

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,

Plaintiff,

v.

WILLIAM MANDEL MUSGROW,

Defendant.

ED CR No. **5:24-cr-00162-KK**

I N F O R M A T I O N

[18 U.S.C. § 1343: Wire Fraud; 26
U.S.C. § 7206(2): Aiding and
Assisting in the Preparation of a
False Tax Return]

The United States Attorney charges:

COUNT ONE

[18 U.S.C. § 1343]

A. INTRODUCTORY ALLEGATIONS

At times relevant to this Information:

1. Defendant WILLIAM MANDEL MUSGROW was a resident of
Riverside County, California.

2. The Coronavirus Aid, Relief, and Economic Security
("CARES") Act was a federal law enacted in or around March 2020 that
was designed to provide emergency financial assistance to Americans
suffering economic harm as a result of the COVID-19 pandemic.

3. The Economic Injury Disaster Loan ("EIDL") Program was a
United States Small Business Administration ("SBA") program that

1 provided low-interest financing to small businesses, renters, and
2 homeowners in regions affected by declared disasters.

3 4. The CARES Act authorized the SBA to provide EIDLs up to \$2
4 million to eligible small businesses experiencing substantial
5 financial disruption due to the COVID-19 pandemic. In addition, the
6 CARES Act authorized the SBA to issue advances of up to \$10,000 to
7 small businesses applying for an EIDL.

8 5. To obtain an EIDL and an advance, a qualifying business was
9 required to submit an application to the SBA and provide information
10 about its operations, such as the number of employees, gross revenues
11 for the 12-month period preceding the disaster, and cost of goods
12 sold in the 12-month period preceding the disaster. In the case of
13 EIDLs for COVID-19 relief, the 12-month period extended from January
14 1, 2019, to January 31, 2020. Applicants certified that all the
15 information in the application was true and correct to the best of
16 their knowledge.

17 6. EIDL applications were submitted directly to the SBA and
18 processed by the agency with support from a government contractor,
19 The amount of the loan was determined, in part, on the information
20 provided by the applicant about employment, revenue, and cost of
21 goods, as described above. Any funds issued under an EIDL or advance
22 were issued directly by the SBA.

23 7. EIDL funds could be used for payroll expenses, sick leave,
24 production costs, and business obligations, such as debts, rent, and
25 mortgage payments. If the applicant also obtained a loan under the
26 Payroll Protection Program ("PPP"), the EIDL loan funds could not be
27 used for the same purpose as the PPP loan funds.

1 B. THE SCHEME TO DEFRAUD

2 8. Beginning on or about March 30, 2020, and continuing until
3 at least August 14, 2020, in Riverside County, within the Central
4 District of California, and elsewhere, defendant MUSGROW, knowingly
5 and with intent to defraud, devised, executed, and participated in a
6 scheme to defraud financial institutions and the SBA, and to obtain
7 money and property by means of material false pretenses,
8 representations, and promises, and the concealment of material facts.

9 C. MEANS TO ACCOMPLISH THE FRAUDULENT SCHEME

10 9. The scheme was carried out, in substance, as follows:

11 a. In 2018 and 2019, prior to the COVID-19 pandemic,
12 defendant MUSGROW incorporated numerous corporations with the
13 California Secretary of State, including Edein LLC, Heathrow
14 Enterprises, Mystic Wolff LLC, Musgrow Organization LLC, Will & Co
15 LLC, Hand & Hand Inc., Forward Pace Inc., and Millennial Investment
16 Group.

17 b. During the pandemic, defendant MUSGROW utilized the
18 already established entities to apply for eleven EIDL loans, even
19 though the majority of these entities existed in name only and had no
20 employees, assets, or ongoing operations.

21 c. Defendant MUSGROW made and caused to be made false
22 statements to the SBA in connection with obtaining EIDL loan funds on
23 behalf of the entities, including false representations regarding the
24 number of employees and gross revenues, and a false certification
25 that the information contained within the application was true and
26 correct.

27 d. In reliance on defendant MUSGROW's material false and
28 fraudulent statements and his concealment of material facts, the SBA

1 approved and funded the applied-for EIDL loans, by transferring money
2 to an account that defendant MUSGROW controlled.

3 e. Defendant MUSGROW used the fraudulently obtained EIDL
4 loan proceeds for his own personal benefit, rather than for
5 permissible business purposes.

6 D. USE OF THE WIRES

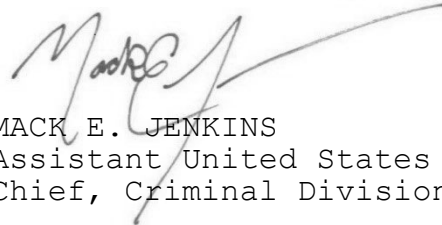
7 10. On or about July 3, 2020, in Riverside County, within the
8 Central District of California, and elsewhere, defendant MUSGROW, for
9 the purpose of executing the above-described scheme to defraud,
10 transmitted and caused the transmission of a wire communication in
11 interstate commerce, namely, defendant MUSGROW caused the
12 transmission of a wire transfer from Palm Springs, California, to the
13 SBA's server located in Colorado, by electronically submitting an
14 EIDL application on behalf of Edein LLC.

COUNT TWO

[26 U.S.C. § 7206(2)]

On or about March 9, 2019, in Riverside County, within the Central District of California, and elsewhere, defendant WILLIAM MANDEL MUSGROW willfully aided and assisted in, and procured, counseled, and advised the preparation and presentation to the IRS of U.S. Individual Income Tax Return, Form 1040, in the name of R.V. for calendar year 2018, which was false and fraudulent as to a material matter, in that Line 1 of such Form 1040 reported that R.V. had been paid wages of \$112,000, and Line 16 of such Form 1040 reported that R.V. had federal income tax withholdings of \$63,523 when, in fact, as defendant MUSGROW then knew and believed, R.V. was not employed by Heathrow Inc. during calendar year 2018 and R.V. did not have any income tax withholdings from such employment.

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