

**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

UNITED STATES OF AMERICA	:	Hon.
	:	
v.	:	Crim. No. 22-
	:	
ROCCO A. MALANGA	:	18 U.S.C. § 1344(2)
	:	18 U.S.C. § 1957

INFORMATION

The defendant having waived in open court prosecution by Indictment, the United States charges:

Count 1
(Bank Fraud)

Overview of the Scheme

1. From at least in or about April 2020 through in or about August 2020, Defendant Rocco A. Malanga (“MALANGA”) made a variety of false statements to fraudulently obtain at least approximately \$1.8 million in Paycheck Protection Program (“PPP”) loan funds meant for qualifying small businesses. MALANGA submitted three PPP loan applications on behalf of entities that he owned, namely, Cloud Accounting, Cedar Grove Transportation, and Pixie Hollow, as defined below. These PPP applications contained false representations regarding the number of employees working for each company and the average monthly payroll paid to those purported companies. In addition, MALANGA created and submitted false tax forms to substantiate the false number of employees claimed to be working for his companies, as well as their average monthly payroll.

2. Based on MALANGA's false representations, three different lenders approved and disbursed emergency relief funds totaling in excess of \$1.8 million to the three entities.

Relevant Individuals and Entities

3. At all times relevant to this Information:
- a. MALANGA was a resident of Hackettstown, New Jersey.
 - b. MALANGA was associated with several corporate entities that he used to apply for government loans, including the following:
 - i. Cloud Accounting LLC ("Cloud Accounting") was a New Jersey Limited Liability Company. On or about May 15, 2020, the business name Cloud Accounting LLC was amended to the business name Cedar Grove Ventures LLC.
 - ii. Cedar Grove Transportation Inc was a Florida corporation that purported to provide trucking services.
 - iii. Pixie Hollow LLC, d/b/a Pixie Technologies ("Pixie Hollow") was a Florida Limited Liability Company.
 - c. Company 1 was a financial-technology company based in California. Company 1 participated in the U.S. Small Business Administration's ("SBA") PPP by, among other things, acting as a service provider between small businesses and certain lenders. A small business seeking a PPP loan could apply through Company 1, which would review the PPP loan application. If a PPP loan

application received by Company 1 was approved for funding, a partner lender disbursed the loan funds to the applicant.

d. Lender 1 was a financial institution, as defined by Title 18, United States Code, Section 20, with accounts insured by the Federal Deposit Insurance Corporation (“FDIC”), and headquartered in Salt Lake City, Utah.

e. Lender 2 was a financial institution, as defined by Title 18, United States Code, Section 20, with accounts insured by the FDIC, and headquartered in Edgewater, New Jersey. MALANGA maintained bank accounts at Lender 2.

f. Lender 3 was a financial institution, as defined by Title 18, United States Code, Section 20, with accounts insured by the FDIC, and headquartered in Salt Lake City, Utah.

g. Bank 1 was a financial institution, as defined by Title 18, United States Code, Section 20, with accounts insured by the FDIC, and headquartered in New York, New York. MALANGA maintained bank accounts at Bank 1.

The Payroll Protection Program

4. The Coronavirus Aid, Relief, and Economic Security (“CARES”) Act was a federal law enacted in or around March 2020 that was 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 \$349 billion in forgivable loans to small businesses for job retention and certain other expenses, through a program referred

to as the PPP. In or around April 2020, Congress authorized over \$300 billion in additional PPP funding.

5. In order to obtain a PPP loan, a qualifying business was required to submit a PPP loan application, which was 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, among other things, its: (a) average monthly payroll expenses; and (b) number of employees. 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.

6. A PPP loan application was required to be processed by a participating lender. If a PPP loan application was approved, the participating lender funded the PPP loan using its own funds, which were 100% 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.

7. PPP loan proceeds were required to be used by the applicant company on certain permissible expenses—payroll costs, interest on mortgages, rent, and utilities. The PPP allowed the interest and principal on the PPP loan to be entirely

forgiven if the business spent the loan proceeds on these expense items within a designated period of time after receiving the proceeds and used a certain amount of the PPP loan proceeds on payroll expenses.

The Scheme

8. From at least in or about April 2020 through in or about August 2020, in the District of New Jersey, and elsewhere, the defendant

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did knowingly execute and attempt to execute a scheme and artifice to obtain moneys, funds, and credits owned by and under the control of one or more financial institutions, that is: Lender 1, Lender 2, and Lender 3, the deposits of which are insured by the Federal Deposit Insurance Corporation and whose accounts are insured by the National Credit Union Share Insurance Fund, by means of materially false and fraudulent pretenses, representations, and promises, as set forth below.

The Goal of the Scheme

9. The goal of the scheme was for MALANGA to enrich himself by fraudulently obtaining approximately \$1.8 million in PPP loan funds from various lenders.

Manner and Means of the Scheme

10. It was part of the scheme that:

a. On or about April 27, 2020, MALANGA submitted a PPP loan application on behalf of Cloud Accounting to Lender 3, through Company 1, seeking a PPP loan in the amount of approximately \$564,632 (“Application-1”). Application-

1 was submitted in MALANGA's name and listed MALANGA as the owner of Cloud Accounting. The application and supporting documentation contained materially false and fraudulent information, including false employee and payroll information, and falsified tax documents.

b. On or about June 3, 2020, MALANGA submitted a PPP loan application on behalf of Cedar Grove Transportation Inc to Lender 1 seeking a PPP loan in the amount of approximately \$441,260 ("Application-2"). Application-2 was submitted in MALANGA's name and listed MALANGA as the owner of Cedar Grove Transportation Inc. The application and supporting documentation contained materially false and fraudulent information, including false employee and payroll information, and falsified tax documents.

c. On or about August 3, 2020, MALANGA submitted a PPP loan application on behalf of Pixie Hollow to Lender 2 seeking a PPP loan in the amount of approximately \$810,294 ("Application-3"). Application-3 was submitted in MALANGA's name and listed MALANGA as the owner of Pixie Hollow. The application and supporting documentation contained materially false and fraudulent information, including false employee and payroll information, and falsified tax documents.

d. MALANGA's fraudulent loan applications induced Lender 1, Lender 2, and Lender 3, respectively, to disburse approximately \$1.8 million in PPP loan funds to the three entities owned by MALANGA.

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

Count 2
(Money Laundering)

1. The allegations in Paragraphs 1 to 7 and 9 to 10 of Count 1 are repeated as though realleged here.

2. On or about August 21, 2020, in the District of New Jersey, and elsewhere, the defendant,

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did knowingly engage and attempt to engage in a monetary transaction by, through, and to a financial institution, affecting interstate and foreign commerce, in criminally derived property of a greater value than \$10,000, that is, the transfer of approximately \$275,000 of U.S. currency from an account in the name of Pixie Hollow LLC at Lender 2 to an account in the name of Cedar Grove Ventures LLC at Bank 1, such property having been derived from specified unlawful activity, that is, bank fraud, in violation of Title 18, United States Code, Section 1344(2).

In violation of Title 18, United States Code, Section 1957.

FORFEITURE ALLEGATION

1. As a result of committing the offense charged in Count 1 of this Information, defendant ROCCO A. MALANGA shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982(a)(2)(A), any property, real or personal, constituting, or derived from, proceeds obtained directly or indirectly as a result of the offenses charged in Count 1 of this Information, the value of which totaled approximately \$1,816,096, and which includes, but is not limited to, the following properties (collectively, the "Specific Properties"):

- a. The contents of an account at JP Morgan Chase [REDACTED] 9759 in the name of Cloud Accounting, LLC; Cloud Accounting, LLC, d/b/a Cedar Grove Transportation; as well as Cedar Grove Ventures LLC, d/b/a Cedar Grove Group;
- b. The contents of an account at Mariner's Bank [REDACTED] 7427 in the name of Pixie Hollow LLC;
- c. The contents of an account at JP Morgan Chase [REDACTED] 2515 in the name of Cedar Grove Ventures LLC, d/b/a Cedar Grove Group;
- d. The contents of an account at JP Morgan Chase [REDACTED] 6860 in the name of Cedar Grove Ventures LLC, d/b/a Cedar Grove Group;
- e. The contents of an account up to the amount of \$42,500 at JP Morgan Chase [REDACTED] 7680 in the name of Cedar Grove Trees LLC;
- f. The contents of an account at Mariner's Bank [REDACTED] 7435 in the name of Pixie Hollow LLC;
- g. The contents of an account at JP Morgan Chase [REDACTED] 0036 in the name of Rocco and Jennifer Malanga;
- h. The contents of an account at JP Morgan Chase [REDACTED] 9951 in the name of Rocco and Jennifer Malanga;
- i. The contents of an account at JP Morgan Chase [REDACTED] 8935 in the name of Jennifer Malanga;

j. The contents of an account at Mariner's Bank [REDACTED] 8581 in the name of Jennifer Malanga;

k. The contents of an account at Mariner's Bank [REDACTED] 7443 in the name of Rocco A. Malanga;

l. The contents of an account up to the amount of \$26,400 at JP Morgan Chase [REDACTED] 8668 in the name of N.M., by Jennifer Malanga NJUTMA; and,

m. The contents of an account up to the amount of \$25,450 at JP Morgan Chase [REDACTED] 8650 in the name of A.M., by Jennifer Malanga NJUTMA.

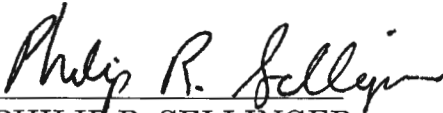
2. As a result of committing the money laundering offense charged in Count 2 of this Information, defendant ROCCO A. MALANGA shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982(a)(1), all property, real or personal, involved in such money laundering offense, and all property traceable to such property, including but not limited to the Specific Properties.

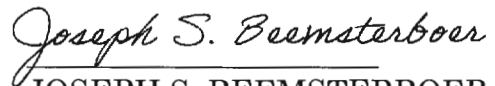
**Substitute Asset Provision
(Applicable to All Forfeiture Allegations)**

3. If any of the property described above, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty,

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(a)(1) and Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of such defendant up to the value of the forfeitable property described above.


PHILIP R. SELLINGER
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