UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 23-80068-Cr-Singhal/McCabe
18 U.S.C. § 1343
18 U.S.C. § 1957
18 U.S.C. § 982(a)(2)(A)
18 U.S.C. § 982(a)(l)

UNITED STATES OF AMERICA

vs.

KAREEM MEMON,

Defendant.

_______________________________/

INDICTMENT

The Grand Jury charges that:

GENERAL ALLEGATIONS

At all times relevant to this Indictment:

The CARES Act

1. 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.

2. As part of this effort, the SBA enabled and provided for loans through banks, credit unions, and other lenders. These loans had government-backed guarantees.

3. 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.

The Economic Injury Disaster Loan Program

4. The Economic Injury Disaster Loan ("EIDL") program was an SBA program that provided low-interest financing to small businesses, renters, and homeowners in regions affected by declared disasters. The CARES Act authorized the SBA to provide EIDLs of up to $2 million to eligible small businesses experiencing substantial financial disruption due to the COVID-19 pandemic.

Paycheck Protection Program

5. Another source of relief provided by the CARES Act was the authorization of forgivable loans to small businesses for payroll, mortgage interest, rent/lease, utilities, through a program referred to as the Paycheck Protection Program ("PPP"). In April 2020, Congress authorized additional PPP funding.

6. 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 expenses items within a designated period of time and used a certain percentage of the PPP loan proceeds on payroll expenses.

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

8. 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 to be eligible to obtain the PPP loan. In the PPP loan application (SBA Form 2483), the small business (through its authorized representative) was required 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 were required to provide documentation confirming their payroll expenses.

9. A PPP loan application was processed by a participating lender. If a PPP loan application was approved, the participating lender disbursed the loan funds to the applicant. While a participating lender issued the PPP loan, the loan was 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 a wire transfer by the lender to the SBA in the course of processing the loan.

10. In addition, businesses applying for the PPP loan were required to provide documentation confirming their payroll expenses. Typically, businesses supplied documents showing the amount of payroll taxes reported to the Internal Revenue Service ("IRS"). Small businesses (non-sole proprietorship) had to report and document the business' income and expenses, as typically reported to the IRS on Form W3 or Form 941. These figures and documentation were used to calculate the amount of money the small business was eligible to receive under the PPP.

The Defendant and Relevant Entity

11. Defendant **KAREEM MEMON** was a resident of Boca Raton, Florida.

12. KSM Enterprises, Inc. ("KSM") was a Florida corporation with an address listed in Coral Springs, Florida. **KAREEM MEMON** was the President of KSM.

Relevant Financial Institutions

13. Wells Fargo Bank, N.A. ("Wells Fargo") was a federally insured financial institution based in South Dakota.

14. Kabbage Inc. ("Kabbage"), headquartered in Atlanta, Georgia, was an approved SBA lender of PPP loans.

PPP and EIDL Applications

15. On or about June 24, 2020, **KAREEM MEMON** applied for an EIDL in the name of KSM. On the application for the EIDL, **KAREEM MEMON** reported gross revenue for the twelve months prior to the date of the disaster (January 31, 2020) as $246,782.00 and 1 employee.

16. On or about June 25, 2020, **KAREEM MEMON** applied for a PPP loan in the name of KSM. On the application for the PPP loan, **KAREEM MEMON** reported KSM's monthly average payroll of approximately $154,782 and 15 employees.

COUNT 1
Wire Fraud
(18 U.S.C. § 1343)

1. The General Allegations section of this Indictment is re-alleged and incorporated by reference as though fully set forth herein.

2. From in or around June 2020, continuing through in or around December 2020, in Palm Beach County, in the Southern District of Florida, and elsewhere, the defendant,

KAREEM MEMON,

did knowingly, and with the intent to defraud, devise, and intend to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, knowing that the pretenses, representations, and promises were false and fraudulent when made, and for the purpose of executing the scheme and artifice, did knowingly transmit and cause to be transmitted, by means of wire communication in interstate and foreign commerce, certain writings, signs, signals, pictures, and sounds.

PURPOSE OF SCHEME AND ARTIFICE

3. It was the purpose of the scheme and artifice for the defendant to unlawfully enrich himself, by submitting a false and fraudulent PPP loan application to Kabbage, which contained false information about average payroll expenses and number of employees, and then using the subsequent loan proceeds for his personal benefit.

MANNER AND MEANS OF THE SCHEME AND ARTIFICE

4. The matter and means by which the defendant, **KAREEM MEMON**, sought to accomplish the scheme and artifice to defraud included, among others, the following:

5. The PPP loan application submitted, or caused to be submitted, by **KAREEM MEMON** for KSM included false and fraudulent tax documents and falsely and fraudulently represented the borrowing entity's number of employees and amount of monthly payroll for 2019.

6. **KAREEM MEMON** stated in the 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, as specified under the Paycheck Protection Program Rule.

7. As a result of the false and fraudulent representations made by the Defendant in the PPP loan application submitted as part of this scheme, Kabbage disbursed PPP loan proceeds to KSM's Wells Fargo business account ending in 3088 and controlled by **KAREEM MEMON** in the amount of $386,954.00.

8. Having obtained PPP loan proceeds for KSM, **KAREEM MEMON** used portions of the loan proceeds for expenses not authorized by the Paycheck Protection Program,

including electronically wire transferred portions of the loan proceeds to the IRS.

USE OF THE WIRES

9. On or about June 25, 2020, in Palm Beach County, in the Southern District of Florida, and elsewhere, the defendant **KAREEM MEMON**, for the purpose of executing and in furtherance of aforesaid scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, knowing that the pretenses, representations, and promises were false and fraudulent when made, did knowingly transmit and cause to be transmitted, by means of wire communication, certain writings, signs, signals, pictures, and sounds, that is, an electronic transmission of a fraudulent PPP loan application in the name of KSM Enterprises to Kabbage.

In violation of Title 18, United States Code, Section 1343.

COUNTS 2-3
Money Laundering
(18 U.S.C. § 1957)

1. The General Allegations section of this Indictment is re-alleged and incorporated by reference as though fully set forth herein.

2. On or about the dates and in the County set forth in each count below, in the Southern District of Florida, and elsewhere, the defendant,

KAREEM MEMON,

did knowingly engage in a monetary transaction by, through, and to a financial institution affecting interstate commerce in criminally derived property of a value greater than $10,000, and such property having been derived from a specified unlawful activity, knowing that the property involved in the monetary transactions represented the proceeds of some form of specified unlawful activity, that is, wire fraud, in violation of Title 18 United States Code, Section 1343.

COUNT	APPROXIMATE DATE OF TRANSACTION	DESCRIPTION OF COUNTY	DESCRIPTION OF FINANCIAL TRANSACTION
2	July 6, 2020	Broward	Cash withdrawal in the amount of $50,000, from KSM Wells Fargo account ending in 3088, identified with withdrawal receipt # 4057.
3	July 22, 2020	Broward	Wire transfer of approximately $288,102.00 from KSM Wells Fargo account ending in 3088 to the United States Internal Revenue Service.

In violation of Title 18, United States Code, Section 1957.

FORFEITURE ALLEGATIONS

1. The allegations of this Indictment are hereby realleged and incorporated by reference for the purpose of alleging forfeiture to the United States of America of certain property in which the defendant, **KAREEM MEMON**, has an interest.

2. Upon conviction of a violation of Title 18, United States Code, Section 1343, the defendant shall forfeit to the United States any property constituting, or derived from, proceeds obtained, directly or indirectly, as a result of such violation, pursuant to Title 18, United States Code, Section 982(a)(2)(A).

3. Upon conviction of a violation of Title 18, United States Code, Section 1957, the defendant shall forfeit to the United States any property, real or personal, involved in such offense, and any property traceable to such property, pursuant to Title 18, United States Code, Section 982(a)(l).

4. If any of the property described above, 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,

the United States of America shall be entitled to forfeiture of substitute property pursuant to Title 21, United States Code, Section 853(p).

All pursuant to Title 18, United States Code, Sections 982(a)(1) and 982(a)(2)(A) and the procedures set forth at Title 21, United States Code, Section 853, as incorporated by Title 18, United States Code, Section 982(b)(1).

A TRUE BILL

FOREPERSON

Anthony W. Lacosta for
MARKENZY LAPOINTE
UNITED STATES ATTORNEY

ROBIN WAUGH
ASSISTANT UNITED STATES ATTORNEY

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

UNITED STATES OF AMERICA **CASE NO.:** ______________________

v.

CERTIFICATE OF TRIAL ATTORNEY

KAREEM MEMON,
Defendant.
______________________________/

Superseding Case Information:
New Defendant(s) (Yes or No) ______
Number of New Defendants ______
Total number of counts ______

Court Division (select one)
☐ Miami ☐ Key West ☐ FTP
☐ FTL ☒ WPB

I do hereby certify that:

1. I have carefully considered the allegations of the indictment, the number of defendants, the number of probable witnesses and the legal complexities of the Indictment/Information attached hereto.
2. I am aware that the information supplied on this statement will be relied upon by the Judges of this Court in setting their calendars and scheduling criminal trials under the mandate of the Speedy Trial Act, Title 28 U.S.C. §3161.
3. Interpreter: (Yes or No) No
   List language and/or dialect: ______________
4. This case will take 3 days for the parties to try.
5. Please check appropriate category and type of offense listed below:

(Check only one)		(Check only one)
I	☒ 0 to 5 days	☐ Petty
II	☐ 6 to 10 days	☐ Minor
III	☐ 11 to 20 days	☐ Misdemeanor
IV	☐ 21 to 60 days	☒ Felony
V	☐ 61 days and over	

6. Has this case been previously filed in this District Court? (Yes or No) No
   If yes, Judge ______________________ Case No. ______________________
7. Has a complaint been filed in this matter? (Yes or No) No
   If yes, Magistrate Case No. ______________________
8. Does this case relate to a previously filed matter in this District Court? (Yes or No) ______
   If yes, Judge ______________________ Case No. ______________________
9. Defendant(s) in federal custody as of ______________________
10. Defendant(s) in state custody as of ______________________
11. Rule 20 from the __________ District of ______________
12. Is this a potential death penalty case? (Yes or No) No
13. Does this case originate from a matter pending in the Northern Region of the U.S. Attorney's Office prior to August 8, 2014 (Mag. Judge Shaniek Maynard? (Yes or No) No
14. Does this case originate from a matter pending in the Central Region of the U.S. Attorney's Office prior to October 3, 2019 (Mag. Judge Jared Strauss? (Yes or No) No
15. Did this matter involve the participation of or consultation with now Magistrate Judge Eduardo I. Sanchez during his tenure at the U.S. Attorney's Office, which concluded on January 22, 2023? No

By: ______________________
ROBIN W. WAUGH
Assistant United States Attorney
FL Bar No. 0537837

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

PENALTY SHEET

Defendant's Name: KAREEM MEMON

Case No:

Count #: 1

Wire Fraud

Title 18, United States Code, Section 1343

* **Max. Term of Imprisonment:** 20 years' imprisonment
* **Mandatory Min. Term of Imprisonment (if applicable):** N/A
* **Max. Supervised Release:** 3 years' supervised release
* **Max. Fine:** $250,000 fine or twice the gross loss or gross gain, which could be as much of $902,308; and $100 special assessment; plus restitution
*

Counts # 2-3:

Engaging in Monetary Transactions in Criminally Derived Property

Title 18, United States Code, Section 1957(a)

* **Max. Term of Imprisonment:** 10 years' imprisonment
* **Mandatory Min. Term of Imprisonment (if applicable):** N/A
* **Max. Supervised Release:** 3 years' supervised release
* **Max. Fine:** $250,000 fine or twice the value of the criminally derived property involved in the transaction; and $100 special assessment

Count #:

* **Max. Term of Imprisonment:**
* **Mandatory Min. Term of Imprisonment (if applicable):**
* **Max. Supervised Release:**
* **Max. Fine:**

***Refers only to possible term of incarceration, supervised release and fines. It does not include restitution, special assessments, parole terms, or forfeitures that may be applicable.**