TRINA A. HIGGINS, United States Attorney (#7349)
TODD C. BOUTON, Assistant United States Attorney (#17800)
Attorneys for the United States of America
Office of the United States Attorney
111 South Main Street, Suite 1800
Salt Lake City, Utah 84111-2176
Telephone: (801) 524-5682
Email: todd.bouton@usdoj.gov

FILED US District Court-UT
FEB 28 '24 PM03:51

IN THE UNITED STATES DISTRICT COURT

DISTRICT OF UTAH

UNITED STATES OF AMERICA, Plaintiff, vs. HALEE ANN MEHLBAUER, TIMOTHY GEORGE LOPEZ, and RICK A. BOLTON, Defendants.	VIOLATIONS: COUNTS 1-7: 18 U.S.C. §§ 1343 and 2, Wire Fraud and Aiding and Abetting (as to Mehlbauer, Lopez, and Bolton) COUNT 8: 18 U.S.C. § 1957, Money Laundering (as to Mehlbauer only) Case: 2:24-cr-00061 Assigned To : Barlow, David Assign. Date : 2/27/2024

The Grand Jury Charges:

I. BACKGROUND

At all times relevant to this Indictment:

1. Defendants HALEE ANN MEHLBAUER ("MEHLBAUER"), TIMOTHY GEORGE LOPEZ ("LOPEZ"), and RICK A. BOLTON ("BOLTON") (and collectively, "DEFENDANTS") were residents of Tooele, Utah, in the District of Utah.

2. During the COVID-19 pandemic, MEHLBAUER, LOPEZ, and BOLTON worked together to defraud the COVID-19 relief program, dubbed the Paycheck Protection Program ("PPP" or "PPP Program"), and related lenders out of approximately $195,930.50, and attempted to defraud them out of another approximately $226,312, by fraudulently applying for a total of approximately $422,242.50 in PPP Loans.

3. MEHLBAUER, LOPEZ, and BOLTON specifically defrauded and attempted to defraud the PPP Program, the Small Business Administration ("SBA") which administered the program, and lenders issuing loans through the program—by submitting false and fraudulent statements on behalf of (generally) nonexistent companies (a) to several lenders in at least ten separate PPP-Loan applications, and (b) directly or indirectly to the SBA in at least five related PPP-Loan forgiveness applications.

4. In the PPP-Loan applications, DEFENDANTS fabricated employee, payroll, and revenue amounts in an attempt to obtain a total of approximately $422,242.50 in PPP Program loans ("PPP Loans"). In the five related loan-forgiveness applications, DEFENDANTS then also made false statements to the SBA regarding their use of the loan funds. They did so in order to improperly obtain loan forgiveness for approximately $158,477.50 worth of their fraudulently obtained PPP-Loans.

5. To commit their fraud, DEFENDANTS made use of, among other things, online PPP-Loan applications and loan-forgiveness applications and EFT payments from their lenders to various financial accounts in Utah over which DEFENDANTS had custody and control, including a Republic Bank of Chicago account ending in x0311, a Fidelity

Investments account ending in x4090, Bancorp Bank accounts ending in x7491 and x2958, and a Capital One account ending in x7067.

The Small Business Administration

6. The SBA is an executive branch agency of the United States government that supports entrepreneurs and small businesses. The mission of the SBA is 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.

7. As part of this effort, the SBA enables and provides loans through banks, credit unions, and other lenders. Some of these loans have government-backed guarantees.

The Paycheck Protection Program

8. On March 27, 2020, the President signed into law the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). This Act was an economic stimulus bill that provided emergency financial assistance to small business owners, including agricultural businesses, and nonprofit organizations in all U.S. states, Washington D.C., and territories which were affected by the COVID-19 pandemic. One form of assistance 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 the PPP Program.

9. As discussed more fully below, the PPP program, which is operated by the SBA, provided small businesses with funding to meet specific business obligations, including payroll and rent. The PPP program permitted participating third-party lenders to approve and disburse SBA-backed PPP Loans to cover payroll, fixed debts, utilities, rent/mortgage, accounts payable, and other bills incurred by qualifying businesses during,

and resulting from, the COVID-19 pandemic. PPP Loans were fully guaranteed by the SBA. In the event of default, the SBA would fully satisfy the lender for any balance remaining on the loan. Further, the SBA would forgive any loan up to 100 percent if the borrower established it had utilized 60 percent of the loan on payroll costs in the 24-week period post-disbursement, with the remaining 40 percent going toward covered mortgage interest payments, covered rent payments, covered utilities, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures. Whatever portion was not forgiven was serviced as a loan.

10. The SBA promulgated regulations concerning eligibility for a PPP Loan. 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, including that the business was in operation on February 15, 2020 and either had employees for whom it paid salaries and payroll taxes or paid independent contractors, as reported on a "Form 1099-MISC." Specifically, in the PPP-Loan application (SBA Form 2483), the small business (through its authorized representative) was required to state its: (a) average monthly payroll expenses; and (b) number of employees.

11. In addition to providing the above information, a business applying for a PPP Loan was required to provide documentation showing its payroll expenses. This payroll information was material to the loan application because, pursuant to statutory requirements and implementing regulations, the amount of the loan that typically could be approved was

a function of the applicant's historical payroll costs, consisting of compensation to its employees whose principal place of residence was the United States, subject to certain exclusions. Once approved for a PPP Loan by a participating third-party lender, small businesses could receive loans of up to $10,000,000.

Sole Proprietorship Eligibility for PPP Loans

12. Individuals who operated a business under a "sole proprietorship" business structure were also eligible for a PPP Loan. To qualify for 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 on a "Form 1040 Schedule C," for a given tax year. As with other PPP Loans, this information and supporting documentation was used to calculate the amount of money the individual was entitled to receive under the PPP program. The maximum loan amount for a sole proprietor with no employees was $20,833.

PPP Loan Applicants Certified the Accuracy of the Information in their Applications

13. By signing a PPP-Loan application, each applicant attested and certified that the information provided in the application and in all supporting documents and forms submitted with the application was true and accurate, and that the applicant understood that knowingly making a false statement to obtain a PPP Loan was a crime.

PPP-Loan Application Processing Through Interstate Servers

14. A PPP-Loan application was processed by the third-party participating lender with whom the application was filed. If a PPP-Loan application was approved, the participating lender would fund the PPP Loan. In order to encourage PPP Loans to be issued, the loan was guaranteed by the SBA. Data from the application, including

information from 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.

PPP-Loan Applications Submitted Through August 8, 2020 (PPP Rounds 1-2)

15. PPP-Loan applications submitted through August 8, 2020 were part of the first and second rounds of PPP Loans.

16. The PPP-Loan applications from the first and second rounds were received through the SBA E-Tran server which is located in Sterling, Virginia. PPP lenders then disbursed the funds to the borrower and submitted disbursement details into the SBA E-Tran system located in Sterling, Virginia. The SBA transmitted the PPP-Loan processing fee to the lenders through the Financial Management System ("FMS") to the Treasury. The primary server for the FMS is in Sterling, Virginia. The lenders would then generally transmit the loan funds to the borrower's bank account as directed by the borrower.

PPP-Loan Applications Submitted After January 11, 2021 (PPP Round 3)

17. PPP-Loan applications submitted after January 11, 2021 were part of the third round of PPP Loans. These PPP-Loan applications were received through the Summit platform, a cloud-based platform utilizing AWS GOV cloud servers located in Oregon. PPP lenders submitted disbursement details into the SBA E-Tran system in Sterling, Virginia. E-Tran transmitted the PPP processing fee to the lender through the FMS system to the Treasury. The primary server for FMS was and is in Sterling, Virginia.

"First-Draw" and "Second-Draw" PPP-Loans

18. Qualified PPP-Loan applicants could receive up to two separate PPP Loans. These staggered loans were referred to as "First-Draw" and "Second-Draw" PPP Loans.

First-Draw PPP Loans were first offered to certain qualifying businesses. Second-Draw PPP Loans were later offered to qualifying businesses who had already received and properly used a First-Draw PPP Loan, and could demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020.

Authorized Use of PPP-Loan Funds and Forgiveness of PPP Loans

19. The proceeds of a PPP Loan could be used only for certain specified items, such as payroll costs, costs related to the continuation of group health care benefits, or mortgage interest payments. The proceeds of a PPP loan were not permitted to be used by the borrowers to purchase consumer goods, automobiles, personal residences, clothing, jewelry, to pay the borrower's personal federal income taxes, or to fund the borrower's ordinary day-to-day living expenses unrelated to the specified authorized expenses.

20. If a borrower used PPP-Loan funds for authorized expenses, the borrower could later apply for forgiveness of all the loan proceeds properly expended.

21. PPP-Loan Forgiveness Applications from PPP lenders were received through a cloud-based platform (Summit) through the AWS GOV cloud server located in Oregon. The SBA then transmitted PPP-Loan forgiveness payments from the SBA to the PPP lender through the FMS system to the Treasury. The primary server for the FMS system is in Sterling, Virginia.

Lenders

22. MBE Capital Partners, LLC ("MBE Capital Partners") was an independent finance provider for small- to middle-market companies. MBE Capital was headquartered

in Fort Lee, New Jersey. When the PPP-Loan program was in operation, MBE Capital Partners offered PPP Loans to customers.

23. Itria Ventures LLC, ("Itria Ventures") was a direct lender with its principal place of business in New York, New York. When the PPP-Loan program was in operation, Itria Ventures offered PPP Loans to customers.

24. Fountainhead SBF, LLC ("Fountainhead SBF") was a direct commercial lender specializing in SBA and conventional financing for small and midsized businesses, with its principal place of business in Lake Mary, Florida. When the PPP-Loan program was in operation, Fountainhead SBF offered PPP Loans to customers.

25. DreamSpring Finance ("DreamSpring") was a nonprofit organization that increased access to business credit and made loans to entrepreneurs across the United States. DreamSpring was headquartered in Albuquerque, New Mexico. When the PPP-Loan program was in operation, DreamSpring offered PPP Loans to customers.

26. Harvest Small Business Finance, LLC ("Harvest Small Business Finance") was an SBA lender that originated, owned, sold, and serviced small business loans backed by first-lien, owner-occupied, multi-purpose commercial real estate. Harvest Small Business Finance was headquartered in Laguna Hills, California. When the PPP-Loan program was in operation, Harvest Small Business Finance offered PPP Loans to customers.

27. Funding Circle USA ("Funding Circle") was a direct lender that provided fast, affordable small business loans in the United States. Funding Circle was headquartered in Denver, Colorado. When the PPP-Loan program was in operation, Funding Circle offered

PPP Loans to customers and processed PPP-Loan applications through data centers located in Virginia.

II. THE SCHEME AND ARTIFICE TO DEFRAUD

28. Beginning on or around July 15, 2020, and continuing to and including on or around at least January 15, 2022, within the District of Utah and elsewhere, the defendants,

HALEE ANN MEHLBAUER,
TIMOTHY GEORGE LOPEZ,
and RICK A. BOLTON,

knowingly devised and executed a scheme and artifice to defraud lenders and the SBA and sought to obtain money and property from lenders and the SBA by means of materially false and fraudulent pretenses, representations and promises, and omissions of material facts.

III. MANNER AND MEANS OF THE SCHEME AND ARTIFICE TO DEFRAUD

29. It was part of the scheme and artifice to defraud, and in execution and furtherance thereof, that DEFENDANTS attempted to obtain money from several lenders and entities and from the SBA, in the form of approximately $422,242.50 in PPP-Loan proceeds, through false statements, misrepresentations, deception, and omissions of material facts, and to then use those loan proceeds to:

a. Pay for DEFENDANTS' unauthorized personal expenses, such as gambling expenses, debt payments, car rental payments, and other miscellaneous expenses that were not related to any authorized payroll expenses;

b. Transfer at least approximately $49,475.02 to MEHLBAUER in the form of personal checks:

(1) One check for $42,481.50 on or about February 8, 2021; and

(2) Another check for $6,993.52 on or about February 8, 2021; and

c. Attempt to obtain forgiveness of as much of the loan proceeds as possible.

30. In executing and attempting to execute the scheme and artifice to defraud, and in furtherance thereof, MEHLBAUER, LOPEZ, and BOLTON made false and fraudulent pretenses, representations, promises, and omissions of material facts to certain lenders, nonprofit organizations, finance providers, and the SBA, in violation of 18 U.S.C. § 1343 (Wire Fraud) by, among other things:

a. Submitting and causing to be submitted a fraudulent PPP-Loan application to MBE Capital Partners (for MEHLBAUER) on or about July 15, 2020;

b. Submitting and causing to be submitted a fraudulent PPP-Loan application to Itria Ventures (for MEHLBAUER) on or about January 31, 2021;

c. Submitting and causing to be submitted a fraudulent PPP-Loan application to Funding Circle (for BOLTON) on or about February 7, 2021;

d. Submitting and causing to be submitted a fraudulent PPP-Loan application to Fountainhead SBF (for MEHLBAUER) on or about March 17, 2021;

e. Submitting and causing to be submitted a fraudulent PPP-Loan application to DreamSpring (for BOLTON) on or about March 20, 2021;

f. Submitting and causing to be submitted a fraudulent PPP-Loan application to Harvest Small Business Finance (for BOLTON) on March 23, 2021;

g. Submitting and causing to be submitted a fraudulent PPP-Loan application to DreamSpring (for LOPEZ) on or about March 25, 2021;

h. Submitting and causing to be submitted a fraudulent PPP-Loan application to Fountainhead SBF (for MEHLBAUER) on or about April 4, 2021;

i. Submitting and causing to be submitted a fraudulent PPP-Loan application to DreamSpring (for LOPEZ) on or about April 13, 2021;

j. Submitting and causing to be submitted a fraudulent PPP-Loan application to Harvest Small Business Finance (for BOLTON) on or about May 28, 2021.

k. Submitting and causing to be submitted a fraudulent PPP-Loan Forgiveness application to the SBA (for MEHLBAUER) on or about September 15, 2021;

l. Submitting and causing to be submitted a fraudulent PPP-Loan Forgiveness application to the SBA (for BOLTON) on or about September 22, 2021;

m. Submitting and causing to be submitted a fraudulent PPP-Loan Forgiveness application to the SBA (for MEHLBAUER) on or about September 30, 2021; and

n. Submitting and causing to be submitted two more fraudulent PPP-Loan Forgiveness applications to DreamSpring (for LOPEZ) on January 15, 2022.

31. Material misrepresentations made in each of the fraudulent PPP-Loan applications and PPP-Loan Forgiveness applications are identified in more detail below.

July 15, 2020 PPP-Loan Application Submitted Through MBE Capital Partners (for MEHLBAUER):

32. On or about July 15, 2020, MEHLBAUER completed and submitted a PPP-Loan application to MBE Capital Partners for a First-Draw PPP Loan in the amount of approximately $35,000.

33. In execution and furtherance of the scheme and artifice to defraud, MEHLBAUER made, or caused to be made, one or more of the following false, fraudulent, and material representations to MBE Capital Partners that:

a. She was the sole proprietor of a business called "Halee Mehlbauer" (the "MEHLBAUER BUSINESS") which had been in operation as of February 15, 2020; when in fact, it had not been;

b. The MEHLBAUER BUSINESS had 5 employees; when in fact, it did not;

c. The MEHLBAUER BUSINESS had an average monthly payroll of $14,000; when in fact, it did not;

d. The 2019 and 2020 IRS Form 941s MEHLBAUER submitted along with the PPP-Loan Application accurately reflected the amount of wages, tips, and other compensation that the MEHLBAUER BUSINESS had paid employees in 2019 and 2020; when in fact, they did not; and

e. The information provided in the PPP-Loan application and the information provided in all supporting documents and forms was true and accurate in all material respects; when in fact, it was not.

34. The PPP-Loan application was approved, and, on or about August 14, 2020, approximately $32,800 were deposited into MEHLBAUER's Republic Bank of Chicago Account in Utah ending in x0311.

///

///

///

January 31, 2021 PPP-Loan Application Submitted Through Itria Ventures (for MEHLBAUER):

35. On or about January 31, 2021, MEHLBAUER completed and submitted a PPP-Loan application to Itria Ventures for a Second-Draw PPP Loan in the amount of approximately $58,481.50.

36. In execution and furtherance of the scheme and artifice to defraud, MEHLBAUER made, or caused to be made, one or more of the following false, fraudulent, and material representations to Itria Ventures that:

a. She was the sole proprietor of the MEHLBAUER BUSINESS which had been in operation as of February 15, 2020; when in fact, it had not been;

b. The MEHLBAUER BUSINESS had 4 employees; when in fact, it did not;

c. The MEHLBAUER BUSINESS had an average monthly payroll of $16,709; when in fact, it did not;

d. The 2019 IRS Form 940 that MEHLBAUER submitted along with the PPP-Loan Application accurately reflected the amount of payroll taxes that MEHLBAUER BUSINESS had paid employees in 2019 (approximately $103,878.37); when in fact, it did not;

e. The 2020 IRS Form 941 that MEHLBAUER submitted along with the PPP-Loan Application accurately reflected the amount of wages, tips, other compensation, and payroll taxes that the MEHLBAUER BUSINESS had paid employees in the first quarter of 2020 (approximately $40,582.31); when in fact, it did not;

f. The 2019 IRS 1040 Tax Form Schedule C that MEHLBAUER submitted along with the PPP-Loan Application accurately reflected that the MEHLBAUER BUSINESS had approximately $159,976 in gross receipts or sales, and $129,161 in gross income in 2019; when in fact, it did not; and

g. The information provided in the PPP-Loan application and the information provided in all supporting documents and forms was true and accurate in all material respects; when in fact, it was not.

37. The PPP-Loan application was approved, and, on or about February 2, 2021, approximately $58,481.50 were deposited into MEHLBAUER's Fidelity Investments Account in Utah ending in x4090.

February 7, 2021 PPP-Loan Application Submitted Through Funding Circle (for BOLTON):

38. On or about February 7, 2021, MEHLBAUER and BOLTON caused to be completed and submitted a PPP-Loan application to Funding Circle for a First-Draw PPP Loan in the amount of approximately $92,190.

39. In execution and furtherance of the scheme and artifice to defraud, MEHLBAUER and BOLTON made, or caused to be made, one or more of the following false, fraudulent, and material representations to Funding Circle:

a. That BOLTON was the sole proprietor of a business called "Rick Bolton" ("the BOLTON BUSINESS");

b. The BOLTON BUSINESS had 6 employees; when in fact, it did not;

c. The BOLTON BUSINESS had an average monthly payroll of $36,876; when in fact, it did not;

d. The 2020 1040 Tax Form Schedule C that MEHLBAUER and BOLTON submitted along with the PPP-Loan Application accurately reflected that the BOLTON BUSINESS had approximately $389,472 in gross receipts or sales, and $316,333 in gross income in 2020; when in fact, it did not; and

e. The image of a 2020 Payroll Tax Return (a Form 941) that MEHLBAUER and BOLTON submitted along with the PPP-Loan Application accurately reflected that the Bolton Business had paid $122,789 in wages to five employees in 2020; when in fact, it had not.

40. Funding Circle denied the loan application.

March 17, 2021 PPP-Loan Application Submitted Through Fountainhead SBF (for MEHLBAUER):

41. On or about March 17, 2021, MEHLBAUER completed and submitted a PPP-Loan Application to Fountainhead SBF for a First-Draw PPP Loan in the amount of approximately $18,621.

42. In execution and furtherance of the scheme and artifice to defraud, MEHLBAUER made, or caused to be made, one or more of the following false, fraudulent, and material representations to Fountainhead SBF:

///

///

a. She was self-employed under the DBA or Tradename "Halee Mehlbauer" dba RNRAK EVERYTHING STORE (the "SELF-EMPLOYED MEHLBAUER BUSINESS");
b. The SELF-EMPLOYED MEHLBAUER BUSINESS had been in operation as of February 15, 2020; when in fact, it had not been;
c. MEHLBAUER was not the owner of any other business; when, in fact, she had previously claimed to be the owner of the MEHLBAUER BUSINESS and submitted two prior PPP-Loan applications for that business;
d. In 2019, the SELF-EMPLOYED MEHLBAUER BUSINESS had gross annual income of $89,382; when, in fact, it did not;
e. The 2020 IRS Tax Form 1040 Schedule C that MEHLBAUER submitted along with the PPP-Loan Application accurately reflected that the SELF-EMPLOYED MEHLBAUER BUSINESS had $138,543 in gross receipts or sales, and $97,015 in gross income in 2020; when in fact, it did not; and
f. The information provided in the PPP-Loan application and the information provided in all supporting documents and forms was true and accurate in all material respects; when in fact, it was not.

43. The PPP-Loan application was approved, and, on or about March 30, 2021, approximately $18,621 were deposited into MEHLBAUER's Bancorp Bank Account in Utah ending in x7491.

///

///

March 20, 2021 PPP-Loan Application Submitted Through DreamSpring (for BOLTON):

44. On or about March 20, 2021, MEHLBAUER and BOLTON caused to be completed and submitted a PPP-Loan Application to DreamSpring for a First-Draw PPP Loan in the amount of approximately $107,661.

45. In execution and furtherance of the scheme and artifice to defraud, MEHLBAUER and BOLTON made, or caused to be made, one or more of the following false, fraudulent, and material representations to DreamSpring:

a. That BOLTON was the sole proprietor of a business called "Rick Bolton" ("the BOLTON BUSINESS") which had been in operation as of February 15, 2020; when in fact, it had not been;

b. The BOLTON BUSINESS had 1 employee; when in fact, it did not;

c. The BOLTON BUSINESS had an average monthly payroll of $34,731; when in fact, it did not; and

d. The 2020 IRS 1040 Tax Form Schedule C that MEHLBAUER and BOLTON submitted along with the PPP-Loan Application accurately reflected that the BOLTON BUSINESS had approximately $589,265 in gross receipts or sales, and $576,508 in gross income in 2020; when in fact, it did not.

46. DreamSpring denied the loan application.

///

///

///

March 23, 2021 PPP-Loan Application Submitted Through Harvest Small Business Finance (for BOLTON):

47. On or about March 23, 2021, MEHLBAUER and BOLTON caused to be completed and submitted to Harvest Small Business Finance a PPP-Loan application for a First-Draw PPP Loan in the amount of approximately $18,900.

48. In execution and furtherance of the scheme and artifice to defraud, MEHLBAUER and BOLTON made, or caused to be made, one or more of the following false, fraudulent, and material representations to Harvest Small Business Finance:

a. That BOLTON was the sole proprietor of a business called "Rick Bolton" ("the BOLTON BUSINESS") which had been in operation as of February 15, 2020; when in fact, it had not been;

b. The BOLTON BUSINESS had an average monthly payroll for a single employee of about $7,560.33; when in fact, it did not;

c. The 2020 IRS 1040 Tax Form Schedule C submitted along with the PPP-Loan Application accurately reflected that the BOLTON BUSINESS had approximately $137,823 in gross receipts or sales, and $90,724 in gross income in 2020; when in fact, it did not; and

d. The information provided in the PPP-Loan application and the information provided in all supporting documents and forms was true and accurate in all material respects; when in fact, it was not.

///

49. The PPP-Loan application was approved, and, on or about April 14, 2021, approximately $18,900 were deposited into BOLTON's Capital One Account in Utah ending in x7067.

50. Before BOLTON could spend the loan funds, Capital One placed a hold on the loan funds and returned them to the lender.

March 25, 2021 PPP-Loan Application Submitted Through DreamSpring (for LOPEZ):

51. On or about March 25, 2021, MEHLBAUER and LOPEZ caused to be completed and submitted a PPP-Loan application to DreamSpring for a First-Draw PPP Loan in the amount of approximately $20,211.

52. In execution and furtherance of the scheme and artifice to defraud, MEHLBAUER and LOPEZ made, or caused to be made, one or more of the following false, fraudulent, and material representations to DreamSpring:

a. That LOPEZ was the sole proprietor of a business called "Timothy Lopez" ("the LOPEZ BUSINESS") which had been in operation as of February 15, 2020;

b. The 2020 IRS 1040 Tax Form Schedule C submitted along with the PPP-Loan Application accurately reflected that the LOPEZ BUSINESS had approximately $138,543 in gross receipts or sales, and $97,015 in gross income in 2020; when in fact, it did not; and

///

c. The information provided in the PPP-Loan application and the information provided in all supporting documents and forms was true and accurate in all material respects; when in fact, it was not.

53. The PPP-Loan application was approved, and, on or about April 27, 2021, approximately $20,211 were deposited into LOPEZ's Bancorp Bank Account in Utah ending in x2958.

April 4, 2021 PPP-Loan Application Submitted Through Fountainhead SBF (for MEHLBAUER):

54. On or about April 4, 2021, MEHLBAUER completed and submitted another PPP-Loan application to Fountainhead SBF for another Second-Draw PPP Loan in the amount of approximately $18,621.

55. In execution and furtherance of the scheme and artifice to defraud, MEHLBAUER made, or caused to be made, one or more of the following false, fraudulent, and material representations to Fountainhead SBF:

a. She was self-employed under the DBA or Tradename "Halee Mehlbauer" (the "SELF-EMPLOYED MEHLBAUER BUSINESS");

b. The SELF-EMPLOYED MEHLBAUER BUSINESS had been in operation as of February 15, 2020; when in fact, it had not been;

c. MEHLBAUER was not the owner of any other business; when, in fact, she had previously claimed to be the owner of the MEHLBAUER BUSINESS and submitted two prior PPP-Loan applications for that business;

d. In 2019, the SELF-EMPLOYED MEHLBAUER BUSINESS had gross annual income of $89,382; when, in fact, it did not;

e. The 2020 IRS 1040 Tax Form Schedule C that MEHLBAUER submitted along with the PPP-Loan Application accurately reflected that the SELF-EMPLOYED MEHLBAUER BUSINESS had $138,543 in gross receipts or sales, and $97,015 in gross income in 2020; when in fact, it did not; and

f. The information provided in the PPP-Loan application and the information provided in all supporting documents and forms was true and accurate in all material respects; when in fact, it was not.

56. The PPP-Loan application was approved, and, on or about April 26, 2021, approximately $18,621 were deposited into MEHLBAUER's Bancorp Bank Account in Utah ending in x7491.

April 13, 2021 PPP-Loan Application Submitted Through DreamSpring (for LOPEZ):

57. On or about April 13, 2021, MEHLBAUER and LOPEZ caused to be completed and submitted a PPP-Loan application to DreamSpring for a Second-Draw PPP Loan in the amount of approximately $28,296.

58. In execution and furtherance of the scheme and artifice to defraud, MEHLBAUER and LOPEZ made, or caused to be made, one or more of the following false, fraudulent, and material representations to DreamSpring:

///

///

a. That LOPEZ was the sole proprietor of a business called "Timothy Lopez" ("the LOPEZ BUSINESS") which had been in operation as of February 15, 2020;

b. The 2020 IRS 1040 Tax Form Schedule C submitted along with the PPP-Loan Application accurately reflected that the LOPEZ BUSINESS had approximately $138,543 in gross receipts or sales, and $97,015 in gross income in 2020; when in fact, it did not; and

c. The information provided in the PPP-Loan application and the information provided in all supporting documents and forms was true and accurate in all material respects; when in fact, it was not.

59. The PPP-Loan application was approved, and, on or about June 22, 2021, approximately $28,296 were deposited into LOPEZ's Bancorp Bank Account in Utah ending in x2958.

May 28, 2021 Second-Draw PPP-Loan Application Submitted Through Harvest Small Business Finance (for BOLTON):

60. On or about May 28, 2021, MEHLBAUER and BOLTON caused to be completed and submitted a PPP-Loan application to Harvest Small Business Finance for a Second-Draw PPP Loan in the amount of approximately $26,461.

61. In execution and furtherance of the scheme and artifice to defraud, MEHLBAUER and BOLTON made, or caused to be made, one or more of the following false, fraudulent, and material representations to Harvest Small Business Finance:

///

///

a. That BOLTON was the sole proprietor of a business called "Rick Bolton" ("the BOLTON BUSINESS") which had been in operation as of February 15, 2020;

b. The BOLTON BUSINESS had an annual gross income in 2020 of approximately $90,724; when in fact, it did not; and

c. The information provided in the PPP-Loan application and the information provided in all supporting documents and forms was true and accurate in all material respects; when in fact, it was not.

62. Harvest Small Business Finance denied the loan application.

September 15, 2021 PPP-Loan Forgiveness Application Submitted Through the SBA Direct Forgiveness Portal (for MEHLBAUER):

63. On or about September 15, 2021, MEHLBAUER completed and submitted a PPP-Loan Forgiveness Application through the SBA's direct forgiveness portal requesting forgiveness of the entire approximately $58,481.50 in PPP-Loan proceeds from the First-Draw PPP Loan she applied for on or about January 31, 2021.

64. In execution and furtherance of the scheme and artifice to defraud, MEHLBAUER made, or caused to be made, one or more of the following false, fraudulent, and material representations to the SBA:

a. The MEHLBAUER BUSINESS had 4 employees at the time of the PPP-Loan application and at the time of the PPP-Loan Forgiveness Application; when in fact, it did not have 4 employees at either time;

b. The MEHLBAUER BUSINESS had payroll costs of $58,481.50 between February 1, 2021 and July 18, 2021; when in fact, it did not;

c. The dollar amount for which the MEHLBAUER BUSINESS requested forgiveness ($58,481.50) was used to pay authorized payroll costs that were eligible for forgiveness; when in fact, it was not;

d. The Borrower had verified the payments for the eligible payroll costs for which the Borrower was requesting forgiveness; when in fact, it had not; and

e. The information provided in the PPP-Loan Forgiveness Application was true and correct in all material respects; when in fact, it was not.

65. After making the misrepresentations and false statements in the PPP-Loan Forgiveness Application, the MEHLBAUER BUSINESS obtained forgiveness of the approximately $58,481.50 PPP Loan.

September 22, 2021 PPP-Loan Forgiveness Application Submitted Through the SBA Direct Forgiveness Portal (for BOLTON):

66. On or about September 22, 2021, MEHLBAUER and BOLTON completed and submitted a PPP-Loan Forgiveness Application through the SBA's direct forgiveness portal requesting forgiveness of the entire approximately $18,900 in PPP-Loan proceeds from the First-Draw PPP Loan they applied for on or about March 23, 2021.

67. In execution and furtherance of the scheme and artifice to defraud, MEHLBAUER and BOLTON made, or caused to be made, one or more of the following false, fraudulent, and material representations to the SBA:

/ / /

a. The BOLTON BUSINESS had 2 employees at the time of the PPP-Loan application and at the time of the PPP-Loan Forgiveness Application; when in fact, it did not have 2 employees at either time;

b. The BOLTON BUSINESS had payroll costs of $18,900 between April 14, 2021 and September 22, 2021; when in fact, it did not;

c. The dollar amount for which the BOLTON BUSINESS requested forgiveness ($18,900) was used to pay authorized payroll costs that were eligible for forgiveness; when in fact, it was not;

d. The Borrower had verified the payments for the eligible payroll costs for which the Borrower was requesting forgiveness; when in fact, it had not; and

e. The information provided in the PPP-Loan Forgiveness Application was true and correct in all material respects; when in fact, it was not.

68. Even though the loan funds had never been released to BOLTON, after making the misrepresentations and false statements in the PPP-Loan Forgiveness Application, the BOLTON BUSINESS obtained forgiveness of the approximately $18,900 PPP Loan.

September 30, 2021 PPP-Loan Forgiveness Application Submitted Through the SBA Direct Forgiveness Portal (for MEHLBAUER):

69. On or about September 30, 2021, MEHLBAUER completed and submitted a PPP-Loan Forgiveness Application through the SBA's direct forgiveness portal requesting forgiveness of the entire approximately $32,800 in PPP-Loan proceeds from the First-Draw PPP Loan she applied for on or about July 15, 2020.

70. In execution and furtherance of the scheme and artifice to defraud, MEHLBAUER made, or caused to be made, one or more of the following false, fraudulent, and material representations to the SBA:

a. The MEHLBAUER BUSINESS had 2 employees at the time of the PPP-Loan application and at the time of the PPP-Loan Forgiveness Application; when in fact, it did not have 2 employees at either time;

b. The MEHLBAUER BUSINESS had payroll costs of $32,800 between August 6, 2020 and January 20, 2021; when in fact, it did not;

c. The dollar amount for which the MEHLBAUER BUSINESS requested forgiveness ($32,800) was used to pay for $32,800 in payroll costs that were eligible for forgiveness; when in fact, the money was used to pay for other unauthorized expenses;

d. The Borrower had verified the payments for the eligible payroll for which the Borrower was requesting forgiveness; when in fact, it had not; and

e. The information provided in the PPP-Loan Forgiveness Application was true and correct in all material respects; when in fact, it was not.

71. After making the misrepresentations and false statements in the PPP-Loan Forgiveness Application, the MEHLBAUER BUSINESS obtained forgiveness of the approximately $32,800 PPP Loan.

///

///

///

January 15, 2022 PPP-Loan Forgiveness Application Submitted Through DreamSpring for $20,211 in Forgiveness (for LOPEZ):

72. On or about January 15, 2022, MEHLBAUER and LOPEZ completed or caused to be completed, and submitted or caused to be submitted, a PPP-Loan Forgiveness Application through DreamSpring to the SBA requesting forgiveness of the entire approximately $20,211 in PPP-Loan proceeds from the First-Draw PPP Loan they applied for on behalf of the LOPEZ BUSINESS on or about March 25, 2021.

73. In execution and furtherance of the scheme and artifice to defraud, MEHLBAUER and LOPEZ made, or caused to be made, one or more of the following false, fraudulent, and material representations to DreamSpring:

a. The LOPEZ BUSINESS had 2 employees at the time of the PPP-Loan application, and 3 employees at the time of the PPP-Loan Forgiveness Application; when in fact, it did not have the stated number of employees at either time;

b. The LOPEZ BUSINESS had $20,211 of authorized payroll costs within the first weeks of the underlying loan disbursement;

c. The entire dollar amount for which the LOPEZ BUSINESS requested forgiveness ($20,211) was used to pay authorized payroll costs within the first 8 weeks of disbursement of the underlying loan; when in fact, it was not;

d. The Borrower had verified the payments for the eligible payroll costs for which the Borrower was requesting forgiveness; when in fact, it had not; and

///

e. The information provided in the PPP-Loan Forgiveness Application was true and correct in all material respects; when in fact, it was not.

74. After making the misrepresentations and false statements in the PPP-Loan Forgiveness Application, the LOPEZ BUSINESS obtained forgiveness of the approximately $20,211 PPP Loan.

January 15, 2022 PPP-Loan Forgiveness Application Submitted Through DreamSpring for $28,296 in Forgiveness (for LOPEZ):

75. On or about January 15, 2022, MEHLBAUER and LOPEZ completed or caused to be completed, and submitted or caused to be submitted, a PPP-Loan Forgiveness Application through DreamSpring to the SBA requesting forgiveness of the entire approximately $28,296 in PPP-Loan proceeds from the Second-Draw PPP Loan they applied for on behalf of the LOPEZ BUSINESS on or about April 13, 2021.

76. In execution and furtherance of the scheme and artifice to defraud, MEHLBAUER and LOPEZ made, or caused to be made, one or more of the following false, fraudulent, and material representations to DreamSpring:

a. The LOPEZ BUSINESS had 2 employees at the time of the PPP-Loan application, and 4 employees at the time of the PPP-Loan Forgiveness Application; when in fact, it did not have the stated number of employees at either time;

b. The LOPEZ BUSINESS had $28,296 of authorized payroll costs within the first 8 weeks of disbursement of the underlying loan; when in fact, it did not;

c. The entire dollar amount for which the LOPEZ BUSINESS requested forgiveness ($28,296) was used to pay authorized payroll costs within the first 8 weeks of disbursement; when in fact, it was not; and

d. The information provided in the PPP-Loan Forgiveness Application was true and correct in all material respects; when in fact, it was not.

77. After making the misrepresentations and false statements in the PPP-Loan Forgiveness Application, the LOPEZ BUSINESS obtained forgiveness of the approximately $28,296 PPP Loan.

COUNTS 1-7
18 U.S.C. §§ 1343 and 2
(Wire Fraud and Aiding and Abetting)

78. The factual allegations set forth above are incorporated herein by reference and realleged as though fully set forth in these Counts.

79. Beginning around July 15, 2020 and continuing in and through at least January 15, 2022, in the District of Utah and elsewhere, the defendants,

HALEE ANN MEHLBAUER,
TIMOTHY GEORGE LOPEZ,
and RICK A. BOLTON,

having devised and intended to devise a scheme and artifice to defraud, and for obtaining money and property from MBE Capital Partners, Itria Ventures, Funding Circle, Fountainhead SBF, DreamSpring, Harvest Small Business Finance, and the SBA, by means of false and fraudulent pretenses, representations, promises, and omissions of material facts, for the purpose of executing said scheme and artifice to defraud, did cause to be transmitted by means of wire communication certain writings, signs and signals, that is, an interstate wire, as represented below, each such use of wire communication being a separate count:

COUNT	DATE (On or About)	USE OF INSTERSTATE WIRES	DEFENDANT(S) FOR EACH COUNT
1	8/14/20	EFT payment in the amount of approximately $32,800 for PPP Loan No. 2672868210 from MBE Capital Partners in New Jersey to MEHLBAUER's Republic Bank of Chicago Account in the District of Utah ending in x0311.	MEHLBAUER
2	2/2/21	EFT payment in the amount of approximately $58,481.50 for PPP Loan No. 5210748306 from Itria Ventures in New York to MEHLBAUER's Fidelity Investments Account in the District of Utah ending in x4090.	MEHLBAUER
3	3/30/21	EFT payment in the amount of approximately $18,621 for PPP Loan No. 6028998603 from Fountainhead SBF in Florida to MEHLBAUER's Bancorp Bank Account in the District of Utah ending in x7491.	MEHLBAUER
4	4/14/21	EFT payment in the amount of approximately $18,900 for PPP Loan No. 2509558701 from Harvest Small Business in California to BOLTON's Capital One Account in the District of Utah ending in x7067.	MEHLBAUER and BOLTON
5	4/26/21	EFT payment in the amount of approximately $18,621 for PPP Loan No. 2490448800 from Fountainhead SBF in Florida to MEHLBAUER's Bancorp Bank Account in the District of Utah ending in x7491.	MEHLBAUER

COUNT	DATE (On or About)	USE OF INSTERSTATE WIRES	DEFENDANT(S) FOR EACH COUNT
6	4/27/21	EFT payment in the amount of approximately $20,211 for PPP Loan No. 9483958706 from DreamSpring in New Mexico to LOPEZ's Bancorp Bank Account in the District of Utah ending in x2958.	MEHLBAUER and LOPEZ
7	6/22/21	EFT payment in the amount of approximately $28,296 for PPP Loan No. 7698498904 from DreamSpring in New Mexico to LOPEZ's Bancorp Bank Account in the District of Utah ending in x2958.	MEHLBAUER and LOPEZ

80. And did aid, abet, counsel, command, induce and procure the commission of the offense as indicated above.

All in violation of 18 U.S.C. §§ 1343 and 2.

COUNT 8
18 U.S.C. § 1957
(Money Laundering)

81. The factual allegations set forth above are incorporated herein by reference and realleged as though fully set forth below.

82. On or about the dates alleged below, in the District of Utah, and elsewhere, the defendant,

HALEE ANN MEHLBAUER,

did knowingly engage and attempt to engage in the following monetary transaction by, through, and to, a financial institution, affecting interstate and foreign commerce, in criminally derived property of a value greater than $10,000.00, that was derived from a specified unlawful activity that constitutes a violation of 18 U.S.C. § 1343, as indicated in the count below:

COUNT	DATE (On or About)	MONETARY TRANSACTION
8	2/8/21	MEHLBAUER used her Fidelity Investments Account ending in x4090 to issue a cashier's check for approximately $42,481.50 to herself in order to withdraw approximately $42,481.50 in PPP-Loan funds from her account.

All in violation of Title 18 U.S.C. § 1957.

NOTICE OF INTENT TO SEEK FORFEITURE

Pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), upon conviction of any offense violating 18 U.S.C. § 1343, the defendant(s) shall forfeit to the United States of America any property, real or personal, that constitutes or is derived from proceeds traceable to the scheme to defraud. The property to be forfeited includes, but is not limited to:

- $18,900 seized from Rick Bolton's Capital One bank account on or about November 21, 2023;
- A money judgment equal to the value of any property not available for forfeiture as a result of any act or omission of the defendant(s) for one or more of the reasons listed in 21 U.S.C. § 853(p); and
- Substitute property as allowed by 28 U.S.C. § 2461(c) and 21 U.S.C. § 853(p).

Pursuant to 18 U.S.C. § 982(a)(1), upon conviction of any offense in violation of 18 U.S.C. § 1957, the defendants shall forfeit to the United States of America any property, real or personal, involved in such violations, and any property traceable to such property.

The property to be forfeited includes, but is not limited to:

- A money judgment equal to the value of all property not available for forfeiture as a result of any act or omission of the defendant(s) for one or more of the reasons listed in 21 U.S.C. § 853(p); and
- Substitute property as allowed by 18 U.S.C. § 982(b) and 21 U.S.C. § 853(p).

A TRUE BILL:

/S/

FOREPERSON OF GRAND JURY

TRINA A. HIGGINS
United States Attorney

TODD C. BOUTON
Assistant United States Attorney