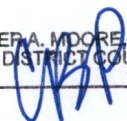


FILED

AUG 05 2024

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NORTH CAROLINA
WESTERN DIVISION

PETER A. MOORE, JR., CLERK
US DISTRICT COURT, EDNC
BY  DEP CLK

NO. 5:23-CR-293-1

UNITED STATES OF AMERICA)
)
 v.) SUPERSEDING INFORMATION
)
JOE LEWIS JEFFERSON)

The United States Attorney charges that:

INTRODUCTION

At all times relevant to this Superseding Criminal Information:

1. Between June 2021 and February 2022, JOE LEWIS JEFFERSON conspired with others to carry out a housing fraud scheme to obtain emergency rental assistance designated for households impacted by the Covid-19 pandemic. The scheme included fraudulent applications submitted to the North Carolina agency tasked with administering federal Covid-19 relief funds to North Carolina residents whose housing was impacted by Covid-19. Collectively, the JEFFERSON and his co-conspirators fraudulently obtained rental assistance on at least 44 NC HOPE Program applications, resulting in the disbursement of approximately \$279,390 in proceeds in connection with this scheme.

The NC HOPE Program

2. On March 13, 2020, President Donald J. Trump declared the existence of a national emergency in response to the Covid-19 pandemic. On March 27, 2020,

Congress enacted 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. One source of relief provided by the CARES Act was the authorization of \$5 billion in Community Development Block Grant (“CDBG”) programs as flexible federal funding to states and localities earmarked to prevent, prepare for, and respond to the coronavirus pandemic. The United States Department of Housing and Urban Development (“HUD”) administers the CDBG program as a source of flexible federal funding for economic and community development, as well as to direct long-term recovery funding to states and localities in response to disasters and emergencies.

4. Another source of relief allocated in the CARES Act was the establishment of a \$150 billion Coronavirus Relief Fund (“CRF”), funded by the United States Department of Treasury (“US Treasury”), to assist states and localities cover expenses incurred due to the Covid-19 public health emergency.

5. The State of North Carolina’s Office of Recovery and Resiliency (“NCORR”), a division of the North Carolina Department of Public Safety, utilized federal funds made available in the CARES Act to assist North Carolina renters to stay in their homes during the Covid-19 pandemic by preventing evictions and the loss of utility services. The North Carolina Housing Opportunities for the Prevention of Evictions program, known as the “NC HOPE Program”, utilized an initial \$51.5

million allocation of CDBG funds from the CARES Act to provide housing and utility assistance. The State of North Carolina also received CRF funds from the CARES Act, of which \$66 million was allocated to pay administrative costs associated with the NC HOPE Program. This first wave of rental assistance provided to North Carolina renters by the NC HOPE Program, using CDBG and CRF funds, became known as “HOPE 1.0.”

6. On December 27, 2020, the Consolidated Appropriations Act of 2021 (“CAA”) became law, which included \$900 billion in federal support for additional economic assistance and stimulus relief to address the ongoing Covid-19 pandemic. The CAA continued many of the programs authorized under the CARES Act, as well as added new allocations and new guidance to address the continued impact on American lives caused by the pandemic. Among other things, the CAA established the Emergency Rental Assistance (“ERA-1”) program. Funded through the US Treasury, ERA-1 provided \$25 billion for states to administer to households that were impacted by Covid-19 and unable to pay rent or utilities. A second Emergency Rental Assistance program (“ERA-2”) was established through the American Rescue Plan Act of 2021 (“ARP”). Also funded through the US Treasury, an additional \$21.55 billion was made available for states and localities to provide rental and utility assistance to eligible households during the pandemic.

7. The State of North Carolina received a total of \$1.261 billion from ERA-1 and ERA-2. From this funding, 12 counties and six cities received \$493 million

directly from the US Treasury. The remaining \$761.5 million was disbursed to fund the NC HOPE Program. This second wave of funding to the NC HOPE Program, through the US Treasury ERA programs, became known as “HOPE 2.0.”

8. In total, the NC HOPE Program received \$879 million from the federal government to assist North Carolina renters who faced housing insecurity due to the Covid-19 pandemic.

9. The HOPE 2.0 program paid for up to 15 months of assistance, including 12 months of arrears. In exchange for the NC HOPE Program funds, landlords were required to agree not to evict the tenant for a certain amount of time. The NC HOPE Program closed to applicants on December 17, 2021.

10. To be eligible for assistance through the NC HOPE Program, a tenant must have faced possible eviction or missed rent or utility payments anytime since April 1, 2020, and had lost income, employment, or faced financial hardship due to the Covid-19 pandemic. The tenant applicant must have occupied the rental property as their primary residence and be a named party to the lease or rental agreement. Additionally, the tenant applicant must earn an income less than or equal to eighty percent (80%) of the median income of the county of residence.

11. To obtain assistance, a tenant submitted an electronic application, stating their name, rental address, contact information, household members, household income, and contact information for the landlord or utility provider. The online application also required the tenant to confirm that they lived at the address,

were behind on rent or unable to pay rent or utilities due to the Covid-19 pandemic, and the amount owed to the landlord and the utility provider. The NC HOPE Program requested, but did not require, the tenant to submit a form of identification. It also requested a copy of the tenant's lease, or a written statement from the landlord identifying the amount of rent owed. The tenant was required to certify the accuracy and truthfulness of the application.

12. If eligible to receive rental assistance, the NC HOPE Program sent a Landlord Tenant Agreement ("LTA") to the email addresses provided for both the landlord and tenant. In signing the LTA, both parties were required to attest that the statements to the NC HOPE Program were true and correct to the best of their knowledge.

13. Once both parties signed the LTA, the NC HOPE Program required the landlord to submit an Internal Revenue Service Form W-9, with their name, address, filing status, and taxpayer identification number. By signing the W-9, the landlord certified under penalties of perjury the accuracy of the information provided to the NC HOPE Program on the Form W-9.

14. Upon approval, a check issued by the North Carolina Department of Public Safety was sent through the mail directly to the landlord or utility company to pay the tenant applicant's rent or utility bills.

COUNT ONE

15. The United States Attorney realleges and incorporates by reference the allegations contained in Paragraphs 1 through 14 of this Superseding Criminal Information as if fully set forth herein.

16. Beginning no later than in or about June 2021, and continuing through at least in or about February 2022, in the Eastern District of North Carolina and elsewhere, JOE LEWIS JEFFERSON, the defendant herein, did knowingly and willfully combine, conspire, confederate and agree with others known and unknown to commit an offense against the United States, that is, to knowingly and willfully execute and attempt to execute a scheme and artifice to defraud and obtain money and property by materially false and fraudulent pretenses, representations, and promises, and for purposes of executing or attempting to execute the scheme, used the mails or caused the mails to be used, in violation of Title 18, United States Code, Section 1341 ("Mail Fraud").

Ways, Manner and Means of the Conspiracy

17. The primary purpose of the conspiracy was for the defendant and his conspirators to enrich themselves by obtaining and attempting to obtain emergency rental assistance funds from the NC HOPE Program to which they were not entitled.

18. It was a part of the conspiracy and the scheme to defraud that conspirators submitted and caused to be submitted to the NC HOPE Program

applications for emergency rental assistance that contained materially false information.

19. It was further a part of the conspiracy and the scheme to defraud that, for each fraudulent application submitted to the NC HOPE Program, a phony lease agreement or residential lease summary was submitted wherein conspirators falsely claimed to be the landlord of the property listed in the application when, in truth and in fact, they did not own or serve as landlord for the property.

20. It was further a part of the conspiracy and the scheme to defraud that JOE LEWIS JEFFERSON, and others recruited conspirators to serve as nominee landlords on fraudulent NC HOPE applications when, in truth and in fact, they did not own or serve as landlord for the property.

21. It was further a part of the conspiracy and the scheme to defraud that conspirators created email accounts for the purpose of submitting fraudulent NC HOPE Program applications.

22. It was further a part of the conspiracy and the scheme to defraud that conspirators maintained these email accounts to receive correspondence related to their NC HOPE Program applications, including for the purpose of falsely certifying that they were the landlord or tenant on the Landlord Tenant Agreement (LTA).

23. It was further a part of the conspiracy and the scheme to defraud that conspirators thereby caused the NC HOPE Program to disburse emergency rental

assistance in the form of checks sent by U.S. Mail to various addresses within the Eastern District of North Carolina.

24. It was further a part of the conspiracy and the scheme to defraud that many of these checks were mailed to addresses controlled by the defendant, including checks payable to other conspirators.

25. It was further a part of the conspiracy and the scheme to defraud that conspirators opened and maintained post office boxes within the Eastern District of North Carolina for the purpose of receiving some of the checks mailed by the NC HOPE Program.

26. It was further a part of the conspiracy and the scheme to defraud that conspirators negotiated the checks at financial institutions within the Eastern District of North Carolina, including State Employees Credit Union branches and check cashing businesses.

27. It was further a part of the conspiracy and the scheme to defraud that conspirators disbursed to themselves and to other conspirators the proceeds of HOPE Program checks by cash withdrawals, cashier's checks, ATM transactions, retail transactions, and by checks payable to certain businesses for the benefit of the Defendant.

28. It was further a part of the conspiracy and the scheme to defraud that as a result of materially false and fraudulent representations made to the NC HOPE

Program, approximately 44 checks totaling \$279,390, were issued to the Defendant and his conspirators.

All in violation of Title 18, Unites States Code, Sections 1349 and 1341.

COUNT TWO

29. During the calendar year 2021, JOE LEWIS JEFFERSON, the defendant herein, was a resident of the Eastern District of North Carolina and had and received gross income in excess of \$20,000. By reason of such gross income, the defendant was required by law, following the close of the calendar year 2021 and on or before October 17, 2022 to make an income tax return to the Internal Revenue Service Center at Kansas City, Missouri, to a person assigned to receive returns at the local office of the Internal Revenue Service at Raleigh, North Carolina, or to another Internal Revenue Service office permitted by the Commissioner of Internal Revenue, stating specifically the items of his gross income and any deductions and credits to which he was entitled. Well knowing and believing all of the foregoing, the defendant did willfully fail, on or about October 17, 2022, in the Eastern District of North Carolina and elsewhere, to make an income tax return, in violation of Title 26, United States Code, Section 7203.

FORFEITURE NOTICE

Notice is hereby given that all right, title and interest in the property described herein is subject to forfeiture.

Upon conviction of any offense charged herein constituting “specified unlawful activity” (as defined in 18 U.S.C. §§ 1956(c)(7) and 1961(1)), or a conspiracy to commit such offense, the defendant shall forfeit to the United States, pursuant to 18 U.S.C. § 981(a)(1)(C), as made applicable by 28 U.S.C. § 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the said offense.

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 JOE LEWIS JEFFERSON, in the amount of at least \$23,000.

(intentionally left blank)

If any of the above-described forfeitable property, as a result of any act or omission of a defendant: cannot be located upon the exercise of due diligence; has been transferred or sold to, or deposited with, a third party; has been placed beyond the jurisdiction of the court; has been substantially diminished in value; or 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



TOBY LATHAN
Assistant United States Attorney
Criminal Division