



SRD/JCC: USAO 2021R00114

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND**

UNITED STATES OF AMERICA

v.

RUDOLPH ELWOOD BROOKS, JR.,

Defendant

*
*
*
*
*
*
*

CASE NO. GLS-21-0695

FILED UNDER SEAL

AFFIDAVIT IN SUPPORT OF CRIMINAL COMPLAINT AND ARREST WARRANT

I, Donzell M. Tate Jr., being duly sworn, hereby declare as follows:

Introduction and Agent Background

1. I am an “investigative or law enforcement officer of the United States” within the meaning of 18 U.S.C. § 2510(7), that is, an officer of the United States who is empowered by law to conduct investigations of and to make arrests for offenses enumerated in 18 U.S.C. § 2516.

2. I am a Special Agent with the Federal Deposit Insurance Corporation, Office of Inspector General (“FDIC-OIG”), and have been since June 2009. My responsibilities include the investigation of violations of United States laws, including bank fraud, wire fraud, and money laundering involving FDIC-insured institutions. During my tenure as a special agent with the FDIC-OIG, I have conducted and participated in numerous investigations of criminal activity, including investigations of fraudulent activity occurring within FDIC-insured institutions and other financial institutions. During the investigation of these cases, I have participated in the execution of search warrants and seized evidence of such violations.

3. I have personally been involved with this investigation since its inception in July 2020. I am familiar with the facts and circumstances of this investigation. The facts set forth in this affidavit are based on my own personal knowledge; knowledge obtained from other individuals during my participation in this investigation, including other law enforcement officers; interviews of witnesses; review of records related to this investigation; communications with others who have knowledge of the events and circumstances described herein; and information gained through my training and experience. Because this affidavit is being submitted for the limited purpose of establishing probable cause in support of the criminal complaint and arrest warrant, I have not included every fact known to me or to the United States. Unless otherwise indicated, all written and oral statements referred to herein are set forth in substance and in part, rather than verbatim.

4. Based on the following facts, there is probable cause to believe that, in the District of Maryland and elsewhere, **RUDOLPH ELWOOD BROOKS, JR. (“BROOKS”)** committed wire fraud affecting a financial institution, in violation of 18 U.S.C. § 1343.

Background on the Paycheck Protection Program and Economic Injury Disaster Loan

5. The Coronavirus Aid, Relief, and Economic Security (“CARES”) Act is a federal law enacted in March 2020 designed to provide emergency financial assistance to the millions of Americans suffering from the economic consequences of COVID-19.

6. The CARES Act authorized up to \$659 billion in forgivable loans to small businesses for employee retention and certain business expenses through a program called the Paycheck Protection Program (“PPP”).

7. The program authorizes qualifying small businesses and other organizations to receive loans that are 100 percent guaranteed by the Small Business Administration (“SBA”), and

the full principal amount of the loans may qualify for loan forgiveness. The business must use PPP loan proceeds on payroll costs, mortgage interest, rent, and utilities. Initially, the program allowed the principal to be forgiven if the business spent the loan proceeds on qualifying expenses within eight weeks of loan issuance and used at least 75 percent of the loan for payroll. On June 5, 2020, the Paycheck Protection Program Flexibility Act of 2020 went into effect. This law extended the period from eight weeks to 24 weeks that the loan proceeds had to be spent and reduced the requirement that the loan proceeds be spent on payroll from 75 percent to 60 percent.

8. A business's number of employees and average monthly payroll costs for the 12-month period prior to the disaster determine the amount of PPP funding that the business may receive. Businesses applying for a PPP loan must provide documentation showing their payroll expenses. To qualify for eligibility, businesses applying for a PPP loan needed to be in operation as of February 15, 2020.

9. The SBA administers the program and has authority over all PPP loans. However, approved lenders (usually private banks and credit unions) issue the loans. The lenders receive and process PPP applications and supporting documentation, then make the loans using their own funds.

10. An Economic Injury Disaster Loan ("EIDL") is an SBA-administered loan designed to provide assistance to small businesses that suffer substantial economic injury as a result of a declared disaster. An EIDL helps businesses meet necessary financial obligations that could have been met had the disaster not occurred. It provides relief from economic injury that the disaster caused and permits businesses to maintain a reasonable working capital position during the period that the disaster affected.

11. EIDL funds are issued directly from the United States Treasury and applicants apply through the SBA via an online portal. The EIDL application process, which also uses certain outside contractors for system support, collects information concerning the business and the business owner, including information as to the gross revenues for the 12 months prior to the disaster; the cost of goods sold; and information as to any criminal history of the business owner. Applicants electronically certify that the information provided is accurate and are warned that any false statement or misrepresentation to the SBA or any misapplication of loan proceeds may result in sanctions, including criminal penalties.

12. In March 2020, due to the COVID-19 pandemic, the SBA issued an EIDL declaration. The declaration made EIDL loans available nationwide to small businesses to help alleviate economic injury caused by COVID-19. EIDL loans are usually limited to a maximum amount of \$2 million. However, during the COVID-19 pandemic, EIDL loans were limited for a period of time to \$150,000.

Background Concerning Bluevine and Celtic Bank

13. Bluevine Incorporated (“Bluevine”) is a financial technology company headquartered in California that provides online business banking and financing to small and medium-sized businesses. Bluevine also serves as an originating agent for banks such as Celtic Bank Corporation (“Celtic Bank”).

14. Celtic Bank is a federally insured financial institution headquartered in Salt Lake City, Utah, and specializes in small business finance. Celtic Bank is an SBA Preferred Small Business Lender and participated as a lender in the PPP.

15. Borrowers applied for PPP loans online through Bluevine’s website by creating a Bluevine account. Borrowers were then able to enter information pertinent to the PPP loan

application, including but not limited to payroll costs and number of employees. Borrowers also would upload supporting documentation and sign loan documents electronically through the Bluevine account. Once a loan was approved, it would be funded by Celtic Bank.

Cars Direct Celtic Bank PPP Loan Via Bluevine

16. As further described below, **BROOKS**, a Maryland resident, transmitted a materially fraudulent PPP loan application and supporting documentation to Celtic Bank, through Bluevine, and thereafter used the loan funds to make impermissible purchases.

17. **BROOKS** is the owner of Cars Direct by Gavawn HWD Bob's Motors ("Cars Direct"). Cars Direct was incorporated with the Maryland State Department of Assessments and Taxation ("SDAT") on October 29, 2010. The stated purpose of the business was to purchase and resell automobiles. Cars Direct was forfeited on October 1, 2012, and subsequently revived on May 28, 2020. **BROOKS** is listed as the resident agent with SDAT.

18. On May 9, 2020, **BROOKS** electronically submitted a PPP application, on behalf of Cars Direct, to Bluevine for a \$1,556,589 PPP loan. Records reflect that **BROOKS** transmitted the PPP loan application from an IP address registered to a physical address in Bowie, Maryland ("Bowie address"). The transmittal of **BROOKS's** PPP loan application was received, via interstate wire, by Bluevine's platform servers located in Virginia.

19. Records reflect that the foregoing IP address was registered to "Randolph Brooks" with the Bowie address listed, as well as a certain phone number with a 240 area code ("the 240 Number") and a certain username ("the Bowie username"). Based on the following information, your affiant believes "Randolph Brooks" to be a typographical error or alias and is instead meant to be **BROOKS**.

20. More specifically, in addition to the May 9, 2020, Cars Direct PPP loan, on April 7, 2020, **BROOKS** submitted an EIDL loan application to the SBA for the Kingdom Tabernacle of Restoration Ministries (“Kingdom Tabernacle”).¹ Within the EIDL loan application, **BROOKS** listed himself as the 100% owner of the Kingdom Tabernacle and the primary person of contact. **BROOKS** further provided his social security number, date of birth, the Bowie address as his address, the 240 Number as his personal phone number, and an email address that incorporates the Bowie username.

21. Based on this information, your affiant believes that **BROOKS** had access to the Bowie address and was the individual responsible for transmitting, by interstate wire, the Cars Direct PPP loan application from Bowie, Maryland, to Bluevine’s platform servers in Virginia.

22. **BROOKS** represented on the Cars Direct PPP loan application that Cars Direct had ten employees and an average monthly payroll of \$622,635. **BROOKS** was listed as the primary contact and electronically signed the application as the owner of Cars Direct. Within the loan application, **BROOKS** electronically initialed a clause stating that he understood providing false or misleading information to obtain an SBA-guaranteed loan is punishable under federal law.

23. In support of the Cars Direct PPP loan application, **BROOKS** submitted to Bluevine a 2019 IRS Form 940 and a 2020 IRS Form 1096.² The Form 1096 reported \$724,469 in payments via ten Forms 1099-MISC issued by Cars Direct; it identified **BROOKS** as the person

¹Internal Revenue Service records and the PPP loan application contain the name Kingdom Tabernacle of Restoration Ministries, while some financial records, corporate records, and the EIDL application contain the name Tabernacle of Restoration Ministries. Although there are two names, they contain the same Taxpayer Identification Number and describe the same business owned by **BROOKS**.

² The Form 1096 is the Annual Summary and Transmittal of U.S. Information Returns for a business. The Form 940 is the Employer’s Annual Federal Unemployment Tax (“FUTA”) Return. Together with state unemployment tax systems, the FUTA tax provides funds for paying unemployment compensation to workers who have lost their jobs.

to contact and was signed, but undated. The Form 940 reported \$7,471,630 in total payments to employees from Cars Direct. The form was signed by **BROOKS** and dated January 30, 2020.

24. Internal Revenue Service (“IRS”) records reflect that neither the foregoing Form 940 nor the Form 1096 were on file with the IRS. Further, the IRS did not have records of *any* filings, to include Forms 940 and 1096, made by Cars Direct, for any tax periods, indicating that Cars Direct has not hired employees or paid unemployment taxes. Based on this information, your affiant believes that the Forms 940 and 1096 provided by **BROOKS** to Bluevine in support of the Cars Direct PPP loan application were fraudulent.

25. Wage and employment records for both **BROOKS** and Cars Direct were sought from the Maryland Department of Labor (“MDOL”) for 2019 through August 2020. MDOL had no records of Cars Direct paying wages or of **BROOKS** receiving wages.

26. Additionally, on April 7, 2020, **BROOKS** submitted, on behalf of Cars Direct, an EIDL loan application to the SBA that contradicted the information and supporting documentation **BROOKS** submitted for Cars Direct’s PPP loan on May 9, 2020. More specifically, **BROOKS** reported on Cars Direct’s EIDL loan application \$148,000 in gross revenue and \$82,293 in cost of goods sold in the 12 months prior to COVID-19 being declared a disaster. The foregoing gross revenue and cost of goods sold is inconsistent with a business that can support average monthly payroll costs of \$622,635 or annual payments of \$7,471,630, as **BROOKS** reported on the PPP loan application and Form 940, respectively.

27. On May 9, 2020, Cars Direct’s PPP loan was approved and **BROOKS** executed the note with Celtic Bank as the owner of Cars Direct. On May 12, 2020, Celtic Bank deposited \$1,556,589 into Bank of America account ending x8469 (“BOA x8469”). BOA x8469 is held in

the name of Cars Direct with **BROOKS** listed as the President and sole signer on the account. Prior to the deposit of the PPP loan funds, BOA x8469 had a balance of \$2,126.

28. A review of account records for BOA x8469 found that, prior to the receipt of the Celtic Bank PPP loan funds, BOA x8469 was primarily funded by counter deposits, ATM deposits, bank transfers, and deposits from Square, Inc. Debits for BOA x8649 mainly consisted of purchases at automotive parts store, restaurants, retail stores, grocery stores, and automotive auctioneers. Noticeably absent from BOA x8469 were debits consistent with a legitimate employer, such as payments for payroll or payroll taxes.

29. Beginning on May 12, 2020, and following the deposit of the PPP loan funds, **BROOKS** initiated numerous transfers from BOA x8469 to the Bank of America account ending x6494 (“BOA x6494”). **BROOKS** opened BOA x6494 under his personal name and is the sole signer on the account.

30. Records reflect that between May 12, 2020, and August 10, 2020, **BROOKS** transferred \$196,600 of PPP loan funds from BOA x8469 to BOA x6494. On May 11, 2020, the day before the PPP loan funds transfers from BOA x8469 began, BOA x6494 had a balance of \$47.

31. The records further reflect that following the transfers to BOA x6494, **BROOKS** used the PPP loan funds for personal expenditures such as credit card bills, purchases at restaurants, retail stores, grocery stores, and automotive auctioneers. Additionally, numerous payments, derived from PPP loan funds, were made from BOA x6494 to the company that services **BROOKS**'s mortgage for his personal residence in Cheltenham, Maryland, which mortgage was established by **BROOKS** in 2006.

32. On May 18, 2020, **BROOKS** opened a Bank of America account ending in x2287 (“BOA x2287”) held in the name of Payroll by BJM. The account signature card was physically signed by **BROOKS** and lists his title as “member” and sole signer. The account was opened at a Bank of America branch in Prince Frederick, Maryland. On the same day, **BROOKS** transferred \$500,000 of the PPP loan funds from BOA x8469 to BOA x2287. Also on May 18, 2020, **BROOKS** registered Payroll by BJM with SDAT, listing himself as the resident agent. As of January 31, 2021, there has been no activity in BOA x2287 outside of the initial deposit. Notably, although the name of the accountholder (Payroll by BJM) creates the appearance that the account is associated with a payroll company, there has, in fact, been no payroll or payroll-related expenses paid from BOA x2287.

33. Beginning on or around May 22, 2020, **BROOKS**, using PPP loan funds from the Cars Direct account (BOA x8469) and his personal account (BOA x6494), transferred and wired payments totaling at least \$419,678.00, to auto auction businesses. Records reflect the payments were applied toward the purchase of 39 used automobiles, including a 2017 Mercedes Benz S-Class, two 2017 Infinity Q50s, a 2015 Cadillac Escalade, a 2005 Bentley Continental, a 2018 Tesla Model 3, a 2014 GMC Yukon XL, and several older model luxury vehicles.

34. As previously mentioned, Cars Direct claimed to be in the business of purchasing and reselling vehicles; therefore, your affiant believes that the purchases from the auto auctions may be business expenses. However, under the terms of the PPP loan program outlined above, the purchase of these vehicles is not an appropriate use of PPP loan funds as they are intended for payroll costs, mortgage interest, rent, and utilities.

35. The below chart depicts the foregoing payments to the auto auction businesses:

Posted Date	Initiating Acct	Amount Paid
05/22/2020	BOA x8469	\$10,965
05/22/2020	BOA x8469	\$3,655
05/28/2020	BOA x8469	\$6,870
05/29/2020	BOA x8469	\$84,575
06/05/2020	BOA x8469	\$18,390
07/03/2020	BOA x8469	\$35,075
07/13/2020	BOA x6494	\$7,195
07/16/2020	BOA x6494	\$17,220
07/20/2020	BOA x6494	\$86,975
07/24/2020	BOA x6494	\$27,840
08/11/2020	BOA x6494	\$103,125
09/02/2020	BOA x6494	\$17,793
TOTAL		\$419,678

36. On July 10, 2020, **BROOKS** opened a Bank of America checking account ending in x5007 (“BOA x5007”) and a Bank of America savings account ending in x5010 (“BOA x5010”), both in the name of Cars Direct. The account signature cards were physically signed by **BROOKS** and list his title as “President”; **BROOKS** is the sole signer for both accounts. The accounts were opened at a Bank of America branch in Prince Frederick, Maryland.

37. On July 13, 2020, **BROOKS** initiated a transfer of \$250,000 in PPP loan funds from BOA x8469 to BOA x5007. Following the transfer of PPP loan funds, **BROOKS** initiated numerous transfers from BOA x5007 to his personal account, BOA x6494. From July 17, 2020, through September 4, 2020, **BROOKS** transferred \$90,000 from BOA x5007 to BOA x6494.

38. Also on July 13, 2020, **BROOKS** initiated a transfer of \$250,000 in PPP loan funds from BOA x8469 to BOA x5010. Following the transfer of PPP loan funds, **BROOKS** initiated a transfer for \$25,000 from BOA x5010 to his personal account, BOA x6494, on July 24, 2020.

Purchase of Tesla Model 3

39. As detailed above, beginning on May 12, 2020, **BROOKS** began funneling PPP loan funds from BOA x8469, the Cars Direct account that originally received the PPP loan funds, to his personal account, BOA x6494. On July 30, 2020, **BROOKS** initiated a wire transfer from BOA x6494 to Tesla Motors Inc. (“Tesla”) for \$60,407.

40. Records reflect that the foregoing wire transfer was used to purchase a 2018 Tesla Model 3 (“Tesla Model 3”). The records further reflect that an order was placed on July 22, 2020, for the Tesla Model 3 with a purchase date of July 29, 2020. “Rudolph Brooks” was listed as the customer and a District of Columbia driver’s license was on file for a close relative of **BROOKS**.

41. Records from the State of Maryland reflect that the Tesla Model 3 was registered with the State of Maryland in the name of **BROOKS** and at **BROOKS**’s Cheltenham residence.

42. Based on the foregoing information, your affiant believes that **BROOKS** used the Cars Direct PPP loan funds to purchase the Tesla Model 3 for personal use.

Purchase of Baltimore Property

43. On August 13, 2020, **BROOKS** initiated two wire transfers from BOA x8469 for \$144,343 and \$2,165, to a certain title company regarding a certain property in Baltimore, Maryland (“the Baltimore Property”).³ Real estate deeds filed with the State of Maryland show that the Baltimore Property was purchased by Madaro, LLC (“Madaro”) on August 13, 2020, for \$148,500.

³ At the time of the wire transfers, \$133,669.54 in fraudulent funds derived from the Cars Direct PPP loan remained in BOA x8469.

44. Madaro was registered with the District of Columbia on August 8, 2019. **BROOKS** was listed as the resident agent of the company. Madaro's operating status is currently revoked by the District of Columbia.

45. Records obtained from the title company reflect that **BROOKS** executed an Auction Contract of Sale ("Contract of Sale") on June 18, 2020, to purchase the Baltimore Property from a third-party estate through an Auctioneer.

46. Additionally, the records reflect that the title company received incoming wire transfers on August 13, 2020, from Cars Direct account BOA x8469 in the amounts of \$144,343 and \$2,165. The HUD-1 Settlement Statement dated August 13, 2020, reflects that Madaro purchased the Baltimore Property in cash from a third-party seller. **BROOKS** signed the HUD-1 as the "Managing Member" of Madaro.

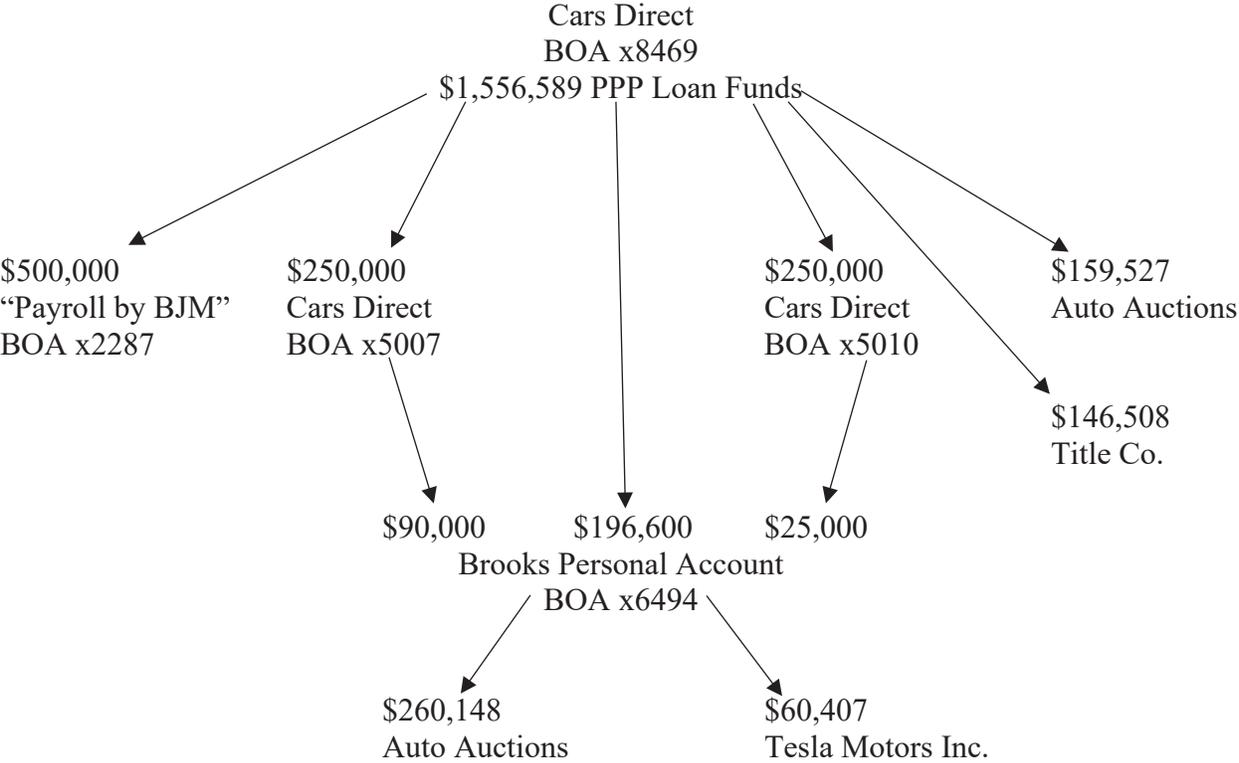
47. On August 17, 2020, a representative of the title company sent an email to **BROOKS** at a certain Gmail account. Within the email, the representative congratulated **BROOKS** on his purchase of the Baltimore Property and advised that the signed settlement statement and title policy were attached.

48. Law enforcement obtained subscriber records for the certain Gmail account, which lists the subscriber with the last name "Brooks" but a different first name than Rudolph. However, the account recovery email address for the Gmail account is the email address used on **BROOKS**'s Kingdom Tabernacle EIDL loan, and the account recovery phone number is the 240 Number. Based on this information, your affiant believes that **BROOKS** controls the Gmail account.

49. Based on the foregoing information, your affiant believes that **BROOKS** used proceeds of Cars Direct's PPP loan to purchase the Baltimore Property.

Summary of Funds Transfers

50. The following diagram summarizes the foregoing transfer and flow of the Cars Direct PPP loan funds:



51. As depicted in the diagram and explained above, BOA x2287 held in the name of Payroll by BJM has had no activity since the initial \$500,000 transfer of Cars Direct PPP loan funds. Most importantly, although the name of the account holder, “Payroll by BJM,” creates the appearance that the account is associated with a payroll company, there has, in fact, been no payroll paid from BOA x2287. Thus, it is your affiant’s belief that **BROOKS** did not intend to use the Cars Direct PPP loan funds for the intended purposes of payroll costs, mortgage interest, rent, and utilities. On the contrary, your affiant believes that **BROOKS** transmitted fraudulent information to Bluevine in order to cause Celtic Bank to issue Cars Direct a PPP loan, the funds of which were

ultimately used for **BROOKS**'s personal benefit or inappropriate expenditures based on the parameters of the PPP loan program.

Conclusion

52. Based on the information set forth in this affidavit, I respectfully submit there is probable cause to believe that **BROOKS** violated 18 U.S.C. § 1343 on or about May 9, 2020.

DONZELL TATE Digitally signed by DONZELL TATE
Date: 2021.03.25 11:51:54 -04'00'

Donzell M. Tate Jr.
Special Agent
Federal Deposit Insurance Corporation
Office of Inspector General

Affidavit submitted by email and attested to me as true and accurate by telephone consistent with Fed. R. Crim. P. 4.1 and 4(d) this 29th day of March, 2021.



Honorable Gina L. Simms
United States Magistrate Judge