MRM:BTK
F. #2021R00760

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK
- X

UNITED STATES OF AMERICA

- against -

ARTHUR CORNWALL and
SEAN WILLIAMS,

Defendants.

I N F O R M A T I O N

Cr. No. _____
(T. 18, U.S.C., §§ 981(a)(1)(C), 1349 and 3551 et seq.; T. 21, U.S.C., § 853(p); T. 28, U.S.C., § 2461(c))

- X

THE UNITED STATES ATTORNEY CHARGES:

INTRODUCTION

At all times relevant to this Information, unless otherwise indicated:

The COVID-19 Pandemic in the United States

1. In or about December 2019, a novel coronavirus, SARS-CoV-2 (the "coronavirus") caused outbreaks of the coronavirus disease COVID-19 that spread globally. On or about January 31, 2020, the Secretary of Health and Human Services declared a national public health emergency under 42 U.S.C. § 247d as a result of the spread of COVID-19 to and within the United States. On or about March 11, 2020, the Director-General of the World Health Organization characterized COVID-19 as a pandemic. On or about March 13, 2020, the President of the United States issued Proclamation 9994 declaring a national emergency beginning on March 1, 2020, as a result of the rapid spread of COVID-19 within the United States.

The Paycheck Protection Program

2. On or about March 27, 2020, the President signed into law the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The CARES Act was a federal law designed to provide emergency financial assistance to the millions of Americans who were 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.

3. To obtain a PPP loan, qualifying businesses were required to submit a PPP loan application, which was signed by an authorized representative of the business. The PPP loan application required recipient businesses, through an authorized representative, to acknowledge the program rules and make certain affirmative certifications to establish eligibility for the PPP loan. For example, in the PPP loan application, recipient businesses, through an authorized representative, were required to state, among other things, their average monthly payroll expenses and number of employees. These figures were used to calculate the amount of money the businesses were eligible to receive under the PPP. The recipient businesses were also required to provide documentation supporting the information contained in the PPP loan application.

4. PPP loan proceeds were required to be used by the recipient businesses on certain permissible expenses, to wit: payroll costs, interest on mortgages, rent and utilities. The PPP allowed the interest and principal on a PPP loan to be entirely forgiven if the recipient

businesses spent the loan proceeds on these expense items within a designated period of time after receiving the proceeds and used a certain percentage for payroll costs.

5. The PPP was overseen by the Small Business Administration ("SBA"), which had authority over all PPP loans. Individual PPP loans, however, were issued and approved by private lenders, who received and processed PPP loan applications and supporting documentation and, following SBA approval, made loans using the lenders' own funds.

The Economic Injury Disaster Loan Program

6. The Economic Injury Disaster Loan ("EIDL") program was also overseen by the SBA and was designed to provide long-term, low-interest loans for small businesses affected by various natural and economic disasters. The CARES Act provided funding for EIDL loans for businesses affected by the COVID-19 pandemic. In contrast to the PPP, EIDL loan amounts were determined based on the recipient businesses' historical revenue and disbursed directly by the SBA.

The Defendants and Their Fraud Scheme

7. The defendant ARTHUR CORNWALL was employed by the New York City Transit Authority as a signal maintainer and resided in West Babylon, New York.

8. The defendant SEAN WILLIAMS was employed by the New York State Unified Court System as a Court Officer and resided in Valley Stream, New York.

9. The defendants ARTHUR CORNWALL and SEAN WILLIAMS operated several corporate entities, including ACornwall Family Industries, Inc., NYC Corporation X, 4th Quarter Realty, Inc. and SL Steele, Inc. (collectively, the "Subject Entities"), through which they committed the fraud described herein at various places, including in West Babylon, New York and Valley Stream, New York.

10. On or about and between May 1, 2020 and July 31, 2020, both dates being approximate and inclusive, the defendants ARTHUR CORNWALL and SEAN WILLIAMS, together with others, engaged in a scheme to defraud the SBA and Financial Institution #1, an entity the identity of which is known to the United States, which was one of the financial institutions that administered the PPP and EIDL programs, of federal COVID-19 emergency-relief funds meant for distressed small businesses. It was a part of the scheme to defraud that CORNWALL and WILLIAMS, together with others, caused to be submitted, at least six online loan applications to obtain funds through the PPP and EIDL programs for the Subject Entities. It was further a part of the scheme to defraud that these loan applications and certain supporting documentation contained materially false and fraudulent information, including, but not limited to, the identity of the individual applying for the loan; the Subject Entities' number of employees, revenue, payroll costs; and the intended use of the loan proceeds, all of which was specifically designed to mislead the SBA and Financial Institution #1 into disbursing various loans, which they did.

11. In total, on or about and between May 1, 2020 and July 31, 2020, both dates being approximate and inclusive, as a result of this fraudulent scheme, the SBA and Financial Institution #1 wire-transferred sums totaling more than $770,000 in PPP and EIDL loans for the Subject Entities to bank accounts that the defendants ARTHUR CORNWALL and SEAN WILLIAMS accessed at bank branches in the Eastern District of New York and elsewhere.

12. Shortly after receiving these fraudulently obtained loan proceeds, the defendants ARTHUR CORNWALL and SEAN WILLIAMS utilized the proceeds to enrich themselves, including by discharging personal debts and making extravagant purchases. For

example, on or about May 27, 2020, CORNWALL used more than $31,000 of the fraudulent loan proceeds to pay personal credit card debts. And on or about November 27, 2020, WILLIAMS used approximately $33,000 in fraudulent loan proceeds to purchase cryptocurrency.

CONSPIRACY TO COMMIT WIRE FRAUD

13. The allegations contained in paragraphs one through twelve are realleged and incorporated as if fully set forth in this paragraph.

14. On or about and between May 1, 2020 and July 31, 2020, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants ARTHUR CORNWALL and SEAN WILLIAMS, together with others, did knowingly and intentionally conspire to devise a scheme and artifice to defraud the SBA and Financial Institution #1, which administered the PPP and EIDL programs, of federal COVID-19 emergency relief funds meant for distressed small businesses, and to obtain money and property from the SBA and Financial Institution #1 by means of one or more materially false and fraudulent pretenses, representations and promises, and for the purpose of executing such scheme and artifice, to transmit and cause to be transmitted by means of wire communication in interstate and foreign commerce, writings, signs, signals, pictures and sounds, contrary to Title 18, United States Code, Sections 1343.

(Title 18, United States Code, Sections 1349 and 3551 et seq.)

CRIMINAL FORFEITURE ALLEGATION

15. The United States hereby gives notice to the defendants that, upon their conviction of the offense charged herein, the government will seek forfeiture in accordance with Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section

2461(c), which require any person convicted of such offense to forfeit any property, real or personal, constituting, or derived from, proceeds obtained directly or indirectly as a result of such offense.

16. If any of the above-described forfeitable property, as a result of any act or omission of the defendants:

(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, pursuant to Title 21, United States Code, Section 853(p), as incorporated by 18 U.S.C. § 982(b)(1), to seek forfeiture of any other property of the defendants up to the value of the forfeitable property described in this forfeiture allegation.

(Title 18, United States Code, Section 981(a)(1)(C); Title 21, United States Code, Section 853(p); Title 28, United States Code, Section 2461(c))

By CPokorny, Assistant U.S. Attorney

BREON PEACE
UNITED STATES ATTORNEY
EASTERN DISTRICT OF NEW YORK

F.#: 2021R00760
FORM DBD-34
JUN. 85

No.

UNITED STATES DISTRICT COURT

EASTERN *District of* NEW YORK

CRIMINAL DIVISION

THE UNITED STATES OF AMERICA

vs.

ARTHUR CORNWALL and SEAN WILLIAMS,

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INFORMATION

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Filed in open court this ___________________ *day,*

of _____________ *A.D. 20* _____

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Clerk

Bail, $ ____________

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Bradley T. King, Assistant U.S. Attorney (631) 715-7875