

MAR 16 2022

US DISTRICT COURT  
WESTERN DISTRICT OF NC

IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF NORTH CAROLINA  
CHARLOTTE DIVISION

UNITED STATES OF AMERICA )  
 )  
 v. )  
 )  
 NKHENG SHROPSHIRE )  
 )  
 \_\_\_\_\_ )

DOCKET NO. 3:22-CR-79-FDW

**BILL OF INDICTMENT**

Violations: 18 U.S.C. § 1349

THE GRAND JURY CHARGES:

At all relevant times:

Introduction

1. Defendant NKHENG SHROPSHIRE submitted and caused to be submitted false and fraudulent loan applications to the United States Small Business Administration (“SBA”) using false information regarding fake small businesses, including fake revenues and fake employment data. As a result of the fraudulent applications, SHROPSHIRE attempted to obtain \$331,072 in relief funds and did obtain \$45,000 in relief funds that were intended to be provided to existing business harmed by the COVID-19 pandemic.

Economic Injury Disaster Loan Program

2. The Coronavirus Aid, Relief, and Economic Security (“CARES”) Act is a federal law passed in March 2020 that provided \$2.2 trillion dollars in emergency financial assistance to the millions of Americans who are suffering the economic effects caused by the COVID-19 virus.

3. The provisions of the CARES Act, in conjunction with an officially declared disaster by the United States Government, allowed the SBA to offer Economic Injury Disaster Loan (“EIDL”) funding to business owners negatively affected by COVID-19. Through the SBA online portal, EIDL applicants could submit personal and business information in support of an EIDL application.

4. An EIDL application included a paragraph where the applicant affirms that the information submitted is true and correct under the penalty of perjury and other applicable criminal statutes. The application process involves filling out data fields relating to the size of the affected business entity, the ownership of the business, the number of employees, and gross revenues realized in the 12 months prior to COVID-19’s impact on the national economy. The

business must have existed in an operational condition on or before February 1, 2020.

5. The EIDL application information, submitted by the applicant, was then used by SBA systems to calculate the amount of money the business was eligible to receive in the form of a loan. The SBA Office of Disaster Assistance, an executive branch agency, has authority over all loans created and disbursed under the EIDL program. EIDLs were solely funded by the SBA and disbursed from government-controlled accounts maintained with the U.S. Treasury at Federal Reserve Banks throughout the United States.

6. EIDL proceeds may only be used for working capital to pay expenditures necessary to alleviate the specific economic injury the small business suffered due to COVID-19. Covered expenditures include fixed debts, payroll, accounts payable, and other ordinary and necessary financial obligations that the business cannot meet as a direct result of the pandemic. EIDL proceeds may not be used to replace lost sales or profits or to expand a business.

#### The EIDL Fraud Scheme

7. SHROPSHIRE and her co-conspirators conspired to devise a scheme and artifice to defraud the United States, specifically the SBA, by: (1) preparing and causing to be prepared false and fraudulent EIDL loan documents, including applications and other forms and (2) submitting and causing to be submitted the false and fraudulent loan applications to the SBA in order to obtain funds from the EIDL program.

8. Between July 2, 2020 and September 2, 2020, SHROPSHIRE and her co-conspirators submitted and caused to be submitted at least ten fraudulent EIDL applications to the SBA in an attempt to obtain at least \$331,072 in relief funds. The SBA accepted and paid out at least \$45,000 to SHROPSHIRE and her co-conspirators pursuant to the scheme. The EIDL applications were submitted in the name of SHROPSHIRE and third parties and in the names of various fake businesses. All the applications contained false information.

9. On or about July 2, 2020, SHROPSHIRE caused to be submitted an application for an EIDL in the name of Tha Cleanupman Valet Trash & Sanitation Services (“Cleanupman Valet”) to the SBA (“EIDL Application x0337”). In connection with EIDL Application x0337, SHROPSHIRE and her co-conspirators falsely affirmed that Cleanupman Valet was a real business which had 5 employees and had \$29,750 in gross revenues for the 12 months prior to January 31, 2020. On or about July 2, 2020, the SBA calculated that a loan in the amount of \$6,162 would be paid out to Cleanupman Valet if EIDL Application x0337 was approved. However, EIDL Application x0337 was ultimately denied by the SBA for an EIDL.

10. On or about July 2, 2020, SHROPSHIRE caused to be submitted an application for an EIDL in the name of YellowCap Investments (“YellowCap”) to the SBA (“EIDL Application x7820”). In connection with EIDL Application x7820, SHROPSHIRE falsely affirmed that YellowCap was a real business which had 5 employees and had \$92,000 in gross revenues for the 12 months prior to January 31, 2020. On or about July 20, 2020, EIDL

Application x7820 was approved for an EIDL in the amount of \$25,000 (“SBA Loan x8101”). On or about July 20, 2020, SHROPSHIRE electronically signed the Loan Authorization and Agreement in connection with SBA Loan x8101. In the Loan Authorization and Agreement, SHROPSHIRE certified that all of the representations in EIDL Application x7820 were true, correct and complete and were offered to induce SBA to make the loan.

11. On or about July 21, 2020, in connection with SBA Loan x8101, EIDL funds totaling \$25,000 were deposited into Regions Bank account x0671, which was a personal checking account owned and controlled by SHROPSHIRE. After the fraudulent proceeds were deposited into SHROPSHIRE’s bank account, SHROPSHIRE spent the funds on unauthorized purposes, such as personal expenses like hotel stays, shopping sprees, and cars.

12. On or about July 6, 2020, SHROPSHIRE caused to be submitted an application for an EIDL in the name of Z.M. to the SBA (“EIDL Application x8231”). In connection with EIDL Application x8231, SHROPSHIRE and her co-conspirators falsely affirmed that Z.M. was a real business which had 4 employees and had \$94,280 in gross revenues for the 12 months prior to January 31, 2020. On or about July 6, 2020, the SBA calculated that a loan in the amount of \$43,200 would be paid out to Z.M. if EIDL Application x8231 was approved. However, EIDL Application x8231 was ultimately denied by the SBA for an EIDL.

13. On or about July 7, 2020, SHROPSHIRE caused to be submitted an application for an EIDL in the name of The Cleanup Man to the SBA (“EIDL Application x7718”). In connection with EIDL Application x7718, SHROPSHIRE and her co-conspirators falsely affirmed that The Cleanup Man was a real business which had 4 employees and had \$95,300 in gross revenues for the 12 months prior to January 31, 2020. On or about July 7, 2020, the SBA calculated that a loan in the amount of \$47,650 would be paid out to The Cleanup Man if EIDL Application x7718 was approved. However, EIDL Application x7718 was ultimately denied by the SBA for an EIDL.

14. On or about July 7, 2020, SHROPSHIRE caused to be submitted an application for an EIDL in the name of D.C. to the SBA (“EIDL Application x2271”). In connection with EIDL Application x2271, SHROPSHIRE and her co-conspirators falsely affirmed that D.C. was a real business which had 4 employees and had \$92,120 in gross revenues for the 12 months prior to January 31, 2020. On or about July 7, 2020, the SBA calculated that a loan in the amount of \$46,060 would be paid out to D.C. if EIDL Application x2271 was approved. However, EIDL Application x2271 was ultimately denied by the SBA for an EIDL.

15. On or about July 9, 2020, SHROPSHIRE caused to be submitted an application for an EIDL in the name of MTS Wholesalers (“MTS”) to the SBA (“EIDL Application x0712”). In connection with EIDL Application x0712, SHROPSHIRE and her co-conspirators falsely affirmed that MTS Wholesalers was a real business which had 3 employees and had \$87,000 in gross revenues for the 12 months prior to January 31, 2020. On or about July 9, 2020, the SBA calculated that a loan in the amount of \$43,500 would be paid out to MTS Wholesalers if EIDL Application x0712 was approved. However, EIDL Application x0712 was ultimately denied by

the SBA for an EIDL.

16. On or about July 13, 2020, SHROPSHIRE caused to be submitted an application for an EIDL in the name of J.T. to the SBA (“EIDL Application x0091”). In connection with EIDL Application x0091, SHROPSHIRE and her co-conspirators falsely affirmed that J.T. was a real business which had 3 employees and had \$87,000 in gross revenues for the 12 months prior to January 31, 2020. On or about July 21, 2020, EIDL Application x0091 was approved for an EIDL in the amount of \$20,000 (“SBA Loan x8103”). On or about July 21, 2020, the Loan Authorization and Agreement was signed in connection with SBA Loan x8103. In the Loan Authorization and Agreement, it was certified that all of the representations in EIDL Application x0091 were true, correct and complete and were offered to induce SBA to make the loan.

17. On or about July 22, 2020, in connection with SBA Loan x8103, EIDL funds totaling \$20,000 were deposited into Navy Federal Credit Union account x1083. After the fraudulent proceeds were deposited into the bank account, the funds were spent on unauthorized purposes, such as personal expenses.

18. On or about August 2, 2020, SHROPSHIRE caused to be submitted an application for an EIDL in the name of Zen Visions to the SBA (“EIDL Application x3518”). In connection with EIDL Application x3518, SHROPSHIRE falsely affirmed that Zen Visions was a real business which had 3 employees and had \$86,000 in gross revenues for the 12 months prior to January 31, 2020. On or about August 2, 2020, the SBA calculated that a loan in the amount of \$43,000 would be paid out to Zen Visions if EIDL Application x3518 was approved. However, EIDL Application x3518 was ultimately denied by the SBA for an EIDL.

19. On or about August 6, 2020, SHROPSHIRE caused to be submitted an application for an EIDL in the name of MDS Investment Technologies (“MDS”) to the SBA (“EIDL Application x7484”). In connection with EIDL Application x7484, SHROPSHIRE falsely affirmed that MDS was a real business which had 1 employee and had \$56,300 in gross revenues for the 12 months prior to January 31, 2020. On or about August 6, 2020, the SBA calculated that a loan in the amount of \$28,150 would be paid out to MDS if EIDL Application x7484 was approved. However, EIDL Application x7484 was ultimately denied by the SBA for an EIDL.

20. On or about September 2, 2020, SHROPSHIRE caused to be submitted an application for an EIDL in the name of Yaz Body Butters to the SBA (“EIDL Application x5630”). In connection with EIDL Application x75630, SHROPSHIRE and her co-conspirators falsely affirmed that Yaz Body Butters was a real business which had 1 employee and had \$81,000 in gross revenues for the 12 months prior to January 31, 2020. On or about September 2, 2020, the SBA calculated that a loan in the amount of \$28,350 would be paid out to Yaz Body Butters if EIDL Application x5630 was approved. However, EIDL Application x5630 was ultimately denied by the SBA for an EIDL.

**COUNT ONE**

**(Conspiracy to Commit Wire Fraud)**

21. Paragraphs 1 through 20 of this Bill of Indictment are re-alleged and incorporated herein by reference as though fully set forth herein.

22. Beginning on a date unknown, but from at least on or about June 28, 2020, through on or about September 2, 2020, in the Western District of North Carolina and elsewhere, the defendant,

**NKHENGE SHROPSHIRE,**

did knowingly and willfully combine, conspire, confederate, agree and have a tacit understanding with others known and unknown, to commit wire fraud, in violation of Title 18, United States Code, Section 1343.

**Object of the Conspiracy**

23. It was a part and an object of the conspiracy that the defendant, and others known and unknown, having devised the above-described scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, would and did transmit and cause to be transmitted by means of wire communication in interstate commerce any writing, signal, picture, and sound, for the purposes of executing said scheme and artifice, including electronic loan applications in interstate commerce, in violation of Title 18, United States Code, Section 1343.

**Manner and Means**

24. The defendant and her co-conspirators carried out the conspiracy in the manner and means described in paragraphs 1 through 20 of this Bill of Indictment, among others.

All in violation of Title 18, United States Code, Section 1349.

**NOTICE OF FORFEITURE AND FINDING OF PROBABLE CAUSE**

Notice is hereby given of 18 U.S.C. § 982 and 28 U.S.C. § 2461(c). Under Section 2461(c), criminal forfeiture is applicable to any offenses for which forfeiture is authorized by any other statute, including but not limited to 18 U.S.C. § 981, which are incorporated as to proceeds by Section 981(a)(1)(C). The following property is subject to forfeiture in accordance with Section 982 and/or 2461(c):

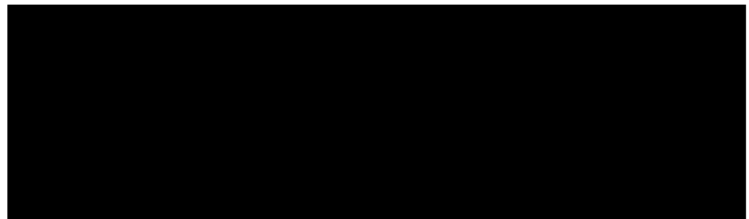
- a. All property which constitutes or is derived from proceeds of the violations set forth in Count One of this Bill of Indictment;

- b. If, as set forth in 21 U.S.C. § 853(p), any property described in (a) and (b) 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, all other property of the defendant/s to the extent of the value of the property described in (a) and (b).

The Grand Jury finds probable cause to believe that the following property is subject to forfeiture on one or more of the grounds stated above:

- a. A forfeiture money judgment in the amount of at least \$45,000.00, such amount constituting the proceeds of the violations set forth in Count One of this Bill of Indictment.

A TRUE BILL



DENA J. KING  
UNITED STATES ATTORNEY

MATTHEW WARREN  
ASSISTANT UNITED STATES ATTORNEY