

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

UNITED STATES OF AMERICA * CRIMINAL NO. 19-30
v. * SECTION: "T" (3)
KEITH CRAIG * VIOLATION: 18 U.S.C. § 1001
* * *

FACTUAL BASIS

Should this matter have proceeded to trial, the United States would have proven, through the introduction of competent testimony and admissible evidence, the following facts, beyond a reasonable doubt, to support the allegations in the Bill of Information.¹

Small Business Administration – Agency of the United States

The Small Business Administration (“SBA”) is an agency of the United States that provides long-term, low-interest loans to homeowners, businesses, and non-profit organizations in the aftermath of a declared disaster. SBA disaster loan proceeds are to be used solely for the repair or replacement of real estate, personal property, supplies, machinery and equipment damaged during a declared disaster. Individuals seeking SBA disaster loans must provide truthful and correct information to the SBA at all phases of the disaster loan process. Recipients of SBA disaster loans must repay the funds to the SBA over the term and at the interest rate designated in the loan promissory note. Recipients of SBA disaster loans must return to the SBA any disaster loan disbursements not used to replace or repair property damaged by the disaster.

¹ This proffer of evidence is not intended to constitute a complete statement of facts known to the United States. The limited purpose of this factual basis is to demonstrate a sufficient legal basis for the defendant's plea of guilty to the charged offense.

On or about August 29, 2012, Hurricane Isaac struck Louisiana and impacted residences located in Laplace, Louisiana. On October 31, 2012, then President Barack Obama declared the Hurricane Isaac impact to Louisiana a federal disaster. As a result, homeowners in the affected areas were eligible to apply for SBA disaster loan funds to repair their damaged residences and businesses. SBA disaster loan borrowers are required to submit truthful statements during the loan application process and are further required to submit truthful documentation and statements when completing an SBA borrower's certification form.

Overview – False Statements to A Government Agency

KEITH CRAIG (“**CRAIG**”) owned a residence in Laplace, Louisiana and applied for and received SBA loan proceeds to repair damages to his residence allegedly caused by the impact of Hurricane Isaac. From 2013 through 2014, **CRAIG** applied for, and received and accepted federally funded disaster related loan disbursements from the SBA.

On or about November 11, 2013, **CRAIG**, executed an SBA loan authorization and agreement acknowledging that the loan proceeds were to be solely used to repair the damage to his Laplace residence caused by Hurricane Isaac or to replace damaged property. He also agreed to return any loan proceeds not used for disaster repairs or property replacement.

From 2013 through 2014, **CRAIG** provided fraudulent documentation and statements related to his annual income and the repairs performed on his residence in Laplace, Louisiana. During the SBA loan process, **CRAIG** falsified his annual income on the application, and later falsely certified that the loan proceeds were used to make the required repairs on his damaged residence in Laplace, Louisiana. During the SBA’s borrower certification process, **CRAIG** submitted fraudulent copies of money orders (showing payments to vendors he never used) as proof he used the loan proceeds to repair his residence, as required by the SBA disaster loan

agreement. **CRAIG** failed to disclose that he used the submitted money orders for purposes other than repairs to his residence. **CRAIG** also failed to disclose that the majority of the money orders submitted to show compliance with the SBA disaster loan agreement were actually used for his own personal benefit. In fact, **CRAIG** used the falsely submitted money order proof of authorized expenditures to pay down other loans and to pay other individuals and entities for purposes other than those permitted under the SBA loan agreement.

Specific Offense - 2014

On or about March 21, 2014, in the Eastern District of Louisiana, and elsewhere, **CRAIG**, did willfully and knowingly make a materially false, fictitious, and fraudulent statement and representation in a matter within the jurisdiction of the executive branch of the Government of the United States, by falsifying repair documentation submitted in connection with his SBA disaster loan for his primary residence in Laplace, Louisiana. The statements and representations were false because, as **CRAIG**, then and there knew, if he disclosed that SBA loan proceeds were not used to make the required repairs under the SBA loan agreement, the loan would fail to qualify under the federal assistance program.

Overview of Total Benefits Received

In summary, from 2013 through 2016, **CRAIG** received and accepted disaster loan proceeds related to his residence in Laplace, Louisiana. By engaging in the behavior outlined above, the defendant unlawfully received monetary benefits funded by the SBA to which he knew he was not entitled to receive. During the course of the criminal activity described above, the defendant received in excess of \$160,000 in loan proceeds from the SBA.²

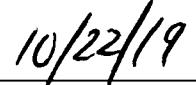
² **CRAIG** also submitted fraudulent rental assistance documentation to the Federal Emergency Management Agency (“FEMA”) in connection with Hurricane Isaac to obtain living assistance benefits totaling approximately \$16,155.

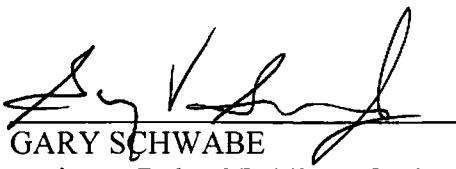
All of the evidence introduced at trial would have established the elements of the offense and proven the defendant's guilt beyond a reasonable doubt.

READ AND APPROVED:

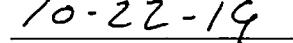

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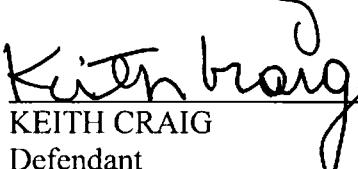
Assistant United States Attorney


Date

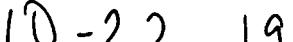

GARY SCHWABE

Assistant Federal Public Defender
Counsel for Keith Craig


Date


KEITH CRAIG

Defendant


Date