UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

Case No. 1:21mj02014 Becerra

UNITED STATES OF AMERICA

v.

GIRALDO CARABALLO,

Defendant
______________________________/

CRIMINAL COVER SHEET

1. Did this matter originate from a matter pending in the Northern Region of the United States Attorney's Office prior to August 9, 2013 (Mag. Judge Alicia O. Valle)? __ Yes X No

2. Did this matter originate from a matter pending in the Central Region of the United States Attorney's Office prior to August 8, 2014 (Mag. Judge Shaniek M. Maynard)?_ Yes X No

3. Did this matter originate from a matter pending in the Central Region of the United States Attorney's Office prior to August 8, 2019 (Mag. Judge Jared M. Strauss)? __ Yes X No

Respectfully submitted,

ARIANA FAJARDO ORSHAN
UNITED STATES ATTORNEY

By: Eli S. Rubin

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AO 91 (Rev. 11/11) Criminal Complaint

UNITED STATES DISTRICT COURT

for the

Southern District of Florida

United States of America
v.
GIRALDO CARABALLO
Defendant(s)

Case No. 1:21mj02014 Becerra

CRIMINAL COMPLAINT BY TELEPHONE OR OTHER RELIABLE ELECTORNIC MEANS

I, the complainant in this case, state that the following is true to the best of my knowledge and belief.

On or about the date(s) of June 23, 25, and 26, 2020 in the county of Miami-Dade in the Southern District of Florida, the defendant(s) violated:

Code Section	*Offense Description*
18 U.S.C. § 1014	False Statement to Lending Institution
18 U.S.C. § 1344	Bank Fraud
18 U.S.C. § 1957(a)	Engaging in Transactions in Unlawful Proceeds

This criminal complaint is based on these facts:

SEE ATTACHED AFFIDAVIT.

☑ Continued on the attached sheet.

Complainant's signature

FBI Special Agent Andrea L. Rivers-McCullough
Printed name and title

Attested to by the Applicant in accordance with the requirements of Fed.R.Crim. 4.1 by Telephone.

Date: Jan. 6, 2021

Judge's signature

City and state: Miami, Florida

Hon. Jacqueline Becerra, U.S. Magistrate Judge
Printed name and title

AFFIDAVIT IN SUPPORT OF A CRIMINAL COMPLAINT

I, Andrea L. Rivers-McCullough, being first duly sworn, hereby depose and state as follows:

AGENT BACKGROUND AND INTRODUCTION

1. I am a Special Agent with the Federal Bureau of Investigation ("FBI"). I have been employed with the FBI since March 15, 2019. I am currently assigned to investigate, among other offenses, bank fraud, money laundering, and other frauds.

2. This affidavit is made in support of a criminal complaint charging GIRALDO CARABALLO ("CARABALLO") with violations of Title 18, United States Code, Sections 1014 (False Statement to a Lending Institution), 1344 (Bank Fraud), and 1957(a) (Engaging in Transactions in Unlawful Proceeds).

3. This affidavit is based on my personal investigation and investigation by others, including federal and local law enforcement officials whom I know to be reliable and trustworthy. The facts contained herein have been obtained by interviewing witnesses and examining documents obtained in the course of the investigation as well as through other means. This affidavit does not include every fact known to me about this investigation, but rather only those facts sufficient to establish probable cause.

OVERVIEW OF CERTAIN CARES ACT RELIEF

4. The Coronavirus Aid, Relief, and Economic Security ("CARES") Act, Pub. L. 116-136, 134 Stat. 281, is a federal law enacted in or around March 2020, which was designed to provide emergency financial assistance to the millions of Americans who are suffering the economic effects caused by the COVID-19 pandemic. Two sources of relief provided by the CARES Act were the Economic Injury Disaster Loan ("EIDL") program and the Paycheck

Protection Program ("PPP").

5. The EIDL program is run by the U.S. Small Business Administration ("SBA") and provides low-interest financing to small businesses, renters, and homeowners in regions affected by declared disasters.

6. The 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. 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 the applicant certified having. The advances did not have to be repaid.

7. EIDL applications are submitted directly to the SBA and processed by the agency with support from a government contractor, Rapid Finance. In order to obtain an EIDL and advance, a qualifying business has 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. 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.

8. EIDL funds can be used for payroll expenses, sick leave, production costs, and business obligations, such as debts, rent, and mortgage payments.

9. The PPP was designed to provide an incentive for small businesses to keep workers on the payroll.

10. Through the PPP, the CARES Act authorized up to $349 billion in forgivable loans to small businesses for job retention and certain other expenses. In or around April 2020, Congress authorized over $300 billion in additional PPP funding.

11. In order to obtain a PPP loan, a qualifying business 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 in order to be eligible to obtain the PPP loan. In the PPP loan application, the small business (through its authorized representative) must have stated, among other things, its: (a) average monthly payroll expenses; and (b) number of employees. These figures are 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 must have provided documentation to the lending institution showing their payroll expenses. Typically, businesses would supply documents showing the amount of payroll taxes reported to the Internal Revenue Service ("IRS").

12. 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 100% 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.

13. PPP loan proceeds must be used by the business on certain permissible expenses—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 business spends the loan proceeds on these expense

items within a designated period of time after receiving the proceeds and uses a certain amount of the PPP loan proceeds on payroll expense.

OVERVIEW OF THE SCHEME

Background of CARABALLO and Professional Skills Inc.

14. The United States is investigating fraudulent EIDL and PPP applications CARABALLO submitted on behalf of a company he controlled, Professional Skills Inc. ("PSI"). Both applications were approved and funded. CARABALLO fraudulently procured and misused over $470,000.

15. On April 15, 2019, CARABALLO formed PSI, a Florida corporation. CARABALLO was listed as both the incorporator and registered agent in the company's Articles of Incorporation. He was the only listed officer. The company's principal office, 13234 SW 200 Terrace, Miami, FL 33177, was CARABALLO's home address.

16. On May 6, 2019, CARABALLO opened an account in the name "Professional Skills Inc" ending in 2390 at Bank A ("Account 2390"). While opening the account, CARABALLO reported that PSI had two employees and annual gross sales of $70,000.

Overview of the Scheme

17. On June 17, 2020, CARABALLO submitted an EIDL application on behalf of PSI. CARABALLO stated that the company's gross revenue between February 1, 2019, and January 31, 2020, was $180,000, and that, as of January 31, 2020, the company had four employees.

18. The SBA approved CARABALLO's application. On June 20, 2020, CARABALLO signed the corresponding promissory note. The IP address CARABALLO used to sign the note, according to the relevant data provider, was assigned to "GIRALDO

CARABALLO." On June 23, 2020, the SBA deposited the proceeds of the loan, $50,900, into Account 2390.

19. That same day, June 23, 2020, CARABALLO applied for a PPP loan with Loan Processor A.

20. In his application, CARABALLO stated that PSI had 28 employees—24 more employees than he stated approximately six days earlier. Further, CARABALLO stated that PSI's average monthly payroll was $168,000—$12,000 less than the company's reported annual gross revenue six days prior. CARABALLO stated that he needed the proceeds of the loan—$420,000—to pay for payroll.

21. In the application, CARABALLO certified that "the information provided in this application . . . is true and accurate in all material respects" and that he understood "that knowingly making a false statement to obtain a guaranteed loan from SBA is punishable under the law [,] . . if submitted to a federally insured institution, under 18 USC 1014 by imprisonment of not more than thirty years and/or a fine of not more than $1,000,000."

22. As part of his application, CARABALLO submitted three IRS Form 941s (Employer's Quarterly Federal Tax Returns) for the third quarter of 2019, the fourth quarter of 2019, and the first quarter of 2020. Each form stated that PSI had 28 employees and paid exactly $504,000.00 in taxable social security wages every quarter. CARABALLO, however, only completed the first page of each form, and none of the forms indicated how any employment taxes were in fact being paid.

23. CARABALLO's PPP application was submitted to Bank B and approved. On June 25, 2020, Bank B deposited $420,000 into Account 2390.

24. On June 30, 2020, CARABALLO received into Account 2390 a $4,000 EIDL advance.

The Lending Bank for the PPP Loan

25. Bank B is a financial institution based in Salt Lake City, Utah, and federally insured by the Federal Deposit Insurance Corporation ("FDIC"). Bank B 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.

False Statements on the EIDL and PPP Applications

26. CARABALLO made a number of false statements on both his EIDL and PPP applications.

27. First, during the relevant time period, PSI did not have any employees. Therefore, CARABALLO's representations (i) on his EIDL application that the company had four employees, and (ii) on his PPP application that the company had 28 employees, were both false and fraudulent.

28. A review of PSI's bank account, Account 2390, does not reveal any paychecks to any employees of PSI. Nor are there any payments to payroll service providers. Rather, the account records show that CARABALLO used company income to pay off personal credit card bills, make mortgage payments, make car lease payments, make child support payments, and, among other transactions, direct proceeds to other entities and accounts that CARABALLO controlled.

29. Furthermore, records from the Florida Department of Revenue indicate that PSI did not pay any employment taxes. In fact, PSI did not even register to pay employment taxes.

30. Second, and relatedly, the company's average monthly payroll was not $168,000, as stated in CARABALLO's PPP application. The company's monthly average of all debits of

the company, for the four months preceding the PPP loan application, was $13,559.09. This figure includes all debits, including, for example, purchases at The Home Depot, McDonald's, Wal-Mart Super Center, Publix, and many others. As noted above, CARABALLO claimed that the company's average monthly payroll was approximately 12 times this figure—$168,000.

31. Third, CARABALLO filed false and fraudulent tax forms in support of his PPP application. The three forms that CARABALLO submitted used an incorrect Federal Employer Identification Number ("FEIN") for PSI. On the IRS forms, CARABALLO listed PSI's FEIN as 83-4441**4**84. The IRS, however, has confirmed that PSI's FEIN was 83-4441**7**84, and that the company did not file any tax returns in 2018, 2019, and the first two quarters of 2020.[1]

CARABALLO MISUSED AND LAUNDERED LOAN PROCEEDS

32. CARABALLO misused and laundered much of the EIDL and PPP loan proceeds.

33. As noted above, on June 23, 2020, CARABALLO received into Account 2390 the proceeds of the EIDL.

34. The following day, June 24, 2020, CARABALLO (i) wrote himself a check for $9,000 drawn on Account 2390; (ii) paid a personal Visa credit card bill of $7,023.87 with proceeds from Account 2390; and (iii) wrote a check to "Galenos Services" drawn on Account 2390. Galenos Services Inc. is a Florida corporation CARABALLO formed in 2006. The company was administratively dissolved in September 2008.[2]

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1 Elsewhere, CARABALLO has used a third FEIN: In PSI's Annual Report for 2020, filed with the Florida Division of Corporations, CARABALLO listed PSI's FEIN as 83-444**4148**. It is possible, though unlikely, for a company such as PSI to have more than one FEIN.

2 On June 25, 2020, CARABALLO deposited the check into an account at Bank 3 ending in 7442 that he controlled.

35. On June 25, 2020, CARABALLO withdrew $9,700 in U.S. currency from Account 2390 and, with additional proceeds from Account 2390, made his monthly car lease payment: a $929.39 payment for his 2019 Mercedes-Benz GLC 300.

36. Also on June 25, 2020, CARABALLO received into Account 2390 the proceeds of the PPP loan: $420,000.

37. The very next day, June 26, 2020, CARABALLO opened a new personal checking account in his name at Bank A. The account number ended in 7455 ("Account 7455"). CARABALLO used his Florida Driver's License to open the account.

38. Later that day, CARABALLO transferred $239,000 from Account 2390 into his new personal account, Account 7455.

CONCLUSION

39. Based on my training and experience, and the information provided in this affidavit, I respectfully submit that there is probable cause to believe that:

- On or about June 23, 2020, in the Southern District of Florida and elsewhere, the defendant, GIRALDO CARABALLO, did knowingly make a false statement and report for the purposes of influencing the action of a financial institution whose deposits are insured by the Federal Deposit Insurance Corporation in connection with a loan application, in that the defendant falsely represented on his application for a PPP loan to Bank B that the average monthly payroll for Professional Skills Inc. was approximately $168,000.00, in violation of Title 18, United States Code, Section 1014.

- On or about June 25, 2020, in the Southern District of Florida and elsewhere, the defendant, GIRALDO CARABALLO, did knowingly, and with intent to defraud, execute and attempt to execute, and cause the execution, of a scheme and artifice to defraud one or more financial institutions, which scheme and artifice employed a material falsehood, and did knowingly, and with intent to defraud, execute, and attempt to execute, and cause the execution of a scheme and artifice to obtain any of the moneys and funds owned by, and under the custody and control of Bank B, by means of false and fraudulent pretenses, representations, and promises relating to a material fact, that is, by causing Bank B to deposit $420,000.00 into an account controlled by the defendant, in violation of Title 18, United States Code, Section 1344.

- On or about June 26, 2020, in the Southern District of Florida, and elsewhere, the defendant, GIRALDO CARABALLO, did knowingly engage and attempt to engage in a monetary transaction affecting interstate and foreign commerce in criminally derived property of a value greater than $10,000, which the defendant knew was derived from a specified unlawful activity, to wit: the transfer of $239,000.00 between two accounts at Bank B, the proceeds of which represented the proceeds of funds obtained through Bank Fraud, in violation of Title 18, United States Code, Section 1957.

FURTHER YOUR AFFIANT SAYETH NAUGHT.

Andrea L. Rivers-McCullough
Federal Bureau of Investigation
Special Agent

Attested to by the applicant in accordance with the requirements of Fed. R. Crim. P. 4.1 by Telephone on this 6th day of January, 2021, in Miami, Florida.

HONORABLE JACQUELINE BECERRA
UNITED STATES MAGISTRATE JUDGE