

THE UNITED STATES ATTORNEY'S OFFICE
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Department of Justice

U.S. Attorney's Office

District of Maryland

FOR IMMEDIATE RELEASE

Wednesday, December 15, 2021

Baltimore Woman Facing Federal Indictment for Allegedly Obtaining More Than \$1.6 Million in Federal Funds Intended to Relieve Financial Distress Caused by the Covid-19 Pandemic

Defendant Alleged to Have Made False Statements About Businesses She Incorporated to Obtain Multiple Economic Injury Disaster Loans and Paycheck Protection Program Loans

Baltimore, Maryland – A federal grand jury has returned an indictment charging Nichelle Henson, age 35, of Baltimore, Maryland, for false statements and bank fraud in connection with fraudulent applications Henson allegedly filed to obtain Economic Injury Disaster Loans (EIDL) and Paycheck Protection Program (PPP) loans in the names of multiple businesses. The indictment was returned on December 7, 2021 and unsealed today. Henson will have her initial appearance virtually on Thursday, December 16, 2021, at 2:15 p.m., before U.S. Magistrate Judge A. David Copperthite.

The indictment was announced by United States Attorney for the District of Maryland Erik L. Barron; Special Agent in Charge Thomas J. Sobocinski of the Federal Bureau of Investigation, Baltimore Field Office; and Brian D. Miller, Special Inspector General for Pandemic Recovery (SIGPR).

"It is reprehensible that fraudsters try to take advantage of this global pandemic to line their own pockets," said United States Attorney Erik L. Barron. "As charged in the indictment unsealed today, Nichelle Henson allegedly fraudulently obtained more than \$1.6 million in federal funds at the expense of honest business owners who were actually experiencing financial distress as a result of COVID-19. The U.S. Attorney's Office and our law enforcement partners are committed to investigating, stopping, and prosecuting these crimes."

"We are pleased that SIGPR is getting results for the Pandemic Response Accountability Committee (PRAC) Task Force," said Brian D. Miller, Special Inspector General for Pandemic Recovery.

According to the 18-count indictment, Henson incorporated businesses with the State of Maryland, including Crowns Construction, LLC; Nichelle Henson Campaign, LLC; One Stop for Services, LLC; Your Friendly Tax Preparation Services, LLC; Women Entrepreneurs Can Succeed, LLC, and Peace of Mind Services Inc. Henson often opened bank accounts in the names of businesses she incorporated and obtained Tax Identification Numbers (TINs) from the IRS for the businesses. In tax year 2019, Crowns Construction, LLC;

Nichelle Henson Campaign, LLC; Your Friendly Tax Preparation Services, LLC; and Peace of Mind Services, Inc. and Women Entrepreneurs Can Succeed LLC, had no employees. Henson filed forms with the IRS for tax year 2019 indicating that One Stop For Services LLC had three employees, but no forms indicating the required taxes were withheld or deposited with the IRS for those employees.

The indictment alleges that beginning in April 2020, Henson filed fraudulent applications on behalf of her businesses through the EIDL and PPP programs, which were intended to provide emergency financial assistance to Americans suffering from the economic effects caused by the COVID-19 pandemic.

Specifically, the indictment alleges that Henson made false statements on six fraudulent applications filed on the Small Business Administration's website to obtain EIDL grants. Henson allegedly obtained a total of \$18,000 for two of the applications, but the remaining four application were declined. As detailed in the indictment, Henson's alleged false statements included that the businesses had between five and fourteen employees, had gross revenue of at least \$36,000 and up to more than \$1.3 million, and that the cost of goods sold was between \$13,000 and \$700,000 for the various businesses.

The indictment alleges that Henson also submitted six fraudulent applications to obtain a total of \$998,590 in loans under the PPP program. The applications allegedly contained false statements, misrepresentations and omissions related to her purported businesses including their existence, address, payroll expense, and number of employees. Henson allegedly opened bank accounts specifically to receive PPP funds, did not disclose that she had incorporated other businesses, and falsely promised to spend PPP funds on allowable expenses, such as payroll, business rent and business utilities. In fact, the indictment alleges that Henson used the funds on personal expenses such as personal plastic surgery, home renovations for herself and relatives, rent and utilities for personal residences, and family expenses.

As detailed in the indictment, the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act (Economic Aid Act), which was part of the Consolidated Appropriations Act, 2021 package, extended the Paycheck Protection Program (PPP) to include a second round of funding to certain businesses that received funding under the original PPP, referred to as "Second Draw PPP Loans."

Henson filed six PPP Second Draw Borrower applications, again allegedly including false statements and misrepresentations as to her businesses, number of employees, that the initial PPP loan was used to pay allowable expenses, and including fraudulent documentation, such as IRS forms that had never been filed with the IRS. As a result, the indictment alleges that Henson attempted to obtain \$818,750 in Second Draw PPP loans and actually received \$676,250.

Further, the indictment seeks the forfeiture of any proceeds obtained as a result of the crime, including \$678,073.82 seized during the investigation from six bank accounts in the names of some of Henson's businesses, as well as a money judgment in the amount of proceeds obtained as a result of the scheme to defraud.

If convicted, Henson faces a maximum sentence of 30 years in federal prison for each of the 12 counts of bank fraud and a maximum of five years in federal prison for each of the six counts of making a false statement. Actual sentences for federal crimes are typically less than the maximum penalties. A federal district court judge will determine any sentence after taking into account the U.S. Sentencing Guidelines and other statutory factors.

An indictment is not a finding of guilt. An individual charged by indictment is presumed innocent unless and until proven guilty at some later criminal proceedings.

On May 17, 2021, the Attorney General established the COVID-19 Fraud Enforcement Task Force to marshal the resources of the Department of Justice in partnership with agencies across government to

enhance efforts to combat and prevent pandemic-related fraud. The Task Force bolsters efforts to investigate and prosecute the most culpable domestic and international criminal actors and assists agencies tasked with administering relief programs to prevent fraud by, among other methods, augmenting and incorporating existing coordination mechanisms, identifying resources and techniques to uncover fraudulent actors and their schemes, and sharing and harnessing information and insights gained from prior enforcement efforts. For more information on the Department's response to the pandemic, please visit <https://www.justice.gov/coronavirus>.

Anyone with information about allegations of attempted fraud involving COVID-19 can report it by calling the Department of Justice's National Center for Disaster Fraud (NCDF) Hotline at 866-720-5721 or via the NCDF Web Complaint Form at: <https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form>.

The Pandemic Response Accountability Committee (PRAC) Fraud Task Force was established to serve the American public by promoting transparency and facilitating coordinated oversight of the federal government's COVID-19 pandemic response. The PRAC Fraud Task Force brings together agents from its 22 member Inspectors General to investigate fraud involving a variety of programs, including the Paycheck Protection Program. Task force agents who are detailed to the PRAC receive expanded authority to investigate pandemic fraud as well as tools and training to support their investigations.

United States Attorney Erek L. Barron commended the FBI and the Office of the Special Inspector General for Pandemic Recovery, which conducted the investigation on behalf of the Pandemic Response Accountability Committee (PRAC) Fraud Task Force, for their work in the investigation. Mr. Barron thanked Assistant U.S. Attorney Joyce K. McDonald, who is prosecuting the federal case.

For more information on the Maryland U.S. Attorney's Office, its priorities, and resources available to help the community, please visit www.justice.gov/usao-md and <https://www.justice.gov/usao-md/community-outreach>.

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Topic(s):

Coronavirus
Financial Fraud

Component(s):

USAO - Maryland

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