UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

UNITED STATES OF AMERICA	*	**CRIMINAL NO. 23-35**
v.	*	**SECTION: "D"**
BRANDI WEBER	*	

* * *

FACTUAL BASIS

The defendant, **BRANDI WEBER (WEBER)**, has agreed to plead guilty to the one-count bill of information charging her with making a false statement to the executive branch of the government of the United States, in violation of Title 18, United States Code, Section 1001(a)(2). Both the government and the defendant do hereby stipulate and agree that the following facts set forth a sufficient factual basis for the crime to which the defendant is pleading guilty. The government and the defendant further stipulate that, should this case have gone to trial, the government would have proven, through the introduction of competent testimony and reliable documentary and other evidence, the following facts, beyond a reasonable doubt.

Parties, Lenders, and Federal Programs

At all times material herein, **WEBER** was a resident of Orleans Parish, Louisiana, within the Eastern District of Louisiana, and she was employed by the National Railroad Passenger Corporation, doing business as Amtrak ("Amtrak"), which Congress created as a private, for-profit Government corporation, pursuant to the passage of the Rail Passenger Service Act of 1970, to operate a nationwide system of passenger rail transportation.

At all times relevant herein, the United States Small Business Administration ("SBA") was an agency within the executive branch of the Government of the United States. Among other

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things, SBA assists in the economic recovery of communities after disasters. SBA loans are made through banks, credit unions, and other lenders who partner with SBA.

Harvest Small Business Finance, LLC was a participating financial technology lender approved by the SBA.

The CARES Act

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was a federal law enacted in or about March 2020. The CARES Act provided emergency financial assistance to the millions of Americans suffering the economic effects of 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").

The PPP was overseen by the SBA, which had authority over all PPP loans. Individual PPP loans, however, were issued by approved private lenders, who received and processed PPP loan applications and supporting documentation and, following SBA approval, made loans using the lenders' own funds. To obtain a PPP loan, a qualifying business had to submit a PPP loan application 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 to make affirmative certifications to be eligible for the PPP loan. For example, in the PPP loan application (SBA From 2483), the business, through its authorized representative, had to state its average monthly payroll expenses and number of employees. In addition, businesses had to provide documentation showing their payroll expenses, as part of the PPP loan application process. These figures were used to calculate the amount of money the small business was eligible to receive under the PPP.

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Among the type of businesses eligible for a PPP loan were individuals who operated under a "sole proprietorship" business structure. In order to be eligible to receive such a PPP loan, individuals had to report and document their income and expenses from the sole proprietorship, as typically reported to the Internal Revenue Service ("IRS") on Form 1040, Schedule C, for a given year. The lending institution or loan processor used this information to calculate the amount of money the individual was entitled to receive under PPP.

Once a qualifying business completed a PPP application, a participating lender processed the application. If a PPP loan was approved, the participating lender funded the PPP loan using its own monies, which the SBA guaranteed. In the course of processing the PPP loan, the lender transmitted data from the loan application to the SBA, including information about the borrower, the total amount of the loan, and the identified number of employees.

Proceeds from a PPP loan were legally required to be used only for certain permissible business expenses, including payroll costs, mortgage interest, rent, and utilities. Under the applicable PPP rules and guidance, the interest and principal on the PPP loan was eligible for forgiveness if the business spent the loan proceeds on permissible items within a designated period of time and used a certain portion of the loan toward payroll expenses.

The Economic Injury Disaster Loan Program

The Economic Injury Disaster Loan ("EIDL") program was an SBA program that provided targeted advances and low-interest financing to small businesses, renters, and homeowners in regions affected by declared disasters. The CARES Act provided funding for EIDL advances and loans for business 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 to the recipient by the SBA. The EIDL targeted advances did not have to be repaid.

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WEBER's EIDL application

On or about July 12, 2020, **WEBER** filed for a targeted advance EIDL grant for "Weber Services" and alleged that she owned a dog grooming service. This was a targeted emergency cash disbursement by the SBA that did not have to be repaid. **WEBER** stated that she owned the dog grooming business out of her house (6151 Pratt Drive, New Orleans, LA 70122) and that the business had been operating since January 20, 2019. **WEBER** also alleged that she had gross revenues of $35,000 and 9 employees in 2019. As a result, the SBA disbursed $3,500 to **WEBER**.

Records and documents obtained by law enforcement would show that **WEBER** did not own a dog grooming business on or about July 12, 2020, nor did she have gross revenues of $35,000 or 9 employees in 2019. **WEBER's** only employment during the relevant time period was with Amtrak. Accordingly, **WEBER** received the targeted advance EIDL grant based upon a false application.

WEBER's PPP Loan Applications

WEBER completed two separate PPP loan requests for an "Esthetician" business that she allegedly operated during 2020. **WEBER** completed the first application on or about April 2, 2021, and the second draw application on or about April 10, 2021. Both applications were submitted to Harvest Small Business Finance, LLC on SBA Form 2483. To support these claims, **WEBER** submitted an IRS 1040 Schedule C indicating that as an esthetician she grossed $49,450 in 2020. These applications submitted to lender Harvest Small Business Finance, LLC resulted in two direct deposits of SBA-backed loans to **WEBER's** Home Bank account of $10,302 each on or about April 16, 2021, and on or about May 5, 2021, for a total of $20,604. **WEBER's** first and second draw PPP applications were false and contained materially false representations for the following reasons:

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A check with the State of Louisiana shows no such business registered with the State. In addition, an esthetician requires a license in the State of Louisiana to practice this trade. **WEBER** does not have an esthetician license in the State of Louisiana.

On the loan documents, dated April 2, 2021, and April 10, 2021, under question number 3, **WEBER** was asked if she was an owner of any other business. **WEBER** answered "no" to this question. However, **WEBER** had previously claimed to own a dog grooming/retail business in her EIDL from the previous year.

A review of **WEBER's** Home Bank account for 2020 showed nothing to indicate that **WEBER** was operating a business. There were no business payroll checks to either herself or any employees. There was nothing to indicate any business expenses such as supplies or rent. Further, law enforcement found no indication of any payments related to business licenses or other professional licenses. Outside of her Amtrak income, **WEBER** deposited $10,381.50 in cash app deposits, significantly below the $49,450 she reported on the IRS 1040 Schedule C.

In submitting the two online PPP loan applications to Harvest Small Business Finance, LLC, **WEBER** attached, uploaded, and used a false document—an IRS 1040 Schedule C—indicating that she earned $49,450 in tax year 2020 as an esthetician, knowing that it contained materially false entries.

In submitting the two online PPP loan applications, **WEBER** certified each time that "the information provided in [the] application and the information provided in all supporting documents and forms is true and correct in all material respects. I understand that knowingly making a false statement to obtain a guaranteed loan from SBA is punishable under the law, including under 18 U.S.C. 1001 [sic] and 3571 by imprisonment of not more than five years and/or a fine of up to $250,000; under 15 U.S.C. 645 [sic] by imprisonment of not more than two years and/or a fine of

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not more than $5,000; and, if submitted to a federally insured institution, under 18 U.S.C. 1014 [sic] by imprisonment of not more than thirty years and/or a fine of not more than $1,000,000."

The Government would further establish the material falsity of **WEBER's** PPP and EIDL applications with testimony from the lender and the SBA that **WEBER** would not have received the EIDL targeted advance or the two PPP loans were it not for said false statements and documents.

READ AND APPROVED:

7/20/23

WARNER THOMPSON — Date
Counsel for Defendant

for 7/20/23

EDWARD J. RIVERA — Date
Assistant U.S. Attorney

7/20/23

BRANDI WEBER — Date
Defendant