IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF IOWA
CENTRAL DIVISION

UNITED STATES OF AMERICA, Plaintiff, vs. YORDANIS PEREZ VELAZQUEZ, Defendant.	)))))))))	No. 24-CR-3013 **INFORMATION** Count 1 18 U.S.C. § 1343: Wire Fraud

The United States Attorney charges:

Count 1

Wire Fraud

Introduction

COVID-19 and the National Emergency

1. According to the United States Centers for Disease Control and Prevention ("CDC"), Coronavirus Disease 2019 ("COVID-19") is a respiratory illness that can spread from person to person. The virus that causes COVID-19 is a novel coronavirus that was first identified during an investigation into a 2019 outbreak in Wuhan, China. COVID-19 can attack human lungs and kill infected persons, especially those who have certain risk factors identified by the CDC.

2. On March 13, 2020, then-President Donald J. Trump issued a Proclamation on Declaring a National Emergency Concerning the Novel Coronavirus Disease (COVID-19) Outbreak ("the Emergency Proclamation"). The Emergency Proclamation noted that "on March 11, 2020, the World Health

Organization announced that the COVID-19 outbreak can be characterized as a pandemic, as the rates of infection continue to rise in many locations around the world and across the United States." Further, "[t]he spread of COVID-19 within our Nation's communities threatens to strain our Nation's healthcare systems."

The Paycheck Protection Program

3. The Coronavirus Aid, Relief, and Economic Security ("CARES") Act is a federal law enacted in late March 2020 that provides emergency financial assistance to the millions of Americans who are suffering the economic effects of the COVID-19 pandemic. One form of such financial assistance is 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"). Later, in April 2020, Congress authorized an additional $300 billion in PPP funding and, in March 2021, extended the PPP application deadline through May 31, 2021.

4. In order to obtain a PPP loan, a business submits a PPP loan application (SBA Form 2483), which must be signed by an authorized representative of the business. The loan application requires the business, through its authorized representative, to acknowledge the PPP program rules and to make certain affirmative certifications regarding its eligibility. In the application, the small business's authorized representative must also provide, among other things, the business's average monthly payroll expenses and number of employees. These figures are used to calculate the business's eligibility and the amount of money it

may receive under the PPP. In addition, businesses applying for a PPP loan must provide documentation showing their payroll expenses.

5. A PPP loan application must be processed by a participating lending financial institution. If a PPP loan application is approved by the participating financial institution, that institution funds the PPP loan using its own monies, which are 100% guaranteed by the Small Business Administration (SBA). Participating financial institutions require that the information provided in PPP loan applications be truthful, including supporting tax forms and information about the applicant business's employees and payroll expenses, which is material to the financial institution's approval and the terms of the PPP loans.

6. Information from the application, including information about the borrower, the total amount of the loan, and the listed number of employees, is transmitted by the lending financial institution to the SBA in the course of processing the loan.

7. PPP loan proceeds must be used by the business for certain permissible expenses – payroll costs, interest on mortgages, rent, and utilities. The PPP allows the principal and interest on the PPP loan to be entirely forgiven if the business spends the loan proceeds on these items within a designated period of time, usually within twenty-four weeks of receiving the proceeds, and if the business also uses at least 60% of the PPP loan proceeds for payroll expenses.

The Scheme to Defraud

8. In about July and August 2020, in the Northern District of Iowa and elsewhere, defendant YORDANIS PEREZ VELAZQUEZ and others known and unknown to the United States Attorney did voluntarily and intentionally (1) participate in a scheme and artifice to defraud with knowledge of its fraudulent nature and (2) obtain money and property by means of false and fraudulent pretenses, representations, and promises (collectively, "the scheme to defraud").

Manner and Means of the Scheme to Defraud

9. It was part of the scheme to defraud that YORDANIS PEREZ VELAZQUEZ and others known and unknown to the United States Attorney caused applications to be filed with participating lenders for PPP loans in exchange for a fee. It was also part of the scheme to defraud that false, fraudulent, and fictitious documents and statements were submitted to various lending institutions in support of the PPP loans for the PPP applicants. For example, co-schemers would submit and cause to be submitted for the PPP applicants a fictitious Schedule C, Form 1040, Profit or Loss From Business for 2019, which would contain false and fraudulent statements about the PPP applicants' occupations, gross receipts and sales, gross income, and expenses. After the PPP applicants received the fraudulent PPP loans, it was part of the scheme to defraud that co-schemers demanded a portion of the PPP moneys from the PPP applicants, which often was paid by means interstate wire transfer.

Execution of the Scheme to Defraud

Count 1: On or about July 31, 2020, for the purpose of executing the scheme to defraud described above, defendant YORDANIS PEREZ VELAZQUEZ received $3,000 by means of two interstate wire transfers from Individual-34.

This was in violation of Title 18, United States Code, Section 1343.

TIMOTHY T. DUAX
United States Attorney

By: */s/ Timothy L. Vavricek*

TIMOTHY L. VAVRICEK
Assistant United States Attorney