

FEB 17 2021

US DISTRICT COURT  
WESTERN DISTRICT OF NC

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF NORTH CAROLINA  
CHARLOTTE DIVISION

UNITED STATES OF AMERICA )  
 )  
 v. )  
 )  
 RASHAWN PRIOLEAU )  
 )  
 \_\_\_\_\_ )

DOCKET NO. 3:21-cr-49-moc

**BILL OF INDICTMENT**

18 U.S.C. § 1344  
18 U.S.C. § 1014  
18 U.S.C. § 1028A

THE GRAND JURY CHARGES:

At all times material to this Indictment:

Introduction

1. From at least April 2020 through September 2020, the Defendant, RASHAWN PRIOLEAU, engaged in a scheme to defraud the United States Department of Labor, the North Carolina Division of Employment Security, the South Carolina Department of Employment and Workforce, and the United States Small Business Administration by filing fraudulent claims for COVID-19-related unemployment insurance (UI) benefits in the names of identity theft victims and fraudulently applying for two Economic Injury Disaster Loans based on false information. During the course of the scheme, PRIOLEAU obtained approximately \$60,397.00 in unemployment benefits by filing fraudulent claims in the names of seven victims.

Relevant Entities

2. Truist Bank is a federally insured financial institution, the accounts and deposits of which are insured by the Federal Deposit Insurance Corporation (FDIC) and which operates in and the activities of which affect interstate and foreign commerce.

3. Bank of America is a federally insured financial institution, the accounts and deposits of which are insured by the FDIC and which operates in and the activities of which affect interstate and foreign commerce.

4. PNC Bank is a federally insured financial institution, the accounts and deposits of which are insured by the FDIC and which operates in and the activities of which affect interstate and foreign commerce.

5. Carolinas Telco Federal Credit Union is a credit union with accounts insured by

the National Credit Union Share Insurance Fund (NCUSIF) and which operates in and the activities of which affect interstate and foreign commerce.

6. Navy Federal Credit Union is a credit union with accounts insured by the NCUSIF and which operates in and the activities of which affect interstate and foreign commerce.

7. The SBA is an executive-branch agency of the United States government that provides support to entrepreneurs and small businesses. The mission of the SBA is to maintain and strengthen the nation's economy by enabling the establishment and viability of small businesses and by assisting in the economic recovery of communities after disasters.

#### Background of the Unemployment System

8. The Social Security Act of 1935 initiated the UI system, which is operated and managed by each state at the direction of the federal government, specifically, the United States Department of Labor (DOL). In the majority of states, benefit funding is based solely on a tax imposed on employers. However, DOL funds all substantive and administrative costs associated with each state's UI system, which is run by a state agency in the respective state. The UI system is designed to provide benefits to persons who are out of work due to no fault of their own, and who meet other eligibility requirements of state laws.

9. Eligibility for UI, benefit amounts, and the length of time benefits are available is determined by individual state law. In all states, individual claimants must be eligible for employment and actively searching for employing while receiving UI benefits.

10. A claimant receives UI benefits by completing an application at a local "one-stop center," by telephone, or online at each state's website. A claimant must provide the claimant's name, date of birth, social security number, home address, and other personal information. On a weekly or bi-weekly basis, the claimant then files for weekly payment benefits by certifying that the claimant is unemployed, eligible for benefits, and is seeking employment.

11. The state agencies authorize their financial services sections to release unemployment compensation funds in the form of either: (a) a state contracted debit card mailed to the applicant; (b) a direct deposit into a pre-paid debit card account; (c) a direct deposit into the claimant's designated bank account; or (d) in rare cases, some states will issue a check, if requested.

12. As relevant to this Indictment, direct deposits of UI funds were completed through the automated clearing house ("ACH"), an electronic funds-transfer system that facilitates payments within the United States.

## COVID-19, the National Emergency, and FPUC

13. According to the United States Centers for Disease Control and Prevention (CDC), Coronavirus Disease 2019 (“COVID-19”) is a respiratory illness that can spread from person to person. The virus that causes COVID-19 is a novel coronavirus that was first identified during an investigation into a 2019 outbreak in Wuhan, China. COVID-19 can attack human lungs and kill infected persons, especially those who have certain risk factors identified by the CDC.

14. On March 13, 2020, President Donald J. Trump issued a Proclamation on Declaring a National Emergency Concerning the Novel Coronavirus Disease (COVID-19) Outbreak (“the Emergency Proclamation”). The Emergency Proclamation noted that “on March 11, 2020, the World Health Organization announced that the COVID-19 outbreak can be characterized as a pandemic, as the rates of infection continue to rise in many locations around the world and across the United States.” Further, “[t]he spread of COVID-19 within our Nation’s communities threatens to strain our Nation’s healthcare systems.”

15. At all relevant times, Section 2104 of the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act, Pub. L. No. 116-136, 134 Stat. 281 (March 27, 2020), entitled “Emergency Increase in Unemployment Compensation Benefits,” provided for an additional \$600 weekly payment, known as “Federal Pandemic Unemployment Compensation” or “FPUC,” to certain eligible individuals who were receiving other UI benefits under state law.

16. At all relevant times, the State of North Carolina and the State of South Carolina paid FPUC, a benefit authorized, transported, transmitted, transferred, disbursed, and paid in connection with, a presidentially declared major emergency (as those terms are defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. § 5122).

### The Scheme to Defraud

17. From in or about April 2020 and continuing until in or about September 2020, in the Western District of North Carolina, and in relation to and involving a benefit authorized, transported, transmitted, transferred, disbursed, and paid in connection with, a presidentially declared major emergency (as those terms are defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. § 5122), defendant RASHAWN PRIOLEAU did voluntarily and intentionally (1) participate in a scheme and artifice to defraud with knowledge of its fraudulent nature and (2) obtain the money and property by means of false and fraudulent pretenses, representations, and promises (collectively, “the scheme to defraud”).

### Manner and Means of the Scheme to Defraud

18. It was part of the scheme to defraud that PRIOLEAU obtained the identity information of real persons, including names, Social Security Numbers, dates of birth, and addresses, among other information (collectively, “personal identifying information” or “PII”).

19. It was further part of the scheme to defraud that PRIOLEAU used the PII of the victims to file fraudulent UI benefit claims to the State of North Carolina and the State of South Carolina.

20. It was further part of the scheme to defraud that PRIOLEAU directed that payments of the fraudulent UI benefits be made to Bank of America debit cards or to bank accounts under the control of PRIOLEAU.

21. It was further part of the scheme to defraud that, on or about July 8, 2020, PRIOLEAU fraudulently applied for an Economic Injury Disaster Loan (“EIDL”) given application number \*2159 in the name of Company 1, a company purportedly under his control, using false business information.

22. It was further part of the scheme to defraud that, on or about July 12, 2020, PRIOLEAU fraudulently applied for an EIDL given application number \*3558 in the name of Company 1 using false business information.

**COUNTS ONE THROUGH NINE**  
(Financial Institution Fraud)

23. Paragraphs 1 through 22 of this Bill of Indictment are re-alleged and incorporated herein by reference as though fully set forth herein.

24. On or about the dates set forth in the chart below, in the Western District of North Carolina, and elsewhere, the defendant,

**RASHAWN PRIOLEAU**

did knowingly and unlawfully execute and attempt to execute and cause to be executed a scheme and artifice to obtain monies, funds, credits, assets, and other property owned by and under custody and control of the following financial institutions by means of materially false and fraudulent pretenses, representations, and promises by submitting and causing to be submitted fraudulent UI applications as described below:

<b>COUNT</b>	<b>UI APPLICATION DATE</b>	<b>UI STATE</b>	<b>FINANCIAL INSTITUTION</b>	<b>VICTIM</b>
<b>ONE</b>	April 29, 2020	North Carolina	Bank of America	A.A.
<b>TWO</b>	April 29, 2020	North Carolina	Navy Federal Credit Union	S.M.
<b>THREE</b>	April 30, 2020	North Carolina	Truist Bank	M.H.
<b>FOUR</b>	May 1, 2020	South Carolina	Truist Bank	M.H.
<b>FIVE</b>	May 1, 2020	North Carolina	PNC Bank	D.B.
<b>SIX</b>	May 9, 2020	North Carolina	Carolinas Telco Federal Credit Union	A.J.
<b>SEVEN</b>	May 14, 2020	South Carolina	Navy Federal Credit Union	S.M.
<b>EIGHT</b>	May 19, 2020	North Carolina	Bank of America	D.G.
<b>NINE</b>	May 23, 2020	North Carolina	Navy Federal Credit Union	J.W.

All in violation of Title 18, United States Code, Sections 1344(2) and 2.

**COUNT TEN**

(False Statements to the Small Business Administration)

25. Paragraphs 1 through 22 of this Bill of Indictment are re-alleged and incorporated herein by reference as though fully set forth herein.

26. On or about July 8, 2020, in the Western District of North Carolina and elsewhere, the defendant,

**RASHAWN PRIOLEAU**

did knowingly make and cause to be made a false statement or report for the purpose of influencing the action of the SBA in connection with the EIDL program, which it administers pursuant to a provision of the Small Business Act. The defendant stated and caused to be stated that, as of January 31, 2020, Company 1 had five employees, \$250,000 in gross revenues for the prior 12 months, \$250,000 in costs of goods for the prior 12 months, and that PRIOLEAU had not been placed on any form of parole or probation in the past five years. In truth and in fact, and as the defendant well knew, Company 1 did not have the stated employees, revenues, and costs, and PRIOLEAU was placed on a five-year term of supervised release on December 23, 2015.

All in violation of Title 18, United States Code, Section 1014.

**COUNT ELEVEN**

(False Statements to the Small Business Administration)

27. Paragraphs 1 through 22 of this Bill of Indictment are re-alleged and incorporated herein by reference as though fully set forth herein.

28. On or about July 12, 2020, in the Western District of North Carolina and elsewhere, the defendant,

**RASHAWN PRIOLEAU**

did knowingly make and cause to be made a false statement or report for the purpose of influencing the action of the SBA in connection with the EIDL program, which it administers pursuant to a provision of the Small Business Act. The defendant stated and caused to be stated that, as of January 31, 2020, Company 1 had four employees, \$150,000 in gross revenues for the prior 12 months, \$150,000 in costs of goods for the prior 12 months, and that PRIOLEAU had not been placed on any form of parole or probation in the past five years. In truth and in fact, and as the defendant well knew, Company 1 did not have the stated employees, revenues, and costs, and PRIOLEAU was placed on a five-year term of supervised release on December 23, 2015.

All in violation of Title 18, United States Code, Section 1014.

**COUNT TWELVE**  
(Aggravated Identity Theft)

29. Paragraphs 1 through 22 of this Bill of Indictment are re-alleged and incorporated herein by reference as though fully set forth herein.

30. On or about April 29, 2020, in the Western District of North Carolina and elsewhere, the defendant,

**RASHAWN PRIOLEAU**

did knowingly use, without lawful authority, a means of identification of another person, namely, A.A., during and in relation to a felony violation enumerated in 18 U.S.C. § 1028A(c), to wit, bank fraud in violation of 18 U.S.C. § 1344 as alleged in Count One, knowing that the means of identification belonged to another actual person.

In violation of Title 18, United States Code, Section 1028A(a)(1).

**COUNT THIRTEEN**  
(Aggravated Identity Theft)

31. Paragraphs 1 through 22 of this Bill of Indictment are re-alleged and incorporated herein by reference as though fully set forth herein.

32. On or about May 19, 2020, in the Western District of North Carolina and elsewhere, the defendant,

**RASHAWN PRIOLEAU**

did knowingly use, without lawful authority, a means of identification of another person, namely, D.G., during and in relation to a felony violation enumerated in 18 U.S.C. § 1028A(c), to wit, bank fraud as alleged in Count Eight, knowing that the means of identification belonged to another actual person.

In violation of Title 18, United States Code, Section 1028A(a)(1).

**NOTICE OF FORFEITURE AND FINDING OF PROBABLE CAUSE**

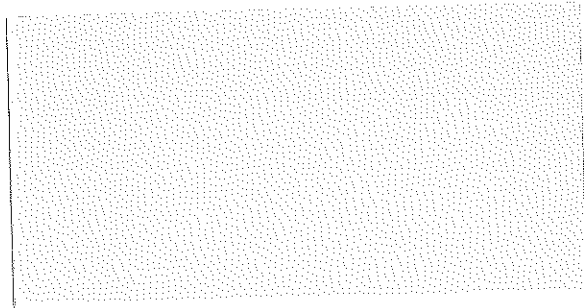
Notice is hereby given of 18 U.S.C. § 982 and 28 U.S.C. § 2461(c). Under Section 2461(c), criminal forfeiture is applicable to any offenses for which forfeiture is authorized by any other statute, including but not limited to 18 U.S.C. § 981 and all specified unlawful activities listed or referenced in 18 U.S.C. § 1956(c)(7), which are incorporated as to proceeds by Section 981(a)(1)(C). The following property is subject to forfeiture in accordance with Section 982 and/or 2461(c):

- a. All property which constitutes or is derived from proceeds of the violations set forth in Counts One through Eleven of this Bill of Indictment;
- b. If, as set forth in 21 U.S.C. § 853(p), any property described in (a) cannot be located upon the exercise of due diligence, has been transferred or sold to, or deposited with, a third party, has been placed beyond the jurisdiction of the court, has been substantially diminished in value, or has been commingled with other property which cannot be divided without difficulty, all other property of the defendant/s to the extent of the value of the property described in (a).

The Grand Jury finds probable cause that the following property is subject to forfeiture on one or more of the grounds stated above:

- a. A forfeiture money judgment in the amount of at least \$60,397.00, such amount constituting the proceeds of the violations set forth in Counts One through Nine of this Bill of Indictment.

A TRUE BILL:



R. ANDREW MURRAY  
UNITED STATES ATTORNEY

  
GRAHAM BILLINGS  
ASSISTANT UNITED STATES ATTORNEY



# NEW CRIMINAL CASE COVER SHEET

# U. S. DISTRICT COURT

(To be used for all new Bills of Indictments and Bills of Information)

CASE SEALED:  YES  NO

DOCKET NUMBER: 3:21CR- 49 -MOC

If case is to be sealed, a Motion to Seal and proposed Order **must** be attached.)

CASE NAME :US vs RASHAWN PRIOLEAU

COUNTY OF OFFENSE : Mecklenburg County

RELATED CASE INFORMATION : N/A

Magistrate Judge Case Number :

Search Warrant Case Number :

Miscellaneous Case Number :

Rule 20b :

SERVICE OF PROCESS : Arrest Warrant

U.S.C. CITATIONS (Mark offense carrying greatest weight):  Petty  Misdemeanor  Felony

18 U.S.C. § 1344

JUVENILE:  Yes  No

ASSISTANT U. S. ATTORNEY : Billings, Graham R.

VICTIM/WITNESS COORDINATORS: Shirley Rutledge

INTERPRETER NEEDED : N/A

LIST LANGUAGE AND/OR DIALECT:

REMARKS AND SPECIAL INSTRUCTIONS: