

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO

Criminal Case No. **21-cr-175-WJM**

UNITED STATES OF AMERICA,

Plaintiff,

v.

1. MICHAEL LAIN,

Defendant.

INFORMATION

The UNITED STATES ATTORNEY charges that:

COUNT ONE
18 U.S.C. § 1343

General Allegations

1. On March 27, 2020, the President of the United States signed into law the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act, which provided emergency assistance, administered by the United States Small Business Administration (“SBA”), to small business owners affected by the Coronavirus (“COVID-19”) pandemic. The two sources of funding for small businesses were the Paycheck Protection Program (“PPP”) and the Economic Injury Disaster Loans (“EIDL”) program. The CARES Act mandated that only businesses in operation before February 1, 2020, were eligible under the EIDL program. Under the EIDL program, a small business could receive a loan in an amount of up to six months of working capital with a maximum of

\$150,000 during all times relevant to this Information. The SBA determined the amount of the loan for which each small business was eligible based, in part, on the amount of gross revenues and cost of goods sold for the business set forth in the EIDL application. The CARES Act also allowed eligible businesses submitting EIDL applications to request in the same application an advance grant of up to \$10,000.

The Scheme

2. Beginning in or about March 2020 and continuing through at least in or about the end of June 2020, in the State and District of Colorado and elsewhere, defendant MICHAEL LAIN (“LAIN”) devised and intended to devise a scheme to obtain money by means of materially false and fraudulent pretenses, representations, and promises (herein after referred to as the "Scheme"). The Scheme was executed in connection with submitting false and fraudulent loan applications to the SBA seeking loans and grants under the EIDL program authorized by the CARES Act. It was part of the Scheme that:

- a. From at least March 2020 through at least the end of June 2020, defendant LAIN controlled 70 limited liability companies (“LLC”) that had not been active companies with employees, gross receipts or costs of goods sold during the 12 months prior to January 31, 2020;
- b. From in or about March 2020 through in or about the end of June 2020, defendant LAIN submitted false and fraudulent applications on behalf of these 70 LLCs to the SBA seeking loans and grants under the EIDL program;

- c. In at least 59 of those false and fraudulent EIDL applications, defendant LAIN made false statements about the number of employees each LLC had as of January 31, 2020;
- d. In all 70 of those false and fraudulent EIDL applications, defendant LAIN made false statements about the amount of gross revenues and cost of goods sold that each LLC had in the 12 months prior to January 31, 2020;
- e. In connection with each of the 70 loans, defendant LAIN signed, or caused someone else to sign, a Loan Authorization and Agreement in which LAIN falsely agreed to “use all proceeds of this Loan solely as working capital to alleviate economic injury caused by the disaster occurring in the month of January 31, 2020 and continuing thereafter and to pay Uniform Commercial Code (UCC) lien filing fees and a third-party UCC handling charge of \$100 which will be deducted from the Loan amount”;
- f. In fact, defendant LAIN had always intended to, and did, use the EIDL proceeds for other purposes not authorized by the CARES Act; and
- g. As a result of these 70 fraudulent EIDL applications, LLCs controlled by defendant LAIN received \$3,830,400 in EIDL proceeds and \$336,000 in Economic Injury Disaster Grant (EIDG) proceeds.

Execution of the Scheme

3. For the purpose of executing the Scheme described in paragraphs 1a. through 1g. above, defendant LAIN caused to be transmitted the following interstate wire communication pertaining to an EIDL that defendant LAIN applied for on behalf of Ramnautly PMB 304, LLC: on or about June 26, 2020, the SBA in Denver, Colorado created and certified the payment file for a loan to Ramnautly PMB 304, LLC and transmitted it via interstate wire communication from Colorado to the U.S. Treasury processing site located in the Kansas City Regional Operations Center in Kansas City, Missouri.

All in violation of Title 18, United States Code, Section 1343.

Forfeiture Allegation

4. The allegations contained in Count One of this Information are hereby realleged and incorporated by reference for the purpose of alleging forfeiture pursuant to the provisions of 18 U.S.C. §§ 981(a)(1)(C) and 28 U.S.C. § 2461(c).

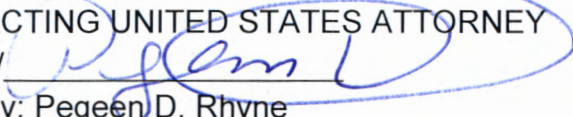
5. Upon conviction of the violation alleged in Count One of this Information involving a violation of 18 U.S.C. § 1343, defendant MICHAEL LAIN shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c) any and all of the defendant's right, title and interest in all property constituting and derived from any proceeds the defendant obtained directly and indirectly as a result of such offense, including, but not limited to the entry of a money judgment in the amount of proceeds obtained by the scheme and by the defendant.

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

- a) cannot be located upon the exercise of due diligence;
- b) has been transferred or sold to, or deposited with, a third party;
- c) has been placed beyond the jurisdiction of the Court;
- d) has been substantially diminished in value; or
- e) has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of said defendant up to the value of the forfeitable property.

MATTHEW T. KIRSCH
ACTING UNITED STATES ATTORNEY

s/ 
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DEFENDANT: Michael Lain

YOB: 1965

COMPLAINT FILED? _____ Yes X No

If Yes, MAGISTRATE CASE NUMBER:

HAS DEFENDANT BEEN ARRESTED ON COMPLAINT? _____ Yes X No

OFFENSE(S): COUNT 1: 18 U.S.C. § 1343: Wire Fraud

LOCATION OF OFFENSE: Denver County, Colorado

PENALTY: COUNT 1: NMT 20 years imprisonment, NMT 3 years supervised release, a \$250,000 fine, and a \$100 special assessment.

AGENT: Chris Watson, Special Agent USSS and Heather McCormick, SA SBA-OIG

AUTHORIZED BY: Pegeen D. Rhyne and Patricia Davies
Assistant U.S. Attorneys

ESTIMATED TIME OF TRIAL: N/A due to preindictment plea agreement

_____ five days or less _____ over five days _____ other

THE GOVERNMENT

_____ will seek detention in this case based on 18 U.S.C. § 3142(f)(2)

X will not seek detention

The statutory presumption of detention **is not** applicable to this defendant.

OCDETF CASE: ___ Yes X No