

**United States District Court**  
NORTHERN DISTRICT OF GEORGIA

Date: Apr 01 2021

JAMES N. HATTEN, Clerk

By: s/Joseph Quattlebaum  
Deputy Clerk

UNITED STATES OF AMERICA

v.

Paul Kwak and  
Michelle Kwak

**CRIMINAL COMPLAINT**

Case Number: 1:21-MJ-0344

**Under Seal**

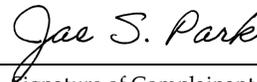
I, the undersigned complainant, depose and state under penalty of perjury that the following is true and correct to the best of my knowledge and belief. From in or about March 2020 until the present, in Gwinnett County, in the Northern District of Georgia, defendants did file fraudulent Economic Impact Disaster Loan applications over the Internet and divert the proceeds to their personal use, and did conspire to do the same,

in violation of Title 18, United States Code, Sections 641, 1343, 1956, 371, and 1349.

I further state that I am an Special Agent of the Federal Bureau of Investigation and that this complaint is based on the following facts:

PLEASE SEE ATTACHED AFFIDAVIT

Continued on the attached sheet and made a part hereof. Yes



\_\_\_\_\_  
Signature of Complainant  
Jae Park

Based upon this complaint, this Court finds that there is probable cause to believe that an offense has been committed and that the defendant has committed it. Sworn to before me, and subscribed in my presence

April 1, 2021

Date

at Atlanta, Georgia

City and State

CHRISTOPHER C. BLY

**UNITED STATES MAGISTRATE JUDGE**

\_\_\_\_\_  
Name and Title of Judicial Officer  
AUSA Michael S. Qin / 2020R01053 /  
Michael.Qin@usdoj.gov



\_\_\_\_\_  
Signature of Judicial Officer  
Issued pursuant to Federal Rule of Criminal  
Procedure 4.1

**AFFIDAVIT IN SUPPORT OF AN APPLICATION FOR ARREST WARRANT**

I, Jae S. Park, a Special Agent with the Federal Bureau of Investigation (“FBI”), United States Department of Justice, hereby depose and state under penalty of perjury that the following is true and correct to the best of my knowledge and belief.

1. I am the affiant herein and an “investigative or law enforcement officer” within the meaning of Title 18, United States Code, Section 2510(7).

2. As outlined below, based on my training and experience and the facts set forth in this affidavit, there is probable cause to believe that Paul Kwak, also known as Pal Seok Kwak, and Michelle Kwak, also known as Mi S. Kwak, have committed violations of Title 18, United States Code, Section 641 (Theft of Government Property), Title 18, United States Code, Section 1343 (wire fraud), Title 18, United States Code, Section 1956 (laundering of monetary instruments), Title 18, United States Code, Section 371 (conspiracy), and Title 18, United States Code, Section 1349 (bank and wire fraud conspiracy).

3. I make this affidavit in support of a criminal complaint and arrest warrants.

**AGENT’S BACKGROUND**

4. I am a Special Agent with the FBI and have been since July 2010. I am currently assigned to the Complex Financial Crimes Squad of the FBI’s Atlanta

Field Division, which investigates violations of federal laws, including fraud and money laundering.

5. During my employment with the FBI, I have conducted investigations of criminal enterprises and individuals involved in violations of federal laws, including the sale and distribution of controlled substances, money laundering, firearms trafficking, and human trafficking. Since being assigned to the Complex Financial Crimes Squad, I have investigated various types of frauds. During such investigations, I have conducted physical and electronic surveillance, reviewed bank and other financial records, and executed search and arrest warrants. I also have formal training in and experience with the use of computers, cellular telephones, email, and other means of electronic communication in criminal activity.

6. This affidavit is based upon my personal knowledge, my review of documents and other evidence, my conversations with other law enforcement officers, and my training and experience concerning the use of computers, cellular telephones, email, and other means of electronic communication in criminal activity.

7. This affidavit is intended to show sufficient probable cause for the requested complaint and arrest warrants and does not set forth all of my knowledge about this matter.

## TECHNICAL TERMS

8. I use the following technical terms to convey the following meanings in this affidavit:

a. **IP Address:** The Internet Protocol address (“IP address”) is a unique numeric address used by computers on the internet. An IP address is a series of four numbers, each in the range 0-255, separated by periods (*e.g.*, 121.56.97.178). Every computer connected to the internet is assigned an IP address so that internet traffic sent from and directed to that computer may be directed properly. Most internet service providers control a range of IP addresses. Some computers have static – that is, long-term – IP addresses, while other computers have dynamic – that is, frequently changed – IP addresses.

b. **Internet:** The internet is a global network of computers and other electronic devices that communicate with each other. Due to the structure of the internet, connections between devices on the internet often cross state and international borders, even when the devices communicating with each other are physically in the same state.

### Economy Impact Disaster Loan Program

9. The Coronavirus Aid, Relief, and Economic Security (“CARES”) Act is a federal law enacted on March 29, 2020 and designed to provide emergency financial assistance to the millions of Americans who are suffering the economic

effects caused by the COVID-19 pandemic. Two of the emergency financial assistance programs in the CARES Act are the Paycheck Protection Program (“PPP”) and Economic Impact Disaster Loan Program (“EIDL”). Both programs are overseen by the SBA, which has authority over all loans.

10. EIDL provides economic relief to small businesses with 500 or fewer employees. Due to high demand, the SBA has so far limited EIDLs to \$150,000. EIDL applicants may also request an advance loan of up to \$10,000.

11. The EIDLs are designed to provide emergency economic relief to businesses that are currently experiencing a temporary loss of revenue. They may be used to pay debts, payroll, accounts payable and other bills that cannot be paid because of the impact of COVID-19 that are not already covered by the PPP.

12. In order to obtain an EIDL, a qualifying business must submit an EIDL application to the SBA. The applicant must provide the following information: the type of industry, the gross revenue for the last 12 months prior to the application date, the applicant’s name and social security number, and the financial institution’s routing number and bank account number where the applicant wants to receive the loan proceeds.

13. In addition, the applicant must certify, under penalty of perjury, that the information is correct and that he or she is legally eligible to apply for an EIDL.

**Probable Cause**

*W.P. in South Korea*

14. In September 2020, W.P., a South Korean national living in South Korea, contacted the FBI through his attorney and reported that Paul Kwak, a resident of Georgia, committed EIDL fraud using his identity information.

15. In December 2020, the FBI interviewed W.P., who stated that he learned of Paul Kwak in 2019 when he watched videos posted to Paul Kwak's YouTube channel, Global Financial Academy, while attempting to learn about financial investments in preparation for his retirement.

16. In Fall 2019, Paul Kwak's colleagues, Moon Young Kwon ("Kwon"), also known as You Jung Kwon, a South Korean female; Myung Chul Hyun ("Hyun"), a South Korean male; and Myung Pyo Hong, a South Korean male, put on a seminar in Seoul, South Korea, which W.P. attended. They presented information at the seminar on how to access financial resources, mainly in the U.S.

17. Paul Kwak's colleagues told W.P. that he should first set up LLCs and obtain an Employer Identification Numbers ("EIN") through Paul Kwak in the U.S. They said he should open a business bank account for the LLC in the U.S. to begin building a credit history for the LLC. Doing so, they said, would provide better access to "other people's money," referring to loans given by U.S. financial institutions. W.P. did not decide to move forward with their suggestions at the time.

18. In March 2020, Kwon contacted W.P. about moving forward with what she and others presented at the seminar. W.P. decided to explore what Kwon and others suggested and sent \$700 to a bank account associated with NSEW GA, Inc. (“NSEW”), an entity controlled by Paul Kwak and registered in the State of Georgia, to establish an LLC. W.P. discovered Paul Kwak later established an LLC known as Bomnal LLC (“Bomnal”) registered in the State of Georgia and listed W.P. as the organizer. Paul Kwak also opened a business checking account for Bomnal, JP Morgan Chase account ending in 5907 (“JPMC 5907”). Paul Kwak and W.P. both had online access for the JPMC 5907 account after it was opened.

19. On a July 2020 telephone call, Hyun told W.P. to join Paul Kwak’s network of investors, which Hyun called the NSEW Network (“the Network”). Hyun said joining the Network would provide W.P. access to a network of people who had expertise in investment markets and capital. Hyun told W.P. that he would have to pay only \$20,000 to join in July instead of the regular membership fee of \$30,000.

20. W.P. decided to join the Network and paid the discounted membership fee of \$20,000. W.P. had been planning to retire in the U.S. where he had Permanent Resident status. W.P. also maintained a bank account in the U.S.

21. On July 26, 2020, W.P. sent an email to paulskwak@hotmail.com and limburgfactory@gmail.com. In the email, W.P. introduced himself, talked about

his background and discussed his desire to learn about the financial industry after watching videos on Paul Kwak's YouTube channel because he planned to retire in the U.S. in five years. Next day, Kwak replied to W.P. in an email and said he wished to share his experience and wisdom with W.P. and was looking for new people to join the family, referring to the Network.

22. In August 2020, Paul Kwak told W.P. that he would apply for an EIDL for Bomnal. W.P. was skeptical because Bomnal was not established until March 2020. Paul Kwak told W.P. there would not be any problem with applying for the EIDL. Paul Kwak promised, if there was a problem, he would return the EIDL proceeds immediately. W.P. provided his personal identifying information to Paul Kwak so that Kwak could apply for an EIDL for Bomnal.

23. On August 8, 2020, Kwon and W.P. exchanged several messages about the EIDL. Kwon told W.P. that the EIDL was approved and that the loan proceeds had been disbursed. Kwon congratulated W.P. and sent a message in Korean, which may be translated as, "Americans are careless." W.P. accessed the JPMC 5907 account online and saw that approximately \$150,000 had been deposited.

24. A few days later, W.P. discovered that a \$70,000 check had been written to Paul Kwak and that an \$80,000 check had been written to "Helen Kwak" out of the JPMC 5907 account. W.P. and Kwak then exchanged several messages

about the EIDL proceeds. W.P. told Paul Kwak that he understood 90 percent of the EIDL proceeds would be used for an investment by Paul Kwak, but he wanted to know more detailed information. W.P. asked for detailed information on how the investment would be used to generate income for them to pay off the interest on the EIDL, how the ledger accounting would be paid, and how the tax reporting would be addressed. Kwak did not reply.

25. On August 22, 2020, W.P. sent another message to Paul Kwak, asking Kwak to draft a promissory note or an "IOU" to Bomnal for the EIDL proceeds as soon as possible. W.P. asked that the note or the "IOU" address the plans to pay the proceeds back. W.P. told Paul Kwak, although he was not an expert in finances, he knew that contracts should be drafted between them.

26. Paul Kwak replied to W.P. the same day, stating that W.P. must be worried because the process moved too quickly; he advised W.P. not to worry and stated that he would return the EIDL proceeds to SBA. But the investigation shows that Paul Kwak did not do so. W.P. also requested the refund of his membership fee and the remaining balance in JPMC 5907 account. Paul Kwak did not reply.

27. A few days later, W.P. contacted Hyun about the status of the EIDL proceeds and his request. W.P. did not receive any update from Kwon or Paul Kwak.

28. W.P. said that Bomnal had no business activity, revenue, and employees after it was organized.

*NSEW YouTube Channel*

29. Since January 2019, Paul Kwak has been operating a public YouTube channel known as “Paul Kwak’s Global Financial Academy” or NSEW TV. The public channel page on YouTube.com displayed his photo along with his email address paul@nsewga.com and his company website <https://nsewga.com>.

30. According to GoDaddy LLC records, the domain nsewga.com has been active since August 2018. The registrant and billing contact is Michelle Kwak, and the registrant and billing email account was paulskwak@hotmail.com. The registrant address was 3625 Savannah Place Drive Duluth, Georgia 30096. This is a two-story office building. As described below, Paul Kwak appears to have incorporated numerous LLCs using Suite 200 of this address, which will be hereafter referenced as “KWAK OFFICE ADDRESS” for convenience.

31. To date, more than 50 videos have been uploaded to Paul Kwak’s YouTube channel. The videos depict Paul Kwak and other Korean individuals talking about financial investments and opportunities in the U.S. and South Korea.

32. In May 2020, Paul Kwak and Kwon appeared in a video titled, “EIDL, disaster assistance you don’t have to pay back,” in Korean. In the video, Paul Kwak told the viewers that the federal government had released a large amount

of assistance money that does not need to be paid back. Paul Kwak explained that applicants can receive thousands to tens of thousands of dollars in assistance without collateral or a co-signor, using only the applicant's electronic signature. Further, Paul Kwak told the viewers that one of his clients had recently received a \$150,000 EIDL.

33. At the end of the video, Paul Kwak told the viewers that he will bring clients to participate in a panel interview on his YouTube channel. He said, in Korean, "If you see the money deposited in your account, it will be unbelievable; the members of the NSEW have been seeing good results due to this Pandemic; I feel as if I am flying above the clouds."

34. In June 2020, Paul Kwak, Kwon and Hyun appeared in another video titled, "Apply fast, the reopened EIDL," in Korean. In this video, Paul Kwak told the viewers that after an EIDL application is submitted, the SBA would request additional documents or pre-approve the application within 48 hours. According to Paul Kwak, once the applicant is qualified and the application is signed, the EIDL proceeds are deposited into the LLC's account within 72 hours.

35. Further, Paul Kwak told the viewers that none of the members of NSEW "failed" yet, and many are waiting. He explained that he wished more South Korean viewers in South Korea and Korean viewers living in the U.S. had listened to him a year ago and created LLCs. He stated that he believed many

people were hesitant to apply because they are worried about getting “free money.” Later in the video, Paul Kwak predicted that the EIDLs will be forgiven since the federal government discussed forgiving federal student loans if a second coronavirus Pandemic comes or another communal disease outbreak happens.

*EIDL Fraud Investigation*

36. In November 2020, the FBI initiated an investigation on Paul Kwak and others after receiving information from W.P.

37. According to SBA records, an EIDL application for Bomnal was submitted on August 6, 2020. The application stated that Bomnal was an LLC owned by W.P.

38. The application required the applicant to certify under the penalty of perjury that the information provided was true and correct.

39. The application submitted contained several materially false assertions. It falsely stated that Bomnal had gross revenue of \$549,567 for the 12 months prior to January 31, 2020 and had 7 employees as of January 31, 2020. Further, it falsely stated that Bomnal was established on March 26, 2019 and its business activity was in finance and accounting. The application requested that the EIDL proceeds be sent to the JPMC 5907 account.

40. According to Georgia Secretary of State (“GA-SOS”) records, Bomnal was organized as an LLC on March 26, 2020. Paul Kwak was listed as the

registered agent with the address at KWAK OFFICE ADDRESS. W.P. was listed as the organizer at the same address, except the suite number was listed as 202 instead of 200. The investigation shows that Bomnal appears to be a “shelf company” with no business activity. Thus, the application was materially false.

41. Bank records show that the proceeds from the false application were used for Paul Kwak’s benefit. According to JPMC records, Bomnal’s business checking account, JPMC 5907, was opened on July 24, 2020, by Kwak. The business address provided to JPMC for Bomnal was KWAK OFFICE ADDRESS, but the suite number was listed as 202. Paul Kwak signed the account opening documents. On the same day, a \$100 check was deposited to opening the account.

42. No significant transaction occurred from the account opening until the date EIDL proceeds were disbursed.

43. On August 10, 2020, the \$149,900 EIDL disbursement was deposited into the JPMC 5907 account. The transaction description was for “Bomnal LLC.” The account balance before the EIDL disbursement was \$1,500. On August 14, 2020, an \$80,000 check was written to “Michelle Kwak,” and a \$70,000 check was written to “Paul Kwak” from the JPMC 5907 account. As of August 31, 2020, the ending balance was \$1,500; the balance remained the same until December 31, 2020 without any transactions.

44. According to JPMC records, the \$80,000 check was deposited into JPMC checking account ending in 1950 belonging to Michelle Kwak ("JPMC 1950"), and the \$70,000 check was deposited into JPMC checking account ending in 8591 belonging to Paul Kwak ("JPMC 8591"). The \$80,000 remained in the account until December 2020 when most of the funds were transferred to JPMC checking account ending in 1217 ("JPMC 1217") belonging to NSEW. Similarly, the \$70,000 remained in the account until December 2020 when most of the funds were transferred to JPMC checking account ending in 0726 ("JPMC 0726") belonging to PaulPhilip Property Management LLC, which is another entity controlled by Kwak. The account address associated for JPMC 0726 account is KWAK OFFICE ADDRESS with suite number 107. All the above JPMC accounts were controlled by either Paul Kwak or Michelle Kwak.

45. The Bomnal EIDL proceeds were not used for Bomnal's business because it conducted no business. Further, numerous EIDLs were issued and the funds were transferred into the JPMC accounts that Paul Kwak or Michelle Kwak controlled.

46. The JPMC 1217 account statements revealed that approximately \$475,000 was deposited by LLCs that listed KWAK OFFICE ADDRESS as the primary business address. Similarly, the JPMC 8591 account statements revealed

that approximately \$100,000 was transferred from accounts held by companies associated with Kwak.

47. According to SBA records, Bomnal's application was submitted by the subscriber of IP address 75.138.68.214. The subscriber of IP address 75.138.68.214 was associated with 50 EIDL applications submitted between March 2020 and November 2020. Among them, 32 applications were associated with KWAK OFFICE ADDRESS as the applicant address, with slight variation in suite numbers. The EIDL applicants were Paul Kwak, Michelle Kwak, and others.

48. According to GA-SOS records, Paul Kwak and Michelle Kwak have been the registered agent for at least 30 entities since 2014. Among those, 25 entities had KWAK OFFICE ADDRESS as the address of the registered agent. Moreover, including entities with a different suite number ranging from 201 to 263 (or no suite number), at least 36 entities were associated with the address 3625 Savannah Place Drive, Duluth, Georgia 30096.

49. Paul Kwak is suspected of creating and organizing numerous entities in the State of Georgia associated with that address and varying the suite numbers to avoid creating multiple entities with exact same address.

50. Moreover, the investigation shows a nationwide conspiracy with Paul Kwak at the center. The EIDL applications revealed several applicants were residents of Washington State, California, and New Jersey, even though the

business address was KWAK OFFICE ADDRESS. Each EIDL application was submitted for an LLC controlled by the loan applicant.

51. According to Charter Communication records, the subscriber of IP address 75.138.68.214 was NSEW from March 2, 2020 until May 20, 2020, and from July 24, 2020 until October 29, 2020. During those periods, dozens of EIDL applications were submitted by the subscriber. The subscriber address was KWAK OFFICE ADDRESS.

52. According to SBA records, the subscriber of IP address 76.122.123.99 electronically signed the Loan Authorization and Agreement (“LA&A”) for at least 10 EIDLs between March 2020 and September 2020. The EIDL applicants were Paul Kwak, Michelle Kwak, W.P., and J.S.C. J.S.C. is a Korean individual who is believed to be living in Washington State. Nine of them listed KWAK OFFICE ADDRESS as the applicant addresses with slight variation in suite numbers. According to Comcast LLC records, the subscriber of this IP address was Paul Kwak from February 19, 2020 until as recent as February 11, 2021. The service address and the billing address was 1511 Kaden Avenue, Braselton, Georgia 30517, a two-story single-family residence with a two-car garage, where the Kwaks lived until February 2021, which will be hereafter referenced as “KWAK LAST RESIDENCE” for convenience.

53. Among the EIDL applications submitted by the subscriber of IP address 75.138.68.214, an LA&A corresponding to an EIDL for an entity controlled by Paul Kwak was electronically signed by the subscriber of IP address 174.223.146.19 at approximately 9:57 a.m. PDT on July 26, 2020. According to Verizon Wireless records, among several subscribers of IP address 174.223.146.19 at the specific time was Paul Kwak using a mobile device associated with the telephone number 770-510-3732. Paul Kwak has been the subscriber of the telephone number since October 2013.

54. The investigation revealed the subscribers of IP addresses facilitated by Verizon Wireless signed several EIDL LA&As.

55. The LA&A covered various conditions of the EIDL including, but not limited to, payment schedule, interest rate, and payment term for the EIDL. Regarding the use of the loan proceeds, the LA&A included the following paragraph:

“Borrower will use all the proceeds of this Loan as working capital to alleviate economic injury caused by disaster occurring in the month of January 31, 2020 and continuing thereafter...”

56. The LA&A included the following paragraph just above the signature line:

“Under penalty of perjury of the United States of America, I hereby certify that I am authorized to apply for and obtain a disaster loan on behalf of Borrower, in connection with the effects of the COVID-19 emergency.”

57. In addition to the LA&A, each EIDL borrower signed a Promissory Note (“Note”). The following paragraphs were included in the Note:

“In return for a loan, Borrower promises to pay to the order of SBA the amount of [*loan amount*], interest on the unpaid principal balance, and all other amounts required by the Note.”

“All individuals and entities signing this Note are jointly and severally liable...”

58. Based on the investigation to date, Paul Kwak and his wife were the applicants of 11 EIDLs. Among those, 10 applications showed KWAK OFFICE ADDRESS was the applicant address with slight variation in suite numbers. But there are many more EIDL applications where Paul Kwak was involved. To date, the investigation has revealed that approximately 73 EIDL applications were submitted by Paul Kwak and others related to Paul Kwak. Even though Paul Kwak was not listed as the applicant, these EIDL applications are traced back to him because, among other indications, they use KWAK OFFICE ADDRESS (with variation in suite number) as the applicant address, were submitted using IP

addresses associated with Paul Kwak, were submitted by known associates of Kwak, or provided proceeds that ultimately ended up in accounts under Paul Kwak and Michelle Kwak's control.

59. For instance, J.S.C., a resident of Lynnwood, Washington, submitted four EIDL applications seeking approximately \$600,000 and received \$450,000 in proceeds.

60. In 2020, J.S.C. appeared in several videos promoting NSEW, Paul Kwak, and setting up an LLC through NSEW. J.S.C. told the viewers that Paul Kwak taught her how to become rich in the U.S. In addition, three individuals who had the same residential address as J.S.C. submitted 13 additional EIDL applications seeking approximately \$2,100,000 and received \$1,350,000 in proceeds.

61. J.S.H., a resident of Buena Park, California, submitted six EIDL applications seeking approximately \$704,400 and received \$310,400 in proceeds. J.S.H. has appeared on Paul Kwak's YouTube channel.

62. And S.H.K., a resident of East Windsor, New Jersey, submitted eight EIDL applications seeking approximately \$1,200,000 and received \$300,000 in proceeds. Five of these applications were submitted using the IP address 75.138.68.214, the same one that submitted the fraudulent Bomnal application.

63. Most of the EIDL applications claimed each LLC had more than \$500,000 in gross revenue for the twelve months before January 31, 2020 while seeking \$150,000 in EIDL proceeds. J.S.H., J.S.C., and S.H.K. all claimed to individually own between five and nine LLCs that would have generated approximately between \$2.5 million and \$4.5 million in revenue.

64. Michelle Kwak is the applicant of three EIDL applications, at least one of which was fraudulent. She is the applicant NSEW Western LLC application. The listed business address is KWAK OFFICE ADDRESS (but Suite 202). The EIDL application claimed that this LLC had gross revenue of \$529,000 and hired 9 employees. However, Georgia Department of Revenue could not find any tax records associated with this entity.

65. In my training and experience, the fact that this LLC did not pay any income or payroll taxes indicates that the claimed gross revenue and number of employees are false. The EIDL application for NSEW Western LLC is therefore materially false. SBA disbursed \$150,000 in EIDL proceeds to a Metro City Bank account as a result of this false application.

### CONCLUSION

66. Based on the foregoing, I submit that there is probable cause to believe that, from in or about March 2020 until the present, Paul Kwak and Michelle Kwak have filed fraudulent EIDL applications over the Internet and diverted the

proceeds to their personal use, and have conspired to do the same. Accordingly, they have committed violations of Title 18, United States Code, Section 641 (theft of government property), Title 18, United States Code, Section 1343 (wire fraud), Title 18, United States Code, Section 1956 (laundering of monetary instruments), Title 18, United States Code, Section 371 (conspiracy), and Title 18, United States Code, Section 1349 (bank and wire fraud conspiracy).

### **SEALING REQUEST**

67. I further request that the Court order that all papers in support of this application, including the affidavit, the complaint, and the arrest warrants, be sealed until further order of the Court. These documents discuss an ongoing criminal investigation that is neither public nor known to the target of the investigation. Accordingly, there is good cause to seal these documents because their premature disclosure may give the target an opportunity to flee or continue flight from prosecution, destroy or tamper with evidence, change patterns of behavior, intimidate potential witnesses, or otherwise seriously jeopardize the investigation.