IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
BEAUMONT DIVISION

UNITED STATES OF AMERICA	§	
	§	
v.	§	No. 1:21-CR-9
	§	
SHASHANK SHEKHAR RAI	§	

INFORMATION

THE UNITED STATES ATTORNEY CHARGES:

General Allegations

At all times relevant to this Information:

The Defendant and Related Entities

1. Defendant **Shashank Shekhar Rai** was a resident of Beaumont, Texas, in the Eastern District of Texas. **Shashank Shekhar Rai** worked in a salaried position as an engineer for a multinational energy company ("Company 1") in the Beaumont/Port Arthur, Texas, area.

2. Rai Family LLC was an active Texas corporation that was first registered on or about October 30, 2019. The registered mailing address for Rai Family LLC was **Shashank Shekhar Rai's** personal residence in Beaumont, Texas. Rai Family LLC had no active operations or employees.

The Small Business Administration

3. The United States Small Business Administration ("SBA") was an executive-branch agency of the United States government that provided support to entrepreneurs and small businesses. The mission of the SBA was to maintain and strengthen the nation's economy by enabling the establishment and viability of small businesses and by assisting in the economic recovery of communities after disasters.

4. As part of this effort, the SBA enabled and provided for loans through banks, credit unions, and other lenders. These loans have government-backed guarantees.

The Paycheck Protection Program

5. The Coronavirus Aid, Relief, and Economic Security ("CARES") Act was a federal law enacted in 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 forgivable loans to small businesses for job retention and certain other expenses, through a program referred to as the Paycheck Protection Program ("PPP").

6. To obtain a PPP loan, a qualifying business was required 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 in order to be eligible to obtain the PPP loan. In the PPP loan application (SBA Form 2483), the small business (through its authorized representative) was required to state, among other things, its: (a) average monthly payroll expenses; and (b) number of employees. These figures were used to calculate the amount of money the small business is eligible to receive under the PPP. In addition, businesses applying for a PPP loan were required to provide documentation showing their payroll expenses.

7. A PPP loan application was processed by a participating lender. If a PPP loan application was approved, the participating lender funded the PPP loan using its own monies, which were 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.

8. PPP loan proceeds were required to be used on certain permissible expenses, including payroll costs, mortgage interest, rent, and utilities. Under the applicable PPP rules and guidance, the interest and principal on the PPP loan is eligible for forgiveness if the business spent the loan proceeds on these expense items within a designated period of time and used a certain portion of the loan towards payroll expenses.

Relevant Lender

9. Lender 1 was a federally-insured financial institution and a member of the Federal Home Loan system. Lender 1 was based in Houston, Texas. Lender 1 participated in the SBA's PPP as a lender and, as such, was authorized to lend funds to eligible borrowers under the terms of the PPP.

Count One

Violation: 18 U.S.C. § 1014
(False Statement to Bank)

10. Paragraphs 1 through 13 of this Information are realleged and incorporated by reference as though fully set forth herein.

11. On or about April 8, 2020, in the Eastern District of Texas, defendant **Shashank Shekhar Rai** knowingly made a material false statement for the purpose of influencing the action of Lender 1, an institution the accounts of which are insured by the Federal Deposit Insurance Corporation, in connection with an application for a PPP loan in the amount of $10,000,000 in that the defendant represented that Rai Family LLC's average monthly payroll was $4,000,000 and that the company had 250 employees, when in truth and in fact, as the defendant well knew, that information was false.

All in violation of 18 U.S.C. § 1014.

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NOTICE OF PENALTY

Count One

VIOLATION:	18 U.S.C. § 1014
PENALTY:	Imprisonment for not more than 30 years; a fine not to exceed $1,000,000; a term of supervised release of not more than 5 years.
SPECIAL ASSESSMENT:	$100.00