

UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

FILED
CHARLOTTE, NC
DEC -3 2021

UNITED STATES OF AMERICA)
)
v.)
)
FRANK JACOBS, Sr.)
)
)
_____)

DOCKET NO. 3:21-cr-00287-FDW
US DISTRICT COURT
WESTERN DISTRICT OF NC

BILL OF INFORMATION

Violation:
26 U.S.C. § 7206(1)
18 U.S.C. § 1343

THE UNITED STATES CHARGES:

At the specified times and at all relevant times:

BACKGROUND

1. From at least 2009 and continuing to in or about 2018, the defendant, FRANK JACOBS, Sr. ("JACOBS") was a resident of Charlotte and Concord, North Carolina and was the Pastor of the Rock Worship Center Church ("RWC) in Charlotte, North Carolina. From at least 2019 and continuing to the date of this Bill of Information, JACOBS was the Pastor of Quest Church in Charlotte, North Carolina.

2. From at least 2009 through early 2013, JACOBS held a full-time external job in addition to serving as Pastor of RWC. From January 2013 and continuing through in or about 2018, JACOBS worked full-time in the ministry for RWC.

3. In or about January 2013, the Board of Directors for RWC passed a resolution to secure the services of JACOBS on a full-time basis and to offer him a salary in a range comparable to his then current corporate salary, along with health and welfare benefits. The Board of Directors approved a salary for JACOBS of \$9,000 biweekly with a portion of the compensation to be designated as a Housing Allowance.

4. Prior to January 2013, JACOBS received payments from RWC by wire transfers from the RWC bank accounts and by checks written from the bookkeeper of RWC. Subsequent to January 2013, JACOBS directed the receipt of his income through checks, bank transfers, and payments through other organizations.

5. During tax year 2014, JACOBS received income from RWC through online transfers to his personal bank account. JACOBS received approximately 177 online transfers from RWC totaling \$371,331.35. JACOBS received 13 additional online transfers totaling \$16,125.00 that were designated as housing allowances.

TAX HISTORY

6. For tax years 2009 through 2013, JACOBS failed to file timely U.S. Individual

Income Tax Returns, Forms 1040, with the Internal Revenue Service (“IRS”) despite having the requisite income to do so. For tax years 2015 through 2017, JACOBS failed to file timely U.S. Individual Income Tax Returns, Forms 1040, with the IRS despite having the requisite income to do so.

7. For tax years 2009, 2011, 2012, and 2013, JACOBS received correspondence from the IRS about his need to file and pay taxes.

8. In February 2015, JACOBS filed a U.S. Individual Income Tax Return, Form 1040, with the IRS, for calendar year 2014. The tax return reported total income of \$66,370.00. Per the tax return, JACOBS owed \$5,467 in taxes. However, JACOBS did not make any payment to the IRS.

9. Indeed, for tax years 2009 through 2017, JACOBS made no payments to the IRS for any tax liabilities, except for those payments that were withheld from his income from the full-time external job that he held until early 2013.

10. In August 2016, JACOBS received notice that he was being audited by the IRS for tax years 2009 through 2013. In 2017, the audit was subsequently expanded to include the 2015 and 2016 tax years. In connection with the audit, JACOBS provided the IRS with copies for tax returns for 2010 through 2013. However, the IRS Revenue Officer reviewed the returns and questioned JACOBS about omitted income. JACOBS took back the tax returns and did not leave them with the Revenue Officer.

PAYCHECK PROTECTION PROGRAM LOAN

11. The United States Small Business Administration (“SBA”) was an executive-branch agency of the United States government that provided support to entrepreneurs and small businesses. The mission of the SBA was 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.

12. As part of this effort, the SBA facilitated loans through banks, credit unions, and other lenders. These loans had government-backed guarantees.

13. The Coronavirus Aid, Relief, and Economic Security (“CARES”) Act was a federal law enacted in or around March 2020 and designed to provide emergency financial assistance to the millions of Americans who were 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 \$849 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 or around April 2020, Congress authorized over \$300 billion in additional PPP funding.

14. In order to obtain a PPP loan, a qualifying business was required to submit a PPP loan application, signed by an authorized representative of the business. The PPP loan application required the business (through its authorized representative) to acknowledge the program rules and make certain affirmative certifications in order to be eligible to obtain the PPP loan. In the PPP loan application, the small business (through its authorized representative) was required to state its average monthly payroll expenses and its number of employees, among other things. These figures were used to calculate the amount of money the small business was eligible to receive under the

PPP. In addition, businesses applying for a PPP loan were required to provide documentation showing their payroll expenses, including wage and tax statements provided to the IRS.

15. A PPP loan application was processed by a participating financial institution (“lender”). If a PPP loan application was approved, the participating lender would fund the loan using its own monies, which were guaranteed by the SBA. Data from the application, including information about the borrower, the total amount of the loan, and the listed number of employees, was transmitted by the lender to the SBA in the course of processing the loan.

16. PPP loan proceeds were required to be used by the business on certain permissible expenses, including payroll costs, mortgage interest, rent, and utilities. Under the applicable PPP rules and guidance, the interest and principal on the PPP loan was eligible for forgiveness if the business was eligible for the PPP loan it received, spent the loan proceeds on these permissible expense items within a designated period of time, and used a certain portion of the loan proceeds for payroll expenses.

17. Uwharrie Bank was a financial institution within the meaning of Title 18, United States Code, Section 20, the deposits of which were insured by the Federal Deposit Insurance Corporation (“FDIC”). Uwharrie Bank was headquartered in North Carolina. Uwharrie Bank participated in the SBA’s PPP as a lender and, as such, was authorized to lend funds to eligible borrowers under the terms of the PPP.

18. On or about April 14, 2020, JACOBS submitted and caused to be submitted a Lender Application Form for a PPP loan for \$52,477 and submitted and caused to be submitted that form to Uwharrie Bank. In the application, JACOBS stated that the average monthly payroll for Quest Church, multiplied by 2.5, was \$52,477. JACOBS certified, among other things, that Quest Church paid salaries and payroll taxes for employees.

19. On or about April 22, 2020, JACOBS submitted and caused to be submitted a Borrower Application Form (SBA Form 2483) for the PPP loan through the lender, Uwharrie Bank. JACOBS signed the application as the Chairman of Quest Church. JACOBS certified that the information provided in the application and the information provided in all supporting documents and forms was true and accurate in all material respects. JACOBS submitted purported tax documents with the application, including an IRS Form W-3 Transmittal of Wage and Tax Statements for 2019, which represented that Quest Church had paid wages totaling \$135,565.00 to five employees from which federal income tax totaling \$15,210.16 had been withheld. In truth and fact, Quest Church had not reported payment of any wages to the IRS for calendar year 2019 nor had it paid over any withholding taxes on such income.

COUNT ONE

26 U.S.C. § 7206(1) (Filing a False Tax Return)

20. The United States re-alleges and incorporates by reference herein all of the allegations contained in paragraphs one through ten of the Bill of Information, and further alleges that:

21. On or about February 14, 2015, in the Western District of North Carolina, the Defendant, **FRANK JACOBS**, a resident of Charlotte, North Carolina, did willfully make and subscribe a U.S. Individual Income Tax Return, Form 1040, for the 2014 calendar year which income tax return was signed by the defendant and verified by a written declaration under the penalties of perjury and filed with the IRS, wherein the defendant understated his total income on Line 22 for calendar year 2014 as \$66,370.00, when as the defendant then and there well knew and believed, his total income for said calendar year was substantially in excess of the amount stated.

All in violation of Title 26, United States Code, Section 7206(1).

COUNT TWO
18 U.S.C. § 1343
(Wire Fraud Scheme)

22. The United States realleges and incorporates by reference herein all of the allegations contained in paragraphs one and eleven through nineteen of the Bill of Information, and further alleges that:

23. Beginning in or around April 2020 and continuing through in or around at least July 2020, in the Western District of North Carolina and elsewhere, the Defendant, **FRANK JACOBS**, with the intent to defraud, having knowingly devised and intended to devise a scheme and artifice to defraud, and to obtain money by means of materially false and fraudulent pretenses, representations, and promises, did knowingly transmit and cause to be transmitted, by means of wire communications in interstate commerce, writings, signals, pictures, and sounds for the purpose of executing such scheme and artifice.

24. In or around April 2020, in the Western District of North Carolina, for the purpose of executing or attempting to execute the scheme and artifice to defraud, the Defendant, **FRANK JACOBS** knowingly caused to be transmitted by means of wire communication in interstate commerce a false PPP loan application as well as false supporting documentation regarding tax forms, wages paid, and taxes withheld to Uwharrie Bank in support of a \$52,477 loan through the Paycheck Protection Program of the SBA.

All in violation of Title 18, United States Code, Sections 1343.

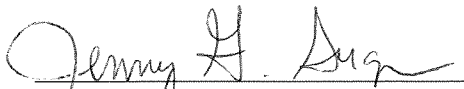
NOTICE OF FORFEITURE

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 Count Two violation set forth in this bill of information; and
- 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 following property is subject to forfeiture on one or more of the grounds stated above: a forfeiture money judgment in the amount of \$52,477, such amount constituting the proceeds of the Count Two violation.

DENA J. KING
UNITED STATES ATTORNEY



JENNY G. SUGAR
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:**

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

CASE NAME :US vs

COUNTY OF OFFENSE :

RELATED CASE INFORMATION :

Magistrate Judge Case Number :

Search Warrant Case Number :

Miscellaneous Case Number :

Rule 20b :

SERVICE OF PROCESS :

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

JUVENILE: Yes No

ASSISTANT U. S. ATTORNEY :

VICTIM/WITNESS COORDINATORS:

INTERPRETER NEEDED :

LIST LANGUAGE AND/OR DIALECT:

REMARKS AND SPECIAL INSTRUCTIONS: