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UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

UNITED STATES OF AMERICA, Plaintiff, vs. SHAVONTE HILL, Defendant.	**CRIMINAL INDICTMENT** Case No.: 2:23-cr- 00119-APG-VCF **VIOLATIONS:** **18 U.S.C. §§ 1343 and 3147 – Wire Fraud.**

THE GRAND JURY CHARGES THAT:

Introductory Allegations

At all times relevant to the Indictment, unless otherwise stated:

1. Defendant Shavonte Hill ("Hill" or "defendant") was a United States citizen residing in Las Vegas, Nevada, who was serving a term of federal supervised release imposed in *United States v. Shavonte Hill*, Case No. 2:17-cr-132 in the United States District Court for the District of Nevada.

Background Regarding the Paycheck Protection Program

2. The Coronavirus Aid, Relief, and Economic Security ("CARES") Act is a federal law enacted in or around March 2020 and is designed to provide emergency

financial assistance to the millions of Americans who are 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 and sole proprietorships for job retention and certain other expenses, through a program referred to as the Paycheck protection Program ("PPP"). Subsequent legislation provided additional funding for the PPP and extended its duration. Businesses and eligible individuals could apply for PPP loans through May 31, 2021.

3. In order to obtain a PPP loan, a qualifying business, independent contractor/self-employed individual, or sole proprietorship was required to submit a PPP loan application signed by an authorized representative of the business. The PPP loan application required the applicant (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 applicant (through its authorized representative) was required to state, among other things, its: (a) average monthly payroll expenses; and (b) number of employees. Applicants who did not have employees and who filed an IRS Form 1040, Schedule C could report gross income instead of payroll. These figures were used to calculate the amount of money the applicant was eligible to receive under the PPP. In addition, businesses or sole proprietorships applying for a PPP loan were required to provide documentation showing their eligibility and qualifying payroll amount.

4. A participating financial institution (the lender) processed a PPP loan application. If the lender approved a PPP loan application, it funded the PPP loan using its own monies, which the Small Business Administration ("SBA") guaranteed 100%. If the lender made a PPP loan to the applicant, the SBA paid the lender a processing fee, which was calculated based on the amount of the loan. The lender transmitted information to the

Small Business Administration in the course of processing the loan data from the application, including information about the borrower, the total amount of the loan, and the listed number of employees. The SBA oversees the PPP, which has authority over all loans. Over 5,000 lending institutions, mostly banks and credit unions, have participated in the PPP.

5. The business or individual receiving the PPP loan proceeds must spend the funds on certain permissible expenses, such as payroll costs, interest on mortgages, rent, and utilities. The PPP allows the interest and principal on the PPP loan to be entirely forgiven if the loan proceeds are spent on permissible expense items within a designated period of time and uses a specified portion of the PPP loan proceeds on payroll expenses. When a PPP loan is forgiven, the SBA pays the lender the amount of the forgiven interest and principal.

Background Regarding the Economic Injury Disaster Loan Program

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

7. Another source of relief provided by the CARES Act was the authorization for the SBA to provide EIDLs 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. The amount of the advance was determined by the number of employees that the applicant certified it had. The advances did not have to be repaid.

8. In order to obtain an EIDL and advance, a qualifying business is 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 was that preceding January 31, 2020. The applicant must also certify that all the information in the application is true and correct to the best of the applicant's knowledge.

9. EIDL applications are submitted directly to the SBA and processed by the agency with support from a government contractor, Rapid Finance, via a server in Des Moines, Iowa. The amount of the loan, if the application was approved, 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 or advance are issued directly by the SBA. EIDL funds can 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 cannot be used for the same purpose as the PPP funds.

Hill's Scheme to Defraud

14. Beginning on a date unknown, but no later than June 2020, and continuing until on or about June 3, 2021, Hill participated in and devised and intended to devise a scheme and artifice to defraud, and for obtaining money and property by means of materially false and fraudulent pretenses, representations, and promises, as further set forth below.

Purpose of Hill's Scheme to Defraud

15. It was the purpose of the scheme for Hill to unjustly enrich himself and others by fraudulently obtaining loans, to which Hill knew he was not entitled, intended to help small businesses suffering economic harm caused by the COVID-19 pandemic. It was part of the scheme that Hill submitted or caused to be submitted loan applications on behalf of

businesses that did not exist, which contained materially false and fraudulent information, including but not limited to: (a) false revenue amounts for these non-existent companies; and (b) and false certifications that Hill would spend the loan money as was specified in the Covid relief programs on certain permissible business expenses, such as payroll costs, interest on mortgages, rent, and utilities. Hill also provided fake documentation in support of his loan applications purporting to show gross annual receipts in year 2020 for the nonexistent businesses.

Manner and Means of Hill's Scheme to Defraud

16. Prior to the PPP loan applications described in paragraphs 17 and 18, and starting in or around June 2020, Hill submitted, or caused to be submitted, at least three EIDL applications to the SBA by way of interstate wire communications via the internet that contained materially false and fraudulent statements, promises, and misrepresentations, regarding (among other things) the existence of certain businesses, the number of people employed by those businesses, and the businesses' gross revenue. As a result of one of these applications, he obtained from SBA approximately $10,000 in Covid relief funds that he was not eligible to receive.

17. On or about April 11, 2021, Hill submitted, or caused to be submitted, an online PPP loan application to Financial Institutions 1 and 3 claiming that he was the sole proprietor for a barber business that made $65,000 in gross revenue during the year 2020.

18. On or about April 13, 2021, Hill submitted an online PPP loan application to Financial Institutions 2 and 3 that contained those same false claims.

19. To document his claimed revenue, Hill provided a fake 2020 IRS Form 1040 Schedule C along with each application, bearing his name and social security number,

purporting to show gross annual receipts of $65,000 for the applicant barber business. Hill did not have a barber business in 2020 and Hill filed no such IRS Form.

20. As a result of these two PPP loan applications, Hill obtained two PPP loans totaling approximately $27,082 in Covid relief funds that he was not eligible to receive. In addition, the SBA paid another $5,000 in fees to the financial institutions that issued the loans.

COUNTS ONE AND TWO
Wire Fraud
(18 U.S.C. §§ 1343, 3147)

21. The allegations in paragraphs 1 through 20 are re-alleged and incorporated as if fully set forth herein.

22. On or about the dates set forth below, within the State and Federal District of Nevada and elsewhere,

SHAVONTE HILL,

defendant herein, while on release pursuant to the Bail Reform Act in *United States v. Hill*, No. 2:17-cr-132, in the District of Nevada, and having been notified of the potential effect of committing a felony offense while on release, having devised and participated in the above-described scheme and artifice to defraud, and to obtain money and property by means of false and fraudulent pretenses, representations, and promises, did, for the purpose of executing the scheme and artifice, transmit and cause to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds, as further described below, with each wire communication constituting a separate violation of Title 18, United States Code, Section 1343:

COUNT	APPROX. DATE	DESCRIPTION OF WIRE
ONE	April 11, 2021	a PPP Loan application electronically transmitted by HILL from Nevada to Financial Institutions 1 and 3 outside of Nevada
TWO	April 13, 2021	a PPP Loan application electronically transmitted by HILL from Nevada to Financial Institutions 2 and 3 outside of Nevada

DATED: this 28th day of June, 2023.

A TRUE BILL:

/S/
FOREPERSON OF THE GRAND JURY

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