



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,  
  
Plaintiff,  
  
v.  
  
HASSAN KANYIKE,  
  
Defendant.

CR No. 2:21-cr-00081-VAP  
  
I N F O R M A T I O N  
  
[18 U.S.C. § 1343: Wire Fraud; 18  
U.S.C. § 982: Criminal Forfeiture]

The Acting United States Attorney charges:  
  
[18 U.S.C. § 1343]

A. INTRODUCTORY ALLEGATIONS

At times relevant to this Information:  
  
Defendant and the Relevant Entities

1. Defendant HASSAN KANYIKE, who was born in the Republic of Uganda, resided in Newhall, California.
2. Defendant KANYIKE was Chief Executive officer and Chief Financial officer of Falcon Motors Inc. ("Falcon Motors"), a California corporation formed in 2018, with its business address in Los Angeles, California. Defendant KANYIKE operated Falcon Motors as a used car dealership.

1           3. Defendant KANYIKE was also the sole proprietor of HK  
2 Development International ("HK Development"), a purported business  
3 located at the same address as defendant KANYIKE's Newhall residence.

4           4. Defendant KANYIKE controlled a business checking account in  
5 the name of Falcon Motors, maintained at a branch of "Bank A," within  
6 the Central District of California ("Falcon Motors Bank A Account").

7           5. Defendant KANYIKE also controlled a personal checking  
8 account in his own name, maintained at a branch of "Bank B," within  
9 the Central District of California ("defendant's Bank B Account").

10           The Paycheck Protection Program

11           6. The Coronavirus Aid, Relief, and Economic Security  
12 ("CARES") Act was a federal law enacted in or about March 2020 that  
13 was designed to provide emergency financial assistance to Americans  
14 suffering economic harm as a result of the COVID-19 pandemic. One  
15 form of assistance provided by the CARES Act was the authorization of  
16 United States taxpayer funds in forgivable loans to small businesses  
17 for job retention and certain other expenses, through a program  
18 referred to as the Paycheck Protection Program ("PPP"). PPP loan  
19 proceeds were required to be used by the business to pay certain  
20 permissible expenses: payroll costs, interest on mortgages, rent, and  
21 utilities.

22           7. In order to obtain a PPP loan, a qualifying business was  
23 required to submit a PPP loan application signed by an authorized  
24 representative of the business. The PPP loan application required  
25 the applicant business (through its authorized representative) to  
26 acknowledge the program rules and make certain affirmative  
27 certifications in order to be eligible to obtain the PPP loan. Such  
28 certifications required the applicant to affirm that "The [PPP loan]

1 funds will be used to retain workers and maintain payroll or make  
2 mortgage interest payments, lease payments, and utility payments,"  
3 and that the "loan proceeds will be used only for business-related  
4 purposes as specified in the loan application" and consistent with  
5 the PPP rules. The authorized representative of the applicant was  
6 also required to certify that "the information provided in this  
7 application and the information provided in all supporting documents  
8 and forms is true and accurate in material respects," and "I  
9 understand that if the funds are knowingly used for unauthorized  
10 purposes, the federal government may hold me legally liable, such as  
11 for charges of fraud."

12 8. In the PPP loan application, the applicant was required to  
13 state, among other things, the business's: (a) average monthly  
14 payroll expenses and (b) number of employees. These figures were  
15 used to calculate the amount of money the small business was eligible  
16 to receive under the PPP. In addition, the applicant was required to  
17 provide documentation showing its payroll expenses.

18 9. A small business's PPP loan application was received and  
19 processed by a participating lender approved by the Small Business  
20 Administration ("SBA"). If a PPP loan application was approved, the  
21 participating lender would fund the PPP loan using its own monies,  
22 which were guaranteed by the SBA.

23 The EIDL Program

24 10. The Economic Injury Disaster Loan ("EIDL") program was an  
25 SBA program that provided low-interest financing to small businesses,  
26 renters, and homeowners in regions affected by declared disasters.  
27 The CARES Act authorized the SBA to provide EIDLs to eligible small  
28

1 businesses experiencing substantial financial disruption due to the  
2 COVID-19 pandemic.

3 11. In order to obtain an EIDL, a qualifying small business had  
4 to submit an application to the SBA and provide information about its  
5 operations, such as the number of employees, gross revenues for the  
6 12-month period preceding the disaster, and cost of goods sold in the  
7 12-month period preceding the disaster. In the case of EIDLs for  
8 COVID-19 relief, the 12-month period ran from January 31, 2019, to  
9 January 31, 2020. The applicant had to also certify that all of the  
10 information in the application was true and correct to the best of  
11 the applicant's knowledge.

12 12. EIDL applications were submitted directly to the SBA. The  
13 amount of the loan, if the application was approved, was determined  
14 based, in part, on the information provided by the applicant about  
15 employment, revenue, and costs of goods, as described above. Any  
16 funds issued under an EIDL were issued directly by the SBA. EIDL  
17 funds could be used for payroll expense, sick leave, production  
18 costs, and business obligations, such as debts, rent, and mortgage  
19 payments. If the applicant also obtained a PPP loan, the EIDL  
20 proceeds could be used for the same purpose as the PPP funds.

21 SBA-Approved Lender

22 13. "Bank C" was a financial institution based in Salt Lake  
23 City, Utah, and was an SBA-approved participating lender of PPP  
24 loans.

25 B. THE SCHEME TO DEFRAUD

26 14. Beginning in or about April 2020, and continuing through in  
27 or about June 2020, in Los Angeles County, within the Central  
28 District of California, and elsewhere, defendant KANYIKE, together

1 with others known and unknown to the Acting United States Attorney,  
2 knowingly and with intent to defraud, devised, participated in,  
3 executed, and attempted to execute a scheme to defraud Bank C, the  
4 SBA, and other SBA-approved lenders as to material matters, and to  
5 obtain money and property owned by and in the custody and control of  
6 Bank C, the SBA, and other SBA-approved lenders by means of material  
7 false and fraudulent pretenses, representations, and promises, and  
8 the concealment of material facts.

9 15. The fraudulent scheme operated and was carried out, in  
10 substance, as follows:

11 a. During April, May, and June 2020, defendant KANYIKE  
12 submitted, and caused to be submitted, eight false and fraudulent PPP  
13 and EIDL loan applications to Bank C, the SBA, and four other SBA-  
14 approved lenders on behalf of Falcon Motors and HK Development. More  
15 specifically, in April 2020, defendant KANYIKE submitted four  
16 separate PPP loan applications for Falcon Motors to Bank C and three  
17 other SBA-approved lenders, one PPP loan application for HK  
18 Development to Bank C, and one EIDL application for Falcon Motors to  
19 the SBA. In May 2020, defendant KANYIKE submitted a PPP loan  
20 application for Falcon Motors to another SBA-approved lender. In  
21 June 2020, defendant KANYIKE submitted an EIDL application for HK  
22 Development to the SBA.

23 b. Defendant KANYIKE certified in the PPP loan  
24 applications that defendant KANYIKE, as authorized representative of  
25 Falcon Motors and HK Development, knew and understood the terms and  
26 rules of the PPP loan program, which provided that PPP loan proceeds  
27 were to be used by the recipient to pay only certain authorized  
28 business expenses, such as payroll, mortgage interest, lease, and

1 utilities. Instead of using PPP loan proceeds for their stated and  
2 authorized business purposes consistent with PPP rules, defendant  
3 KANYIKE knowingly misapplied and used a substantial portion of the  
4 PPP loan proceeds for his own personal benefit, including sending  
5 hundreds of thousands of dollars of PPP loan proceeds to Uganda.

6 c. In support of the PPP loan applications, defendant  
7 KANYIKE misrepresented and inflated the number of employees and  
8 payroll for Falcon Motors and HK Development, and provided fake  
9 supporting payroll tax records, payroll registers, and bank records.

10 d. Defendant KANYIKE certified in the EIDL applications  
11 that all representations in the applications, including supplementary  
12 submissions, were true and correct, and offered to induce the SBA to  
13 make the loans. In support of the EIDL applications, defendant  
14 KANYIKE misrepresented and inflated the total revenue and costs of  
15 goods sold for both Falcon Motors and HK Development during the  
16 relevant period (January 31, 2019, to January 31, 2020).

17 e. Defendant KANYIKE caused Bank C, the SBA, and the  
18 other SBA-approved lenders to pay or transfer the fraudulently  
19 obtained PPP loans and EIDL funds for Falcon Motors and HK  
20 Development, respectively, into the Falcon Motors Bank A Account and  
21 defendant KANYIKE's Bank B Account.

22 16. To carry out the fraudulent scheme, in April 2020,  
23 defendant KANYIKE submitted, and caused to be submitted, to Bank C a  
24 loan application dated April 30, 2020, signed by defendant KANYIKE,  
25 and supporting documentation, for a PPP loan in the amount of  
26 \$420,000 for Falcon Motors (the "Falcon Motors PPP Loan  
27 Application"), for the stated purpose of paying payroll for Falcon  
28 Motors. In the Falcon Motors PPP Loan Application, defendant KANYIKE

1 knowingly made the following false and fraudulent statements, among  
2 others:

3           a. Defendant KANYIKE falsely represented that applicant  
4 Falcon Motors had 26 employees and an average monthly payroll of  
5 \$168,000, when, in fact, as defendant KANYIKE then knew, Falcon  
6 Motors had substantially fewer employees and a substantially lower  
7 payroll;

8           b. Defendant KANYIKE falsely represented that applicant  
9 Falcon Motors was in operation as of February 15, 2020, and had  
10 employees for whom it paid salaries and payroll taxes using Employer  
11 Identification Number ("EIN") 85-080XXXX, when, in fact, as defendant  
12 KANYIKE then knew, EIN 85-080XXXX was not issued by the IRS until  
13 April 23, 2020, and the purported IRS Form SS-4 assigning EIN 85-  
14 080XXXX to Falcon Motors that defendant KANYIKE submitted to Bank C  
15 was altered to show a false EIN issue date of April 23, 2018;

16           c. Defendant KANYIKE falsely represented that applicant  
17 Falcon Motors with EIN 85-080XXXX had paid the substantial payroll  
18 expenses shown in the purported IRS Form 940 annual tax return for  
19 2019 and Form 941 tax return for the first quarter of 2020, which  
20 defendant KANYIKE submitted to Bank C as proof of payroll expenses  
21 paid by Falcon Motors, when, in fact, as defendant KANYIKE then knew,  
22 Falcon Motors had not paid such payroll expenses, and these tax  
23 return forms were fabricated and never filed with the IRS;

24           d. Defendant KANYIKE falsely certified that Falcon Motors  
25 would not receive another loan under the PPP during 2020, when, in  
26 fact, as defendant KANYIKE then knew and concealed from Bank C, at  
27 the time of the Falcon Motors PPP Application to Bank C, defendant  
28

1 KANYIKE had previously submitted an active PPP application for Falcon  
2 Motors to another SBA-approved lender; and

3 e. Defendant KANYIKE falsely certified that the funds  
4 sought in the Falcon Motors PPP Application would be used to retain  
5 workers and maintain payroll or make mortgage-interest payments,  
6 lease payments, and utility payments, when, in fact, as defendant  
7 KANYIKE then knew, he intended to misapply and use the funds for  
8 purposes unrelated to Falcon Motors, including sending a substantial  
9 portion of the funds to Uganda.

10 17. In reliance on defendant KANYIKE's material false and  
11 fraudulent statements and his concealment of material facts, Bank C  
12 approved and funded the Falcon Motors PPP Loan Application, and  
13 thereafter transferred approximately \$420,000 in loan proceeds by  
14 interstate wire to the Falcon Motors Bank Account A.

15 18. In total, as a result of the false and fraudulent PPP loan  
16 and EIDL applications that defendant KANYIKE submitted to Bank C, the  
17 SBA, and other SBA-approved lenders, defendant KANYIKE fraudulently  
18 obtained approximately \$1,302,550 in PPP loans and EIDL proceeds,  
19 which defendant KANYIKE caused to be deposited into the Falcon Motors  
20 Bank A Account and defendant KANYIKE's Bank B Account.

21 C. USE OF AN INTERSTATE WIRE

22 19. On or about May 8, 2020, in Los Angeles County, within the  
23 Central District of California, and elsewhere, for the purpose of  
24 executing the above-described scheme to defraud, defendant KANYIKE  
25 caused others to transmit, by means of wire communications in  
26 interstate commerce, approximately \$420,000 from an account  
27 maintained by Bank C in Salt Lake City, Utah, to the Falcon Motors  
28 Bank A Account.



FORFEITURE ALLEGATION

[18 U.S.C. § 982]

1  
2  
3 1. Pursuant to Rule 32.2(a) of the Federal Rules of Criminal  
4 Procedure, notice is hereby given that the United States of America  
5 will seek forfeiture as part of any sentence, pursuant to Title 18,  
6 United States Code, Section 982(a)(2), and Title 28, United States  
7 Code, Section 2461(c), in the event of defendant KANYIKE's conviction  
8 of the offense set forth in this Information.

9 2. Defendant KANYIKE, if so convicted, shall forfeit to the  
10 United States of America the following:

11 (a) All right, title, and interest in any and all property,  
12 real or personal, constituting, or derived from, any proceeds  
13 obtained, directly or indirectly, as a result of the offense  
14 including, but not limited to, approximately \$75,762.51 in funds  
15 seized from a JPMorgan Chase Bank account in the name of Falcon  
16 Motors, Inc.; and

17 (b) To the extent such property is not available for  
18 forfeiture, a sum of money equal to the total value of the property  
19 described in subparagraph (a).

20 3. Pursuant to Title 21, United States Code, Section 853(p),  
21 as incorporated by Title 18, United States Code, Section 982(b) and  
22 Title 28, United States Code, Section 2461(c), defendant KANYIKE, if  
23 so convicted, shall forfeit substitute property, up to the total  
24 value of the property described in the preceding paragraph if, as the  
25 result of any act or omission of defendant KANYIKE, the property  
26 described in the preceding paragraph, or any portion thereof:

27 (a) cannot be located upon the exercise of due diligence; (b) has  
28

1 been transferred, sold to, or deposited with a third party; (c) has  
2 been placed beyond the jurisdiction of the court; (d) has been  
3 substantially diminished in value; or (e) has been commingled with  
4 other property that cannot be divided without difficulty.

5 TRACY WILKISON  
6 Acting United States Attorney

7 DANIEL S. KAHN  
8 Acting Chief, Fraud Section  
9 United States Department of Justice

10   
11 *Scott M. Garringer*  
12 *Deputy Chief, Criminal Division For:*

13 BRANDON D. FOX  
14 Assistant United States Attorney  
15 Chief, Criminal Division

16 RANEE A. KATZENSTEIN  
17 Assistant United States Attorney  
18 Chief, Major Frauds Section

19 RICHARD E. ROBINSON  
20 Assistant United States Attorney  
21 Major Frauds Section

22 WILLIAM E. JOHNSTON  
23 Assistant Chief, Fraud Section  
24 United States Department of Justice

25  
26  
27  
28

CERTIFICATE OF SERVICE

I, **Simonia White**, declare:

That I am a citizen of the United States and a resident of or employed in Los Angeles County, California; that my business address is the Office of United States Attorney, 312 North Spring Street, Los Angeles, California 90012; that I am over the age of 18; and that I am not a party to the above-titled action;

That I am employed by the United States Attorney for the Central District of California, who is a member of the Bar of the United States District Court for the Central District of California, at whose direction I served a copy of:

**INFORMATION**

- Placed in a closed envelope for collection and inter-office delivery, addressed as follows:
- Placed in a sealed envelope for collection and mailing via United States mail, addressed as follows:
- By hand delivery, addressed as follows:
- By facsimile, as follows:
- Via email, as follows:  
[victor@victorsherman.law](mailto:victor@victorsherman.law)  
[lori@victorsherman.law](mailto:lori@victorsherman.law)
- By Federal Express, as follows:

This Certificate is executed on **February 24, 2021**, at Los Angeles, California. I certify under penalty of perjury that the foregoing is true and correct.

*Simonia White*

\_\_\_\_\_  
Simonia White  
Legal Assistant