of 2020 through August of 2021, Defendant DARLENE A. BAKER fraudulently sought approximately $265,000, and obtained approximately $81,000, from COVID-19 pandemic relief programs, namely the Paycheck Protection Program (PPP) administered by the U.S. Small Business Administration (SBA) and the Economic Injury Disaster Loan (EIDL) Program administered by SBA. BAKER made false statements in connection with her applications for funds and for loan forgiveness.

UNITED STATES ATTORNEY
700 STEWART STREET, SUITE 5220
SEATTLE, WASHINGTON 98101
(206) 553-7970

BAKER falsely claimed to have lost business income due to the COVID-19 pandemic, and falsely claimed that she would use relief funds to meet employee payroll obligations. In truth, as BAKER knew, she was working throughout the relevant timeframe, continued to earn significant income during the pandemic, and had no employee payroll obligations. Rather, BAKER used, and intended to use, the relief funds for personal expenses.

B. Background

The Pandemic Relief Programs

2. **Paycheck Protection Program**. PPP was a COVID-19 pandemic relief program administered by SBA that provided forgivable loans to small businesses for job retention and certain other expenses. The PPP permitted participating third-party lenders to approve and disburse SBA-backed PPP loans to cover payroll, fixed debts, utilities, rent/mortgage, accounts payable and other bills incurred by qualifying businesses during, and resulting from, the COVID-19 pandemic. PPP loans were fully guaranteed by the SBA. In the event of default, SBA will fully satisfy the lender for any balance remaining on the loan. Further, SBA will forgive any loan up to 100 percent if the borrower uses the funds for specified purposes.

3. To obtain a PPP loan, a qualifying business, which included certain sole proprietorships, had 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 to be eligible to obtain the PPP loan, including that the business was in operation on February 15, 2020, and either had employees for whom it paid salaries and payroll taxes or paid independent contractors. A business applying for a PPP loan was required to provide documentation showing its payroll expenses, such as filed federal income tax documents.

UNITED STATES ATTORNEY
700 STEWART STREET, SUITE 5220
SEATTLE, WASHINGTON 98101
(206) 553-7970

4. Once approved, the business received the PPP loan proceeds via an electronic funds transfer from the third-party lender to a financial account under the control of the business. The proceeds of a PPP loan could be used for certain specified items, such as payroll costs, costs related to the continuation of group health care benefits, or mortgage interest payments.

5. The proceeds of a PPP loan were not permitted to be used by the borrowers to purchase consumer goods, automobiles, personal residences, clothing, jewelry, to pay the borrower's personal federal income taxes, or to fund the borrower's ordinary day-to-day living expenses unrelated to the specified authorized expenses.

6. **Economic Injury Disaster Loan Program.** SBA also administers the EIDL Program, which provides low-interest financing to small businesses and non-profit organizations in regions affected by declared disasters. In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act authorized the SBA to provide EIDLs of up to $2 million to eligible small businesses experiencing substantial financial disruption due to the COVID-19 pandemic. The CARES Act and subsequent legislation also authorized the SBA to issue advances of up to $10,000 to small businesses within three days of applying for an EIDL. EIDL Advances did not have to be repaid. EIDL funds can be used for payroll expenses, sick leave, production costs, and business obligations, such as debts, rent, and mortgage payments.

7. A qualifying business, which may include sole proprietorships, applying for an EIDL must 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. The applicant must also certify that all of the information in the application is true and correct to the best of the applicant's knowledge.

UNITED STATES ATTORNEY
700 STEWART STREET, SUITE 5220
SEATTLE, WASHINGTON 98101
(206) 553-7970

DARLENE BAKER's Background

8. At all relevant times, BAKER resided in Kitsap County, Washington.

9. From approximately June of 2017 through March of 2022, BAKER worked as a contractor, providing accounting and related services to a real estate investment firm in Gig Harbor, Washington. The contract work was initially part-time in 2017-2018, and full-time thereafter.

10. The firm initially paid BAKER $35 an hour, and raised her salary to $45 an hour in 2019. During the relevant time-period (i.e. 2020 and 2021) BAKER earned approximately $145,000.

C. The Scheme and Artifice to Defraud

11. Beginning on or about March of 2020, and continuing until at least on or about August of 2021, in Kitsap County, within the Western District of Washington, and elsewhere, Defendant DARLENE A. BAKER knowingly devised a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses and representations and the concealment of material facts.

12. The essence of the scheme and artifice to defraud was to fraudulently obtain federally funded pandemic-related benefits and assistance by submitting fraudulent applications, documents, and/or claims to administrating government agencies and financial institutions and/or lenders. The scheme and artifice to defraud occurred in relation to, and involved, benefit payments authorized, transmitted, transferred, disbursed, and paid in connection with a presidentially-declared major disaster and emergency.

D. Manner and Means

13. Throughout the COVID-19 pandemic, the Defendant defrauded various pandemic relief programs to obtain PPP and EIDL funds.

UNITED STATES ATTORNEY
700 STEWART STREET, SUITE 5220
SEATTLE, WASHINGTON 98101
(206) 553-7970

14. On or about March 25, 2020, BAKER applied for a PPP loan that was designated with an SBA loan number ending in -7204. The loan was approved and $18,400 was disbursed to BAKER on or about April 29, 2020. The lender was Olympia Federal Savings and Loan Association ("OFSLA") in Olympia, Washington.

15. On or about March 25, 2021, BAKER applied to the SBA for loan forgiveness for loan -7204. Her application was granted. The SBA paid $18,571.13 in principal and interest to the lender on or about March 31, 2021.

16. On or about April 3, 2020, BAKER applied to the SBA for an EIDL designated with an SBA number ending in -7660. The application was granted, and BAKER received $45,400 in funds on or about June 30, 2020.

17. On or about March 27, 2021, BAKER received a second-draw PPP disbursement of $18,492 from OFSLA. BAKER applied for and received forgiveness for this loan, and the SBA paid $18,559.29 in principal and interest to OFSLA on or about August 5, 2021.

18. On or about April 22, 2021, BAKER applied for another EIDL in the amount of $184,600. This application was transmitted electronically from the Western District of Washington to the SBA via servers in Iowa. This application was denied on or about June 7, 2021.

19. BAKER knowingly made false and misleading material statements and omissions in connection with each of the applications described above. Among other things, BAKER falsely claimed that relief funds would be, and had been, used for payroll costs and other permitted expenses, when in fact BAKER intended to use, and did use, the funds for personal expenses. BAKER also falsely claimed to have lost all business income due to the pandemic, when in fact BAKER continued to earn significant income during the pandemic.

20. For example, in connection with her request for additional EIDL funds,

UNITED STATES ATTORNEY
700 STEWART STREET, SUITE 5220
SEATTLE, WASHINGTON 98101
(206) 553-7970

BAKER sent an email to an SBA representative on or about April 27, 2021, claiming to have "100% lost income since COVID."

E. Execution of the Scheme and Artifice to Defraud

21. On or about April 22, 2021, in Kitsap County, within the Western District of Washington, and elsewhere, for the purpose of executing and attempting to execute this scheme and artifice to defraud, Defendant DARLENE A. BAKER, did knowingly transmit and cause to be transmitted, by wire communication in interstate and foreign commerce, a writing, sign, signal, picture and sound, namely, an EIDL application originating in Kitsap County, Washington, that was transmitted to an SBA server in Iowa.

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

COUNT 2

(False Statement)

22. The allegations set forth in Paragraphs 1 through 2 of this Information are re-alleged and incorporated as if fully set forth herein.

23. On or about November 19, 2021, in Kitsap County, within the Western District of Washington, the Defendant DARLENE A. BAKER did willfully and knowingly make a materially false, fictitious, and fraudulent statement and representation in a matter within the jurisdiction of the executive branch of the Government of the United States, by completing and submitting to the United States Department of Justice, specifically, to the Financial Litigation United for the United States Attorney's Office for the Western District of Washington, in Seattle, Washington, under penalty of perjury, a Financial Disclosure Statement that stated that BAKER (using the name DARLENE PIPER) was "unemployed currently" and that responded "N/A" to a question about

//

//

UNITED STATES ATTORNEY
700 STEWART STREET, SUITE 5220
SEATTLE, WASHINGTON 98101
(206) 553-7970

current salary, when in truth BAKER was working full time and earning several thousand dollars per month.

All in violation of Title 18, United States Code, Section 1001(a)(2).

FORFEITURE ALLEGATIONS

The allegations contained in Counts 1–21 of this Information are hereby realleged and incorporated by reference for the purpose of alleging forfeiture.

Upon conviction of the offense alleged in Count 1, DARLENE A. BAKER shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C), by way of Title 28, United States Code, Section 2461(c), any property that constitutes or is traceable to proceeds of the wire fraud scheme described above. This property includes, but is not limited to, a judgment for a sum of money reflecting the proceeds the defendant obtained as a result of the wire fraud scheme.

Substitute Assets. If any of the above-described forfeitable property, as a result of any act or omission 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,

it is the intent of the United States to seek the forfeiture of any other property of the

//

//

UNITED STATES ATTORNEY
700 STEWART STREET, SUITE 5220
SEATTLE, WASHINGTON 98101
(206) 553-7970

defendant, up to the value of the above-described forfeitable property, pursuant to Title 21, United States Code, Section 853(p).

DATED this 18th day of August, 2023.

TESSA M. GORMAN
Acting United States Attorney

SETH WILKINSON
Assistant United States Attorney

MICHAEL DION
Assistant United States Attorney

UNITED STATES ATTORNEY
700 STEWART STREET, SUITE 5220
SEATTLE, WASHINGTON 98101
(206) 553-7970