

THE UNITED STATES ATTORNEY'S OFFICE
SOUTHERN DISTRICT *of* OHIO

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Department of Justice

U.S. Attorney's Office

Southern District of Ohio

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Dayton business owner charged with COVID-relief fraud

'Investigator/Caregiver' sought \$2.5 million in Small Business Administration Paycheck Protection Program loans

DAYTON – A Dayton woman appeared in federal court today on charges related to two coronavirus relief Paycheck Protection Program loans.

Nadine Consuelo Jackson, 31, was charged federally with bank fraud and making a false statement to a bank within the jurisdiction of a federal agency related to financial assistance for businesses who are suffering the economic effects caused by the COVID-19 pandemic. The United States has seized more than \$1.2 million dollars related to this alleged fraud.

It is alleged Consuelo Jackson fraudulently sought forgivable loans in the amount of \$1.3 million and \$1.2 million from the Small Business Administration by claiming to have 73 employees earning wages at a Dayton-based private investigation and security services business, Extract LLC. In actuality, the charges allege there were few to no other employees working at Extract LLC. Consuelo Jackson also allegedly submitted false tax documents in support of her fraud.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act is a federal law enacted on March 27, 2020 designed to provide emergency financial assistance to the millions of Americans who are suffering the economic effects caused by the COVID-19 pandemic. One source of relief provided by the CARES Act was the authorization of up to \$349 billion in forgivable loans to small businesses for job retention and certain other expenses through a program referred to as the Paycheck Protection Program (PPP). In April 2020, Congress authorized more than \$300 billion in additional PPP funding.

The PPP allows qualifying small businesses and other organizations to receive loans with an interest rate of one percent. PPP loan proceeds must be used by the business on certain permissible expenses like payroll

costs. The PPP allows the interest and principal on the PPP loan to be entirely forgiven if the business spends the loan proceeds on these expense items within a designated period of time and uses a certain percentage of the PPP loan proceeds on payroll expenses. The amount of PPP funds a business may receive is determined by multiplying its average monthly payroll costs incurred during a specified period.

In Ohio, licensed Class A private investigation and security services businesses must register any employees of their business with the state. The only employee listed for Extract LLC is Nadine Jackson, named as an "Investigator/Caregiver."

According to an affidavit filed in support of the criminal complaint, on two occasions Consuelo Jackson listed 73 Extract LLC employees with payroll wages totaling more than \$800,000 on loan application reports. Loans totaling more than \$1 million were initially wired to Consuelo Jackson's accounts and then flagged. The bank recalled one loan and the Government seized the other.

Court documents say Consuelo Jackson also applied for and received more than \$46,000 in Economic Injury Disaster loan funding. It is alleged in her loan application, Consuelo Jackson stated Extract LLC had 8 employees. She then wired the funds in five transactions to another account. A seizure warrant was obtained to seize that money as well.

Four "employees" named on Consuelo Jackson's applications were interviewed by agents and stated they did not work for the company. Three of the individuals interviewed stated they had never heard of Extract LLC.

"The Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security (CARES) Act was designed to help millions of Americans during this pandemic and the pursuit of those who allegedly participate in pandemic related scams will long remain a significant priority of IRS Criminal Investigation and our federal law enforcement partners," said Bryant Jackson, Special Agent in Charge, IRS Criminal Investigation, Cincinnati Field Office.

Consuelo Jackson appeared in federal court today at 11:30 a.m. before U.S. Magistrate Judge Sharon L. Ovington.

Bank fraud is a crime punishable by up to 30 years in prison. Making a false statement within the jurisdiction of a federal agency carries a potential maximum sentence of five years in prison.

David M. DeVillers, United States Attorney for the Southern District of Ohio, Donald Abram, Special Agent in Charge, Small Business Administration Office of the Inspector General (SBA-OIG), and Bryant Jackson, Special Agent in Charge, Internal Revenue Service-Criminal Investigation (IRS-CI) announced the charges.

Assistant United States Attorneys Elizabeth R. Rabe and Peter K. Glenn-Applegate are representing the United States in this case.

A criminal complaint merely contains allegations, and the defendant is presumed innocent unless proven guilty in a court of law.

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Topic(s):

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