IN THE DISTRICT COURT OF THE UNITED STATES
FOR THE DISTRICT OF SOUTH CAROLINA
CHARLESTON DIVISION

UNITED STATES OF AMERICA	)	CR. NO.: 2:22-cr-00452
	)	
	)	18 U.S.C. § 2
vs.	)	18 U.S.C. § 371
	)	18 U.S.C. § 1343
	)	18 U.S.C. § 981(a)(1)(C)
CHRISTOPHER CONRAD	)	28 U.S.C. § 2461(c)
	)	
		INFORMATION

THE UNITED STATES ATTORNEY CHARGES:

At times relevant to this Information:

The Defendant and Coconspirators

1. The Defendant, **Christopher Conrad**, was a citizen of the United States and resident of South Carolina.

2. Lori Hammond, a/k/a Lori McCracken, a/k/a Lori Blakely, ("Hammond") was a citizen of the United States and resident of South Carolina.

3. Catherine ("Cassie") Needham ("Needham") was a citizen of the United States and resident of South Carolina.

4. Jontrell Wright ("Wright") was a citizen of the United States and a resident of South Carolina.

Background on the Paycheck Protection Program ("PPP")

5. 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. 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.

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

7. The PPP allowed qualifying small businesses and other organizations to receive PPP loans. Businesses were required to use PPP loan proceeds on payroll costs, interest on mortgages, rent, and utilities. The PPP allowed the interest and principal on the PPP loan to be entirely forgiven if the business spent the loan proceeds on these expense items within a designated period of time and used a certain percentage of the PPP loan proceeds on payroll expenses.

8. The amount of a PPP loan that a small business may be entitled to receive was determined by the number of employees employed by the business and the business's average monthly payroll costs.

9. In order 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, the small business (through its authorized representative) had

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 was eligible to receive under the PPP. In addition, businesses applying for a PPP loan had to provide documentation showing their payroll expenses.

10. The provisions of the CARES Act, in conjunction with an officially declared disaster by the United States Government, also allowed for the SBA to provide Economic Injury Disaster Loans ("EIDL") funding to business owners negatively affected by the COVID-19 pandemic. The SBA Office of Disaster Assistance ("ODA") controls the EIDL program and maintains authority over all loans created and disbursed under the EIDL program. Pursuant to the provisions governing the EIDL program, loan proceeds must be used by the business to pay certain permissible expenses. The EIDL loans may be used to pay fixed debts, payroll, accounts payable, and other bills that could have been paid had the COVID-19 disaster not occurred.

11. The PPP loan application requires the business (through its authorized representative) to acknowledge the program rules and answer a series of questions in order to be eligible to obtain the PPP loan, to include the following:

a. Within the last 5 years, for any felony, has the Applicant (if an individual) or any owner of the Applicant 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; 4) been placed on pretrial diversion; or 5) been placed on any form of parole or probation (including probation before judgment)?

Above this question, the application states that if the answer is "Yes," the loan will not be approved.

12. In the PPP loan application, the small business (through its authorized representative) must state, 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 provide

documentation showing their payroll expenses. Applicants must acknowledge the following by initialing next to each statement:

a. The Applicant was in operation on February 15, 2020 and had employees for whom it paid salaries and payroll taxes or paid independent contractors, as reported on Form(s) 1099-MISC

b. The funds will be used to retain workers and maintain payroll or make mortgage interest payments, lease payments and utility payments as specified under the PPP 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.

13. The SBA oversees the PPP. However, a PPP loan application must be processed by a participating financial institution, most commonly, banks and credit unions (the lender). If a PPP loan application is approved, the lender funds the PPP loan using its own monies, which are 100% 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.

14. 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 (usually eight weeks of receiving the proceeds) and uses at least 75% of the PPP loan proceeds on payroll expenses.

Relevant Entities

15. Progression Transport is a registered business that is currently in good standing with the South Carolina Secretary of State. According to documentation from the South Carolina Department of Employment and Workforce, there are no employer accounts on file with the name Progression Transport. In PPP loan documents, **Christopher Conrad** claimed sole ownership of Progression Transport.

16. Velocity Motor Sports ("Velocity") is a registered business that is currently in good standing with the South Carolina Secretary of State. According to documentation from the South Carolina Department of Employment and Workforce, there are no employer accounts on file with the name Velocity. In PPP loan documents, **Christopher Conrad** claimed sole ownership of Velocity.

17. Port City Container Transport is a registered business that is currently in good standing with the South Carolina Secretary of State. According to documentation from the South Carolina Department of Employment and Workforce, there are no employer accounts on file with the name Port City Container Transport. In PPP loan documents, **Christopher Conrad** claimed sole ownership of Port City Container Transport.

Relevant Banks and Lenders

18. BankVista is a federally insured financial institution located in Sartell, Minnesota. BankVista is an approved lender for PPP loans, and as such, was authorized to lend funds to eligible borrowers under the terms of the PPP.

19. South Carolina Federal Credit Union ("SCFCU") is a federally insured financial institution located in North Charleston, South Carolina. SCFCU is an approved lender for PPP loans, and as such, was authorized to lend funds to eligible borrowers under the terms of the PPP.

Overview of the Scheme

20. From in or around June 2020 through a date unknown to the United States Attorney but up to at least January 2021, Hammond caused multiple materially fraudulent PPP loan applications to be submitted to federally insured financial institutions on behalf of herself and her associates, Needham, **Christopher Conrad**, and Wright, to obtain PPP funds. In these applications, Hammond falsified her identity, misrepresented the number of employees and payroll

expenses of the entities seeking the loans, attached fraudulent tax documents, and made numerous other false and misleading statements.

21. Hammond assisted Needham, **Christopher Conrad**, and Wright by filling out PPP loan application documents containing materially false and fraudulent information and submitting them to a Confidential Source ("CS"). CS would then submit the fraudulent loan applications to financial institutions approved to loan funds to eligible borrowers under the terms of the PPP, in exchange for a fee. All of the loan applications Hammond submitted on behalf of Needham, **Christopher Conrad**, and Wright contained false and fraudulent information about the number of employees and corresponding payroll expenses.

22. Based on the false and fraudulent representations and submissions in the PPP loan applications and other supporting documentation submitted by Hammond, Needham, **Christopher Conrad**, and Wright, with Hammond's assistance and direction, the approved PPP lenders funded the PPP loans.

23. After the PPP loan funds were deposited into the respective accounts, Hammond, Needham, **Christopher Conrad**, and Wright used the funds for non-qualifying, non-business-related purposes, in violation of the terms of the PPP loan program.

COUNT 1

Conspiracy to Commit Wire Fraud (18 U.S.C. § 371)

24. The allegations contained in paragraphs 1 through 23 are incorporated by reference as if set forth fully herein.

25. From in or around June 2020 to and continuing until at least January 2021, in the District of South Carolina and elsewhere, the defendant, **CHRISTOPHER CONRAD**, and others knowingly and intentionally combined, conspired, confederated, agreed, and had a tacit understanding to knowingly devise a scheme and artifice to defraud and to obtain money and

property by means of false and fraudulent pretenses, representations, and promises, transmitted or caused to be transmitted by means of wire, radio, or television communication in interstate commerce, any writings, signs, signals, pictures or sounds for the purpose of executing the scheme and artifice, in violation of Title 18, United States Code, Section 1343;

Object of the Conspiracy

26. The object of the conspiracy was for the Defendant, **CHRISTOPHER CONRAD**, to provide false representations on PPP loan applications submitted to federally insured financial institutions to obtain money and property. In the loan applications, **CHRISTOPHER CONRAD** misrepresented the number of employees and payroll expenses of the entities seeking the loans, attached fraudulent tax documents, and/or made numerous other false and misleading statements.

Overt Acts

27. In furtherance of the conspiracy, the Defendant, **CHRISTOPHER CONRAD**, and others known and unknown to the United States Attorney, including Hammond and **CHRISTOPHER CONRAD**, committed the following overt acts in the District of South Carolina, by submitting the following loan applications on behalf of the businesses as set forth below:

Applicant	Business Name	Date of Funding	Loan Amount	Lender
Conrad	Progression Transport	May 11, 2020	$33,600.00	SCFCU
Conrad	Velocity Motor Sports	July 21, 2020	$413,500.00	BankVista
Conrad	Port City Container Transport	July 28, 2020	$319,900.00	BankVista

28. **CONRAD** fraudulently obtained $898,300.00 in PPP loan funds.

All in violation of Title 18, United States Code, Sections 371 and 2.

COUNT TWO
Wire Fraud (18 U.S.C. § 1343)

The Scheme to Defraud

29. The allegations contained in paragraphs 1 through 24, 27 and 28 of this Information are incorporated herein by reference.

30. That beginning in or about May 2020, and continuing until in or about January 2021, in the District of South Carolina and elsewhere, the Defendant, **CHRISTOPHER CONRAD**, and others known and unknown to the United States Attorney, knowingly devised a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises, and during such period, knowingly transmitted and caused to be transmitted in interstate commerce, by means of wire communications, certain electronic signals, for the purpose of executing the scheme and artifice to defraud, in violation of Title 18, United States Code, Section 1343.

Manner and Means of the Scheme and Artifice to Defraud

31. It was part of the scheme that Hammond electronically submitted a PPP loan application, on behalf of and at **CHRISTOPHER CONRAD's** direction, to CS, who in turn submitted the application to BankVista. In the loan application, **CHRISTOPHER CONRAD** requested a PPP loan for Velocity. According to the loan application, Velocity is located at 136 Monarch Road, Unit C, Holly Hill, SC. Velocity claimed 21 employees with a monthly payroll of $156,591.88. **CHRISTOPHER CONRAD** is listed as 100% owner, signed as the authorized representative, and included a photocopy of his driver's license as required with the application.

32. In the loan application, **CHRISTOPHER CONRAD** and Hammond included material fraudulent and false representations and submissions. Specifically, **CHRISTOPHER CONRAD** and Hammond fraudulently inflated the number of employees and the corresponding

payroll expenses. At the time of the submission, Velocity was an inactive business. **CONRAD** and Hammond submitted a false business address for Velocity and attached fraudulent tax documents to the loan application. BankVista approved the loan application for Velocity and submitted the loan application to the SBA for funding.

33. On or about July 21, 2020, based on **CHRISTOPHER CONRAD** and Hammond's fraudulent and false representations and submissions, the U.S. Treasury or SBA approved the loan and distributed approximately $413,500.00 in PPP loan funds to **CHRISTOPHER CONRAD's** personal bank account.

34. After **CHRISTOPHER CONRAD** received the funds, he used the funds for non-qualifying, non-business-related purposes, in violation of the terms of the PPP loan program, including by making large cash withdrawals and by purchasing a vehicle, among other personal purchases.

All in violation of Title 18, United States Code, Section 1343.

FORFEITURE

CONSPIRACY/WIRE FRAUD:

Upon conviction for violation of Title 18, United States Code, Sections 371 and 1343 as charged in this Information, the Defendant, **CHRISTOPHER CONRAD**, shall forfeit to the United States any property, real or personal, constituting, derived from or traceable to proceeds the Defendant obtained directly or indirectly as a result of such offenses.

PROPERTY:

Pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), the property which is subject to forfeiture upon conviction of the Defendant for the offenses charged in this Information includes, but is not limited to, the following:

A. Cash Proceeds/Forfeiture Judgment:

A sum of money equal to all property the Defendant obtained as a result of the wire fraud offenses charged in this Information, and all interest and proceeds traceable thereto as a result for his violation of 18 U.S.C. §§ 371 and 1343.

B. Vehicle:

2020 Ford Mustang
VIN: 1FA6P8SJ1L5503902
Titled in the name of: Christopher Keith Conrad

SUBSTITUTION OF ASSETS:

If any of the property described above as being subject to forfeiture, as a result of any act or omission of the Defendant:

(a) cannot be located upon the exercise of due diligence;
(b) has been transferred or sold to, or deposited with, a third person;
(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 subdivided 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 Defendant up to an amount equivalent to the value of the above-described forfeitable property;

Pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

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