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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NORTH CAROLINA
WESTERN DIVISION
NO.: 5:22-CR-180

UNITED STATES OF AMERICA	)	
	)	
v.	)	**CRIMINAL INFORMATION**
	)	
QUENTIN ALLEN JACKSON	)	

The United States Attorney charges at all relevant times:

INTRODUCTORY ALLEGATIONS

1. Between February of 2017 and February of 2022, Defendant QUENTIN ALLEN JACKSON and others, known and unknown to the United States Attorney, conspired to carry out various frauds. In some instances, Jackson, committed these frauds in his own name or in the names of companies he controlled. In other instances, Jackson facilitated frauds committed in the names of other persons and entities in exchange for a fee or kickback. These schemes included frauds upon financial institutions; and upon institutions and agencies engaged to provide financial assistance to the public arising from the COVID-19 pandemic. In total, Jackson and his conspirators sought more than $3.5 million in fraudulent proceeds in connection with these schemes. Additionally, to promote the carrying on the foregoing schemes, Jackson conspired with others to launder the proceeds of the frauds.

COVID FRAUD

The Paycheck Protection Program ("PPP")

2. In March 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was designed to provide emergency financial assistance to millions of Americans who were suffering the economic effects caused by the COVID-19 pandemic.

3. 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 business and by assisting in the economic recovery of communities after disasters.

4. One source of relief 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 a program referred to as the Paycheck Protection Program (PPP). In or around April 2020, Congress authorized over $300 billion in additional PPP funding.

5. To obtain a PPP loan, businesses were required to submit a PPP loan application, signed by an authorized representative of the business, acknowledging the program rules. The business was required to state (a) its average monthly payroll expenses and (b) the number of employees and to provide documentation showing their payroll expenses. 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 showing their payroll expenses.

6. A PPP loan application was required to be processed by a participating financial institution ("lender"). If a PPP loan application was approved, the lender funded the PPP loan using its own moneys, which were 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 the lender to the SBA in the course of processing the loan.

7. PPP loan proceeds were required to be used by businesses on certain permissible expenses: payroll costs, interest on mortgages, rent, and utilities. Loans provided through the PPP have government-backed guarantees and are 100% forgivable if the borrower submits documentation to the PPP lender and SBA demonstrating that at least sixty percent (60%) of the PPP loan proceeds were utilized to meet existing payroll obligations and to retain employees.

The Economic Injury Disaster Loan ("EIDL") Program

8. Another source of relief provided by the CARES Act was the Economic Injury Disaster Loan Program (EIDL). The SBA provided low-interest financing to small businesses, renters, and homeowners in regions affected by declared disasters.

9. The CARES Act authorized the SBA to provide EIDLs to eligible small businesses experiencing substantial financial disruptions due to the COVID-19

pandemic. In addition, the CARES Act authorized the SBA to issue advances of up to $10,000 to small businesses. The amount of the advance was determined by the number of employees the applicant certified having. The advances did not have to be repaid.

10. To obtain an EIDL and advance, businesses were required to file an application with the SBA and provide information about its operations, such as the number of employees, gross revenue for the 12-month period preceding the disaster, and cost of goods sold in the 12-month period preceding the disaster. In the case of EIDLs for COVID-19 relief, the 12-month period was that preceding January 31, 2020.

11. EIDL applications were submitted electronically to the SBA and any funds issued under an EIDL or advance were issued directly by the SBA. The amount of the loan was determined based, in part, on the number of employees, gross revenue, and cost of goods. EIDL funds were permitted to be used for payroll expenses, sick leave, production costs, and business obligations, such as debts, rent, and mortgage payments. EIDL funds could not be used to expand or start a business. Additionally, if the applicant also obtained a loan under the PPP, the EIDL funds were not permitted to be used for the same purpose as the PPP funds.

12. Funds disbursed under the PPP and EIDL programs are referred to collectively herein as "Covid Loans".

The Scheme to Defraud

13. Between approximately April of 2020 and December of 2021, E.W. and S.C. conspired with numerous others to engage in a massive fraud upon the PPP and EIDL programs. After first engaging in successful frauds upon the PPP and EIDL programs in the names of companies that they owned and controlled, E.W. and S.C. assisted numerous other companies and individuals (collectively "Borrowers") located around the country to fraudulently obtain Covid Loans. In exchange for their assistance in obtaining Covid Loans, the Borrowers paid E.W. and S.C. a fee. In total, E.W. and S.C. collectively facilitated the fraudulent disbursement of more than $15 Million in Covid Loans.

14. To promote the operation of the scheme, E.W. and S.C. utilized middlemen to recruit additional Borrowers. E.W. and S.C. paid, and caused other to pay, these middlemen a "cut" of the fee charged for securing the fraudulent loans for the Borrowers.

15. JACKSON was an individual who operated various companies in the Eastern District of North Carolina. Jackson was a Borrower who utilized E.W. and S.C. to fraudulently obtain PPP loan proceeds in the names of several companies. In addition to being a Borrower, Jackson also served as a middleman, and recruited additional Borrowers for E.W. and S.C. for an agreed upon fee.

16. To carry out the scheme, the conspirators generally engaged in a common series of steps:

A. Either directly, or by introduction from a middleman such as Jackson, E.W. came into contact with a Borrower who desired to obtain a Covid Loan. In most instances, these contacts occurred via interstate text message or interstate phone calls. During these contacts, E.W. and the Borrower discussed the process by which E.W. would assist the Borrowers to secure Covid Loans.

B. The Borrower supplied E.W. or S.C. various information concerning the Borrower and the company that would be used to obtain the Covid Loans. This information included such company information as the federal tax identification number, articles of incorporation with proof of good standing from the state of formation, the number of employees for the company, and payroll information for the company for the prior year. The Borrower also supplied personal information, such as a driver's license, social security card, address, and contact information. Lastly, the Borrower also supplied bank account information for the company, including the account number and bank routing information.

C. E.W. or S.C. would use the information supplied by the Borrower to fraudulently apply for Covid Loans. In furtherance of the application, E.W. or S.C. created documents that falsely reflected such information as the annual payroll, gross receipts, expenses, number of employees, and employee names for the company.

D. With respect to PPP loan applications, E.W. and S.C. supplied fraudulent documents to the Borrowers via interstate email transmission for review and signature by Borrower. Such fraudulent documents reviewed and signed by the Borrower included the Paycheck Protection Program Borrower Application Form. These documents were fraudulent because, among other reasons, they misrepresented the average monthly payroll and true number of employees for the Borrower's company. The Borrower signed and returned the fraudulent Application Form.

E. With respect to PPP loan applications, E.W. and S.C. also supplied to the Borrowers via interstate email, a purported employee listing and annual salary for the Borrower's company. The Borrower signed and returned these fraudulent documents to E.W. and S.C.

F. With respect to PPP loan applications, E.W. and S.C. also supplied to the Borrower via interstate email, a fraudulent Form 940, and four fraudulent from 941 forms. The forms were fraudulent because they misrepresented the actual annual and quarterly wages for the Borrower's company. The Borrower received, signed, and returned the fraudulent Form 940 and Form 941s. In each instance, the fraudulent Form 940 and 941 was backdated by the conspirators.

G. E.W. and S.C. applied for the Covid Loans in the names of the Borrower using the fraudulent information described above, by electronically transmitting the information to the lending institution or agency, via intestate wire transmission.

H. With respect to PPP loans, upon approval, a member of the conspiracy electronically signed the promissory note or promise to pay.

I. The Covid Loan monies were deposited to the Borrower's bank account via interstate wire transfer.

Money Laundering

17. After receiving proceeds from the PPP fraud described above, the Borrowers carried out a series of steps orchestrated by E.W. that made it appear as though the Borrower's company was paying bi-weekly payroll to its employees.

18. Over a series of six to eight weeks, the Borrower wrote checks payable to each of the individuals previously named by the Borrower as employees of the Borrower's company. Each of the checks contained a memo notation stating a "pay period" and a two-week interval. Collectively, this made it appear that each of the check recipients was engaged in work on behalf of the Borrower's company, and receiving wages during each of the stated periods. In reality, in most instances, the recipients of the checks were not employees of the Borrower's company, or did not previously receive wages from the company comparable to those paid from the Covid Loans.

19. In most instances, after receiving the checks described above, the purported employees cashed the checks, and returned the cash to the Borrower.

20. In most instances, the Borrower was instructed to, and did, purchase a series of cashier's checks in an amount less than $10,000. The cashier's checks were made payable to entities controlled by E.W. and S.C. The aggregate fee paid to E.W. and S.C. typically amounted to 25% of the loan received.

Bank Fraud

21. In addition to the Covid loans described above, Jackson was also engaged in the business of "middle-manning" other forms of fraudulent loans and loan documents for others for a fee.

22. T.M. was an individual operating in the Eastern District of North Carolina who was knowledgeable in the use of software to fabricate and alter bank statements for a fee.

23. T.R. was a North Carolina attorney who worked with R.M., a business associate, to carry out frauds upon financial institutions, as that term is defined in Title 18, United States Code, Section 20.

24. Beginning no later than February of 2017 and continuing through a time no earlier than December of 2019, Jackson, in exchange for an agreed upon fee, obtained altered and fabricated bank statements from T.M. on behalf of R.M. and T.R. These altered bank statements were then utilized by R.M. and T.R. to fraudulently apply for loans from financial institutions. In some instances, R.M.

communicated directly with T.M. to obtain fraudulent bank statements for use on loans.

COUNT ONE

25. From approximately February of 2017 through a time unknown, but no earlier than February of 2022, in the Eastern District of North Carolina and elsewhere, defendant QUENTIN ALLEN JACKSON and others, known and unknown to the United States Attorney, did knowingly combine, conspire, confederate, agree, and have a tacit understanding with each other to commit offenses against the United States, in violation of Title 18, United States Code, Section 1956(a), specifically, to knowingly conduct and attempt to conduct a financial transaction affecting interstate commerce, which involved the proceeds of specified unlawful activities, that is:

(1) Knowingly executing and attempting to execute a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, and for the purpose of executing said scheme and artifice, transmitting and causing to be transmitted by means of wire communication in interstate commerce, any writing, sign, signal, picture, and sound, in violation of Title 18, United States Code, Section 1343 ("Wire Fraud"); and

(2) Knowingly executing a scheme and artifice: (1) to defraud a financial institution, as defined by Title 18, United States Code, Section 20, and

(2) to obtain any of the moneys, funds, credits, and assets owned by and under the custody and control of a financial institution, by means of materially false and fraudulent pretenses, representations, and promises, in violation of Title 18, United States Code, Section 1344 ("Financial Institution Fraud")

(Hereinafter collectively referred to as the "SUAs") with the intent to promote the carrying on of said SUAs, and while conducting and attempting to conduct such financial transaction knowing that the property involved in the financial transaction represented the proceeds of some form of unlawful activity in violation of Title 18, United States Code, Section 1956(a)(1)(A)(i).

Manner and Means

26. The United States Attorney realleges and incorporates by reference herein all of the allegations contained in paragraphs one through 24 of this Criminal Information, and further alleges that Jackson and others, known to the United States Attorney carried out the conspiracy in the manner and means as set forth in those paragraphs.

All in violation of Title 18, United States Code, Section 1956(h).

FORFEITURE NOTICE

Defendant Quentin Allen Jackson is hereby given notice that all of the defendant's interest in all property specified herein is subject to forfeiture.

Upon conviction of the offense set forth in Count One this Superseding

Criminal Information, defendant Jackson shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982(a)(2)(A), any property constituting, or derived from, proceeds obtained directly or indirectly, as a result of such offense(s).

The forfeitable property includes, but is not limited to, the following:

Forfeiture Money Judgment:

a) A sum of money representing the gross proceeds of the offense(s) charged herein against QUENTIN ALLEN JACKSON in the amount of at least $3,942,758.99.

If any of the property described above, as a result of any act or omission of the defendant:

(1) cannot be located upon the exercise of due diligence;

(2) has been transferred or sold to, or deposited with, a third party;

(3) has been placed beyond the jurisdiction of the court;

(4) has been substantially diminished in value; or

(5) has been commingled with other property which cannot be divided without difficulty,

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of said defendant up to the value of the forfeitable property described above.

MICHAEL F. EASLEY, JR
United States Attorney

BY: ______________________________
WILLIAM M. GILMORE
Assistant United States Attorney