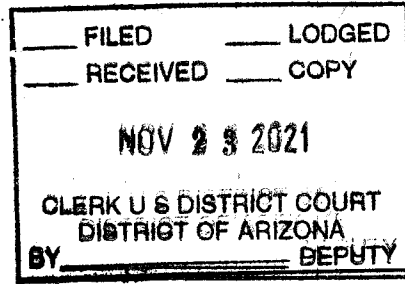


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SEALED

11 IN THE UNITED STATES DISTRICT COURT
12 FOR THE DISTRICT OF ARIZONA

14 United States of America,
15
16 Plaintiff,

17 v.

18 1. Willie Mitchell,
a.k.a. Blu Mitchell,
19 (Counts 1-17)
20
21 2. Keenya Williams,
(Counts 1-17)
22
23 Defendants.

No. **CR-21-00979-PHX-SMB**
INDICTMENT
VIO: 18 U.S.C. § 371
(Conspiracy)
Count 1
18 U.S.C. § 1344
(Bank Fraud)
Count 2
18 U.S.C. § 1957(a)
(Transactional Money Laundering)
Counts 3-17
18 U.S.C. § 981(a)(1)(C);
18 U.S.C. § 982(a)(1);
21 U.S.C. § 853;
28 U.S.C. § 2461(c)
(Forfeiture Allegations)

26 THE GRAND JURY CHARGES:

27 INTRODUCTION

28 1. At all times relevant to this Indictment, defendants WILLIE MITCHELL,

1 a.k.a. BLU MITCHELL, and KEENYA WILLIAMS, purporting to do business as World
2 Media Entertainment Enterprises, Inc., conspired and schemed, with each other and others,
3 to prepare and submit a false and fraudulent Paycheck Protection Program (“PPP”) loan
4 application to Western State Bank, a participating lender helping to provide government-
5 backed, emergency financial assistance to businesses suffering from the economic impact
6 of the Covid pandemic. Defendants submitted a loan application replete with false and
7 fraudulent information, including fake employment data and fictitious payroll. As a result,
8 defendants obtained \$1,238,500.00 in government-guaranteed loans, which were intended
9 for real businesses actually harmed by the COVID-19 pandemic. After receiving the loan
10 proceeds, defendants used the funds for personal expenses, disguised business expenses to
11 enrich themselves and confederates, and transferred funds to various bank accounts they
12 personally controlled.

13 **SMALL BUSINESS ADMINISTRATION**

14 2. The United States Small Business Administration (“SBA”) was an executive-
15 branch agency of the United States government that provided financial support to
16 entrepreneurs and small businesses. The mission of the SBA was to maintain and
17 strengthen the nation’s economy by enabling the establishment and viability of small
18 businesses and by assisting in the economic recovery of communities after disasters. As
19 part of this effort, the SBA facilitated loans through banks, credit unions, and other lenders.
20 These loans had government-backed guarantees if certain requirements were met.

21 **PAYCHECK PROTECTION PROGRAM BACKGROUND**

22 3. The Coronavirus Aid, Relief, and Economic Security (“CARES”) Act was a
23 federal law enacted in March 2020 and was designed to provide emergency financial
24 assistance to the millions of Americans suffering from the economic effects caused by the
25 COVID-19 pandemic. One source of relief the CARES Act provided, through a program
26 referred to as the Paycheck Protection Program (“PPP”), was authorization of up to \$349
27 billion in potentially forgivable loans to small businesses for payroll, job retention,
28 mortgage interest, rent/lease, utilities, and certain other applicable expenses.

1 4. The first phase of the PPP loan process was implemented between March
2 2020 and March 31, 2021. PPP loans had an interest rate of one percent. Loans issued
3 prior to June 5, 2020, had a maturity of two years, while loans issued after June 5, 2020,
4 had a maturity of five years. Each loan draw had a specific application process and
5 requirements. SBA would forgive PPP loans if all employee retention criteria were met,
6 and the funds were used for eligible expenses within a designated period as set forth in the
7 PPP.

8 **PPP LOAN APPLICATION PROCESS**

9 5. The SBA oversaw the entire PPP and fully guaranteed every legitimate PPP
10 loan. The individual PPP loans, however, were issued by private, SBA-approved lenders
11 who received and processed the PPP applications. Thus, the loans were made from the
12 lenders' own funds.

13 6. To apply for a PPP loan, a qualifying business was required to submit a PPP
14 loan application to a participating lender. The lender then transmitted the relevant data for
15 processing the loan to the SBA. This included the borrower's information, the total amount
16 of the loan, and the listed number of employees.

17 7. In the PPP loan application (SBA Form 2483), the small business (through
18 its authorized representative) had to verify its average monthly payroll, and the total
19 number of employees. These figures were used to calculate the amount of money the
20 business was eligible to receive under the PPP. The maximum PPP loan amount a business
21 could receive was 2.5 times the business's average monthly payroll costs, up to \$10 million.

22 8. Thus, the PPP loan application required the business (through its authorized
23 representative) to make several affirmative certifications. Among them, the authorized
24 representative was required to certify that each of the following statements were true:

- 25 a. The Application business was in operation on February 15, 2020 and
26 has employees for whom it paid salaries and payroll taxes or paid
27 independent contractors, as reported on Internal Revenue Services
28 ("IRS") Form(s) 1099-MISC;

- 1 b. The funds would be used to retain workers and maintain payroll or
2 make mortgage interest payments, lease payments, and utility
3 payments, as specified under the PPP Rules; and
4 c. The information provided in the application and information provided
5 in all supporting documents and forms was true and accurate in all
6 material respects.

7 **PPP LOAN FORGIVENESS APPLICATION PROCESS**

8 9. Under the applicable PPP rules, the full principal of the PPP loan and any
9 accrued interest was eligible for forgiveness if, during the 8-to-24-week period following
10 loan disbursement, the business used the PPP loan on permissible business-related
11 expenses, and used a certain portion of the loan proceeds towards payroll costs. To apply
12 for loan forgiveness, the borrower was required to complete a Loan Forgiveness
13 Application (SBA Form 3508) and submit it to its lender, or the lender that was servicing
14 the PPP loan. The Loan Forgiveness Application then required the borrower to submit: (1)
15 a PPP Loan Forgiveness Calculation Form; (2) PPP Schedule A; and (3) a Schedule A
16 Worksheet.

17 10. At any time up to the maturity date of the loan, a borrower could apply for
18 loan forgiveness so long as all the loan proceeds for which the borrower was requesting
19 forgiveness had been used.

20 11. Borrowers were eligible for forgiveness of eligible payroll costs if at least
21 60% of the loan proceeds were spent on actual payroll costs during the eight-week covered
22 period. Borrowers were also eligible for forgiveness of nonpayroll costs such as mortgage
23 payments, rent or lease payments, and utility payments. To be eligible, nonpayroll costs
24 could not exceed 25% of the total forgiveness amount.

25 12. If borrowers did not apply for forgiveness within ten months after the last
26 day of the covered period, then PPP loan payments were no longer deferred, and borrowers
27 were required to repay their loans to their PPP lender.

28 13. Like the PPP loan application, the PPP Loan Forgiveness Application

1 required the business (through its authorized representative) to make several affirmative
2 certifications. Among them, the business's authorized representative was required to
3 certify the following statements were true:

- 4 a. The dollar amount for which forgiveness is requested "was used to
5 pay costs that are eligible for forgiveness (payroll costs to retain
6 employees; business mortgage interest payments; business rent or
7 lease payments; or business utility payments)";
- 8 b. "The borrower understands that if the funds were knowingly used for
9 unauthorized purposes, the federal government may pursue recovery
10 of loan amounts and/or civil or criminal fraud charge"; and
- 11 c. "The information provided in this application and the information
12 provided in all supporting documents and forms is true and correct in
13 all material respects."

14 **DEFENDANTS AND RELATED ENTITY**

15 14. World Media Entertainment Enterprises Inc. ("World Media") was a
16 business incorporated on or about September 25, 2013 in the State of Arizona. World
17 Media was incorporated by defendant MITCHELL as a marketing and advertisement
18 business.

19 15. Defendant WILLIE MITCHELL, a.k.a. BLU MITCHELL ("MITCHELL"),
20 was a resident within the District of Arizona. MITCHELL was the statutory agent for
21 World Media. MITCHELL controlled a bank account with Mountain America Credit
22 Union ("MACU") (account #8412).

23 16. Defendant KEENYA WILLIAMS ("WILLIAMS") was a resident within the
24 District of Arizona. WILLIAMS was listed as the President/CEO of World Media.

25 **FINANCIAL INSTITUTION AND PARTICIPATING PPP LENDER**

26 17. Western State Bank is a financial institution headquartered in West Fargo,
27 North Dakota, with branches located in the District of Arizona and whose deposits were
28 insured by the Federal Deposit Insurance Corporation ("FDIC"). Western State Bank

1 participated in the SBA's PPP as a lender, and as such, was authorized to lend funds to
2 eligible borrowers under the terms of the PPP.

3
4 **WORLD MEDIA ENTERTAINMENT ENTERPRISES INC.'S**
5 **PPP LOAN APPLICATION**

6 18. On or about February 2, 2021, defendants submitted a PPP application with
7 Western State Bank on behalf of World Media. WILLIAMS was listed as having 90%
8 ownership in World Media. In the application, defendants falsely represented that World
9 Media had an average monthly payroll of \$495,400, had 85 employees, and needed the
10 PPP loan to support its ongoing operation. But the application was false. World Media
11 had no employees and no payroll.

12 19. As part of the application, defendant WILLIAMS signed as World Media's
13 authorized representative and specifically signed next to each of the following
14 certifications:

- 15 a. World Media "was in operation on February 15, 2020 and had
16 employees for whom it paid salaries and payroll taxes or paid
17 independent contractors, as reported on Form(s) 1099-MISC";
18 b. "The funds will be used to retain workers and maintain payroll or
19 make mortgage interest payments, lease payments, and utility
20 payments... [and] if the funds are knowingly used for unauthorized
21 purposes, the federal government may hold [applicant] liable, such as
22 for charges of fraud"; and
23 c. "[T]he information provided in the application and in the information
24 provided in all supporting documents and forms is true and accurate
25 in all material respects."

26 20. Each of these certifications was false. Defendants knew World Media had
27 zero employees and that it paid no salaries or payroll taxes to any employees or independent
28 contractors.

21. Defendants also falsely and fraudulently represented that the funds sought in

1 the World Media application would be “used to retain workers and maintain payroll or
2 make mortgage interest payments, lease payments, and utility payments” when, in fact,
3 they intended to divert the funds to their personal use and benefit.

4 22. Defendant WILLIAMS signed a promissory note with Western State Bank
5 for the PPP loan in the amount of \$1,238,500 that was to be disbursed via cashier’s check.

6 23. The World Media application included additional false and fraudulent
7 information about its purported payroll, as well as fraudulent documentation purporting to
8 establish that World Media made substantial monthly payroll disbursements. For example,
9 the World Media application included a fictitious payroll ledger purporting to show the
10 monthly wages of 83 World Media employees with an average monthly payroll of
11 approximately \$495,400. In fact, at the time the World Media application was filed on
12 February 2, 2021, the Arizona Department of Economic Security did not have any tax or
13 wage reports for 2019 or 2020.

14 24. Despite these representations, it was not until the first quarter of 2021 that
15 World Media submitted, for the first time, five employee wage submissions for a total of
16 approximately \$8,865.38 in wages paid in the first quarter. During the second quarter of
17 2021, World Media submitted ten employee wage submissions for a total of approximately
18 \$127,781.36 in wages paid in the second quarter. Defendants WILLIAMS and
19 MITCHELL were both listed as employees.

20 25. On or about February 5, 2021, Western State Bank approved World Media’s
21 PPP application and funded the loan for \$1,238,500.

22 26. On or about February 8, 2021, defendants opened an account at MACU for
23 World Media (account #9508). Defendants WILLIAMS and MITCHELL were both
24 authorized signatories on the account.

25 27. On or about February 8, 2021, a wire transfer for \$1,238,500 for the World
26 Media PPP loan was deposited in MACU account #9508. At the time of the deposit, the
27 account balance was approximately \$5.00.

28 28. Prior to the PPP loan deposit, MACU account #9508 showed no evidence of

1 processing payroll. Only *after* the PPP loan deposit did transactions through a payroll
 2 provider finally begin. Indeed, defendants issued payroll for the *first time* on March 19,
 3 2021, in anticipation of presenting this information to Western State Bank as part of a PPP
 4 Loan Forgiveness Application, which required that 60% of the funds be used on payroll
 5 costs.

6 29. In sum, defendants' fraudulent representations are summarized as follows:

	Before PPP Application	On PPP Application [Avg. Monthly]	After Loan Deposited [Avg. Jan.-Jun.]
Payroll	\$0	\$495,400	\$22,774.46
# of Employees	0	85	5

11 30. After the fraudulent loan proceeds were deposited into the MACU account
 12 #9508, World Media diverted and caused to be diverted some of the fraudulently obtained
 13 funds for personal and unauthorized purposes, including but not limited to:

- 14 a. On or about February 10, 2021, defendants wire transferred \$100,000 from
 15 MACU account #9508 to U.S. Bank account #2039, which was controlled by
 16 Sean Swaringer.
- 17 b. On or about February 11, 2021, defendants wire transferred \$150,000 from
 18 MACU account #9508 to MACU account #8412, which was controlled by
 19 MITCHELL.
- 20 c. On or about February 11, 2021, defendant MITCHELL made a cash withdrawal
 21 for \$15,000.
- 22 d. On or about March 10, 2021, defendants wire transferred \$215,000 from MACU
 23 account #9508 to MACU account #8412, which was controlled by MITCHELL.
- 24 e. On or about March 17, 2021, defendants wire transferred \$300,000 from MACU
 25 account #9508 to MACU account #8412, which was controlled by MITCHELL.
- 26 f. On or about March 19, 2021, April 2, 2021, April 16, 2021, April 30, 2021, May
 27 14, 2021, May 28, 2021, June 11, 2021, June 14, 2021, June 25, 2021, July 9,
 28 2021, July 23, 2021, August 6, 2021, and August 20, 2021, defendants caused

1 other withdrawals to be processed for fictitious payroll.

2
3 **COUNT 1**
4 **Conspiracy**
5 **[18 U.S.C. § 371]**

6 31. The factual allegations in the preceding paragraphs are incorporated by
7 reference and re-alleged as though fully set forth herein.

8 32. Beginning on or about February 2021, and continuing through on or about
9 the date of the Indictment, in the District of Arizona and elsewhere, defendants
10 MITCHELL and WILLIAMS, did conspire, confederate, and agree with each other and
11 others known and unknown to the Grand Jury, to willfully and knowingly devise a scheme
12 and artifice to defraud Western State Bank and the United States Small Business
13 Administration by means of false and fraudulent pretenses, representation, and promises,
14 including preparing and submitting a false and fraudulent PPP loan application in order to
15 obtain \$1,238,500 in government-guaranteed loans through the PPP.

16 **OBJECT OF THE CONSPIRACY**

17 33. It was the object of the conspiracy for defendants MITCHELL and
18 WILLIAMS, and their co-conspirators, to commit bank fraud in violation of 18 U.S.C. §
19 1344, and transactional money laundering in violation of 18 U.S.C. § 1957.

20 **MANNER AND MEANS OF THE CONSPIRACY AND FRAUD SCHEME**

21 34. The manner and means by which the defendants sought to accomplish the
22 objectives of the conspiracy and fraud scheme included, among other things, the following:

- 23 a. Defendants included a fictitious payroll ledger purporting to show monthly
24 wages of 83 World Media employees, with an average monthly payroll of
25 approximately \$495,400. In fact, at the time the World Media application
26 was filed, World Media had zero employees and no monthly payroll
27 expenses.
- 28 b. Defendants falsely represented that World Media needed the PPP loan to
support its ongoing operation. In fact, at the time the World Media

1 application was filed, World Media was not doing any business and had no
2 ongoing operations.

- 3 c. After the PPP loan was deposited, defendants set up a phony company
4 payroll with a payroll provider - and funded it with fraudulent loan proceeds
5 - to issue fraudulent biweekly payroll disbursements to fictitious employees
6 in a fraudulent attempt to be eligible for PPP loan forgiveness.

7 **OVERT ACTS**

8 35. In furtherance of the conspiracy, and to effect the objects thereof, the
9 following overt acts, among others, were committed in the District of Arizona, and
10 elsewhere:

- 11 a. On or about February 2, 2021, defendants prepared and submitted, or caused
12 to be prepared and submitted, a fraudulent PPP application for World Media
13 that was submitted to Western State Bank. Among other things, the PPP
14 application included false representations about World Media's number of
15 employees and average monthly payroll.
- 16 b. On or about February 10, 2021, defendants caused \$100,000 of the
17 \$1,238,500 fraudulently procured PPP loan to be wire transferred from
18 MACU account #9508 to U.S. Bank account #2039, which was controlled
19 by Sean Swaringer.
- 20 c. On or about February 11, 2021, defendants caused \$150,000 of the
21 \$1,238,500 fraudulently procured PPP loan to be wire transferred from
22 MACU account #9508 to MACU account #8412, which was controlled by
23 defendant MITCHELL.
- 24 d. On or about February 11, 2021, defendant MITCHELL caused \$15,000 of
25 the \$1,238,500 fraudulently procured PPP loan to be withdrawn in cash from
26 MACU account #9508.
- 27 e. On or about March 10, 2021, defendants caused \$215,000 of the \$1,238,500
28 fraudulently procured PPP loan to be wire transferred from MACU account

1 #9508 to MACU account #8412, which was controlled by defendant
 2 MITCHELL.

3 f. On or about March 17, 2021, defendants caused \$300,000 of the \$1,238,500
 4 fraudulently procured PPP loan to be wire transferred from MACU account
 5 #9508 to MACU account #8412, which was controlled by defendant
 6 MITCHELL.

7 g. On or about April 16, 2021, April 30, 2021, May 14, 2021, May 28, 2021,
 8 June 11, 2021, June 25, 2021, July 9, 2021, July 23, 2021, August 6, 2021,
 9 and August 20, 2021, defendants caused other withdrawals to be processed
 10 for fictitious payroll.

11 All in violation of Title 18, United States Code, Section 371.

12
 13 **COUNT 2**
 14 **Bank Fraud**
 15 **[18 U.S.C. § 1344]**

16 36. The factual allegations in the preceding paragraphs of this Indictment are re-
 17 alleged and incorporated as though fully set forth herein.

18 37. On or about the date set forth below, in the District of Arizona and elsewhere,
 19 defendants MITCHELL and WILLIAMS, and others known and unknown to the Grand
 20 Jury, did knowingly execute a scheme and artifice to defraud Western State Bank, the
 21 deposits of which were insured by the Federal Deposit Insurance Corporation, and to
 22 obtain, by means of materially false and fraudulent pretenses, representations, and
 23 promises, moneys, funds, credits, assets, securities, and other property owned by and under
 24 the custody and control of Western State Bank, and caused Western State Bank to issue a
 25 cashier's check for deposit into an account controlled by the defendants.

Count	Date	Monetary Transaction	Transaction Amount	Institution
2	2/8/2021	Deposit by wire transfer of PPP Loan Funds	\$1,238,500	MACU account #9508

28

1 All in violation of Title 18, United States Code, Section 1344.

2
3 **COUNTS 3-17**
4 **Transactional Money Laundering**
5 **[18 U.S.C. § 1957(a)]**

6 38. The factual allegations in the preceding paragraphs of this Indictment are re-
7 alleged and incorporated as though fully set forth herein.

8 39. On or about the dates listed below, in the District of Arizona and elsewhere,
9 defendants MITCHELL and WILLIAMS, and others known and unknown to the Grand
10 Jury, knowingly engaged in monetary transactions, of a value greater than \$10,000,
11 occurring within the United States, with funds criminally derived from the bank fraud
12 alleged in Count 2 of this Indictment, with each transaction being a separate count of this
13 Indictment:

Count	Date	Monetary Transaction	Transaction Amount
3	2/10/2021	Withdrawal from MACU Bank account #9508 to Sean Swaringer U.S. Bank account #2039	\$100,000
4	2/11/2021	Withdrawal from MACU Bank account #9508 to Mitchell via Sigma Cuts, MACU account #8412	\$150,000
5	2/11/2021	Cash withdrawal by Mitchell from MACU Bank account #9508	\$15,000
6	3/10/2021	Withdrawal from MACU Bank account #9508 to Mitchell via Sigma Cuts, MACU account #8412	\$215,000
7	3/17/2021	Withdrawal from MACU Bank account #9508 to Mitchell via Sigma Cuts, MACU account #8412	\$300,000
8	4/16/2021	Withdrawal from MACU Bank account #9508 to a payroll provider	\$12,298.73
9	4/30/2021	Withdrawal from MACU Bank account #9508 to a payroll provider	\$13,876.27
10	5/14/2021	Withdrawal from MACU Bank account #9508 to a payroll provider	\$14,887.51
11	5/28/2021	Withdrawal from MACU Bank account #9508 to a payroll provider	\$16,282.10

12	6/11/2021	Withdrawal from MACU Bank account #9508 to a payroll provider	\$17,158.21
13	6/25/2021	Withdrawal from MACU Bank account #9508 to a payroll provider	\$17,158.18
14	7/9/2021	Withdrawal from MACU Bank account #9508 to a payroll provider	\$15,563.18
15	7/23/2021	Withdrawal from MACU Bank account #9508 to a payroll provider	\$18,754.64
16	8/6/2021	Withdrawal from MACU Bank account #9508 to a payroll provider	\$18,527.30
17	8/20/2021	Withdrawal from MACU Bank account #9508 to a payroll provider	\$18,672.77

All in violation of Title 18, United States Code, Section 1957(a).

FORFEITURE ALLEGATION

**[18 U.S.C. § 981(a)(1)(C); 18 U.S.C. § 982(a)(1);
21 U.S.C. § 853; 28 U.S.C. § 2461(c)]**

40. The factual allegations in Counts 1 through 17 in the preceding paragraphs of this Indictment are re-alleged and incorporated as though fully set forth herein.

41. Pursuant to Title 18, United States Code, Sections 981 and 982, Title 21, United States Code, Section 853, and Title 28, United States Code, Section 2461(c), and upon conviction of one or more of the offenses alleged in Counts 1 through 17 of this Indictment, defendant(s) shall forfeit to the United States all right, title, and interest in any and all property, real or personal, involved in such offense(s), or any property traceable to such property involved in the offense(s), or conspiracy to commit such offense(s), including the following: (a) all money or other property that was the subject of each transaction, transportation, transmission or transfer in violation of a statute listed in Title 18, United States Code, Section 982, (b) all other property constituting proceeds obtained as a result of those violations, and (c) all property used in any manner or part to commit or to facilitate the commission of those violations including, but not limited to the sum of money representing the amount of money involved in the offense(s) and the property named below.

1 A sum of money equal to at least \$1,238,500.00 in United States currency,
2 representing the amount of money involved in the offenses.

3 If any of the above-described forfeitable property, as a result of any act or omission
4 of the defendant(s):

- 5 (1) cannot be located upon the exercise of due diligence,
- 6 (2) has been transferred or sold to, or deposited with, a third party,
- 7 (3) has been placed beyond the jurisdiction of the court,
- 8 (4) has been substantially diminished in value, or
- 9 (5) has been commingled with other property which cannot be divided without
10 difficulty,

11 it is the intent of the United States to seek forfeiture of any other property of said
12 defendant(s) up to the value of the above-described forfeitable property, pursuant to Title
13 21, United States Code, Section 853(p).

14 All in accordance with Title 18, United States Code, Sections 981 and 982, Title 21,
15 United States Code, Section 853, Title 28, United States Code, Section 2461(c), and Rule
16 32.2, Federal Rules of Criminal Procedure.

17 A TRUE BILL

18
19 s/
20 FOREPERSON OF THE GRAND JURY
21 Date: November 23, 2021

22 GLENN B. McCORMICK
23 Acting United States Attorney
24 District of Arizona

25 s/
26 LEIGHANN THOMAS
27 KRISTEN BROOK
28 PETER SEXTON
Assistant U.S. Attorneys