

UNITED STATES DISTRICT COURT
DISTRICT OF RHODE ISLAND

UNITED STATES OF AMERICA

v.

SARAH GAULIN,
Defendant.

Cr. No. 1:20CR76WES-LDA

In violation of 18 U.S.C. § 1344(2), 18
U.S.C. § 1028A, 18 U.S.C. § 1344(1),
and 18 U.S.C. § 1343

INFORMATION

The United States Attorney charges that:

Introduction

At all times relevant to this Information:

1. Defendant SARAH GAULIN resided in Rhode Island and was employed as the Office Manager/Bookkeeper for Hamel, Waxler, Allen and Collins (HWAC), a law firm with offices in Providence and North Kingston, Rhode Island.
2. E.M. and S.F. were the principals of HWAC. Defendant GAULIN was E.M.'s god daughter.
3. Defendant GAULIN had worked for HWAC since 2001.
4. As the Office Manager/Bookkeeper of HWAC, defendant GAULIN managed all aspects of the business finances, including paying bills, managing and balancing the company check books, and maintaining accounting ledgers and check book registers for the purpose of tracking company funds.
5. Hamel, Waxler, Allen and Collins maintained business accounts at BankRI, the deposits of which were insured by the Federal Deposit Insurance Corporation. Defendant GAULIN had access to the corporate checks from the BankRI accounts and was authorized to

prepare checks for payment.

6. Hamel, Waxler, Allen and Collins used the accounting software, Quickbooks, to track expenses, manage and pay bills. As the Office Manager/Bookkeeper, defendant GAULIN was responsible for making entries in Quickbooks.

7. Coastway Community Bank was a financial institution doing business in the District of Rhode Island, the deposits of which were federally insured by the FDIC. Coastway was in the business of issuing loans to prospective or current homeowners for the purchase of real property.

8. Coastway Community Bank required that information concerning the income and assets of a mortgage applicant be submitted before approving a loan, the proceeds of which would be used to purchase real property. In many instances, Coastway required applicants to submit proof of employment and assets, including bank statements. Coastway required mortgage applicants to provide truthful information in connection with loan applications.

9. Coastway Community Bank was a Federal Housing Authority (FHA) approved direct endorsement lender. Through its Section 203(b) Program (the Program), the United States Department of Housing and Urban Development (HUD) provides mortgage loan insurance for qualifying residential real estate loans to individuals with low or moderate incomes. The insurance is provided through the FHA, a component of HUD, and the loans are financed through private financial institutions. The Program provides mortgage insurance for the loan amount used to purchase real property.

10. HUD approves certain banks and mortgage companies as "direct endorsement lenders" to underwrite, approve, and close Section 203(b) mortgage loans. Direct endorsement lenders submit such mortgage loans to HUD for FHA insurance. To obtain FHA insurance, the direct endorsement lenders submit to HUD a case binder containing, among other things, loan documents, closing materials, and documents relating to the creditworthiness of the borrower. For each qualifying loan closed by a direct endorsement lender, HUD issues mortgage insurance certifications.

11. The State of Rhode Island Department of Labor and Training (RIDLT) operated the State of Rhode Island Temporary Disability Insurance benefits program (TDI) which provides benefit payments to insured Rhode Island workers for weeks of unemployment caused by temporary disability or injury.

12. To receive TDI benefits, an ill or injured worker had to file a claim, on the Internet with RIDLT (www.dlt.ri.gov/tdi) or by downloading or requesting an application and mailing it in to RIDLT. To be eligible for TDI, the worker must have been unable to work for seven consecutive days due to illness, surgery, or injury and have earned a certain amount in income in the months preceding his claim.

13. The claim would include information on the claimant's injury or illness and the first day she was unable to work due to her illness or injury. If the claim was approved, the worker would receive her TDI benefits either by direct deposit into her bank account or by electronic payment card containing a dollar amount equal to the amount of TDI benefits due to the worker. A worker could claim TDI for up to 30 weeks, as long as she met the eligibility criteria to continue receiving the benefits.

COUNT 1
(Bank fraud, 18 U.S.C. § 1344)

Scheme and Artifice to Defraud

14. From at least in or about January 2012, and continuing until in or about May 2019, in the District of Rhode Island and elsewhere, defendant SARAH GAULIN knowingly executed and attempted to execute a scheme and artifice to obtain money, funds, assets and other property owned by, or under the custody and control of a financial institution by means of false and fraudulent pretenses, representations and promises.

Object of the Scheme to Defraud

15. The object of the scheme to defraud was for SARAH GAULIN to unlawfully obtain funds from the BankRI accounts of HWAC by various means, including: preparing and cashing HWAC checks payable to herself which were not approved, fraudulently preparing HWAC checks payable to her own third-party creditors, and preparing HWAC checks payable to HWAC's credit card companies, which credit cards defendant had used to make personal non-business related purchases.

Manner and Means

16. From at least in or about May 2012 through in or about May 2019, defendant SARAH GAULIN fraudulently and without the knowledge or consent of the owners of HWAC prepared and cashed HWAC checks made payable to herself for funds which she was not authorized to receive, often writing false notations in the memo lines of these checks to make it appear she was entitled to the funds. On many of these checks, she fraudulently signed the name of E.M.

17. From at least in or about May 2012 through in or about May 2019, defendant SARAH GAULIN fraudulently created HWAC checks made payable to her own third-party

creditors. On many of these checks, she fraudulently signed the name of E.M. The third-party creditors to whom defendant GAULIN fraudulently wrote checks, included, but were not limited to the following: her landlord, the auto-leasing and auto-financing companies for her and a family member's vehicles, her cable company, and her cell-phone carrier. These checks were fraudulent as HWAC had conducted no business whatsoever with these entities and never approved the payment of any funds to them.

18. For the HWAC checks that she fraudulently wrote to herself and to her third-party creditors defendant SARAH GAULIN made false and fraudulent entries into the HWAC Quickbooks she was required to maintain. In Quickbooks, defendant GAULIN created fraudulent checks and check entries noting a fake vendor and amount of the check, making it appear that checks had been written for expenses relating to various clients, however, the clients were never billed for the expense.

19. In addition, throughout most of the scheme, defendant SARAH GAULIN lacked signature authority over the HWAC account and, thus, forged E.M.'s signature in order to make the checks appear legitimate and avoid detection.

20. From at least in or about January 2012 through in or about May 2019, defendant SARAH GAULIN fraudulently obtained, through the means described above, approximately \$740,953.

All in violation of 18 U.S.C. § 1344(2).

COUNT 2
(Bank Fraud, 18 U.S.C. § 1344)

20 Liverpool Street Coastway Bank Loan

21. The United States Attorney realleges and incorporates by reference paragraphs 1 through

18 of this Information as though fully set forth herein.

Scheme and Artifice to Defraud

21. In or about June 2018, in the District of Rhode Island and elsewhere, defendant SARAH GAULIN knowingly executed and attempted to execute a scheme and artifice to defraud and to obtain money, funds, assets, and other property owned by, and under the custody and control of, Coastway Community Bank by means of false and fraudulent pretenses, representations, and promises.

Object of the Scheme and Artifice to Defraud

22. It was the object of the scheme and artifice to defraud to obtain a residential mortgage for 20 Liverpool Street, Warwick, Rhode Island, in the amount of \$250,000 from Coastway Community Bank by submitting false and fraudulent information concerning defendant SARAH GAULIN's assets and banking activity.

Manner and Means

23. It was part of the scheme to defraud that defendant SARAH GAULIN submitted false and fraudulent information regarding her bank account and assets to Coastway Community Bank.

24. It was further part of the scheme to defraud that in or about June 2018, defendant SARAH GAULIN submitted fraudulent bank statements in connection with her mortgage application to Coastway Community Bank. The fraudulent bank statements GAULIN submitted had been altered by her so that they reflected a positive balance in her personal bank accounts when in reality, her personal bank account was routinely overdrawn.

25. It was further part of the scheme to defraud that in or about June 2017, on her mortgage application, defendant SARAH GAULIN represented that one of her monthly expenses she was responsible for paying out of her income from HWAC was the payment of her rent, when in truth, defendant GAULIN had been using funds she obtained illegally from the HWAC account to pay her rent.

Execution of the Scheme

26. In or about June 2017, in the District of Rhode Island and elsewhere, defendant SARAH GAULIN did knowingly and intentionally execute and attempt to execute the aforesaid scheme and artifice to defraud and to obtain money, funds, assets and other property owned by, and under the custody and control of, Coastway Community Bank, specifically to obtain a residential mortgage in the amount of \$250,000 for property located at 20 Liverpool Drive, Warwick, Rhode Island, by signing and submitting a false and fraudulent mortgage application and by submitting false and fraudulent documents to verify her assets.

All in violation of Title 18, United States Code § 1344.

COUNT 3 **(Aggravated Identity Theft, 18 U.S.C. § 1028A)**

27. The United States Attorney realleges and incorporates by reference paragraphs 1 through 26 of this Information as though fully set forth herein.

28. On or about August 25, 2016, in the District of Rhode Island and elsewhere, defendant SARAH GAULIN, did knowingly transfer, possess, and use, without lawful authority, a means of identification of another person, to wit the name and signature of E.M., during and in relation to a felony violation enumerated in 18 U.S.C. § 1028A(c), to wit, bank fraud, in violation of 18 U.S.C. § 1344.

All in violation of Title 18, United States Code, Section 1028A(a)(1).

COUNT 4
(Wire fraud, 18 U.S.C. § 1343)

Scheme and Artifice to Defraud

29. The United States Attorney realleges and incorporates by reference paragraphs 1 through 28 of this Information as though fully set forth herein.

30. From on or about March 26, 2016, and continuing through on or about July 23, 2016, and from May 5, 2018, continuing through on or about August 11, 2018, in the District of Rhode Island and elsewhere, defendant SARAH GAULIN knowingly executed and attempted to execute a scheme and artifice to defraud the RIDLT and for obtaining money and property of RIDLT, specifically TDI benefits in the approximate amount of \$19,588.00, by means of false and fraudulent pretenses, representations, and promises.

Object of the Scheme and Artifice to Defraud

31. It was the object of the scheme and artifice to defraud RIDLT of TDI benefits in the approximate amount of \$19,588.00, by claiming that the defendant SARAH GAULIN was unable to work due to injury or illness.

Manner and Means

32. It was part of the scheme and artifice to defraud that on or about March 31, 2016, defendant SARAH GAULIN filed an application for TDI with RIDLT falsely claiming that she was injured and unable to work.

33. It was further part of the scheme and artifice to defraud that on or about June 28, 2018, defendant SARAH GAULIN filed a second application for TDI with RIDLT falsely claiming that she was injured and unable to work.

34. It was further part of the scheme and artifice to defraud that defendant SARAH GAULIN filed each of her applications for TDI benefits intending to continue working and did in fact remain employed by, and working for, HWAC throughout the period of time she was collecting benefits.

35. It was further part of the scheme to defraud that after filing for and beginning to receive TDI benefits each time, defendant SARAH GAULIN never reported to RIDLT that she had continued to work.

36. It was further part of the scheme to defraud, that from on or about March 26, 2016, and continuing through on or about July 23, 2016, the defendant SARAH GAULIN, while employed and working for HWAC, fraudulently obtained and stole TDI benefits totaling approximately \$9,908.00, to which she was not entitled because she was working full-time.

37. It was further part of the scheme to defraud, that from on or about May 5, 2018, continuing through on or about August 11, 2018, the defendant SARAH GAULIN, while employed and working for HWAC, fraudulently obtained and stole TDI benefits totaling approximately \$9,680.00 to which she was not entitled because he was working full-time.

Execution of the Scheme

38. On or about April 30, 2016, in the District of Rhode Island and elsewhere, the defendant SARAH GAULIN, for the purpose of executing aforesaid scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, knowingly transmitted and caused to be transmitted by means of wire communication in interstate commerce to wit an electronic money transfer in the amount of \$576.00 from the RIDLT Bank of America account ending in #---0721 to defendant GAULIN's bank account at Rhode Island Credit Union, account #- - -3022.

FORFEITURE ALLEGATIONS

Bank Fraud 18 U.S.C. § 1344 and Wire Fraud 18 U.S.C. § 1341

Upon conviction of the bank fraud offense alleged in Count One and the wire fraud offense alleged in Count Four of this Information, defendant SARAH GAULIN shall forfeit to the United States of America, pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), all right, title, and interest in any and all property, real or personal, which constitutes or is derived from proceeds traceable to violations of 18 U.S.C. § 1344 and 18 U.S.C. § 1343, including but not limited to the following:

One yellow gold Cartier Love bracelet

One “Juste Un Clou” yellow gold Cartier bracelet

One Chanel Purse.

A sum of money equal to the total amount of any property, real or personal, which constitutes or is derived from proceeds and/or traceable to violations of 18 U.S.C. § 1344 and 18 U.S.C. § 1343, up to and including \$760,541.

If any of the above-described forfeitable property, as a result of any act or omission of the defendant(s), cannot be located upon the exercise of due diligence, has been transferred, 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, it is the intent of the United States, pursuant to 21 U.S.C. § 853(p), as incorporated by 28 U.S.C. § 2461(c), to seek forfeiture of any other property of said defendant(s) up to the value of the forfeitable property described above.

All in accordance with 18 U.S.C. § 981(a)(1) as incorporated by 28 U.S.C. § 2461(c), and Rule 32.2(a), Federal Rules of Criminal Procedure.

AARON L. WEISMAN
UNITED STATES ATTORNEY



DULCE DONOVAN
Assistant U.S. Attorney



WILLIAM FERLAND
Assistant U.S. Attorney
Criminal Chief

Date: September 9, 2020