UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

UNITED STATES OF AMERICA v. (1) RONALDO SOLANO and (2) ADRIANA SOLANO, Defendants	Criminal No. 24cr10063 Violations: <u>Count One</u>: Conspiracy to Commit Mail Fraud and Wire Fraud (18 U.S.C. § 1349) <u>Count Two</u>: Mail Fraud (18 U.S.C. § 1341) <u>Count Three</u>: Conspiracy to Commit Wire Fraud and Bank Fraud (18 U.S.C. § 1349) <u>Count Four</u>: Wire Fraud (18 U.S.C. § 1343) <u>Forfeiture Allegation</u>: (18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461)

<u>INDICTMENT</u>

At all times relevant to this Indictment:

<u>General Allegations</u>

1. Defendant RONALDO SOLANO lived in Massachusetts.

2. Defendant ADRIANA SOLANO lived in Massachusetts.

3. RONALDO SOLANO and ADRIANA SOLANO operated a roofing and construction business based in Massachusetts under various business names, including H&R Roofing & Construction Inc., H&R Roofing & Siding Corp., H&R Roofing LLC, and H&R Dumpster Services Corp.

4. RONALDO SOLANO and ADRIANA SOLANO controlled business checking accounts in the name of H&R Roofing & Siding Corp. ending in 6736 and 4448, respectively, at Bank of America (the "6736 Account" and the "4448 Account," respectively).

5. RONALDO SOLANO and ADRIANA SOLANO controlled a joint personal checking account ending in 5059 at Bank of America (the "5059 Account").

6. Insurance Company 1 was a workers' compensation insurance carrier based in Boston, Massachusetts. Between in or about February 2012 and in or about May 2019, Insurance Company 1 provided a workers' compensation insurance policy for H&R Roofing & Construction Inc.

7. Insurance Company 2 was a workers' compensation insurance carrier based in Burlington, Massachusetts. Beginning on or about December 25, 2018, Insurance Company 2 provided a workers' compensation insurance policy for H&R Roofing & Siding Corp.

8. Guaranteed Rate, Inc. was a financial institution within the meaning of Title 18, United States Code, Section 20.

9. 35 Wedgewood Drive, Hopkinton, Massachusetts was a residential property (the "Property").

<u>Workers' Compensation Insurance in Massachusetts</u>

10. The laws of the Commonwealth of Massachusetts require employers to obtain workers' compensation insurance coverage so that employees who suffer work-related injuries may be compensated.

11. As with other forms of insurance, employers obtain workers' compensation insurance by paying premiums to insurance companies, which issue insurance policies that cover the employers' obligations to pay for on-the-job injuries.

12. Workers' compensation insurance is commonly obtained for a fixed period, typically one year, known as the insurance policy term.

13. As with other forms of insurance, the premiums for workers' compensation insurance are based in part on factors related to the degree of risk the insurance company is assuming. The factors used in calculating a particular employer's workers' compensation insurance premium include: (a) the total wages of the employees to be covered; (b) the nature of the employees' work activities; and (c) the employer's history of work-related injuries.

14. At the beginning of a policy term, the employer is required to provide the workers' compensation insurance carrier with an estimate of its anticipated payroll during the upcoming policy term, as well as information regarding the job classification of its employees. These payroll estimates are used to determine an estimated premium, which the employer may be required to pay, in part or in full, before or during the policy term.

15. After the close of a policy term, the insurance company commonly conducts an audit of the employer's actual payroll during the policy term. During such audits, the employer is required to report to the insurance company its actual payroll during the policy term. The employer may also be required to furnish records, such as tax or bank records, to verify its payroll figures.

The Economic Injury Disaster Loan Program

16. The Coronavirus Aid, Relief, and Economic Security ("CARES") Act was a federal law enacted in or about March 2020 that was designed to provide emergency financial assistance to Americans suffering economic harm as a result of the COVID-19 pandemic. The CARES Act authorized the Small Business Administration ("SBA") to provide low-interest financing to small businesses experiencing substantial financial disruption due to the COVID-19 pandemic through the Economic Injury Disaster Loan ("EIDL") program.

17. To obtain an EIDL, a qualifying small business submitted an application to the SBA that provided information about its operations, such as its number of employees and its gross

revenues and cost of goods sold in the 12-month period preceding the disaster. The applicant also had to certify that all of the information in the application was true and correct to the best of the applicant's knowledge.

18. Applicants submitted EIDL applications directly to the SBA. The SBA determined the amount of the loan, if approved, based in part on the information provided by an applicant about its employment, revenue, and cost of goods. The SBA issued EIDL funds directly to the borrower. EIDL funds could be used for payroll expenses, sick leave, production costs, and business obligations such as business debts and rent or mortgage payments for the business.

Overview of the Workers' Compensation Insurance Fraud Scheme and Conspiracy

19. Beginning in or about February 2012, and continuing through at least in or about February 2020, RONALDO SOLANO, ADRIANA SOLANO, and co-conspirators known and unknown to the Grand Jury engaged in a conspiracy and scheme to defraud Insurance Company 1 and Insurance Company 2 of workers' compensation insurance premiums by underreporting the payroll of H&R Roofing & Construction Inc. and H&R Roofing & Siding Corp. and paying employees through a shell company, thereby evading payment of approximately $627,000 in workers' compensation insurance premiums.

Objects and Purposes of the Workers' Compensation Insurance Fraud Scheme and Conspiracy

20. The objects of the conspiracy were to commit mail fraud, in violation of Title 18, United States Code, Section 1341, and wire fraud, in violation of Title 18, United States Code, Section 1343. The purposes of the conspiracy were to enrich the defendants and to conceal their conduct from Insurance Company 1 and Insurance Company 2 and from law enforcement.

<u>Manner and Means of the Workers' Compensation Insurance Fraud Scheme and Conspiracy</u>

21. Among the manner and means by which RONALDO SOLANO, ADRIANA SOLANO, and co-conspirators known and unknown to the Grand Jury carried out the conspiracy and the scheme to defraud were the following:

a. Falsely underreporting the payroll of H&R Roofing & Construction Inc. to Insurance Company 1 during annual insurance premium audits;

b. Falsely underreporting the payroll of H&R Roofing & Siding Corp. to Insurance Company 2 during annual insurance premium aduits;

c. Paying employees through a shell company;

d. Providing incomplete bank and tax records for H&R Roofing & Construction Inc. to Insurance Company 1; and

e. Providing incomplete bank and tax records for H&R Roofing & Siding Corp. to Insurance Company 2.

<u>Acts in Furtherance of the Workers' Compensation Insurance Fraud Scheme and Conspiracy</u>

22. Beginning in or about February 2012, and continuing through at least in or about February 2020, RONALDO SOLANO, ADRIANA SOLANO, and co-conspirators known and unknown to the Grand Jury committed and caused to be committed the following acts in furtherance of the workers' compensation insurance fraud scheme and conspiracy:

23. On or about November 21, 2015, ADRIANA SOLANO signed checks drawn on a bank account in the name of a shell company, Target Roofing.

24. On or about February 17, 2016, ADRIANA SOLANO wrote a check to Insurance Company 1 from the 6736 Account in the name of H&R Roofing & Siding Corp. for partial payment of H&R Roofing & Construction Inc.'s workers' compensation insurance premium. On

the check, ADRIANA SOLANO handwrote the policy number for H&R Roofing & Construction Inc.'s workers' compensation insurance policy for the February 25, 2015 to February 25, 2016 policy term.

25. On or about March 29, 2016, ADRIANA SOLANO wrote a check to Insurance Company 1 from the 6736 Account in the name of H&R Roofing & Siding Corp. for partial payment of H&R Roofing & Construction Inc.'s workers' compensation insurance premium.

26. On or about April 18, 2016, RONALDO SOLANO falsely reported to Insurance Company 1 that, during the February 25, 2015 to February 25, 2016 policy term, (a) H&R Roofing & Construction Inc. had no employees except RONALDO SOLANO and (b) H&R Roofing & Siding Corp. had a separate workers' compensation insurance policy.

27. On or about April 27, 2016, RONALDO SOLANO and ADRIANA SOLANO caused Insurance Company 1 to mail a premium refund check for $318 to H&R Roofing & Construction Inc., related to the policy term covering the period February 25, 2015 to February 25, 2016.

28. On or about December 2, 2016, ADRIANA SOLANO wrote a check to Insurance Company 1 from the 6736 Account in the name of H&R Roofing & Siding Corp. for payment of H&R Roofing & Construction Inc.'s workers' compensation insurance premium. On the check, ADRIANA SOLANO handwrote the policy number for H&R Roofing & Construction Inc.'s workers' compensation insurance policy for the February 25, 2017 to February 25, 2018 policy term.

29. On or about March 28, 2017, RONALDO SOLANO caused H&R Roofing & Construction Inc.'s insurance agent to email a Premium Adjustment Statement to Insurance Company 1. In the Premium Adjustment Statement, RONALDO SOLANO falsely reported that,

during the February 25, 2016 to February 25, 2017 policy term, H&R Roofing & Construction Inc. had no employees or contract labor.

30. On or about July 15, 2017, RONALDO SOLANO falsely reported to Insurance Company 1 that, during the February 25, 2016 to February 25, 2017 policy term, H&R Roofing & Construction Inc. had no contract labor and had no employees except RONALDO SOLANO.

31. On or about September 20, 2017, RONALDO SOLANO and ADRIANA SOLANO caused a premium refund check that Insurance Company 1 had mailed to H&R Roofing & Construction Inc., related to the February 25, 2016 to February 25, 2017 policy term, to be deposited into the 6736 Account in the name of H&R Roofing & Siding Corp.

32. On or about January 22, 2018, ADRIANA SOLANO wrote a check to Insurance Company 1 from the 6736 Account in the name of H&R Roofing & Siding Corp. for payment of H&R Roofing & Construction Inc.'s workers' compensation insurance premium.

33. On or about March 8, 2018, RONALDO SOLANO caused a Premium Adjustment Statement to be mailed to Insurance Company 1. In that Premium Adjustment Statement, RONALDO SOLANO falsely reported that, during the February 25, 2017 to February 25, 2018 policy term, H&R Roofing & Construction Inc. had no employees.

34. On or about July 16, 2018, RONALDO SOLANO falsely reported to Insurance Company 1 that there were no salaries or wages paid out from H&R Roofing & Construction Inc. in 2017.

35. On or about July 27, 2018, RONALDO SOLANO and ADRIANA SOLANO caused a premium refund check that Insurance Company 1 mailed to H&R Roofing & Construction Inc., related to the February 25, 2017 to February 25, 2018 policy term, to be deposited into the 6736 Account in the name of H&R Roofing & Siding Corp.

36. On or about December 24, 2018, RONALDO SOLANO completed an application for workers' compensation insurance for H&R Roofing & Siding Corp. In the application, RONALDO SOLANO falsely reported that, besides himself, H&R Roofing & Siding Corp. had only seven employees and that these employees performed only clerical or sales work. RONALDO SOLANO further stated, falsely, that all other work was completed by subcontractors.

37. On or about February 11, 2019, RONALDO SOLANO falsely reported to Insurance Company 1 that, during the February 25, 2018 to December 16, 2018 policy term, H&R Roofing & Construction Inc. had no contract labor or uninsured subcontractors, and that the only employee was RONALDO SOLANO.

38. On or about March 29, 2019, RONALDO SOLANO and ADRIANA SOLANO caused a premium refund check that Insurance Company 1 had mailed to H&R Roofing & Construction Inc., related to the February 25, 2018 to December 16, 2018 policy term, to be deposited into the 6736 Account in the name of H&R Roofing & Siding Corp.

39. On or about June 3, 2019, RONALDO SOLANO caused a Premium Adjustment Statement for H&R Roofing & Construction Inc. to be faxed to Insurance Company 1. In the Premium Adjustment Statement, RONALDO SOLANO falsely reported that, during the December 16, 2018 to May 6, 2019 policy term, H&R Roofing & Construction Inc. had no employees or contract labor.

40. On or about July 5, 2019, July 12, 2019, July 26, 2019, August 2, 2019, August 12, 2019, August 28, 2019, and September 17, 2019, ADRIANA SOLANO wrote paychecks to an employee engaged in roofing work from the 6736 Account in the name of H&R Roofing & Siding Corp.

41. On or about July 19, 2019, RONALDO SOLANO wrote a paycheck to an employee engaged in roofing work from the 6736 Account in the name of H&R Roofing & Siding Corp.

42. On or about February 4, 2020, RONALDO SOLANO falsely reported to Insurance Company 2 that, for the December 25, 2018 to December 25, 2019 policy term, H&R Roofing & Siding Corp.'s employees either did office work or sales and estimating, and that all roofing and other work was performed by subcontractors.

Overview of the EIDL Fraud Scheme and Conspiracy

43. Beginning no later than in or about September 2021, and continuing through at least in or about April 2022, RONALDO SOLANO, ADRIANA SOLANO, and co-conspirators known and unknown to the Grand Jury engaged in a conspiracy and scheme to defraud the SBA of EIDL funds.

Objects and Purposes of the EIDL Fraud Scheme and Conspiracy

44. The objects of the conspiracy and the scheme to defraud were to commit wire fraud, in violation of Title 18, United States Code, Section 1343, and bank fraud, in violation of Title 18, United States Code, Section 1344. The purposes of the conspiracy were to obtain money and property and to conceal the conspirators' conduct from the SBA, Guaranteed Rate, Inc., and law enforcement.

Manner and Means of the EIDL Conspiracy

45. Among the manner and means by which RONALDO SOLANO, ADRIANA SOLANO, and co-conspirators known and unknown to the Grand Jury carried out the conspiracy and the scheme to defraud were the following:

a. Applying for an EIDL on behalf of H&R Roofing & Siding Corp.;

b. Falsely certifying that all of the information in the EIDL application was true and correct to the best of their knowledge and that the EIDL proceeds would only be used for working capital;

c. Using EIDL funds as a down payment to purchase the Property; and

d. Failing to disclose to Guaranteed Rate, Inc. that they were using an EIDL to fund the down payment on the Property.

Acts in Furtherance of the EIDL Fraud Scheme and Conspiracy

46. Beginning in or about September 2021, and continuing through at least in or about April 2022, RONALDO SOLANO, ADRIANA SOLANO, and co-conspirators known and unknown to the Grand Jury committed and caused to be committed the following acts in furtherance of the EIDL fraud scheme and conspiracy:

47. On or about September 23, 2021, RONALDO SOLANO electronically applied to the SBA for an EIDL on behalf of H&R Roofing & Siding Corp.

48. On or about November 16, 2021, RONALDO SOLANO and ADRIANA SOLANO jointly called the SBA to request an update on the status of H&R Roofing & Siding Corp.'s EIDL application.

49. On or about November 24, 2021, ADRIANA SOLANO called the SBA to request an update on the status of H&R Roofing & Siding Corp.'s EIDL application.

50. On or about January 11, 2022, RONALDO SOLANO electrically signed an EIDL funding agreement with the SBA. Among other things, RONALDO SOLANO agreed to "use all proceeds of this Loan solely as working capital to alleviate economic injury caused by the disaster occurring in the month of January 31, 2020 and continuing thereafter."

51. On or about January 18, 2022, ADRIANA SOLANO called the SBA for information on the status of the EIDL. Minutes after that call, ADRIANA SOLANO electrically signed an EIDL funding agreement with the SBA in which she agreed, among other things, to "use all proceeds of this Loan solely as working capital to alleviate economic injury caused by the disaster occurring in the month of January 31, 2020 and continuing thereafter."

52. On or about February 14, 2022, in reliance on RONALDO SOLANO and ADRIANA SOLANO's material, false, and fraudulent statements, the SBA wired $1,999,900 in EIDL funds to the 6736 Account in the name of H&R Roofing & Siding Corp., which before the wire had a balance of approximately $44,000.

53. On or about February 15, 2022, RONALDO SOLANO electronically signed an offer to purchase the Property for $1.7 million.

54. On or about February 16, 2022, RONALDO SOLANO and ADRIANA SOLANO opened the 4448 Account in the name of H&R Roofing & Siding Corp. and transferred $2 million from the 6736 Account to the 4448 Account, which before the transfer had a balance of $0.

55. On or about February 18, 2022, RONALDO SOLANO and ADRIANA SOLANO electronically signed a Purchase & Sale Agreement for the Property.

56. On or about March 24, 2022, RONALDO SOLANO and ADRIANA SOLANO transferred $1 million from the 4448 Account to the 5059 Account they shared, which before the transfer had a balance of $7,040.91.

57. On or about April 5, 2022, RONALDO SOLANO and ADRIANA SOLANO wired $879,764.43 from the 5059 Account to an IOLTA account at Citizens Bank controlled by the closing attorney for the purchase of the Property.

58. On or about April 6, 2022, RONALDO SOLANO and ADRIANA SOLANO electronically signed respective Uniform Residential Loan Applications ("URLAs") in which they each checked "NO" in response to the question, "Are you borrowing any money for this real estate transaction *(e.g., money for your closing costs or down payment)* or obtaining any money from another party, such as the seller or realtor, that you have not disclosed on this loan application?" In their respective URLAs, RONALDO SOLANO and ADRIANA SOLANO also listed assets of $1,007,005.28 in the 5059 Account (of which $1 million was from the EIDL to H&R Roofing & Siding Corp.). Nowhere in their respective URLAs did RONALDO SOLANO or ADRIANA SOLANO disclose the EIDL.

59. On or about April 6, 2022, RONALDO SOLANO and ADRIANA SOLANO purchased the Property using more than $825,000 of EIDL funds and a $770,500 mortgage loan that Guaranteed Rate, Inc. issued in reliance on RONALDO SOLANO's and ADRIANA SOLANO's materially false and fraudulent statements.

<u>COUNT ONE</u>
Conspiracy to Commit Mail Fraud and Wire Fraud
(18 U.S.C. § 1349)

The Grand Jury charges:

60. The Grand Jury re-alleges and incorporates by reference paragraphs 1-4, 6-7, 10-15, and 19-42 of this Indictment.

61. From in or about February 2012, and continuing through in or about February 2020, in the District of Massachusetts and elsewhere, the defendants,

(1) RONALDO SOLANO and
(2) ADRIANA SOLANO,

conspired with each other and with others known and unknown to the Grand Jury to commit the following offenses:

a. mail fraud, that is, having devised and intending 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, did transmit and cause to be transmitted, by means of the United States mail, for the purpose of executing the scheme to defraud, in violation of Title 18, United States Code, Section 1341; and

b. wire fraud, that is, having devised and intending 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, did transmit and cause to be transmitted, by means of wire communications in interstate and foreign commerce, writings, signs, signals, pictures and sounds, for the purpose of executing the scheme to defraud, in violation of Title 18, United States Code, Section 1343.

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

COUNT TWO
Mail Fraud
(18 U.S.C. § 1341)

The Grand Jury charges:

62. The Grand Jury re-alleges and incorporates by reference paragraphs 1-4, 6-7, 10-15, and 19-42 of this Indictment.

63. From in or about February 2015, and continuing through in or about February 2020, in the District of Massachusetts and elsewhere, the defendant,

(1) RONALDO SOLANO,

having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of materially false and fraudulent pretenses, representations, and promises, did, for the purpose of executing and attempting to execute the scheme, knowingly cause to be delivered by mail and by any private and commercial interstate carrier according to the direction thereon, the following:

Count	Approximate Date	Mailing
2	March 29, 2019	$319 insurance premium refund check

All in violation of Title 18, United States Code, Section 1341.

<u>COUNT THREE</u>
Conspiracy to Commit Wire Fraud and Bank Fraud
(18 U.S.C. § 1349)

The Grand Jury charges:

64. The Grand Jury re-alleges and incorporates by reference paragraphs 1-5, 8-9, 16-18, and 43-59 of this Indictment.

65. From in or about September 2021 through in or about April 2022, in the District of Massachusetts and elsewhere, the defendants,

(1) RONALDO SOLANO and
(2) ADRIANA SOLANO,

conspired with each other and with others known and unknown to the Grand Jury to commit the following offenses:

a. wire fraud, that is, having devised and intending 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, did transmit and cause to be transmitted, by means of wire communications in interstate and foreign commerce, writings, signs, signals, pictures and sounds, for the purpose of executing the scheme to defraud, in violation of Title 18, United States Code, Section 1343; and

b. bank fraud, that is, to knowingly execute, and attempt to execute, a scheme and artifice to defraud a financial institution, that is, Guaranteed Rate, Inc., and to obtain moneys, funds, credits, assets, securities and other property owned by and under the custody and control of Guaranteed Rate, Inc., by means of materially false and fraudulent pretenses, representations, and promises, in violation of Title 18, United States Code, Section 1344.

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

COUNT FOUR
Wire Fraud
(18 U.S.C. § 1343)

The Grand Jury charges:

66. The Grand Jury re-alleges and incorporates by reference paragraphs 1-5, 8-9, 16-18, and 43-59 of this Indictment.

67. From in or about September 2021 through in or about April 2022, in the District of Massachusetts and elsewhere, the defendant,

(1) RONALDO SOLANO,

having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of materially false and fraudulent pretenses, representations, and promises, did transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing the scheme to defraud, as set forth below:

Count	Approximate Date	Description
4	January 11, 2022	Submission of executed EIDL Loan Agreement for H&R Roofing & Siding Corp. from Massachusetts to an SBA server in Iowa

All in violation of Title 18, United State Code, Section 1343.

<u>FORFEITURE ALLEGATION</u>
(18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c))

The Grand Jury further finds:

68. Upon conviction of one or more of the offenses in violation of Title 18, United States Code, Section 1341, Title 18, United States Code, Section 1343, and Title 18, United States Code, Section 1349, set forth in Counts One through Four, the defendants,

(1) RONALDO SOLANO and
(2) ADRIANA SOLANO,

shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the offenses. The property to be forfeited includes, but is not limited to, the following assets:

a. the real property located at 35 Wedgewood Drive, Hopkinton, MA 01748, including all buildings, appurtenances, and improvements thereon, more particularly described in the Quitclaim Deed recorded on April 6, 2022, at Book 79938, Page 474, at the Middlesex South County Registry of Deeds.

69. If any of the property described in Paragraph 68, above, as being forfeitable pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), 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;

it is the intention of the United States, pursuant to Title 28, United States Code, Section 2461(c), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the property described in Paragraph 68 above.

All pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c).

A TRUE BILL

Carolyn M Ball

FOREPERSON

Kristen A. Kearney

KRISTEN A. KEARNEY
ASSISTANT UNITED STATES ATTORNEY
DISTRICT OF MASSACHUSETTS

District of Massachusetts: March 12, 2024
Returned into the District Court by the Grand Jurors and filed.

/s/Douglas Warnock

DEPUTY CLERK

2:27 PM