Attachment A

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA	)	**Case No. 1:20-c** Case: 1:20-mj-00154 Assigned To : Harvey, G. Michael Assign. Date : 08/10/2020
	)	
v.	)	**VIOLATIONS:** Description: Complaint w/ Arrest Warrant
	)	
KENNETH PATRICK GAUGHAN,	)	**18 U.S.C. § 641 (Theft of Government Property)**
	)	**18 U.S.C. § 1343 (Wire Fraud)**
Defendant.	)	**18 U.S.C. § 1344 (Bank Fraud)**
	)	**18 U.S.C. § 1956 (Money Laundering)**
	)	
	)	**FILED UNDER SEAL**

AFFIDAVIT IN SUPPORT OF CRIMINAL COMPLAINT

I, Charles W. Sublett, being first duly sworn, hereby depose and state as follows:

PURPOSE OF AFFIDAVIT

1. This Affidavit is submitted in support of a criminal Complaint charging **Kenneth Gaughan** ("**Gaughan**") with Theft of Government Property, Wire Fraud, Bank Fraud and Money Laundering, in violation of 18 U.S.C. § 641, 18 U.S.C. § 1343, 18 U.S.C. § 1344, and 18 U.S.C. § 1956. I respectfully submit that the Affidavit establishes probable cause to believe that **Gaughan** defrauded the Small Business Administration ("SBA") Paycheck Protection Program ("PPP") and laundered the fraudulently obtained funds. I request that the Court issue an arrest warrant for GAUGHAN, pursuant to Federal Rule of Criminal Procedure 4(a).

BACKGROUND OF AFFIANT

2. I am a duly sworn and appointed Special Agent with the Internal Revenue Service, Criminal Investigation ("IRS-CI") since August 2019. I am currently assigned IRS-CI's Washington Field Office in the District of Columbia. I have received 26 weeks of training in general law enforcement and criminal investigations, including interviewing and interrogation techniques, arrest procedures, search and seizure, violations of the Internal Revenue Code and

associated financial crimes, and money laundering investigations. In addition to my law enforcement training, I am a Certified Public Accountant (CPA), Certified Fraud Examiner (CFE), and hold a Master's of Accounting and Information Systems degree from Virginia Tech. Prior to employment with IRS-CI, I was a Senior Auditor for Deloitte and Touche and a Senior Forensic Accountant for Deloitte Financial Advisory Services where I advised federal law enforcement agencies regarding complex third-party money laundering investigations. In the course of my training and experience, I have become familiar with the methods and techniques associated with the laundering of criminal proceeds. In the course of conducting investigations, I have been involved in the use of the following investigative techniques: interviewing subjects and cooperating witnesses; conducting physical surveillance; analyzing financial records; tracing funds and illegal proceeds; and preparing and executing search warrants.

3. This affidavit is intended to show only that there is sufficient probable cause for the requested warrant and does not set forth all of my knowledge about this matter. I am assigned to this investigation and my involvement has included reviewing SBA PPP and Economic Disaster Injury Loan (EDIL) borrower applications and supporting documents as well as other bank records and business records associated with **Gaughan**.

4. Based on my training and experience and the facts as set forth in this affidavit, I respectfully submit that there is probable cause to believe that violations of 18 U.S.C. §§ 1343, (wire fraud), 1344 (bank fraud), 641 (theft of government money or property), and 1956 (money laundering) have been committed by **Gaughan** who also goes by the alias **"Richard Strauski"**.

PAYCHECK PROTECTION PROGRAM

5. As discussed in this affidavit, **Gaughan** is actively defrauding the federal Payment Protection Program, which this section briefly describes.

6. The Coronavirus Aid, Relief, and Economic Security ("CARES") Act is a federal law enacted in or around March 2020 and 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 for job retention and certain other expenses, through a program referred to as the Paycheck Protection Program ("PPP"). In April 2020, Congress authorized over $300 billion in additional PPP funding. [1]

7. In order to obtain a PPP loan, a qualifying business must submit a PPP loan application, which is signed by an authorized representative of the business. The PPP loan application requires 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) must state, among other things, its average monthly payroll expenses and number of employees. These figures are used to calculate the amount of money the small business is eligible to receive under the program. In addition, businesses applying for a PPP loan must provide documentation showing their payroll expenses.

8. A PPP loan application must be processed by a participating lender. If a PPP loan application is approved, the participating lender funds the PPP loan using its own money, which is 100 percent guaranteed by Small Business Administration ("SBA"). Data from the application, including information about the borrower, the total amount of the loan, and the listed number of employees, is transmitted by the lender to the SBA in the course of processing the loan.

[1] All dates and amounts are approximations. The words "on or about" and "approximately" are omitted for clarity.

9. The small business must use the PPP loan proceeds on certain permissible expenses, specifically, payroll costs, interest on mortgages, rent, and utilities. The program allows the interest and principal on the PPP loan to be entirely forgiven if the business spends the loan proceeds on the allowable expenses within a designated period of time after receiving the proceeds and uses a certain amount of the PPP loan proceeds on payroll expenses.

ECONOMIC INJURY DISASTER LOANS

10. As discussed in this affidavit, **Gaughan** is actively defrauding the federal Economic Injury Disaster Loan ("EIDL") program, which this section briefly describes.

11. In response to the COVID-19 pandemic, small business owners and non-profit organizations in all U.S. states, Washington DC, and territories are able to apply for an EIDL. EIDL is an existing SBA program designed to provide economic relief to businesses that are currently experiencing a temporary loss of revenue. EIDL provides loan assistance, including up to $10,000 advances, for small businesses and other eligible entities for loans up to $2 million. The EIDL proceeds can be used to pay fixed debts, payroll, accounts payable and other bills that could have been paid had the disaster not occurred; however, such loan proceeds are not intended to replace lost sales or profits or for expansion of a business. Unlike certain other types of SBA-guaranteed loans, EIDL funds are issued directly from the United States Treasury and applicants apply through the SBA via an online portal and application. The EIDL application process, which also uses certain outside contractors for system support, collects information concerning the business and the business owner, including: information as to the gross revenues for the business prior to January 31, 2020; the cost of goods sold; and information as to any criminal history of the business owner. Applicants electronically certify that the information provided is accurate and are

warned that any false statement or misrepresentation to SBA or any misapplication of loan proceeds may result in sanctions, including criminal penalties.

PROBABLE CAUSE

12. For more than seven years, **Kenneth Patrick Gaughan** ("**Gaughan**"), a long-time employee of the Catholic Archdiocese of Washington, DC ("ADW" or "the archdiocese"), fraudulently diverted money from ADW to contractors **Gaughan** surreptitiously owned and that provided virtually no legitimate services to ADW. In late 2018, a federal grand jury in the District of Maryland charged **Gaughan** with mail fraud. In December 2019, that indictment was dismissed for lack of venue. However, in July 2020, based on the fraud **Gaughan** executed against ADW, a grand jury in the District of Columbia indicted **Gaughan** with mail fraud, wire fraud, and money laundering.

13. During the investigation of the fraud that **Gaughan** committed against ADW, federal agents identified **Person 1** as **Gaughan**'s cohabitant in **Gaughan**'s former residence and as the joint account holder on several of **Gaughan**'s bank accounts and credit cards. That is, your federal agents learned that **Person 1** resided with **Gaughan** at **Gaughan**'s U Street residence in the [redacted] neighborhood. In May 2018, federal agents obtained a copy of a [redacted] article about **Person 1** stating that **Person 1** "owns a house in [redacted] with his friend **Ken Gaughan**." Further, bank records for bank and credit card accounts on which **Gaughan** and **Person 1** were joint accountholders show that **Gaughan** and **Person 1** were joint accountholders for BB&T accounts ending in 7875, 0952, and 2616. In addition, **Gaughan** and **Person 1** were cardholders and authorized users on a US Bank credit card ending in 4376, which was opened in

January 2013, and Barclays Bank credit cards ending in 2023 and 2024, opened in November 2013.[2]

14. On July 17, 2020, I discovered that **Gaughan** was attempting to commit fraud on the EIDL and PPP programs. Specifically, 11 PPP loans from SBA lenders were applied for in the names of **Gaughan** and **Person 1**. Records show that those PPP loan applications were submitted using the business names of at least eight bogus emotional support animal companies, including Service Animals of America Incorporated, Service Dog of America Incorporated, Certapet Incorporated, Official Service Dogs Incorporated, Therapetic Solutions Incorporated, Therapy Dog Incorporated, Therapy Dog International Incorporated, and ESA Registry International Incorporated.[3]

15. Further, according to the PPP loan applications, the purported service animal companies each have twenty-five (25) employees and are located at a single private mailbox in the UPS Store at 1030 15th Street, NW, Suite 170-B1, Washington, DC ("the 15th Street UPS box"). Records from UPS show that **Gaughan** applied for and rents the 15th Street UPS box. The evidence detailed in this affidavit otherwise shows that **Gaughan** made extensive use of the 15th Street UPS box when defrauding ADW.

16. **Gaughan** also fraudulently applied for 12 EIDLs. Records show that **Gaughan** applied for these loans utilizing nine of the above-mentioned suspected bogus service animal-

[2] According to law enforcement databases, **Person 1** currently resides at an address different from the U Street address and [redacted], NE, Washington, DC. Thus, your affiant believes that **Gaughan** and **Person 1** no longer reside together.

[3] **Person 1** also submitted a loan application under the business name [redacted], a food science and nutrition consulting firm. According to **Person 1**'s biography posted on the website of [redacted], where **Person 1** is an [redacted], **Person 1** is the [redacted] of [redacted].

related businesses. The twelve (12) businesses used to submit EIDL applications are Therapetic Solutions Incorporated, Anything Pawsable Incorporated, Therapy Pet Inc, Therapy Dog International, ESA Registry International, Official Service Dogs, Service Dog of America, Certapet Incorporated, Service Animals of America, International Service Animals, Therapy Dog Inc, and US Therapy Dog.

17. **Gaughan's** name and Social Security Number is the business listed contact for all 12 of the EIDL applications. The business addresses provided are variations of the 15th Street UPS box provided for PPP applications. All applications shared a common business phone number of [redacted]-4390, mobile phone contact number of [redacted]-2357, and contact address of [redacted], NE, Washington, DC, 20002.

18. Nine of the 12 entities used to apply for EIDLs shared the same Taxpayer Identification Number (TIN) and business name as entities used to apply for PPP loans. The number of employees per each respective application contradicted each other. The PPP loan applications claimed these entities each had twenty-five (25) employees while the EIDL application stated three (3) employees per entity. Additionally, see below for a summary of the applicant for PPP loans and EIDLs between the like entities:

PPP			EIDL		
Borrower TIN	Borrower	Applicant	Borrower TIN	Borrower	Applicant
[redacted]8968	THERAPETIC SOLUTIONS	[redacted]	[redacted]968	Therapetic Solutions Inc	Kenneth Gaughan
[redacted]2437	Service Animals of America	Kenneth Gaughan	[redacted]437	Service Animals of America	Kenneth Gaughan
[redacted]4136	ESA Registry International	ESA Registry International	[redacted]136	ESA Registry International	Kenneth Gaughan
[redacted]1218	Certapet Inc	Kenneth Gaughan	[redacted]218	Certapet Inc	Kenneth Gaughan
[redacted]1090	Therapy Dog Inc	[redacted]	[redacted]090	Therapy Dog Inc	Kenneth Gaughan
[redacted]0847	THERAPY DOG INTERNATIONAL	[redacted]	[redacted]847	Therapy Dog International	Kenneth Gaughan
[redacted]2288	Service Dog of America	Kenneth Gaughan	[redacted]288	Service Dog of America	Kenneth Gaughan
[redacted]1364	Therapy Pet Inc	[redacted]	[redacted]364	Therapy Pet Inc	Kenneth Gaughan
[redacted]7450	Official Service Dogs	[redacted]	[redacted]450	Official Service Dogs	Kenneth Gaughan

19. **Gaughan** provided Bank of America account number [redacted]9804 for the proceeds for nine (9) of twelve (12) EIDLs. He provided the same account for proceeds of at least one PPP loan, for Service Animals of America. **Gaughan** provided Bank of America account

number [redacted]6270 for proceeds on two (2) EIDLs, the same account provided for proceeds of at least one (1) PPP loan for Certapet Incorporated.

FRAUD ON THE SBA'S PAYCHECK PROTECTION PROGRAM (PPP)

20. As described above, in July 2020, I learned eleven (11) loan applications in the names of **Gaughan** and **Person 1** were submitted for businesses listing their address as the 15th Street UPS box. I know that it is indicative of fraud when multiple businesses are located at a single address, particularly when that address is a private mailbox, and where numerous loan applications were submitted for different companies containing the same or similar information, including the same address and number of employees, and similar average monthly payroll amounts. Furthermore, I know that those who utilize private mailboxes often use those private boxes to receive mail, but then store that mail in their homes.

21. Even though all of the businesses were purportedly located at the same private UPS mailbox, the loan applications listed each business as having twenty-five (25) employees (for a total of at least 200 employees) and an average monthly payroll exceeding $110,000. The names of each of these businesses indicates they are engaged in similar business activity—registering emotional support animals.

22. **Gaughan** worked full-time for ADW for almost a decade until he resigned in April 2018, and in early 2018, **Gaughan**'s LinkedIn profile does not reflect any involvement with animal support services.

23. Further, federal agents reviewed **Gaughan**'s federal income tax returns for the tax years 2011 through 2018. In doing so, federal agents found no indication that **Gaughan** operated or worked with any animal support companies, or that **Gaughan** paid employees to work for animal support companies.

24. SBA and Bank of America records reflect that seven (7) of the eleven (11) loans have been disbursed, with a total disbursed amount of $2,179,465.00. All disbursed funds were deposited into two accounts at Bank of America in the names of Therapy Dog International or Therapetic Solutions Inc.

25. Specifically, according to SBA records, **Gaughan** submitted applications for the following four (4) PPP loans for businesses located at the 15th Street UPS box; three (3) of these loans were disbursed:

Loan Number [redacted]7206: **Gaughan** applied for Loan Number [redacted]7206 through the lender Fund-Ex Solutions Group LLC under the business name Service Animals of America, and listed the business address for Service Animals of America as the 15th Street UPS box. According to the loan application documents, Service Animals of America has twenty-five (25) employees and an average monthly payroll of $121,215. **Gaughan**'s address listed on this loan application is [redacted], NE, Washington, DC. The loan was approved in the amount of $303,000, and the outstanding balance is $303,000. As of June 6, 2020, the loan status was "past due disbursed" according to SBA records. The email address listed on the application is [redacted]@gmail.com.

Loan Number [redacted]7308: **Gaughan** applied for Loan Number [redacted]7308 through Celtic Bank Corporation under the business name Service Dog of America, and listed the business address for Service Dog of America as the 15th Street UPS box. According to the loan application documents, Service Dog of America has twenty-five (25) employees and an average monthly payroll of $121,215. **Gaughan**'s address listed on this loan is the [redacted] NE, Washington, DC. According to SBA records, Celtic Bank cancelled this loan in May 2020. The email address listed on the PPP loan application is [redacted]@gmail.com.

Loan Number [redacted]7409: **Gaughan** applied for Loan Number [redacted]7409 through Radius Bank under the business name Certapet Incorporated, and listed the business address for Certapet Incorporated as the 15th Street UPS box. According to the loan application documents, Certapet Incorporated had twenty-five (25) employees and an average monthly payroll of $121,215. **Gaughan**'s address listed on this loan is listed as the 15th Street UPS box. The loan was approved in the amount of $303,100, and the outstanding balance is $303,038. As of June 5, 2020, the loan status was "disbursed." The email address listed on the PPP loan application is [redacted]@gmail.com.

Loan Number [redacted]7306: The application for Loan Number [redacted]7306 was submitted to First Bank of the Lake under the business name ESA Registry International, and listed the business address for ESA Registry International as the 15th Street UPS box. According to the loan application documents, ESA Registry International has twenty-five (25)

employees and an average monthly payroll of $151,325. The loan was approved in the amount of $378,310.00, and the outstanding balance is $378,310. As of June 6, 2020, the loan status was "disbursed current." Law enforcement has not yet received information about what email address was listed on the PPP loan application.

26. In addition, according to SBA records, the following seven (7) loans for businesses, all of which are purportedly located at the 15th Street UPS box, were applied for in **Person 1**'s name; at least four (4) of those PPP loans have been disbursed:

Loan Numbers [redacted] 7402 & [redacted] 7807: Loan Number [redacted] 7402 was applied for in **Person 1**'s name through Northeast Bank under the business name Official Service Dogs. The business address for Official Service Dogs listed on the PPP loan application is the 15th Street UPS box. According to the loan application documents, Official Service Dogs has twenty-five (25) employees and an average monthly payroll of $121,215. Loan Number [redacted] 7402 was cancelled.

According to information Northeast Bank provided, after Loan Number [redacted] 7402 was cancelled, the borrower provided information that had been requested by the bank. As a result, Northeast Bank approved Loan Number [redacted] 7807 for business name Official Service Dogs, with the address listed as the 15th Street UPS box, in the amount of $303,000. According to the loan application documents, Official Service Dogs has twenty-five (25) employees and an average monthly payroll of $121,200. Additional documentation provided included a bogus residential lease agreement signed by tenant **[Person 1]** on behalf of Official Service Dogs and landlord [redacted]. This lease agreement was a version of the same fraudulent lease documents mentioned above found on **Gaughan**'s ADW computer and personally owned MacBook. As of June 5, 2020, this loan status was "active but undisbursed" according to SBA records. According to information received from Northeast Bank, this loan was closed and funded on June 9, 2020. The email address listed on the PPP loan application is [redacted]@gmail.com.

Loan Number [redacted] 7709: Loan Number [redacted] 7709 was applied for in **Person 1**'s name through Bank of America under the business name Therapetic Solutions. The business address for Therapetic Solutions listed on the loan application is the 15th Street UPS box. According to the loan application documents, Therapetic Solutions has twenty-five (25) employees and an average monthly payroll of $122,937. The loan was approved in the amount of $307,342 and, according to Bank of America, was disbursed on May 4, 2020. Bank of America's PPP loan application did not ask applicants to list an email address, and none was listed on this application.

Loan Number [redacted] 7303: Loan Number [redacted] 7303 was applied for in **Person 1**'s name through Kabbage Incorporated under the business name Therapy Dog Incorporated. The business address for Therapy Dog Incorporated listed on the loan application is the 15th Street UPS box. According to the loan application documents, Therapy Dog

Incorporated has twenty-five (25) employees and an average monthly payroll of $110,973. The loan was approved in the amount of $277,432, and the outstanding balance is $277,432. As of June 9, 2020, the loan status was "disbursed" according to SBA records. The email address listed on the PPP loan application is [redacted]@gmail.com.

Loan Number [redacted]7708: Loan Number [redacted]7708 was applied for in **Person 1**'s name through Bank of America under the business name Therapy Dog International. The business address for Therapy Dog International listed on the loan application is the 15th Street UPS box. According to the loan application documents, Therapy Dog International has twenty-five (25) employees and an average monthly payroll of $122,937. The loan was approved in the amount of $307,343.00 and, according to Bank of America, the loan was "disbursed" on May 4, 2020. Bank of America's PPP loan application did not ask applicants to list an email address, and none was listed on this application.

Loan Number [redacted]7901: Loan Number [redacted]7901 was applied for in **Person 1**'s name through Northeast Bank under the business name Therapy Pet Incorporated. The business address for Therapy Pet Incorporated listed on the loan application is the 15th Street UPS box. According to the loan application documents, Therapy Dog Incorporated has twenty-five (25) employees and an average monthly payroll of $121,215. The loan was approved in the amount of $303,000. According to information received from Northeast Bank, the loan was cancelled on July 10, 2020. The email address listed on the PPP loan application is [redacted]@gmail.com. Google has informed law enforcement that it has no record of this email address, so it is not included among those requested in this search warrant application.

Loan Number [redacted]7800: Loan Number [redacted]7800 was applied for in **Person 1**'s name through Fund-Ex Solutions Group LLC under the business name Therapy Pet Incorporated. According to SBA records, the borrower's street address was [redacted], Washington, DC, and the borrower's physical street address was the 15th Street UPS box. According to the loan application documents, Therapy Dog Incorporated has twenty-five (25) employees and an average monthly payroll of $121,215. As of May 30, 2020, the loan status was "fully cancelled." Law enforcement has not yet received information about what email address was listed on the PPP loan application.

a. SBA PPP Loan Application Documents

27. In executing an SBA Form 2483, a form required as part of the process to receive PPP funding, each Applicant was required to initial and certify that between February 15 and December 31, 2020, "the Applicant has not and will not receive another loan under the Paycheck Protection Program." Here, by receiving at least multiple PPP loans, the Applicant's signed certification on each application was false. Elsewhere on the Form 2483, applicants certified that

the information was accurate and that they knew making false statements subjected them to various criminal penalties.

28. As of July 28, 2020, your affiant has received supporting documentation for loan applications submitted to the following institutions: Bank of America (loan number [redacted]7708); Kabbage Inc. (loan number [redacted]7303); Radius Bank (loan number [redacted]7409); Fund-Ex Solutions Group (loan numbers [redacted]7206 and [redacted]7800); Northeast Bank (loan numbers [redacted]7807 and [redacted]7901); and Celtic Bank Corporation (loan number [redacted]7308). These applications included multiple similar or identical supporting documents used under the names of different entities. For example, the same following twenty-five (25) employees and wage amounts were reported for pay periods January 1, 2020 through January 31, 2020 and February 1, 2020 through February 29, 2020 in connection with each of the eight loan numbers listed above.

Name	Net Amount	Total Hours	Taxes Withheld	Total Pay	Employer Taxes	Total Cost
[redacted]	$ 3,117.88	173.33	$ 868.71	$ 3,986.59	$ 412.62	$ 4,399.21
	$ 3,433.61	173.33	$ 986.31	$ 4,419.92	$ 457.47	$ 4,877.39
	$ 4,731.67	173.33	$ 1,768.21	$ 6,499.88	$ 672.74	$ 7,172.62
	$ 4,410.06	173.33	$ 1,569.83	$ 5,979.89	$ 618.92	$ 6,598.81
	$ 3,820.42	173.33	$ 1,206.15	$ 5,026.57	$ 520.26	$ 5,546.83
	$ 4,034.85	173.33	$ 1,338.38	$ 5,373.23	$ 556.13	$ 5,929.36
	$ 5,738.24	173.33	$ 1,671.62	$ 7,409.86	$ 766.92	$ 8,176.78
	$ 3,021.88	173.33	$ 834.71	$ 3,856.59	$ 399.16	$ 4,255.75
	$ 5,321.28	173.33	$ 2,131.91	$ 7,453.19	$ 570.18	$ 8,023.37
	$ 3,309.89	173.33	$ 936.70	$ 4,246.59	$ 439.53	$ 4,686.12
	$ 3,599.63	173.33	$ 1,080.28	$ 4,679.91	$ 484.37	$ 5,164.28
	$ 5,160.49	173.33	$ 2,032.71	$ 7,193.20	$ 744.50	$ 7,937.70
	$ 4,624.48	173.33	$ 1,702.07	$ 6,326.55	$ 654.80	$ 6,981.35
	$ 4,838.88	173.33	$ 1,834.33	$ 6,673.21	$ 690.68	$ 7,363.89
	$ 3,765.64	173.33	$ 1,174.27	$ 4,939.91	$ 511.28	$ 5,451.19
	$ 3,514.36	173.33	$ 818.89	$ 4,333.25	$ 448.49	$ 4,781.74
	$ 4,008.05	173.33	$ 1,321.85	$ 5,329.90	$ 551.64	$ 5,881.54
	$ 4,383.26	173.33	$ 1,553.29	$ 5,936.55	$ 614.44	$ 6,550.99
	$ 4,517.27	173.33	$ 1,635.95	$ 6,153.22	$ 636.86	$ 6,790.08
	$ 5,489.15	173.33	$ 1,574.05	$ 7,063.20	$ 731.05	$ 7,794.25
	$ 4,946.09	173.33	$ 1,900.45	$ 6,846.54	$ 708.62	$ 7,555.16
	$ 3,765.64	173.33	$ 1,174.27	$ 4,939.91	$ 511.28	$ 5,451.19
	$ 5,669.71	173.33	$ 2,346.80	$ 8,016.51	$ 613.26	$ 8,629.77
	$ 4,710.80	173.33	$ 1,269.09	$ 5,979.89	$ 618.92	$ 6,598.81
	$ 2,957.89	173.33	$ 812.04	$ 3,769.93	$ 390.19	$ 4,160.12
Totals	**$ 106,891.12**	**4333.25**	**$ 35,542.87**	**$ 142,433.99**	**$ 14,324.31**	**$ 156,758.30**

29. In addition to the evidence that the applications are fraudulent described above, there is further evidence in the material provided for various of the loan applications. For example:

Loan Number [redacted]7708: Documents provided to Bank of America to support payroll obligations for Therapy Dog International (EIN: [redacted]0847) include Payroll Summary Reports as of February 1, 2020 for pay period January 1, 2020 through January 31, 2020, and March 1, 2020 for pay period February 1, 2020 through February 29, 2020. The employees listed and payroll amounts per the reports are identical other than the report and check dates. Payroll Details Reports were also provided for the same period. Similar to the Payroll Summary Reports, the names and numbers on both reports were identical other than report and check dates. Each report showed twenty-five (25) employees, a total monthly pay of $144,817.27, employer taxes of $14,570.99, and total payroll costs of $159,388.26.

Loan Number [redacted]7303: Documents provided to Kabbage Inc. to support payroll obligations for Therapy Dog Incorporated ([redacted]1090) include Payroll Summary Reports as of February 1, 2020 for pay period January 1, 2020 through January 31, 2020, and March 1, 2020 for pay period February 1, 2020 through February 29, 2020. Each report showed twenty-five (25) employees, a total monthly pay of $144,817.27, employer taxes of $14,570.99, and total payroll costs of $159,388.26. The documents provided were identical to the Payroll Summary and Payroll Details Reports documents provided to Bank of America for [redacted]7708 except for the entity name in the right-hand corner of the document being "Therapy Dog Inc" versus "Therapy Dog International."

Loan Number [redacted]7409: Documents provided to Radius Bank included identical Payroll Summary Reports and Payroll Details Reports for January and February 2020 as described above, except that "Certapet Inc." was listed as the entity name in the upper right corner of the documents. Further, the employees claimed are the same twenty-five (25) employees as the other applications listed herein.

Loan Numbers [redacted]7206 and [redacted]7800: Applications were submitted to Fund-Ex Solutions by the following entities: Service Animals of America, Certapet Incorporated, and Therapy Pet Incorporated. On June 24, 2020, an employee of Fund-Ex Solutions filed an SBA Hotline compliant. The compliant noted that while the loans for Service Animals of America and Certapet Incorporated were applied for by **Gaughan**, and Therapy Pet Incorporated was filed by **Person 1**, all three claimed the same twenty-five (25) employees. These twenty-five (25) employees are the employees listed above that were utilized on applications across all of the lending institutions. The compliant further stated that all three applications included various tax forms with identical numbers for each entity.

Loan Numbers [redacted]7807 and [redacted]7901: Documents provided to Northeast Bank included the same twenty-five (25) employees mentioned above. Additionally, bank statements were provided for two separate entities: Official Service Dogs (Bank of America account [redacted]9804) and Therapy Pet Inc. (Bank of America Account [redacted]6270). Several months of statements were provided. All dollar amounts and

transactions within those statements were identical. The only differences were the entity name and account number, suggesting the same statements were likely altered to be provided for two separate entities.

Loan Number [redacted]7308: Documents provided to Celtic Bank Corporation include a voided check that states the entity "Service Dog of America" in the upper left corner. But on the subsequent portions of the check, including the payment record, the entity shown on the upper left portion of the two sections states "Therapetic". The check is drawn on Bank of America account [redacted]6270. As exhibited above, during the 2018 search warrant executed on **Gaughan's** U Street Residence, multiple checks were found written to Gaughan from "Therapetic" and drawn on Bank of America account [redacted]6270. Based on this information, it is likely that this voided check was altered to suggest Service Dog of America controlled the bank account. In addition, the same twenty-five (25) employees listed above were utilized in an attempt to obtain loan number [redacted]7308 from Celtic Bank Corporation. Payroll summary reports provided for all PPP loan documents received to date were identical, except for the entity name of "Service Dog of America" being in the upper right corner of the reports submitted to Celtic Bank Corporation.

b. Supporting Tax Forms

30. A variety of federal tax forms were submitted as supporting documents for the following loans: Bank of America (loan number [redacted]7708); Kabbage Inc. (loan number [redacted]7303); Radius Bank (loan number [redacted]7409); Fund-Ex Solutions Group (loan numbers [redacted]7206 and [redacted]7800); Northeast Bank (loan numbers [redacted]7807 and [redacted]7901); and Celtic Bank Corporation (loan number [redacted]7308). These tax forms include Form 990, Return of Organization Exempt from Income Tax (Form 990), Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return (Form 940), and Form 941, Employer's Quarterly Federal Tax Return (Form 941).

31. Form 990's are filed by tax-exempt organizations and are open to public inspection. The application for Loan Number [redacted]7807 included a 2018 Form 990. Forms 990 filed after 2018 are available on IRS.gov through the Tax-Exempt Organization Search function. The Form 990 provided with the loan application is dated March 31, 2019.

32. A search of the Applicant's Employer Identification Number (EIN) ([redacted]7450) yielded no Forms 990. The search did yield a determination letter dated February 25, 2020 determining that the Applicant is a tax-exempt organization. As the below return was not available on IRS.gov, and since the entity was not determined to be tax exempt until 2020, it is likely the Form was never filed with the IRS and is likely fraudulent.

33. Of further note, the principal officer listed on the Form 990 is **Gaughan**. The application lists **Person 1** as the Applicant and principal officer for Official Service Dogs. The signature on the Form 990 appears to read "**Kenneth Gaughan**" even though the printed name is "Kevin Ganglof". Neither **Gaughan** nor Ganglof is listed as employees on the employee listing provided as supporting documentation.

34. 2019 Forms 940 were provided with at least three (3) applications for Official Service Dogs, Therapy Dog International, and Therapy Dog Incorporated. All three returns were signed on December 30, 2019 by **[Person 1]**, CFO. Two (2) of the three (3) Forms 940 were identical other than the EIN and Name. Forms 940 submitted for Therapy Dog International (loan number [redacted]7708) and Therapy Dog Incorporated (loan number [redacted]7303) have total payments to all employees of $1,709,301.97, FUTA tax before adjustments of $2,563.80, and Total FUTA tax after adjustments of $92,302.31. Based on the training and experience of other federal agents associated with this investigation, it is unlikely that two businesses would have equal payments to employees and FUTA tax balances for the same year. Additionally, it is unlikely that an entity would complete and sign Forms 940 prior to year-end. These irregularities suggest that the Forms are likely fraudulent.

35. 2019 Forms 941 were provided for the first, second, third, and fourth quarters for the following entities: Service Animals of America (EIN [redacted]2437); Therapy Pet Incorporated

(EIN [redacted] 1364); Certapet Incorporated (EIN [redacted] 1218); and Therapy Dog Incorporated ([redacted] 1090). These Forms were identical in every way except for EIN, Name, and the signer. Not only were the Forms identical across entities, all numbers on the Forms were identical across months and quarters. Based on typical turnover for businesses employing twenty-five (25) employees, it is unlikely that each entity would consistently employ twenty-five (25) employees for an entire year with equal and even monthly earnings. It appears as if the Forms 941 were altered and duplicated to use as support for multiple loan applications.

36. Based on the use of seemingly altered, duplicative Federal Tax Forms, it appears as if the Applicant utilized bogus documents to obtain PPP funding.

FRAUD ON THE SBA'S ECONOMIC INJURY DISASTER (EIDL) PROGRAM

37. According to SBA records, **Gaughan** submitted applications for the following twelve (12) EIDL loans for businesses, which cited the same business address and purported in several cases to have identical gross revenues and/or costs across different business entities in other EIDL loan applications:

> **EIDL Application Number [redacted] 4152:** Application Number [redacted] 4152 was applied for by **Gaughan** directly with the SBA under the name Therapetic Solutions Incorporated. According to SBA records, the applicant's business address was the 15th Street UPS box and the borrower's physical street address was 2018 4th Street Northeast, Washington, DC. According to the application, Therapetic Solutions Incorporated has three employees, gross revenues of $210,000, and Non-Profit costs of operation of $210,000. **Gaughan** received a $3,000 advance payment as a result of this application. The email address listed on this EIDL application is [redacted]@esapet.org.
>
> **EIDL Application Number [redacted] 2063:** Application Number [redacted] 2063 was applied for by **Gaughan** directly with the SBA using the business name Anything Pawsable Incorporated. SBA records indicate the applicant's business address was the 15th Street UPS box and the borrower's physical street address was [redacted] Northeast, Washington, DC. The application stated Anything Pawsable Incorporated has one employee, $110,000 in revenue, and $110,000 in cost of goods sold. No funds have been disbursed as a result of this application. The email address listed on this EIDL application is [redacted]@aol.com.

EIDL Application Number [redacted] 7207: Application Number [redacted] 7207 was applied for by **Gaughan** with the SBA using the business name Therapy Pet Incorporated. SBA records show that the applicant's business address was the 15th Street UPS box and the borrower's physical address was [redacted] Northeast, Washington, DC. The application stated Therapy Pet Incorporated three employees, gross revenues of $210,000, and Non-Profit costs of operation of $210,000. As of July 22, 2020, no funds were disbursed as a result of this application. The email address listed on the EIDL application is [redacted]@gmail.com.

EIDL Application Number [redacted] 8932: Application Number [redacted] 8932 was applied for by **Gaughan** with the SBA using the business name Therapy Dog International. SBA application data show the applicant's business address was the 15th Street UPS box and the borrower's physical address was [redacted] Northeast, Washington, DC. Therapy Dog International claimed to have three employees and gross revenues of $210,000 and Non-Profit costs of operation of $210,000. As of July 22, 2020, no funds were disbursed as a result of this application. The email address listed on the EIDL application is [redacted]@gmail.com.

EIDL Application Number [redacted] 7566: Application Number [redacted] 7566 was applied for by **Gaughan** with the SBA using business name ESA Registry International. The applicant's business address was the 15th Street UPS box and the borrower's physical address was [redacted] Northeast, Washington, DC. ESA Registry International claimed to have three employees and provided no revenue or cost information. As of July 22, 2020, no funds were disbursed as a result of this application. The email address listed on the EIDL application is [redacted]@gmail.com.

EIDL Application Number [redacted] 1428: Gaughan applied for loan Application Number [redacted] 1428 under the business name Official Service Dogs and listed the business address as the 15th Street UPS Box. The borrower address was [redacted] Northeast, Washington, DC. Official Service Dogs listed three employees and did not provide gross revenue or cost information. As of July 22, 2020, no funds were disbursed as a result of this application. The email address listed on the EIDL application is [redacted]@gmail.com.

EIDL Application Number [redacted] 8301: Gaughan applied for loan Application Number [redacted] 8301 under the business name Service Dog of America and listed three (3) employees. Per SBA application data, the business address provided was the 15th Street UPS Box, and the borrower's address was [redacted] Northeast, Washington, DC. Service Dog of America did not provide gross revenue or cost numbers. As of July 22, 2020, no funds were disbursed as a result of this application. The email address listed on the EIDL application is [redacted]@gmail.com.

EIDL Application Number [redacted] 4874: Gaughan applied for Application Number [redacted] 4874 under the business name Certapet Inc and listed three (3) employees. The application stated gross revenue of $210,000 and cost of goods sold totaling $210,000. The

business address provided was the 15th Street UPS Box and the borrower's address was [redacted] Northeast, Washington, DC. As of July 22, 2020, no funds were disbursed as a result of this application. The email address listed on the EIDL application is [redacted]@gmail.com.

EIDL Application Number [redacted] 1397: Application Number [redacted] 1397 was applied for by **Gaughan** using the business name Service Animals of America. Service Animals of America claimed to have three (3) employees and did not provide revenue or cost information. The business address provided was the 15th Street UPS Box and the applicant's address was [redacted] Northeast, Washington, DC. As of July 22, 2020, no funds were disbursed as a result of this application. The email address listed on the EIDL application is [redacted]@gmail.com.

EIDL Application Number [redacted] 9829: Gaughan applied for Application Number 3300109829 under the business name International Service Animals. International Service Animals provided the business address of the 15th Street UPS box and claimed to have three (3) employees. The borrower's address was [redacted] Northeast. International Service Animals did not provide revenue or cost numbers. As of July 22, 2020, no funds were disbursed as a result of this application. The email address listed on the EIDL application is [redacted]@gmail.com.

EIDL Application Number [redacted] 3683: Gaughan applied for loan Application Number [redacted] 3683 using business name Therapy Dog Incorporated claiming to have three (3) employees. Therapy Dog Incorporated's business address was the 15th Street UPS Box and the applicant's address was [redacted] Northeast, Washington, DC. There were no revenue or cost numbers provided. As of July 22, 2020, no funds were disbursed as a result of this application. The email address listed on the EIDL application is [redacted]@gmail.com. As stated above, Google has informed law enforcement that it has no record of this email address.

EIDL Application Number [redacted] 2533: Gaughan applied for loan Application Number [redacted] 2533 using business name US Therapy Dog. US Therapy Dog claimed three (3) employees and did not provide revenue or cost information. The business address provided was the 15th Street UPS Box and the applicant's address was [redacted] Northeast, Washington, DC. As of July 22, 2020, no funds were disbursed as a result of this application. The email address listed on the EIDL application is [redacted]@gmail.com. As stated above, Gaughan is known to go by the alias of **Richard Strauski**, and this email address was used to register the website for SCY in **Gaughan**'s scheme against ADW.

38. In addition to the loans described in this affidavit, SBA records reflect that **Person 1** applied for a loan in the name [redacted], with the address [redacted] NW, [redacted], Washington, DC. In contrast with the businesses associated with the 15th Street UPS box, the loan application for [redacted] shows that [redacted] has only

a single employee and an average monthly payroll of $7,818. This loan has been disbursed and the outstanding balance is $19,545. The email associated with this application was [redacted]@gmail.com. **Person 1**'s LinkedIn profile reflects that he currently has two jobs—as the [redacted] of [redacted] (a position **Person 1** has held since January 2016), and as an [redacted] at [redacted]. **Person 1**'s LinkedIn profiles does not reflect any involvement with animal support services.

EVIDENCE OF FRAUDULENT DOCUMENTATION RELATED TO THE PURPORTED BUSINESSES USED TO OBTAIN PPP AND EIDL LOANS

39. Records obtained from the internet domain registrar and web hosting company GoDaddy LLC show that an account with the login name "**kennethpgaughan**" reserved numerous internet domains similar to the businesses used to obtain the PPP loans, including:

- servicedogdirectory.com
- usservicedogregistry.net
- certapet.net
- certapets.com
- certapet.org
- certapets.org
- esaregistry.net
- esadirectory.com
- esadogregistry.org
- esadirectory.org
- therapetic.org
- therapetic.us
- therapypetdog.com
- therapypetdog.org

40. The GoDaddy account used to register the foregoing domains listed the customer name as **Richard Strauski**, the company name as a company utilized by **Gaughan** to defraud ADW, and the customer address as a former UPS address on M Street NW, Washington, DC, which converted into the 15th Street UPS box.

41. A search of electronic media seized from **Gaughan**'s U Street Residence revealed numerous service or support animal certificates purportedly signed by "**Richard Strauski**" certifying an animal as a service or emotional support animal that appeared to be issued by Therapetic. For example, a fraudulent support animal registration certificate that was purportedly signed by "**Richard Strauski**" listed the address of the 15th Street UPS box and stated that a dog "Tex" was "registered with TheraPetic's National Registry." The email address on the certification has the domain esadirectory.org, which **Gaughan** registered. Similarly, federal agents discovered another fraudulent animal support certification, signed by **Strauski**, for a squirrel named Elly May. The certificate displayed the email address [redacted]@therapic.org and a logo for Therapetic Solutions. Based on this, I believes that **Gaughan** prepared the fraudulent certificates using the alias **Richard Strauski** in order to conceal his involvement.

42. Similarly, while conducting a review of the electronic media seized from **Gaughan**, federal agents found an email letter from "**Richard Strauski**, Senior Legal Advisor" of Therapetic Solutions to an attorney at the law firm Wilson Sonsini Goodrich & Rosati confirming that Therapetic Solutions would voluntarily remove the logo of Hawaiian Airlines Incorporated from its website. I am aware that those who commit service animal fraud often represent that their certifications can be used to bring animals onto airplanes. I found similar email letters from "**Richard Strauski**, Senior Legal Advisor" of Therapetic Solutions to JetBlue Airways Corporation and Alaska Airlines.

USE OF SBA PPP AND EIDL FUNDS

43. Based on a review of records to date, I suspect that **Gaughan** received a total of $2,182,464.00 in combined PPP and EIDL funds. Based on information received from Bank of America, **Gaughan** received the funds in two accounts in the name of Therapetic Solutions

Incorporated and Therapy Dog International between May 4, 2020 and May 26, 2020. As of July 27, 2020, the balance in the two accounts totaled approximately $200,000.

44. I am aware of at least the following purchases and transfers out of the aforementioned accounts:

- On May 27, 2020, a cashier's check for $1,130,000 to Allied Title and Escrow LLC was purchased at Bank of America by Therapy Dog International to fund the purchase of [redacted], NE, Washington, DC.
- On May 27, 2020, Therapetic Solutions Incorporated sent a wire to AYS Marine Enterprise LLC for $295,550. The wire funded the purchase of a 2020 Cruisers Yachts 338 CX 33-foot watercraft.
- Between May 16, 2020 and July 15, 2020, at least $42,869.71 in likely proceeds were transferred to pay a Capital One credit card balance.

45. Form 2483 explicitly states that by signing, the Applicant represents that "[t]he funds will be used to retain workers and maintain payroll or make mortgage interest payments, lease payments, and utility payments, as specified under the Paycheck Protection Program Rule: I understand that if the funds are knowingly used for unauthorized purposes, the federal government may hold me legally liable, such as for charges of fraud." The above-mentioned use of PPP funds to purchase a residence, watercraft, and make personal credit card payments does not meet the certified use of funds requirements specified under the PPP Rule.

CONCLUSION

Based on the foregoing, I respectfully submit that probable cause exists to believe that **Gaughan** committed Theft of Government Property, Wire Fraud, Bank Fraud and Money Laundering, in violation of 18 U.S.C. § 641, 18 U.S.C. § 1343, 18 U.S.C. § 1344, and 18 U.S.C. §

1956. I respectfully request that the Court issue an arrest warrant for **Kenneth Patrick Gaughan**.

The statements above are true and accurate to the best of my knowledge and belief.

Charles W. Sublett
Special Agent
IRS-CI

Attested to by the applicant in accordance with the requirements of Fed. R. Crim. P. 4.1 by telephone this 10th day of August, 2020.

2020.08.10 18:30:43 -04'00'

G. Michael Harvey
United States Magistrate Judge