UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF FLORIDA
GAINESVILLE DIVISION

UNITED STATES OF AMERICA, Plaintiff, v. JEREMIE SAINTVIL, a/k/a "JEREMIE STVIL" a/k/a "JEREMIE SAINT VIL" a/k/a "JEREMI STVIL" a/k/a "JEREMIE STVIL" Defendant.	Case No: 1:21-CR-13/AW Gainesville, Florida September 16, 2021 8:20 a.m.

TRANSCRIPT OF THE JURY TRIAL - DAY 2
BEFORE THE HONORABLE ALLEN C. WINSOR
UNITED STATES DISTRICT JUDGE
(Pages 1 through 277)

APPEARANCES:

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THE COURT: And, Mr. Keen, you can call the next witness.

MR. KEEN: The Government calls Jonel Hein.

JONEL HEIN, GOVERNMENT WITNESS, DULY SWORN

DEPUTY CLERK: You may be seated.

Please remove your mask during testimony. And for the record, state your name and spell your last name.

THE WITNESS: Jonel Hein, H-E-I-N.

DIRECT EXAMINATION

BY MR. KEEN:

Q. Good morning, Ms. Hein.

A. Good morning.

Q. Can you tell the jury where you work?

A. I work for the U.S. Small Business Administration, the North Florida district office.
Q. And is that also known as the SBA?
A. Correct.
Q. And which particular part of the SBA do you work in?
A. The Office of Field Operations. So we're the marketing arm of the agency.
Q. And can you generally describe what the SBA does?
A. Generally?
Q. Very generally.
A. Our mission is to assist businesses, help them get started and help them expand and grow through a variety of our different programs and services that we offer.
Q. And is the goal in doing so to help the U.S. economy?
A. Correct, yes, to help the businesses to grow, to generate more revenues, obviously pay more taxes, and then also employ more people.
Q. And in doing so, does the SBA offer a number of grants and loans?
A. Yeah, we do have some grant programs and loan programs, correct.
Q. Now, in particular as a result of the coronavirus pandemic last year, was there some federal laws that were enacted that authorized the Small Business Administration to offer funding known as the Paycheck Protection Program or PPP?

A. Yeah, that came about because of the CARES Act that was passed.
Q. The CARES Act?
A. March of 2020, yeah.
Q. Did that initially approve about $349 billion in forgivable loans to small businesses?
A. Correct.
Q. Was the idea behind that loan to help the businesses retain employees and pay other qualified expenses?
A. Yeah. Predominantly, the money needed to be used on payroll. There was initially a 75/25 percent split on the proceeds, and it was changed to 60/40. But predominantly it was for payroll.
Q. And then in April of last year, did Congress authorize an additional 300 billion for such purposes?
A. Yes, because we ran out of the first initial 349 billion very quickly.
Q. I understand. And in your role in the -- I think you called it the marketing side of the SBA, what was your job as it pertained to the PPP loans?
A. Well, I was actually assigned to our South Florida district office when it rolled out, and we were doing live events, educational sessions, open office hours where people -- businesses, business owners could come and ask us questions to clarify the interim final rules that we put out.

Q. Interim final rules?
A. Yeah, interim final rules.
Q. Would it be fair to say that this was a loan program that had a lot of rules and forms that needed to be complied with?
A. Yes.
Q. Was that also true for the lending -- the lenders, the actual banks and credit unions that were going to participate in the PPP loans?
A. Yes.
Q. Was part of the SBA's rollout of the SBA PPP loans to educate not only the businesses but also the financial institutions?
A. Correct. We had sessions for both.
Q. When a business wanted to apply for a PPP loan, was there a particular SBA form --
A. Yes.
Q. -- they had to use?
A. Yes. We had an application form for the borrower and for the lender, correct.
Q. And is the borrower form called a Form 2483?
A. Yes.
Q. Is that because that's the number stamped at the bottom of the form?
A. Correct.
Q. Now, were business applicants for the PPP loans required to

certify certain things in order to be eligible?
A. Yes.
Q. Was one of the things they had to certify their average monthly payroll expenses?
A. Yes. They had to provide that information.
Q. What about the number of employees the business had?
A. That was required also, yes.
Q. What was the SBA's -- what did the SBA do with the numbers of employees and the average monthly payroll that was reported in the application?
A. The interim final rule provided some information on how the borrower could determine what their loan amount could be. So you took the average annual salary expense, divided it by 12 to get your monthly salary expense, multiply that by 2.5, and that was the amount that you could get.
Q. So the business's average monthly salary payments to its employees times --
A. 2.5, right. We were basically giving them two and a half months or ten weeks of salary expense.
Q. Were the business applicants required to provide documentation that justified that payroll expense that was reported in the Form 2483?
A. Yes, they were.
Q. Was it also a requirement of the PPP loan program that the business that was applying for the loan had to have been in

business as of February 15th of 2020?
A. Correct.
Q. So new businesses that were just starting up would not be eligible; is that right?
A. Correct.
Q. Were the business loan applicants required to certify that because of the economic uncertainty of the pandemic that they needed the funds that they were requesting for continued business operations?
A. Yes, that's correct.
Q. And would the business applicant also certify that they were going to use the money from the loan for authorized purposes?
A. Yes, that was also a certification.
Q. Can the businesses also use the PPP loan proceeds, in addition to payroll, on interest for business mortgage, rent, or utilities?
A. Yes. Those were other authorized categories. Because we were giving out ten weeks of payroll expenditure basically, the basis of the loan, there was a covered period, which was the time that the business had to expend the money, and that was only eight weeks. So there would be some money left over, and, therefore, there were some additional categories added.
Q. Okay. Could the business use the money for an employee's personal house mortgage?

A. No, it would have to be a business expense.
Q. Now, what was the end result of this PPP loan, the loan -- was there a set loan period?
A. Well, the maturity. Initially, it was a two-year maturity, 1 percent interest rate for two years. And then it was changed to a five-year maturity after the Paycheck Protection Program Flexibility Act which happened in June of 2020.
Q. Okay. For this case, we're going to talk about prior to June.
A. Correct.
Q. So they had --
A. A two-year to maturity.
Q. At 1 percent?
A. At 1 percent.
Q. And then what happened after the two years?
A. Well, it was paid off after the two years. It was amortized over two years, but they had the ability to have the loan forgiven.
Q. The business owners?
A. Mm-hmm.
Q. Is that a yes?
A. Yes, I'm sorry.
Q. Okay. And what would happen -- when could they have -- when could the business owner seek forgiveness?
A. After the end of their covered period, as long as the

lender was taking the forgiveness application.
Q. And was that something that would then be submitted from the financial institution to the SBA?
A. Correct. The borrower submitted the forgiveness application to the lender, the lender then sent it on to SBA for final determination.
Q. Prior to June of last year, was it required that at least 75 percent of the Paycheck Protection Program loan proceeds be used on payroll?
A. That is correct.
Q. Had it changed after June?
A. It had.
Q. So if I'm understanding what you're saying, a borrower like a business owner would go to a qualified or a participating bank or credit union to initiate the loan process?
A. Correct. It didn't need to be a bank or credit union. We did allow fintech companies to assist with this program, savings and loans -- really any borrower, any lender, as long as they were willing to sign up for the program, we were willing to accept them.
Q. All right. So lenders had to sign up to participate?
A. Yes. It had to be accessed through a lender, not directly through SBA.
Q. And, again, when the loan got funded, whose money was actually funding the loan on the front end?

A. It was the lender's money.
Q. And was it -- would it be fair to say the SBA guaranteed that loan a hundred percent?
A. We did --
Q. If the conditions were met?
A. -- offer a hundred percent guarantee for those loans, yes.
Q. In the course of the application process for the PPP loan, did the lenders submit that data to the SBA?
A. Yes.
Q. Before the loan is funded?
A. Yes.

MR. KEEN: Showing the defendant Government's 50A. We would tender Government 50A at this time.

THE DEFENDANT: No objection.

THE COURT: Okay. 50A's received.

(GOVERNMENT EXHIBIT 50A: Received in evidence.)

BY MR. KEEN:
Q. I'm showing you what's been marked as Government 50A. Does this diagram here show visually the process by which, in this case a fraudulent loan application, would have made its way to the lender and to the government and then back to the applicant?
A. Yes.
Q. Could you walk us through the process starting with Box 1?
A. Sure, yeah. So as I said, the loan had to be accessed through one of our participant lenders. So the application had

to be sent through a lender which would then go to the lender. They would determine whether or not they wanted to go through with the application. Then they would send it on to the government, which is the SBA.

Q. Is this Box 2 now?

A. Yes.

Q. Okay. And then what would happen then, the loan application goes to the SBA, which I assume is the government side of the --

A. Correct, for final approval. And then what we would do is issue a loan number, an SBA loan number, and then that would be transmitted back to the lender.

Q. Is that Box 3?

A. Box 3, right. The lender then would take that information and then they would initiate a note to the borrower and then disburse the funding after that.

Q. And is that Box 4?

A. Correct.

Q. Now, in the course of the loan application process, does the SBA -- and probably also the lender, but does the SBA rely on the accuracy of the data on the actual Form 2483?

A. Yeah. That was part of our interim final rule requirements.

Q. Now I'm going to show you what's already been admitted into evidence Government's 18A6. I show you the sticker. And at the

top, can you tell us, is this the Borrower Application, Form 2483, that you talked about earlier?

A. That is the one that we rolled out when we first started the program, yeah.

Q. At the very bottom, it says, "SBA Form 2483;" is that right?

A. Correct.

Q. What is the date in parentheses after that?

A. That tells you it's the current edition of that particular form. So that would be the original application form we had for the program.

Q. As of April of 2020?

A. April of 2020, correct.

Q. Now, in this particular application, this one is in the name of the business HEJ Holding, Inc.; is that right?

A. Yes.

Q. The applicant would have -- would they have had to have included the business EIN or employer identification number?

A. Or Social Security number, correct. Yeah.

Q. And underneath all this contact information, there's a box with some numbers, and it looks like math is involved.

A. Correct. That's the calculation that I was mentioning. They would take the average monthly payroll amount.

Q. And in this case, is that the $63,680?

A. And 92 cents. Correct.

Q. Multiply it by 2.5?
A. Correct.
Q. And that gets you $159,202.30?
A. I can't do the math in my head, but if that's correct, yes, it is.
Q. In theory, whatever the number --
A. In theory, yeah, it would be the loan amount.
THE COURT: You-all both just need to make sure you're not talking over one another for our court reporter.
MR. KEEN: I'm sorry, I didn't mean to cut you off.
THE COURT: That's fine. Go ahead.
BY MR. KEEN:
Q. And would this be the maximum loan amount that a borrower could have obtained under the PPP program?
A. With that average monthly payroll amount, correct. The actual maximum amount would have been $10 million.
Q. Theoretically --
A. Yes.
Q. If a business had -- if you take 10 million, divided by two and a half, that was the average they could have got, up to 10 million?
A. Correct, that was the maximum.
Q. But in order for the SBA to know whether a particular applicant or how much a particular applicant was eligible to get from the PPP program, you, as the SBA, needed to have a truthful

number in this box; is that correct?
A. Correct.
Q. For the average monthly payroll?
A. Correct.
Q. What about over here, the number of employees? Was that a number that the SBA used in determining eligibility for PPP loans?
A. Yes, it was.
Q. And did the SBA rely on this number to be truthful in its process?
A. Yes, we did.
Q. Underneath that where it says "Applicant Ownership," here it says [redacted] with a particular Social Security number. Did the SBA rely on truthful information about the owner's information in evaluating a PPP loan application?
A. Yes, we did.
Q. Now, what about -- underneath all that data, there's a bunch of questions. What was the purpose of these things?
A. To determine eligibility for the loan.
Q. If the answer to some of these questions were yes versus no, would that determine or affect the eligibility for a particular loan?
A. Yes, it would.
Q. Going to page 2 of Exhibit 18A6, at the top there's a bunch of certifications. Do you see that?

A. Correct. Yes, I do.
Q. Were these all certifications that were required based on the CARES Act?
A. Yes, it was.
Q. Under Certifications on page 2, there's another set of questions. The first one, it says, "The applicant was in operation on February 15th, 2020." Was that related to what you talked about earlier about the business having to have been in operation --
A. Correct.
Q. -- on that date?
A. This is the owner certifying that they were, yes, in operation as of February 15th of 2020.
Q. And then I believe the third one down on the Certification on page 2 talked about funds are going to be used to retain workers or maintain payroll or business mortgage expenses. Is that related to the rules that you talked about earlier?
A. Correct, yeah. Their certification is they were going to use the PPP money for the eligible uses of proceeds that we had in our interim final rule.
Q. And then the second-to-last certification here, what was this -- what is this about generally?
A. That's the normal certification we have on all of our applications that lets people know that if they do make false statements or provide incorrect or ineligible information in

order to receive the funding that they would be, you know -- there were certain penalties that were going to be applied to them.

Q. And then down here under that, it's the signature. Is that supposed to be the signature of either the owner or its authorized representative?

A. Yes.

Q. And in this particular example, this application that we just discussed, 18A6, had the SBA known that this business, [redacted], was really a fictitious business, would that have been a material fact that the SBA would have wanted to know?

A. Yes.

Q. And the same about the owner. If, in fact, that person was not the owner of that business on the application, is that considered a material fact that the SBA relied on or would have relied on for a PPP loan?

A. Yes.

Q. And is the same true about the average monthly payroll, number of employees?

A. Correct, yes.

MR. KEEN: I have no further questions for this witness.

THE COURT: Okay, thank you.

Mr. Saintvil.

CROSS-EXAMINATION

BY THE DEFENDANT:

Q. Good afternoon. I think it's still good morning.

A. Hi. How are you?

Q. Okay.

THE COURT: Just a minute.

DEPUTY CLERK: It's off.

THE COURT: I know it's off there. Put it on the HDMI.

Okay, go ahead, sir. Thank you.

BY THE DEFENDANT:

Q. During the process of the SBA loans, did the -- are you familiar with the significant amount of fraud that took place during this application process?

A. I'm aware that there was fraud that happened, correct.

Q. Would you be familiar with the states that had the highest degree of fraud?

A. I would not know that information.

Q. The ideal portion of the application, is that something that could be processed online?

A. Yes. That particular program, which was a direct loan from SBA, could be processed online.

Q. Could you give a brief description of what that would consist of online? Is it a very cumbersome process, or is it just something that's quite simple?

A. We actually marketed it as a simplified application process. It was a set of questions that had to be filled out by the borrower and then submitted electronically to our Office of Disaster Assistance.

Q. So you literally could go through the application in what average amount of time frame?

A. I want to say that there was a listing on the application online that said that -- what the time burden was. We typically put that on our applications. I don't remember what it was, but I know that from talking to other business owners, they said it was relatively easy. But then anywhere from 10 to 15 minutes, depending on the data they had to get to answer the questions.

Q. And because of that particular time frame, would you agree that there was significant errors as well as fraudulent activities?

A. There was an opportunity for that I would say, yes.

Q. And how would you distinguish between an application that was fraudulent and an application that had honest mistakes or errors?

A. Well, I don't work in the Office of Disaster Assistance for the SBA, so I never saw any of those applications. I don't process those, so I wouldn't be able to answer that question.

Q. And based upon your professional experience, did you also see a significant amount of fraud take place in the State of Florida?

A. Again, I don't process the loans, so I don't know exactly how much fraud actually happened. Again, my responsibility for the SBA is to market the program. So I was out there talking to borrowers, letting them know that the programs existed and they had the ability to apply. But as far as knowing how much fraud, I wouldn't know that.

Q. My final question is as it relates to the individuals you were marketing to. Would you be familiar with the sections of the country, in particular Florida, that participated most in the program?

A. Well, I know we were within, I want to say, the top five states for the number of applications and approvals for both the PPP and for the EIDL loan, the Economic Injury Disaster Loan. So we had a significant number of people that were applying and getting those proceeds.

THE DEFENDANT: Thank you. I have no further questions, Your Honor.

THE COURT: Thank you, Mr. Saintvil.

Any redirect?

MR. KEEN: No redirect, Your Honor.

THE COURT: Okay. Ma'am, you can step down.

THE WITNESS: Thank you.

(Witness excused.)

THE COURT: Mr. Keen, you can call the Government's next witness.



THE COURT: Hope you all have a good evening. We'll see you at 8:10 tomorrow. Court is adjourned.

(Proceedings adjourned at 3:51 p.m.)

* * * * * * * *

I hereby certify that the foregoing is a true and correct transcript of the stenographically reported proceedings held in the above-entitled matter, pursuant to the provisions of Section 753, Title 28, United States Code.

Julie A. Wycoff, RMR, CRR
Official U.S. Court Reporter

6/14/22
Date