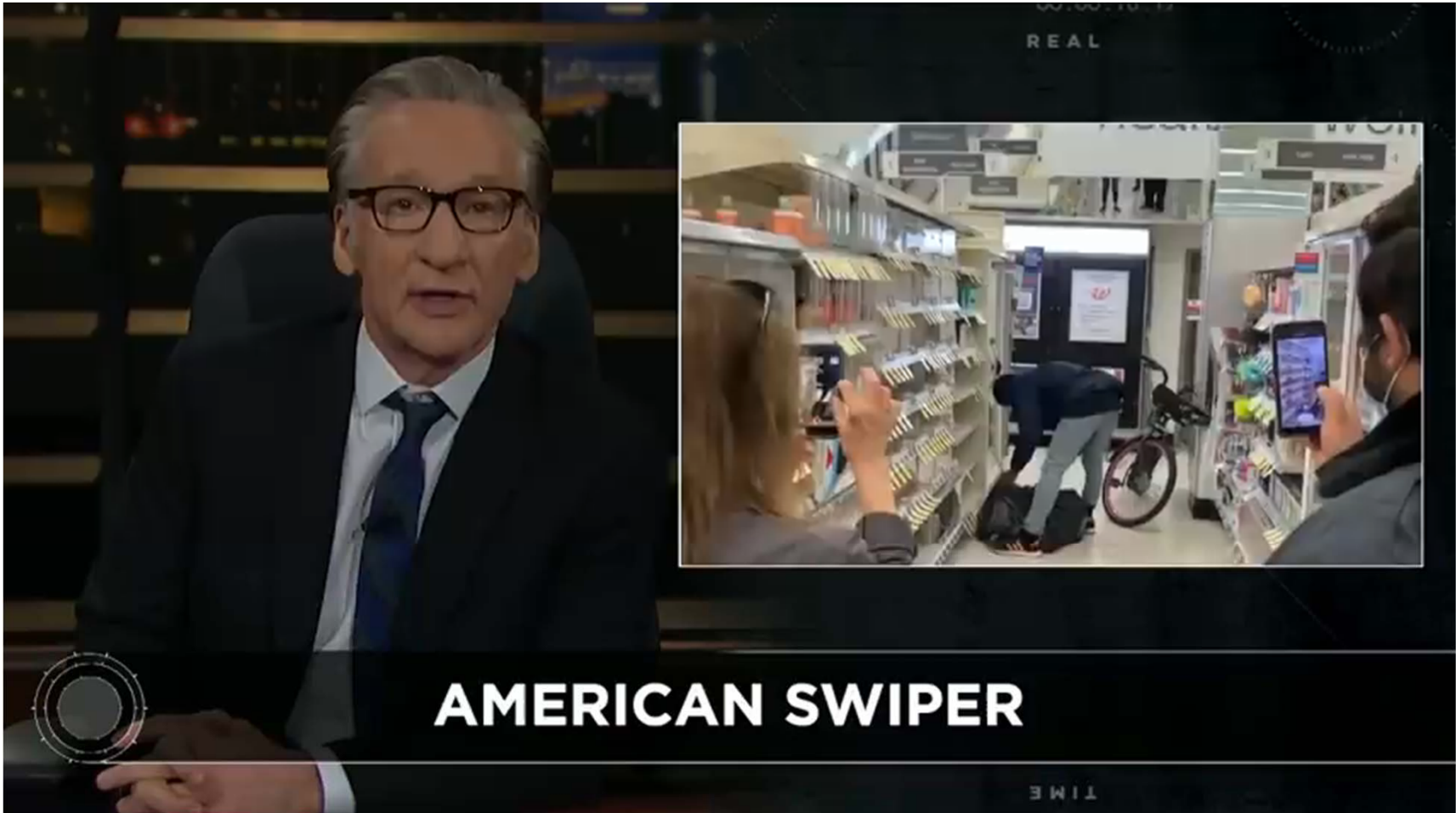


How Bad is the Fraud?



How Much Money?

- CARES Act: \$2,200,000,000,000
 - Includes Paycheck Protection Program: \$900,000,000,000
- American Rescue Plan: \$1,900,000,000,000

\$4.1 Trillion Dollars

(That's Trillion, with a "T")

- So many programs: Paycheck Protection Program, Education Stabilization Plan, Coronavirus Recovery Funds, America Rescue Plan, Coronavirus Relief Funds, Nutrition Assistance Program, Pandemic Relief for Aviation Workers, Child Care Grants, Transit Grants, Restaurant Revitalization Fund, Provider Relief Fund



How Much Fraud

- Paycheck Protection Program: \$80 Billion (10%)
- Unemployment Benefits: \$100 - \$400 Billion (10%-45%)

- Classic Case: PPP Fraud
 - Loans to Small Businesses to Maintain Employment
 - Create Fake Companies / Fake Employees / Fake Payroll
 - No Checks / No Due Diligence/ No Questions Asked ...



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Law Enforcement Response

- May 17, 2021: DOJ Announces Covid-19 Fraud Task Force
- DOJ recently announced over 240 pending investigations into over 1,000 suspects for alleged fraud totaling over \$6 billion relating to covid relief programs
- Through March 2022, DOJ has filed criminal cases filed against over 1000 individuals alleging thefts exceeding \$1.1 billion



Law Enforcement Response

- April 2022
 - DOJ Announces Charges Against 21 Defendants Across the US:
 - Healthcare Fraud
 - Fake Covid Vaccination Records
 - Fake Negative Test Results
 - Fake Cures for Covid: “homeoprophylaxis immunizations”
 - Securities Fraud (not really Covid Fraud)
 - Kickbacks
 - Unemployment Fraud
 - March 2022, One Prosecution of the CEO of a PPP Lender
 - For Lying to Become a PPP Lender AND For Lying to Get a PPP Loan



Law Enforcement Response

- Acting Assistant Attorney General Brian Rabbitt, September 2020:

I would like to take a moment to explain the two general categories into which you'll see our PPP cases fall.

This first category involves individuals – or small groups – who lied about having legitimate businesses, or who claimed they needed PPP money for things like paying their workers, but instead used it to buy splashy luxury items for themselves.

As we allege in our charging documents, these defendants used lies to obtain millions of dollars in PPP funds and then spent those funds on things like luxury cars, homes, renovations, jewelry — and even adult entertainment and gambling in Las Vegas.

The second category of cases that I'd like to focus on are the coordinated criminal rings that have engaged in systematic, organized conduct to loot the PPP.



Crime Does Pay ... If You're a Lender

PPP FEES TO LENDERS:

- 5,460 Lenders Processed Loans Totaling US \$525 Billion
- Total Fees: Between \$13.7 - \$20.9 Billion

Washington, D.C. (May 28, 2021) — Yesterday, Rep. James E. Clyburn, Chairman of the Select Subcommittee on the Coronavirus Crisis, sent letters to four financial technology (FinTech) firms and partner banks seeking documents and information related to their handling of Paycheck Protection Program (PPP) loans.

Crime Does Pay ... If You're a Lender

4/5/2021 – Womply – Important PPP referral update

“If your friend gets their PPP First Draw loan approved before 4/8/21 then you’ll get \$200! This incentive will expire in 3 days!”

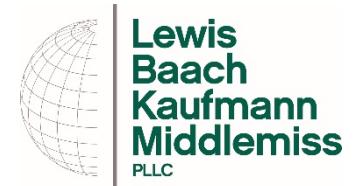
4/14/2021 – Womply - PPP Fast Lane update April 13th

“We estimate the PPP program has about \$54 billion left. This implies about 20 days until the program will run out of money. . . . This means you should not delay applying now. Start your application now.”

4/18/2021 – Womply - We have news, and it's big!

“If you haven’t applied yet, it’s not too late! You may qualify for First and Second draw loans.”

“For every friend who gets a First Draw PPP loan approved through PPP Fast Lane before 4/23/2021, we’ll give you \$25.”



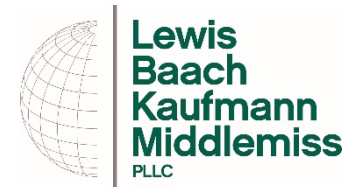
Crime Does Pay ... If You're Womply

“A large portion of the loans that Womply facilitated, including potentially one-third of the loans that went through company’s largest partner, may have had indicators of fraud. For its work, Womply is estimated to have received fees of between \$1.7 billion and \$3 billion from taxpayers.”

What is Womply? A fintech company. Which means ... what?

We have a big vision for small business.

The world has changed, but we're working hard to make sure Main Street stays more relevant than ever.



Adam S. Kaufmann

adam.kaufmann@lbkmlaw.com

- Former head of International Financial Crime Bureau, Manhattan District Attorney's Office
- Specializes in criminal defense, investigations, asset tracing, international fraud, U.S. sanctions



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