

Presented to the Court by the foreman of the
Grand Jury in open Court, in the presence of
the Grand Jury and FILED in the U.S.
DISTRICT COURT at Seattle, Washington.

May 20 20 22
By Ravi Subramanian, Clerk
Deputy

UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

UNITED STATES OF AMERICA,
Plaintiff

v.

DONTE JAMAL MCCLELLON,
Defendant.

NC R22-073 LK
INDICTMENT

The Grand Jury charges that:

The Paycheck Protection Program

1. 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 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.

2. In order to obtain a PPP loan, a qualifying business was required to submit a PPP loan application signed by an authorized representative of the business. The PPP

1 loan application required the business (through its authorized representative) to
2 acknowledge the program rules and make certain affirmative certifications in order to be
3 eligible to obtain a PPP loan. In the PPP loan application, the small business (through its
4 authorized representative) was required to state, among other things, its: (a) average
5 monthly payroll expenses; and (b) number of employees. These figures were used to
6 calculate the amount of money the small business was eligible to receive under the PPP.
7 In addition, businesses applying for a PPP loan were required to provide documentation
8 showing their payroll expenses.

9 3. PPP loan applications were processed by a participating lender. If a PPP
10 loan application was approved, the participating lender funded the PPP loan using its own
11 money, which the U.S. Small Business Administration (“SBA”) guaranteed in its
12 entirety. The lender transmitted to the SBA, in the course of processing the loan, data
13 from the application, including information about the borrower, the total amount of the
14 loan, and the listed number of employees.

15 4. The business receiving the PPP loan proceeds was required to spend the
16 funds on certain permissible expenses, such as payroll costs, interest on mortgages, rent,
17 and utilities. The PPP allowed the interest and principal on the PPP loan to be entirely
18 forgiven if the business spent the loan proceeds on these allowable expense items within
19 a designated period of time and used a specified portion of the PPP loan proceeds on
20 payroll expenses.

21 *The Defendant and Relevant Entities*

22 5. The defendant, DONTE JAMAL MCCLELLON, resided within the
23 Western District of Washington through at least the end of June 2020.

24 6. MCCLELLON owned and controlled various corporate entities registered
25 in Washington State, including Frostlake, LLC (“Frostlake”), Skylake, LLC (“Skylake”),
26 and Cannonlake, LLC (“Cannonlake”) (collectively, the “McClellon Entities”). None of
27 the McClellon Entities had employees or payroll expenses of its own.
28

1 7. Frostlake was a limited liability company that was registered with
2 Washington State in or around December 2016. Frostlake purportedly engaged in retail
3 and wholesale trade. Its principal place of business was MCCLELLON's residential
4 address in Seattle, Washington. MCCLELLON was listed as its sole governor.

5 a. Frostlake was administratively dissolved on or around May 3, 2018.
6 On or about February 5, 2021, MCCLELLON filed documentation with Washington
7 State to reinstate Frostlake.

8 b. From at least on or around January 1, 2018 through at least
9 December 31, 2020, Frostlake had no employees for which federal payroll taxes were
10 paid.

11 8. Skylake was a limited liability company that was registered with
12 Washington State in or around April 2016. Skylake purportedly engaged in finance and
13 real estate, and its principal place of business was MCCLELLON's residential address in
14 Seattle, Washington. MCCLELLON was listed as its sole managing partner and
15 governor.

16 a. Skylake was administratively dissolved on or around September 1,
17 2017. On or about December 27, 2017, MCCLELLON filed documentation with
18 Washington State to reinstate Skylake.

19 b. Skylake was administratively dissolved again on or around
20 September 3, 2019. On or around June 13, 2020, MCCLELLON filed documentation
21 with Washington State to reinstate Skylake.

22 c. From at least on or around January 1, 2018 through at least
23 December 31, 2020, Skylake had no employees for which federal payroll taxes were paid.

24 9. Cannonlake was a limited liability company that was registered with
25 Washington State in or around December 2016. Cannonlake purportedly engaged in real
26 estate, retail, and wholesale trade. Its principal place of business was MCCLELLON's
27 residential address in Seattle, Washington. MCCLELLON was listed as its sole governor.
28

a. Cannonlake was administratively dissolved on or about May 3, 2018. On or about June 17, 2020, MCCLELLON filed documentation with Washington State to reinstate Cannonlake.

b. From at least on or around January 1, 2018 through at least December 31, 2020, Cannonlake had no employees for which federal payroll taxes were paid.

Relevant PPP Lenders

10. Bank One was a financial institution based in the State of New Jersey whose deposits were insured by the Federal Deposit Insurance Corporation (“FDIC”). Bank One participated as a PPP lender to small businesses.

11. Company One was a financial technology company headquartered in the State of Georgia. Company One participated in the PPP by, among other things, acting as a service provider between small businesses and certain lenders, including Bank One. Small businesses seeking PPP loans could apply through Company One for PPP loans. Company One would review the loan applications. If a loan application received by Company One was approved for funding, a partner lender, such as Bank One, disbursed the loan funds to the applicant.

12. Bank Two was a financial institution based in the State of Florida whose deposits were insured by the FDIC. Bank Two participated as a PPP lender to small businesses.

13. Bank Three was a financial institution based in Utah whose deposits were insured by the FDIC. Bank Three participated as a PPP lender to small businesses.

COUNTS 1-3

(Bank Fraud)

14. The allegations in Paragraphs 1-13 are realleged and incorporated by reference as if set forth in full herein.

15. Beginning at a time unknown but not later than in or about May 2020 and continuing through at least June 2020, in King County, within the Western District of

1 Washington, and elsewhere, the defendant, DONTE JAMAL MCCLELLON, knowingly
2 devised and executed a scheme and artifice to defraud financial institutions participating
3 in the PPP loan program and to obtain moneys, funds, assets, and other property owned
4 by and under the custody and control of financial institutions participating in the PPP
5 loan program by means of materially false and fraudulent pretenses, representations, and
6 promises, as further and more particularly set forth below.

7 **Manner and Means**

8 16. It was part of the scheme and artifice to defraud that MCCLELLON
9 submitted and caused to be submitted at least seven false and misleading loan
10 applications to various financial institutions seeking to obtain funds related to the PPP on
11 behalf of corporate entities registered in Washington State that he owned and controlled,
12 including Frostlake, Skylake, and Cannonlake (collectively, the “McClellon Entities”).

13 17. It was further part of the scheme and artifice to defraud that MCCLELLON
14 successfully obtained at least three PPP loans on behalf of the McClellon Entities totaling
15 at least \$500,948.

16 18. It was further part of the scheme and artifice to defraud that MCCLELLON
17 submitted a loan application to Bank One (through Company One), seeking at least
18 \$20,833 in funds under the PPP for Frostlake.

19 19. It was further part of the scheme and artifice to defraud that MCCLELLON
20 included in the loan application to Bank One (through Company One) multiple materially
21 false statements, including but not limited to:

22 a. That Frostlake had average monthly payroll of approximately
23 \$8,334; and

24 b. That Frostlake was in operation on February 15, 2020, and had
25 employees for whom it paid salaries and payroll taxes or paid independent contractors.

26 20. It was further part of the scheme and artifice to defraud that MCCLELLON
27 submitted a PPP loan application to Bank Two seeking at least \$282,800 in funds on
28 behalf of Skylake.

21. It was further part of the scheme and artifice to defraud that MCCLELLON included in the loan application to Bank Two multiple materially false statements, including but not limited to:

- a. That Skylake had 13 employees; and
- b. That Skylake was in operation on February 15, 2020, and had employees for whom it paid salaries and payroll taxes or paid independent contractors.

22. It was further part of the scheme and artifice to defraud that MCCLELLON submitted a PPP loan application to Bank Three seeking at least \$197,315 in funds on behalf of Cannonlake.

23. It was further part of the scheme and artifice to defraud that MCCLELLON included in the loan application to Bank Three multiple materially false statements, including but not limited to:

- a. That Cannonlake had 13 employees; and
- b. That Cannonlake was in operation on February 15, 2020, and had employees for whom it paid salaries and payroll taxes or paid independent contractors.

Execution

24. On or about the dates identified below, in King County, within the Western District of Washington, and elsewhere, for the purpose of executing and attempting to execute this scheme and artifice to defraud financial institutions, and to obtain moneys, funds, assets, and other property owned by and under the custody and control of financial institutions by means of materially false and fraudulent pretenses, representations and promises, MCCLELLON knowingly caused to be conducted the following acts, with each act constituting a separate Count of this Indictment:

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Count	Approximate Date	Description
1	May 12, 2020	MCCLELLON submitted a fraudulent application with false supporting documentation to Bank One (through Company One) for a PPP loan in the name of Frostlake.
2	June 11, 2020	MCCLELLON submitted a fraudulent application with false supporting documentation to Bank Two for a PPP loan in the name of Skylake.
3	June 23, 2020	MCCLELLON submitted a fraudulent application with false supporting documentation to Bank Three for a PPP loan in the name of Cannonlake.

All in violation of Title 18, United States Code, Sections 1344 and 2.

FORFEITURE ALLEGATION

The allegations contained in Counts 1-3 of this Indictment are hereby realleged and incorporated by reference for the purpose of alleging forfeiture. Upon conviction of any of the offenses alleged in Counts 1-3, the defendant, DONTE JAMAL MCCLELLON, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982(a)(2), any property that constitutes or is traceable to proceeds of the offense, including but not limited to a sum of money reflecting the proceeds the defendant obtained as a result of the offense.

Substitute Assets. If any of the above-described forfeitable property, 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 party;
- 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 divided without difficulty,

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1 it is the intent of the United States to seek the forfeiture of any other property of the
2 defendant, up to the value of the above-described forfeitable property, pursuant to
3 Title 21, United States Code, Section 853(p).
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5 A TRUE BILL:

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7 DATED:

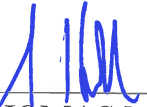
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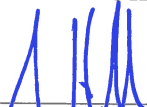
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9 *Signature of Foreperson redacted pursuant*
10 *to the policy of the Judicial Conference of*
11 *the United States.*

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13 FOREPERSON

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 for
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