

1:23-cr-00011

Judge John Robert Blakey

Magistrate Heather K. McShain

**FILED**

JAN 10 2023 109

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

THOMAS G. BRUTON  
CLERK, U.S. DISTRICT COURT

UNITED STATES OF AMERICA )

No.

v. )

Violations: Title 18, United  
States Code, Sections 1343,  
1956(a)(1)(B)(i), and 1957

KIMBERLY RAY-DUNCAN, a/k/a )

K Ray Duncan, Kay Ray Duncan, )

Kimberly Roxanne Ray, and )

Kimberly Roxanne Ray-Duncan )

COUNT ONE

The SPECIAL NOVEMBER 2022 GRAND JURY charges:

1. At times material to this Indictment:

*The Small Business Administration*

a. The U.S. Small Business Administration (“SBA”) was a United States government agency that provided economic support to small businesses.

*The Paycheck Protection Program*

b. 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.

c. One source of relief provided by the CARES Act was the authorization of up to \$349 billion in forgivable loans to small businesses and sole proprietors for job retention and certain other expenses, through a program called

the Paycheck Protection Program (“PPP”). In or around April 2020, Congress authorized over \$320 billion in additional funding for PPP loans.

d. To obtain a PPP loan, a sole proprietor submitted a PPP loan application, which was signed by the applicant or an authorized representative of the business. The PPP loan application required the applicants to acknowledge the program rules and make certain affirmative certifications regarding the eligibility of the proprietorship, individual, and business. In the application, sole proprietors were required to provide, among other things, their number of employees and average monthly payroll. This figure was used to calculate the applicant’s eligibility and the amount of money the sole proprietor could receive under the PPP. Applicants were also required to make good faith certifications, including that economic uncertainty had necessitated their loan requests for continued business operations.

e. PPP loan proceeds were required to be used by the sole proprietorship for certain permissible expenses, including worker retention, payroll costs, interest on mortgages, lease payments, and utility payments. The PPP allowed the interest and principal on the PPP loan to be entirely forgiven by the SBA if the sole proprietor spent the loan proceeds on these items within a designated period of time and used at least a certain percentage of the PPP loan for payroll expenses.

f. To gain access to funds through the PPP, sole proprietors applied to lenders participating in the PPP and received the loans directly from those lenders.

g. Participating lenders required applicants for PPP loans to provide truthful information about the sole proprietor, including truthful information about the applicant's payroll, income, operating expenses, and how the PPP loan would be used, which information was material to lenders' approval, terms, and funding of loans.

*The Economic Injury Disaster Loan Program*

h. Another source of relief provided by the CARES Act and other pandemic relief legislation was the expansion of the Economic Injury Disaster Loan ("EIDL") Program, which provided loan assistance (including advances of up to \$10,000) for businesses with 500 or fewer employees and other eligible entities. The EIDL Program was designed to provide economic relief to small businesses that were experiencing a temporary loss of revenue.

i. To gain access to funds through the EIDL Program, small businesses applied through the SBA via an online portal and application. As part of the EIDL application process, the SBA required applicants to submit truthful information about the applying entity, its owner, and its financial condition prior to the COVID-19 pandemic. This information included the entity's number of employees as of January 31, 2020; the entity's gross revenues and cost of goods sold for the 12-month period prior to January 31, 2020; and the entity's type of business (*i.e.*, a business, an agricultural business, a sole proprietorship, a cooperative, among others). Applicants were required to electronically certify that the information

provided in the application was true and correct. Applicants were warned that any false statement or misrepresentation to the SBA may result in sanctions, including criminal penalties.

j. EIDL funds were issued to the small business applicants directly from the United States Treasury.

k. EIDL Advance was a grant program offered together with the EIDL program. EIDL Advance was designed to provide emergency economic relief to businesses that were experiencing a temporary loss of revenue as a result of the COVID-19 pandemic. The applicant could request consideration for an EIDL advance in an application for an EIDL loan. The amount of the advance issued to the small business applicant was determined by the number of employees indicated on the EIDL application, \$1,000 per employee, up to \$10,000. If an EIDL advance was issued, the advance did not need to be repaid.

l. If the application was approved by the SBA, the amount of the EIDL loan was determined in part based on the statements in the EIDL application about the entity's revenues and cost of goods sold for the 12 months prior to January 31, 2020.

m. EIDL loan proceeds were permitted to be used to pay working capital and normal operating expenses, such as continuation of health care benefits, rent, utilities, and fixed debt payments.

***The Back to Business Grant Program***

n. Another source of relief provided for businesses impacted by the COVID-19 pandemic was the Illinois Department of Commerce and Economic Opportunity (“DCEO”)’s Back to Business Grant Program (“B2B”), which provided grants of between \$5,000 and \$150,000 to qualified small businesses that lost revenue due to economic disruptions related to the COVID-19 pandemic.

o. To gain access to funds through the B2B program, qualified businesses applied through community organizations, using an online portal and application. As part of the application process, DCEO required applicants to submit truthful information concerning the business and business owner, including the month and year in which the business began operating and the business’s actual sales or gross receipts as reported on its tax returns for tax years 2019 and 2020, as well as one business bank statement demonstrating business expenses between April and December 2020, and the business’s most recent bank statement.

***Lenders and Loan Processors***

p. Company A was a financial technology company which processed PPP applications and funded PPP loans to approved borrowers.

q. Organization A, located in Chicago, Illinois, was an administrator and qualified partner of the DCEO B2B grant program which processed applications and funded loans to approved borrowers.

*The Scheme to Defraud*

2. Beginning on or about May 29, 2020, and continuing until at least May 2022, at South Holland, in the Northern District of Illinois, Eastern Division, and elsewhere,

KIMBERLY RAY-DUNCAN,  
a.k.a. K Ray Duncan, Kay Ray Duncan, Kimberly Roxanne Ray, and  
Kimberly Roxanne Ray-Duncan,

defendant herein, knowingly devised, intended to devise, and participated in a scheme to defraud, and to obtain money and property, in connection with applications for PPP, EIDL, and B2B funds, by means of materially false and fraudulent pretenses, representations, and promises, as further described below.

3. It was part of the scheme that RAY-DUNCAN, for the purpose of fraudulently obtaining PPP, EIDL, and B2B funds, submitted numerous applications for loans and advances under the PPP, EIDL, and B2B Programs on behalf of businesses, sole proprietorships, and entities purportedly owned by the defendant, which applications contained materially false statements and misrepresentations concerning, among other things, the purported entities' number of employees, gross revenues, payroll, operating expenses, type of business, and existence as companies with ongoing operations.

*The PPP Loan*

4. It was further part of the scheme that RAY-DUNCAN prepared, and submitted to Company A, a PPP loan application on behalf of RB Services and Associates, in which application she falsely and fraudulently represented that (a) RB Services and Associates, a sole proprietorship, employed ten employees, (b) RB Services and Associates had an average monthly payroll of approximately \$41,972, and (c) all loan proceeds would be used only for business related purposes. RAY-DUNCAN knew at the time that each of these representations was false.

5. It was further part of the scheme that, to substantiate the claimed number of employees and payroll of RB Services and Associates, RAY-DUNCAN prepared and submitted to Company A a false IRS Form W-3 that fraudulently represented that RB Services and Associates had paid 12 employees approximately \$480,000 in wages in tax year 2019. RAY-DUNCAN knew at the time that the statements on the Form W-3 regarding the number of employees and the amount of payroll were false.

6. It was further part of the scheme that, through the submission of the false and fraudulent PPP loan application for RB Services and Associates, RAY-DUNCAN caused Company A to disburse a PPP loan of approximately \$104,928 into a bank account that she controlled.

7. It was further part of the scheme that RAY-DUNCAN used the PPP funds that Company A disbursed based on the fraudulent PPP application to make

cash withdrawals and transfers and to purchase cashier's checks, for her personal use and benefit.

*The EIDL Loans*

8. It was further part of the scheme that RAY-DUNCAN prepared, and submitted to the SBA, numerous EIDL loan applications on behalf of multiple entities, including RB Services and Associates, LLC, The K Ray Duncan Assembly Company, K Ray-Duncan Assembly Company, Kimberly Roxanne Ray, and Kimberly Ray-Duncan (together, the "EIDL Companies"). In those applications, RAY-DUNCAN made false statements regarding the operation of the companies, the companies' gross revenues and cost of goods sold for the 12 months prior to January 31, 2020, and the number of people employed by those companies as of January 31, 2020. RAY-DUNCAN knew at the time that the EIDL Companies were not operating companies, did not employ the claimed number of people, and did not have the revenues and cost of goods stated in the applications.

9. It was further part of the scheme that, to substantiate the existence and ongoing operation of K Ray-Duncan Assembly Company, RAY-DUNCAN submitted to the SBA copies of falsified bank statements for a bank account purportedly held in the name of K Ray-Duncan Assembly Company. RAY-DUNCAN knew at the time that these bank statements had been falsified, that those statements related to a personal bank account held in RAY-DUNCAN's name, and that K Ray-Duncan Assembly Company was not an operating business and did not have a bank account.



10. It was further part of the scheme that, as a result of the fraudulent EIDL applications, RAY-DUNCAN caused the SBA to disburse at least \$238,400 in EIDL loans and advances into bank accounts that she controlled.

11. It was further part of the scheme that RAY-DUNCAN used the EIDL funds obtained through her submission of the fraudulent EIDL applications to purchase cashier's checks, to make cash withdrawals and transfers, and to purchase goods and services, including a 2018 Regal 35 Sport Coupe yacht bearing VIN RGMVH361J718 (the "Yacht"); all for her personal use and benefit, and not for purposes related to the business of the EIDL Companies.

***Back to Business Grants***

12. It was further part of the scheme that RAY-DUNCAN prepared, and submitted to Organization A, two applications for Illinois DCEO-funded Back to Business Grants ("B2B Grants"). RAY-DUNCAN submitted the applicaitons on behalf of two entities: Exclusive Curriculum and An AlKymAri Production LLC (together, the "B2B Companies"). In those applications, RAY-DUNCAN made false statements regarding the existence and length of operation of those companies, and those companies' purported sales and gross receipts as reported on their tax returns for tax years 2019 and 2020. RAY-DUNCAN knew at the time that the B2B Companies did not exist, had never been in operation, and had not had neither sales nor gross receipts in tax years 2019 and 2020.

13. It was further part of the scheme that, to substantiate the existence and ongoing operation of the B2B Companies, RAY-DUNCAN prepared and submitted to Organization A falsified bank statements for bank accounts purportedly held in the name of the B2B Companies. RAY-DUNCAN knew at the time that that those statements had been falsified, that the statements related to personal bank accounts held in RAY-DUNCAN's name, and that the B2B Companies were not operating businesses and did not have bank accounts.

14. It was further part of the scheme that, in support of her loan application for An AIKymAri Production LLC, RAY-DUNCAN submitted falsified IRS Forms 1040 for tax years 2019 and 2020, which forms falsely represented that An AIKymAri Production LLC had actual sales or gross receipts of \$702,121 in 2019 and \$117,043 in 2020. RAY-DUNCAN knew at the time that that those tax forms had been falsified, An AIKymAri Production LLC was not an operating business, and the company did not have any actual sales or gross receipts in 2019 or 2020.

15. It was further part of the scheme that, as a result of the fraudulent B2B application on behalf of An AIKymAri Production LLC, RAY-DUNCAN caused the DCEO to authorize Organization A to disburse a B2B grant in the amount of approximately \$100,000 into a bank account that RAY-DUNCAN controlled.

16. It was further part of the scheme that RAY-DUNCAN used the B2B funds that Organization A disbursed based on the fraudulent B2B application for An

AlKymAri Production LLC to purchase cashier's checks and to make cash withdrawals, all for her personal use and benefit.

17. It was further part of the scheme that RAY-DUNCAN concealed, misrepresented, and hid, and caused to be concealed, misrepresented, and hidden, the existence and purpose of the scheme and the acts done in furtherance of the scheme.

18. On or about June 4, 2020, at South Holland, in the Northern District of Illinois, Eastern Division, and elsewhere,

KIMBERLY RAY-DUNCAN,  
a.k.a. K Ray Duncan, Kay Ray Duncan, Kimberly Roxanne Ray, and  
Kimberly Roxanne Ray-Duncan,

defendant herein, for the purpose of executing the scheme, knowingly caused to be transmitted by means of wire communications in interstate commerce certain writings, signs, signals, and sounds, namely an electronic wire transfer of approximately \$104,928, from a Company A bank account to a bank account held by Ray-Duncan in the name of RB Services and Associates maintained at Illiana Financial Credit Union, which funds represented the proceeds of a PPP loan to RB Services and Associates;

In violation of Title 18, United States Code, Section 1343.

COUNT TWO

The SPECIAL NOVEMBER 2022 GRAND JURY further charges:

1. Paragraphs 1 through 18 of Count One are incorporated here.
2. On or about June 14, 2020, at South Holland, in the Northern District of Illinois, Eastern Division, and elsewhere,

KIMBERLY RAY-DUNCAN,  
a.k.a. K Ray Duncan, Kay Ray Duncan, Kimberly Roxanne Ray, and  
Kimberly Roxanne Ray-Duncan,

defendant herein, for the purpose of executing the scheme, knowingly caused to be transmitted by means of wire communications in interstate commerce certain writings, signs, signals, and sounds, namely an internet transmission of an EIDL loan application on behalf of “Kimberly Roxanne Ray,” through an SBA server located outside of Illinois;

In violation of Title 18, United States Code, Section 1343.

**COUNT THREE**

The SPECIAL NOVEMBER 2022 GRAND JURY further charges:

1. Paragraphs 1 through 18 of Count One are realleged and incorporated here.

2. On or about June 17, 2020, at South Holland, in the Northern District of Illinois, Eastern Division, and elsewhere,

KIMBERLY RAY-DUNCAN,  
a.k.a. K Ray Duncan, Kay Ray Duncan, Kimberly Roxanne Ray, and  
Kimberly Roxanne Ray-Duncan,

defendant herein, for the purpose of executing the scheme, knowingly caused to be transmitted by means of wire communication in interstate commerce certain writings, signs, signals, and sounds, namely an interstate wire transmission of approximately \$69,300 from the Federal Reserve Bank to an account held in RAY-DUNCAN's name maintained at Illiana Financial Credit Union, which funds represented the proceeds of an EIDL to The Kay Ray Duncan Assembly Company;

In violation of Title 18, United States Code, Section 1343.

**COUNT FOUR**

The SPECIAL NOVEMBER 2022 GRAND JURY further charges:

1. Paragraphs 1 through 18 of Count One are realleged and incorporated here.

2. On or about June 26, 2020, at South Holland, in the Northern District of Illinois, Eastern Division, and elsewhere,

KIMBERLY RAY-DUNCAN,  
a.k.a. K Ray Duncan, Kay Ray Duncan, Kimberly Roxanne Ray, and  
Kimberly Roxanne Ray-Duncan,

defendant herein, for the purpose of executing the scheme, knowingly caused to be transmitted by means of wire communication in interstate commerce certain writings, signs, signals, and sounds, namely an interstate wire transmission of approximately \$10,000 from the Federal Reserve Bank to a bank account held in Ray-Duncan's name and maintained at Illiana Financial Credit Union, which funds represented the proceeds of an EIDL Advance to The Kay Ray Duncan Assembly Company;

In violation of Title 18, United States Code, Section 1343.

**COUNT FIVE**

The SPECIAL NOVEMBER 2022 GRAND JURY further charges:

1. Paragraphs 1 through 18 of Count One are realleged and incorporated here.
2. On or about October 14, 2020, at South Holland, in the Northern District of Illinois, Eastern Division, and elsewhere,

KIMBERLY RAY-DUNCAN,  
a.k.a. K Ray Duncan, Kay Ray Duncan, Kimberly Roxanne Ray, and  
Kimberly Roxanne Ray-Duncan,

defendant herein, for the purpose of executing the scheme, knowingly caused to be transmitted by means of wire communication in interstate commerce certain writings, signs, signals, and sounds, namely an interstate wire transmission of approximately \$149,900 from the Federal Reserve Bank to a bank account held by Ray-Duncan in the name of "K Ray Duncan Assembly Company" and maintained at Illiana Financial Credit Union, which funds represented the proceeds of an EIDL to K Ray Assembly Company;

In violation of Title 18, United States Code, Section 1343.

**COUNT SIX**

The SPECIAL NOVEMBER 2022 GRAND JURY further charges:

On or about May 1, 2021, at Bolingbrook, in the Northern District of Illinois, Eastern Division, and elsewhere,

**KIMBERLY RAY-DUNCAN,**  
a.k.a. K Ray Duncan, Kay Ray Duncan, Kimberly Roxanne Ray, and  
Kimberly Roxanne Ray-Duncan,

defendant herein, did knowingly engage in a monetary transaction in and affecting interstate commerce in criminally derived property of a value greater than \$10,000, namely, the down payment of approximately \$31,000, in the form of a cashier's check, towards the purchase of a 2018 Regal 35 Sport Coupe yacht bearing VIN RGMVH361J718, such property having been derived from a specified unlawful activity, namely, wire fraud, in violation of Title 18, United States Code, Section 1343;

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



**COUNT SEVEN**

The SPECIAL NOVEMBER 2022 GRAND JURY further charges:

On or about May 13, 2021, at Bolingbrook, in the Northern District of Illinois, Eastern Division, and elsewhere,

KIMBERLY RAY-DUNCAN,  
a.k.a. K Ray Duncan, Kay Ray Duncan, Kimberly Roxanne Ray, and  
Kimberly Roxanne Ray-Duncan,

defendant herein, did knowingly engage in a monetary transaction in and affecting interstate commerce in criminally derived property of a value greater than \$10,000, namely, a payment in the amount of approximately \$254,000 toward the purchase of a 2018 Regal 35 Sport Coupe yacht bearing VIN RGMVH361J718, such property having been derived from a specified unlawful activity, namely, wire fraud, in violation of Title 18, United States Code, Section 1343;

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

**COUNT EIGHT**

The SPECIAL NOVEMBER 2022 GRAND JURY further charges:

1. Paragraphs 1 through 18 of Count One are realleged and incorporated here.

2. On or about March 18, 2022, at South Holland, in the Northern District of Illinois, Eastern Division, and elsewhere,

KIMBERLY RAY-DUNCAN,  
a.k.a. K Ray Duncan, Kay Ray Duncan, Kimberly Roxanne Ray, and  
Kimberly Roxanne Ray-Duncan

defendant herein, for the purpose of executing the scheme, knowingly caused to be transmitted by means of wire communication in interstate commerce certain writings, signs, signals, and sounds, namely an interstate wire transmission of approximately \$100,000 from the Federal Reserve Bank to a bank account held in RAY-DUNCAN's name at Illiana Financial Credit Union in Illinois, which funds represented the proceeds of a B2B grant for An AlKymAri Production, LLC;

In violation of Title 18, United States Code, Section 1343.

**COUNTS NINE THROUGH ELEVEN**

The SPECIAL NOVEMBER 2022 GRAND JURY further charges:

On or about the dates set forth below, in the Northern District of Illinois, Eastern Division, and elsewhere,

KIMBERLY RAY-DUNCAN,  
a.k.a. K Ray Duncan, Kay Ray Duncan, Kimberly Roxanne Ray,  
Kimberly Roxanne Ray-Duncan

defendant herein, knowingly conducted and attempted to conduct the financial transactions listed below, in or affecting interstate and foreign commerce, each such financial transaction constituting a separate count, which financial transactions involved the proceeds of a specified unlawful activity, namely, wire fraud, knowing that the transaction was designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of the specified unlawful activity, and that while conducting such financial transactions, the defendant knew that the property involved in the financial transactions represented the proceeds of some form of unlawful activity:

| <b>COUNT</b> | <b>DATE OF FINANCIAL TRANSACTION</b> | <b>FINANCIAL TRANSACTION</b>   |
|--------------|--------------------------------------|--|
| Nine         | January 15, 2021                     | a deposit of a \$10,000 cashier's check, numbered 378521, into an Illiana Financial Credit Union bank account ending in X925-2 |
| Ten          | January 15, 2021                     | a deposit of a \$10,000 cashier's check, numbered 378522, into an Illiana Financial Credit Union bank account ending in X925-2 |

| <b>COUNT</b> | <b>DATE OF FINANCIAL TRANSACTION</b> | <b>FINANCIAL TRANSACTION</b>  |
|--------------|--------------------------------------|---|
| Eleven       | March 18, 2022                       | the purchase of ten \$10,000 cashier's checks from Illiana Financial Credit Union, using funds from an Illiana Financial Credit Union bank account ending in X925-2 |

All in violation of Title 18, United States Code, Sections 1956(a)(1)(B)(i).

**FORFEITURE ALLEGATION**

The SPECIAL NOVEMBER 2022 GRAND JURY further alleges:

1. Upon conviction of an offense in violation of Title 18, United States Code, Section 1343, as set forth in this Indictment, defendant shall forfeit to the United States of America any property which constitutes and is derived from proceeds traceable to the offense, as provided in Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

2. Upon conviction of an offense in violation of Title 18, United States Code, Sections 1956(a)(1) or 1957, as set forth in this Indictment, defendant shall forfeit to the United States of America any property involved in such offense, and any property traceable to such property, as provided in Title 18, United States Code, Section 982(a)(1).

3. The property to be forfeited includes, but is not limited to:

a. Approximately \$20,000 seized by the IRS from defendant's residence in South Holland, Illinois, on June 1, 2022;

b. Approximately \$20,000 seized by the IRS from an account held at Redstone Federal Credit Union account 51015081494 on June 1, 2022.

c. Four \$10,000 cashier's checks, numbered 81751, 81752, 81753, and 81754, issued by Illiana Financial Bank payable to Kay Ray Duncan Assembly Co.

d. A 2018 Regal 35 Sport Coupe yacht bearing VIN RGMVH361J718, and vanity name "Chrysanthemum."

e. Various luxury brand accessories and footwear seized by the IRS from defendant's residence in South Holland, Illinois, on June 1, 2022, more specifically:

- 1 – "Prada" black purse with dust bag, box, and certificate of authenticity
- 1 – "YSL" black fanny pack, with dust bag and box
- 1 – "Coach" purse, brown fabric and leather
- 1 – "YSL" black card holder wallet, with dust bag, box, and certificate
- 1 – "Gucci" multi-colored fabric and leather wallet, with dust bag, box
- 1 – "Prada" black wallet, with box and certificate of authenticity
- 1 – "Gucci" brown fabric and leather purse, with dust bag and box
- 2 – "Gucci" red leather dog collars
- 1 – "Gucci" brown leather purse strap (2 pieces)
- 1 – "Gucci" brown fabric and leather ball shaped purse, with dust bag and box
- 1 – "MCM" blue fanny pack with pink "MCM" scarf, with dust bag
- 1 – "Saint Laurent" black and tan purse, with dust bag and certificate
- 1 – "Kate Spade" brown, black, tan spotted purse, with dust bag
- 1 – pair "Gucci" wedge sandals, in dust bags and box
- 1 – "Prada" green, blue, purple, white silk scarf in box
- 1 – "Gucci" multi-colored flower print scarf in box
- 1 – "Saint Laurent" black, white, gray colored scarf in box
- 1 – "Louis Vuitton" blue accessory print scarf in box
- 1 – pair "Louis Vuitton" black leather slide sandals in dust bags and box
- 1 – "Prada" brown/black sunglasses in "Prada" sunglass case and in box
- 1 – "Giorgio Armani" pink sunglasses, in sunglass case, in box, with certificate of authenticity
- 1 – "Gucci" brown/black sunglasses, in sunglass case, in dust bag

- 1 – “Burberry” white/black sunglasses, in sunglass case, in box; and

4. If any of the property described above, as a result of any act or omission by defendant: 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, the United States of America shall be entitled to forfeiture of substitute property, as provided in Title 21, United States Code Section 853(p).

A TRUE BILL:

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FOREPERSON

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UNITED STATES ATTORNEY