IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA

v.

GEORGE MENSAH, JR.,
Also known as "Flexheem,"
Also known as "Flexxheem,"
Also known as "Flex,"

Defendant.

Case No. 1:23-cr-168

Count 1: 18 U.S.C. § 1349
(Conspiracy to Commit Wire Fraud and Mail Fraud)

Forfeiture Notice

CRIMINAL INFORMATION

THE UNITED STATES CHARGES THAT:

INTRODUCTORY ALLEGATIONS

At all times relevant to the information, unless otherwise stated:

1. From at least October 2020 through at least June 2021, defendant George Mensah, Jr. ("MENSAH" or "defendant") resided in different places within Fairfax County, Virginia, which was within the Eastern District of Virginia. The defendant also used a property on Meteor Place in Springfield, Virginia (hereinafter, the "Meteor Place address") during this time.

2. During this same time, the defendant's parents lived in Alexandria, Virginia on Beechcliff Drive (hereinafter, the "Beechcliff address.") The defendant also spent time at the Beechcliff address.

3. The defendant went by other names including, "Flexheem," "Flexxheem," and "Flex."

4. Financial Institution-1 was a Community Development Financial Institution that was headquartered in Arizona. Financial Institution-1 was insured by the FDIC and was a financial institution as defined by 18 U.S.C. § 20.

The CARES Act and PPP

5. The 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.

6. As part of this effort, the SBA enabled and provided for loans through banks, credit unions, and other lenders. Financial Institution-1 participated in the PPP as a lender, and, as such, was authorized to lend funds to eligible borrowers under the terms of the PPP. These loans had government backed guarantees. The Coronavirus Aid, Relief, and Economic Security ("CARES") Act was a federal law enacted in or around March 2020 and designed to provide emergency financial assistance to the millions of Americans who were suffering the economic effects caused by the COVID-19 pandemic.

7. 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 about April 2020, Congress authorized over $300 billion in additional PPP funding.

8. The PPP allowed qualifying small businesses and other organizations to receive PPP loans. As part of the program requirements, businesses had to use PPP loan proceeds for certain permissible expenses – payroll costs, interest on mortgages, rent, and utilities. The PPP allowed the interest and principal on the PPP loans 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.

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 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 by the lender 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. The supporting documentation often included bank account records and IRS Forms, including the IRS Schedule C (Form 1040), Profit or Loss Form Business, which reports a sole proprietorship's income and expenses. The lenders relied on the accuracy of the information contained in the PPP applications and supporting documents.

10. The SBA oversaw the PPP. However, individual PPP loans were issued by private, approved lenders who received and processed PPP applications and the supporting documentation, and then made loans using the lenders' own funds, 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, or by a partner on the lender's behalf, via wire to the SBA in the course of processing the loan. The SBA received all PPP loan applications submitted after January 11, 2021, from lenders through servers in Oregon. This server performed an initial screening on the loan applications and then sent the loan details to E-Tran for additional screening of the loan applications. The SBA then used the E-Tran server located in

Sterling, Virginia, within the Eastern District of Virginia, to process the applicant's data electronically to determine if a loan should be authorized. Similarly, after its review, the SBA used the E-Tran computer server located in Sterling, Virginia to notify the lenders, or a partner on the lender's behalf, electronically if a loan should be funded.

11. The PPP loan application posed a number of questions and required the applicant to make a number of certifications including that the business was in operation as of February 15, 2020, that the PPP loan would be used to pay payroll, mortgage payments, lease payments, and utility payments as required by the PPP rules, and that all information in the application supporting document was true and accurate.

The Unemployment Insurance Process and Pandemic Unemployment Benefits

12. Unemployment Insurance ("UI") was a state-federal program that provided monetary benefits to eligible lawful workers. Although state workforce agencies ("SWAs") administer their respective UI programs, they must do so in accordance with federal laws and regulations. UI payments ("benefits") were intended to provide temporary financial assistance to lawful workers who were unemployed through no fault of their own. Each state set its own requirements for eligibility, benefit amounts, and length of time benefits could be paid. In the Commonwealth of Virginia, the Virginia Employment Commission ("VEC") administered the UI program.

13. Generally, a former employee of an in-state business, or a person previously self-employed in-state, had the option to submit a claim application for UI benefits. In Virginia, typically, a claimant would submit an online application with the VEC listing the claimant's personally identifiable information ("PII"), such as name, Social Security number, date of birth, address, and other information. The claimant was then required to answer a series of questions to

determine eligibility and the payment amount. The claimant then attested that the information provided in the claim application was true to the best of their knowledge.

14. After the initial claim, the claimant could then file for weekly benefits, also typically online, by certifying that they are still unemployed and still eligible for benefits.

15. When applying for Virginia UI, claimants had the option of receiving a Virginia Way2Go Prepaid MasterCard debit card ("Way2Go card") containing their benefits and issued in their names. Way2Go cards were mailed, via the United States Postal Service, to the physical address listed on the application. Each card has a unique card number alongside the claimant's name.

16. Beginning in or around March 2020, in response to the COVID-19 pandemic, several federal programs expanded UI eligibility and increased UI benefits, including the Pandemic Unemployment Assistance Program ("PUA"), Pandemic Emergency Unemployment Compensation ("PEUC"), Federal Pandemic Unemployment Compensation ("FPUC"), and the Lost Wages Assistance Program ("LWAP").

17. PUA provided benefits to individuals who were self-employed, seeking part-time employment, or otherwise would not qualify for regular UI. A claimant would qualify for PUA benefits administered by the SWA if they previously performed such work in the state and were unemployed, partially unemployed, unable to work, or unavailable to work due to a COVID-19 related reason. A PUA claimant had to answer various questions to establish their eligibility for PUA benefits. The claimant was required to provide their name, Social Security Number, and address. The claimant also had to list their qualifying occupational status, their employer, and COVID-19 related reason for being out of work and certify that all the information provided on the application was correct.

18. PEUC provided benefits to individuals who had exhausted regular UI under state or federal law, had no rights to regular UI under any other state or federal law, and were able to work, were available for work, and were actively seeking work.

19. FPUC provided individuals who were collecting regular UI, PUA PEUC, and other forms of UI with an additional $600 per week for a certain period of time.

20. LWAP was another temporary measure that provided an additional $300 per week for a particular period of time.

21. The PUA, FPUC, PEUC, and LWAP programs (collectively, "pandemic benefits") were administered by the various states, including the Commonwealth of Virginia, but their benefits were funded by the federal government. In order to receive pandemic benefits, an applicant was required to file a claim. Separate claims were not filed for PUA, FPUC, and LWAP. Rather, a single claim for PUA, if approved, also resulted in an approved claim for the additional FPUC and LWAP benefits.

22. Similar to the traditional UI program, applicants applied for pandemic benefits through the VEC and could receive a Virginia Way2Go card via the mail. Applicants then made additional weekly claims for benefits by answering certain questions, and certifying that all the information given on the weekly certifications were correct.

23. After the processing of the weekly certifications, the pandemic benefits would then be loaded to the Way2Go card previously sent or to a prior listed bank account.

COUNT ONE
(Conspiracy to Commit Wire Fraud)

24. The allegations contained paragraphs 1-23 of this Information are realleged and incorporated by reference as if set forth fully here.

25. From in or about October 2020 to in or about September 2021, in the Eastern District of Virginia and elsewhere, defendant,

GEORGE MENSAH, JR.,

did knowingly combine, conspire, confederate, and agree with Coconspirator-1, Coconspirator-2, and others known and unknown to the United States Attorney (collectively referred to as "coconspirators"), did unlawfully, voluntarily, intentionally and knowingly combine, conspire and agree together and with each other to commit the following offenses:

a. wire fraud in violation of 18 U.S.C. § 1343– that is, having knowingly devised and intending to devise a scheme and artifice to defraud financial institutions and the SBA, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, to transmit and cause to be transmitted by means of wire communication in interstate commerce writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice; and

b. mail fraud in violation of 18 U.S.C. § 1341- that is, having knowingly devised and intending to devise a scheme and artifice to defraud the VEC and other SWAs, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and for the purpose of executing such a scheme or artifice, knowingly caused to be delivered by U.S. mail and according to the direction thereon and at the place at which the defendant and others directed, took and received from an authorized depository for mail matter any matter.

The Purpose of the Conspiracy

26. The purpose of the conspiracy was for MENSAH, Coconspirator-1, Coconspirator-2, Coconspirator-3, and others known and unknown to enrich themselves by fraudulently obtaining PPP loans for purported "businesses" that did not actually exist and were not entitled to receive PPP loans. MENSAH and his coconspirators obtained and tried to obtain fees, often between $4,000 to $6,000, from the individuals and purported "business owners" for whom they obtained PPP loans for preparing the PPP loan applications. Additionally, MENSAH, Coconspirator-1, Coconspirator-2, and the other coconspirators to enrich themselves by fraudulently obtaining UI benefits and pandemic benefits to which they were not entitled.

Manner and Means

27. To achieve the objects of the conspiracy the defendant and his coconspirators engaged in the following conduct in the Eastern District of Virginia and elsewhere:

The PPP Scheme

28. The defendant and his coconspirators would recruit others to have PPP loan applications prepared in their names. The defendant and his coconspirators would communicate with individuals over social media and text messages about preparing the PPP loan applications.

29. MENSAH and his coconspirators would prepare, cause to be prepared, and assist in the preparation of the fraudulent PPP loan applications for the fake businesses.

30. The defendant and his coconspirators would also prepare, cause to be prepared, assist in the preparation of, submit, assist in the submission of, and cause to be submitted, falsified IRS forms, including Schedule C forms that falsely represented that each fake business had generated a certain amount of gross income (when in fact the fake businesses had not generated that amount of income) and fake bank statements in support of each PPP application. The false

PPP loan applications and underlying fabricated records created during the conspiracy were similar. Most of the fraudulent PPP loan applications resulted in a payout of exactly $20,832. Similarly, at least 20 of the false Forms Schedule C listed the loan applicants' gross income as $107,990.

31. Knowing that these businesses did not exist as of February 15, 2020, MENSAH and his coconspirators would falsely certify and cause to be certified that certain businesses were in operation on February 15, 2020.

32. Knowing that the PPP loan proceeds, including the $4,000 to $6,000 paid to the defendant and his coconspirators, would be used for purposes unrelated to the specified authorized expenses of the PPP loans, the defendant and his coconspirators would falsely certify and caused to be certified on each PPP loan application that the funds would be used to retain workers and maintain payroll or make mortgage interest payments, lease payments, and utility payments.

33. Knowing that the applications and the IRS forms included false information, the defendant and his coconspirators falsely certified and caused to be certified on each PPP loan application that the information provided in the application and the information provided in all supporting documents and forms was true and accurate in all material respects.

34. The coconspirators would electronically sign and submit, assist in the submission of, and caused to be submitted, the false PPP loan applications over the Internet.

35. The defendant and his coconspirators submitted 19 fraudulent PPP loan applications from the Meteor Place address between on or about April 11, 2021, through on or about May 20, 2021. Many of the fraudulent PPP loan applications were submitted on the same day.

36. The defendant and his coconspirators' submission of the fraudulent PPP loan applications caused interstate wire transmissions. The defendant and his coconspirators submitted multiple fraudulent loan applications from the Meteor Place address, in the Eastern District of Virginia, that were received by the lenders and then sent to the SBA, which used servers located in Oregon before being transmitted to a server in the Eastern District of Virginia.

37. After the lenders approved and funded the fraudulent PPP loans, the defendant and his coconspirators would collect fees from the individuals who received the PPP loans through CashApp accounts and bank transfers. Often the individual who received the fraudulent PPP loan would pay the defendant and his coconspirators a fee of between $4,000 and $6,000.

38. MENSAH and his coconspirators knowingly prepared and submitted, assisted in the preparation and submission of, and caused to be prepared and submitted, over 47 applications for PPP loans for fake businesses during the conspiracy. In total, the defendant and his coconspirators successfully submitted at least 21 fraudulent PPP applications and caused an actual loss of at least $583,172.

The UI and Pandemic Benefits Scheme

39. Among the ways, manner and means by which the defendant and the coconspirators accomplished the objects of the conspiracy included the following:

40. The defendant and his coconspirators, including Coconspirator-1 and Coconspirator-2, would obtain the PII of others such as dates of birth and Social Security numbers. Some of the PII belonged to victims of identity theft.

41. Coconspirator-1 would notify the other coconspirators as to which SWAs were accepting pandemic benefit applications and/or certification at any given time.

42. The defendant and his coconspirators would use various addresses to make claims and receive through mail VEC PINs, Way2Go cards, other VEC correspondence.

43. The defendant and his coconspirators would complete and submit applications and weekly certifications for UI and pandemic benefits to the VEC and other SWAs. The defendant and his coconspirators would use others' names and PII to make claims for UI benefits and pandemic benefits.

44. The defendant and his coconspirators would include materially false information in these applications. For some of the applications and certifications, despite using real PII, the listed claimants did not authorize or know the UI and pandemic benefit claims were being made. Additionally, the defendant and his coconspirators provided false employment and wage history, as well as false contact information, including addresses, email addresses, and phone numbers. The defendant and his coconspirators listed the Beechcliff address on at least 26 of their fraudulent applications, and the VEC funded 21 of those fraudulent applications.

45. The defendant and his coconspirators would falsely certify the truth and accuracy of all information included in the UI and pandemic benefit applications for the VECs and other SWAs, as well as the purported claimants' eligibility to receive those benefits, when -in truth and fact, as the defendant and his coconspirators then and there well knew – such information was not true and accurate and neither the defendant, his coconspirators, nor the individuals identified as claimants were then eligible to receive the benefits sought through these applications.

46. The defendant and his coconspirators thereby caused the VEC and financial institutions on behalf of the VEC to send the Way2Go cards through the U.S. mail to the addresses that the defendant and his coconspirators identified in the corresponding applications for the UI benefits and pandemic benefits. As a result of these false UI and pandemic benefit applications

and claims submitted by the defendant and his coconspirators, at least 20 Way2Go cards were mailed to the Beechcliff address.

47. The defendant, his coconspirators would collect the VEC PINs, Way2Go cards and VEC correspondence from the various addresses listed on the UI and pandemic benefit claims. The defendant and his coconspirators would also share details regarding the Way2Go cards amongst themselves to facilitate the retrieval of these cards.

48. Once the VEC authorized the initial applications for UI and pandemic benefits, in order to continue to receive such benefits, the defendant and his coconspirators would continue to file claims by submitting false weekly certifications that the purported claimant remained eligible to receive those benefits.

49. The defendant and his coconspirators would disburse the UI and pandemic benefit funds deposited on the Way2Go cards and therefore held in the custody of a financial institution, through various transactions, including purchases and ATM cash withdrawals, some of which included large sums of cash.

50. Throughout the course of the conspiracy, the defendant and his coconspirators obtained at least $658,952 in fraudulently obtained UI and pandemic benefits.

(All in violation of Title 18, United States Code, Section 1349.)

FORFEITURE NOTICE

Pursuant to Federal Rule of Criminal Procedure 32.2(a), defendant GEORGE MENSAH, JR. is hereby notified that upon conviction of the offense alleged in Count 1 of the Criminal Information, MENSAH shall forfeit to the United States, pursuant to 18 U.S.C. § 982(a)(2), any property, real or personal, constituting, or derived from, proceeds the defendant obtained directly or indirectly, as the result of the violation.

The assets subject to forfeiture include, but are not limited to, the following:

a. A sum of money in the amount of $264,309 representing the proceeds the defendant obtained as a result of the offense described in Count 1 of the Criminal Information;

b. $82,000.00 in U.S. currency seized by law enforcement on or about March 3, 2022;

c. a Cuban bracelet seized by law enforcement on or about March 3, 2022;

Pursuant to 21 U.S.C. § 853(p), MENSAH shall forfeit substitute property, if, by any act or omission of MENSAH the property referenced above cannot be located upon the exercise of due diligence; has been transferred, sold to, or deposited with a third party; has been placed beyond the jurisdiction of the Court; has been substantially diminished in value; or has been commingled with other property which cannot be divided without difficulty.

(In accordance with Title 18, United States Code, Section 982(a)(2)(A); Title 21 United States Code, 853(p); and Rule 32.2(a), Federal Rules of Criminal Procedure.)

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