



**ATTACHMENT A**

**Counts One through Eight**  
**(Wire Fraud)**

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

**GREGORY J. BLOTNICK**

knowingly and intentionally devised and intended to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and, for the purpose of executing and attempting to execute such scheme and artifice, did transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce, the following writings, signs, signals, pictures, and sounds:

<b>Count</b>	<b>Approximate Date</b>	<b>Description of Wire</b>
1	April 25, 2020	BLOTNICK submitted a fraudulent loan application for Paycheck Protection Program (“PPP”) funds to Lender 1 causing Lender 1 to deposit approximately \$302,065 in PPP funds for BSC Opportunistic Equity, LP into BLOTNICK’s bank account at Bank 1 via interstate wire transmission through the District of New Jersey.
2	April 30, 2020	BLOTNICK submitted a fraudulent loan application for PPP funds to Lender 2 causing Lender 2 to deposit approximately \$491,100 in PPP funds for Brattle Street GP, LLC into BLOTNICK’s bank account at Bank 1 via interstate wire transmission through the District of New Jersey.
3	April 30, 2020	BLOTNICK submitted a fraudulent loan application for PPP funds to Lender 3 causing Lender 3 to deposit approximately \$387,100 in PPP funds for Brattle Street Capital, LLC into BLOTNICK’s bank account at Bank 1 via interstate wire transmission through the District of New Jersey.

4	May 18, 2020	BLOTNICK submitted a fraudulent loan application for PPP funds to Lender 4 causing Lender 4 to deposit approximately \$455,800 in PPP funds for BSC Management, LLC into BLOTNICK's bank account at Bank 2 via interstate wire transmission through the District of New Jersey.
5	May 19, 2020	BLOTNICK submitted a fraudulent loan application for PPP funds to Lender 1 causing Lender 1 to deposit approximately \$388,320 in PPP funds for Brattle Street GP, LLC into BLOTNICK's bank account at Bank 1 via interstate wire transmission through the District of New Jersey.
6	June 4, 2020	BLOTNICK submitted a fraudulent loan application for PPP funds to Lender 5 causing Lender 5 to deposit approximately \$817,487 in PPP funds for Brattle Street Capital, LLC into BLOTNICK's bank account at Bank 2 via interstate wire transmission through the District of New Jersey.
7	June 18, 2020	BLOTNICK submitted a fraudulent loan application for PPP funds to Lender 6 causing Lender 6 to deposit approximately \$666,100 in PPP funds for BSC Patriot, LP into BLOTNICK's bank account at BANK 2 via interstate wire transmission through the District of New Jersey.
8	July 14, 2020	BLOTNICK submitted a fraudulent loan application for PPP funds to Lender 7 causing Lender 7 to deposit approximately \$338,132 in PPP funds for Brattle Street GP, LLC into BLOTNICK's bank account at Bank 2 via interstate wire transmission through the District of New Jersey.

In violation of Title 18, United States Code, Sections 1343 and 2.

**Counts Nine through Fourteen**  
**(Money Laundering)**

On or about the dates set forth below, in the District of New Jersey and elsewhere, defendant

**GREGORY J. BLOTNICK**

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 U.S. currency from bank accounts to the Blotnick Brokerage Account (defined in Attachment B), such property having been derived from a specified unlawful activity, that is, wire fraud, in violation of Title 18, United States Code, Section 1343.

<b>Count</b>	<b>Approximate Date</b>	<b>Description of Monetary Transaction</b>
9	May 13, 2020	Transfer from Bank 1 in the amount of approximately \$100,000 to the Blotnick Brokerage Account.
10	May 13, 2020	Transfer from Bank 1 in the amount of approximately \$175,000 to the Blotnick Brokerage Account.
11	May 20, 2020	Transfer from Bank 1 in the amount of approximately \$98,500 to the Blotnick Brokerage Account.
12	May 20, 2020	Transfer from Bank 1 in the amount of approximately \$175,000 to the Blotnick Brokerage Account.
13	May 21, 2020	Transfer from Bank 1 in the amount of approximately \$25,000 to the Blotnick Brokerage Account.
14	May 21, 2020	Transfer from Bank 1 in the amount of approximately \$15,000 to the Blotnick Brokerage Account.

In violation of Title 18, United States Code, Sections 1957 and 2.

## **ATTACHMENT B**

I, Jeffrey L. Fata, a Special Agent with the Federal Housing Finance Agency, Office of Inspector General, having conducted an investigation and having discussed this matter with other law enforcement officers who have participated in this investigation, have knowledge of the following facts. Because this Complaint is being submitted for the limited purpose of establishing probable cause, I have not included each and every fact known to me concerning this investigation. Rather, I have set forth only the facts that I believe are necessary to establish probable cause. Unless specifically indicated, all dates described in this affidavit are approximate and all statements or representations described in this affidavit are related in substance and in part.

### **Overview**

1. Defendant Gregory J. Blotnick (“BLOTNICK”) used a variety of false representations to fraudulently obtain at least approximately \$3.8 million in federal COVID-19 emergency relief loans. To obtain the loans, BLOTNICK submitted at least eight falsified loan applications to seven different lenders on behalf of five of BLOTNICK’s businesses. On these loan applications, BLOTNICK falsified various information, including the number of his employees, the federal tax returns for his businesses, and his payroll documentation. BLOTNICK then misused the loan proceeds, including by sending them to brokerage accounts from which he placed more than approximately \$3 million in losing stock trades.

### **Background**

#### ***The Paycheck Protection Program***

2. The Coronavirus Aid, Relief, and Economic Security (“CARES”) Act is a federal law enacted in or about March 2020 designed to provide emergency financial assistance to millions of Americans suffering 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 Paycheck Protection Program (“PPP”). In or about April 2020, Congress authorized over \$300 billion in additional PPP funding.

3. To obtain a PPP loan, a qualifying business must submit a PPP loan application, which is signed by an authorized representative of the business. The loan application requires the business—through its authorized representative—to acknowledge the program rules and make certain affirmative certifications to be eligible to obtain the PPP loan. In the loan application, the small business must state, among other things, its: (a) average monthly payroll expenses; and (b) number of employees. These figures are used to calculate the amount of money the business is

eligible to receive under the PPP. In addition, businesses applying for a PPP loan must provide documentation showing their payroll expenses.

4. A PPP loan application must be processed by a participating lender. If a loan application is approved, the participating lender funds the loan using its own money, which is 100% guaranteed by U.S. Small Business Administration (“SBA”). Data from the application, including information about the borrower, the total amount of the loan, and the listed number of employees, is transmitted by the lender to the SBA in the course of processing the loan.

5. PPP loan proceeds must be used by the business on certain permissible expenses—payroll costs, interest on mortgages, rent, and utilities. The PPP allows the interest and principal on the PPP loan to be entirely forgiven if the business spends the loan proceeds on these expense items within a designated period of time after receiving the proceeds and uses a certain amount of the PPP loan proceeds on payroll expenses.

### ***The Federal Wire Transfer Network and the Automated Clearing House***

6. The Federal Reserve Bank operates the Federal Wire Transfer Network (“Fedwire”), which is an electronic funds-transfer system used primarily for the transmission and settlement of certain payment orders.

7. At all times relevant to this Complaint, money transmitted by Fedwire was routed via electronic wire from its origin to its destination through the District of New Jersey.

8. The Federal Reserve Bank is also an operator of the Automated Clearing House (“Federal Reserve ACH”), which is a funds-transfer system that provides for the interbank clearing of electronic entries for participating financial institutions.

9. At all times relevant to this Complaint, money transmitted by Federal Reserve ACH was routed via electronic wire from its origin to its destination through the District of New Jersey.

10. As set forth below, the loan proceeds that BLOTNICK procured through fraudulent loan applications submitted to Lender 1 through Lender 6 were sent to a bank account held by BLOTNICK via interstate wire through the District of New Jersey using either Fedwire or Federal Reserve ACH. The loan proceeds that BLOTNICK procured through a fraudulent loan application submitted to Lender 7 were sent to a bank account held by BLOTNICK via interstate wire through the District of New Jersey, originating from a computer server in New Jersey.

### *The Defendant and Relevant Entities*

11. At all times relevant to this Complaint:
  - a. BLOTNICK was a resident of New York or Florida and owned and controlled the following businesses through which he fraudulently applied for PPP loans:
    - i. Brattle Street Capital, LLC (“Brattle Capital”), which was a New York limited liability company.
    - ii. Brattle Street GP, LLC (“Brattle GP”), which was a Delaware limited liability company.
    - iii. BSC Patriot, LP (“BSC Patriot”), which purported to be a limited partnership.
    - iv. BSC Opportunistic Equity, LP (“BSC Opportunistic”), which was a Delaware limited partnership with Brattle GP.
    - v. BSC Management, LLC (“BSC Management”), which purported to be a limited liability company.
  - b. BLOTNICK owned and controlled brokerage accounts at a stock brokerage collectively referred to as the “Blotnick Brokerage Account.”
  - c. Lender 1 was a financial institution headquartered in Utah.
  - d. Lender 2 was a financial institution headquartered in New Jersey.
  - e. Lender 3 was a financial institution headquartered in Texas.
  - f. Lender 4 was a financial institution headquartered in Maine.
  - g. Lender 5 was a financial institution headquartered in New York.
  - h. Lender 6 was a financial institution headquartered in Pennsylvania.
  - i. Lender 7 was a financial institution with a computer server in New Jersey.
  - j. Bank 1 was a financial institution headquartered in New York.

k. Bank 2 was a financial Institution headquartered in California.

l. Bank 3 was a financial institution headquartered in California.

**The Scheme to Defraud**

12. From at least in or about April 2020 through at least in or about July 2020, BLOTNICK submitted, or caused to be submitted, falsified loan applications to approved lenders, including Lender 1 through Lender 7, to fraudulently obtain funds through the PPP.

13. In connection with his fraud, BLOTNICK submitted at least the following falsified PPP loan applications:

<b>Name of Business Applicant</b>	<b>Approximate Amount Approved</b>	<b>Lender</b>	<b>Approximate Submission Date</b>	<b>Status</b>
BSC Opportunistic	\$302,065	Lender 1	April 25, 2020	Funded
Brattle GP	\$491,100	Lender 2	April 30, 2020	Funded
Brattle Capital	\$387,100	Lender 3	April 30, 2020	Funded
BSC Management	\$455,800	Lender 4	May 18, 2020	Funded
Brattle GP	\$388,320	Lender 1	May 19, 2020	Funded
Brattle Capital	\$817,487	Lender 5	June 4, 2020	Funded
BSC Patriot	\$666,100	Lender 6	June 18, 2020	Funded
Brattle GP	\$338,132	Lender 7	July 14, 2020	Funded



### ***Falsified BSC Opportunistic Application to Lender 1***

14. On or about April 25, 2020, BLOTNICK submitted a PPP application to Lender 1 for BSC Opportunistic seeking approximately \$302,065. The application was submitted in BLOTNICK's name and listed BLOTNICK as the owner of BSC Opportunistic.

15. The application submitted to Lender 1 stated that BSC Opportunistic's monthly payroll was approximately \$127,500 and that the company had 17 employees.

16. The BSC Opportunistic application to Lender 1 contained materially false and fraudulent information:

- a. The purported payroll documentation for April 2019 through March 2020 claimed 17 employees, including BLOTNICK, and average monthly payroll amounts of approximately \$127,500. However, New York State Department of Labor ("NYS DOL") records indicate that BSC Opportunistic reported no wages paid during that period. Further, Social Security Administration ("SSA") records show that there were no wages or Forms W-2 processed for BSC Opportunistic between 2018 and 2020.
- b. The application certified that all SBA loan proceeds would be used only for business-related purposes as specified in the loan application.

17. Bank records show that on or about April 30, 2020, BSC Opportunistic received the full amount of the approximately \$302,065 PPP loan into Brattle Capital's checking account at Bank 1.

18. The loan from Lender 1 was sent to Bank 1 via interstate wire through the District of New Jersey using Fedwire.

19. On or about April 30, 2020, BLOTNICK then transferred approximately \$100,000 in loan proceeds to the Blotnick Brokerage Account.

### ***Falsified Brattle GP Application to Lender 2***

20. On or about April 30, 2020, BLOTNICK submitted a PPP loan application to Lender 2 for Brattle GP seeking approximately \$491,100. The application was submitted in BLOTNICK's name and listed BLOTNICK as the owner of Brattle GP.

21. The application stated that Brattle GP's average monthly payroll was approximately \$196,440 and that the company had 25 employees.

22. The Brattle GP application to Lender 2 contained materially false and fraudulent information:

- a. A purported Form 941 for the third quarter of 2019 submitted in support of the application claimed that Brattle GP paid 25 employees approximately \$458,053 during that period. However, NYS DOL records indicate that Brattle GP reported no wages during that period. Further, SSA records show that there were no wages or Forms W-2 processed for Brattle GP between 2018 and 2020.
- b. The application certified that all SBA loan proceeds would be used only for business-related purposes as specified in the loan application.

23. Bank records show that on or about May 1, 2020, Brattle GP received the full amount of the approximately \$491,100 PPP loan into Brattle Capital's checking account at Bank 1.

24. The loan from Lender 2 was sent to Bank 1 via interstate wire through the District of New Jersey using Federal Reserve ACH.

25. BLOTNICK then transferred the loan proceeds as follows:

- a. On or about May 1, 2020, BLOTNICK transferred approximately \$100,000 to the Blotnick Brokerage Account.
- b. On or about May 4, 2020, BLOTNICK transferred approximately \$50,000 to the Blotnick Brokerage Account.
- c. On or about May 5, 2020, BLOTNICK transferred approximately \$100,000 to the Blotnick Brokerage Account.
- d. On or about May 6, 2020, BLOTNICK transferred approximately \$100,000 to the Blotnick Brokerage Account.
- e. On or about May 7, 2020, BLOTNICK made four transfers totaling approximately \$152,000 to the Blotnick Brokerage Account.

### ***Falsified Brattle Capital Application to Lender 3***

26. On or about April 30, 2020, BLOTNICK submitted a PPP loan application to Lender 3 for Brattle Capital seeking approximately \$387,100. The application was submitted in BLOTNICK's name and listed BLOTNICK as the owner of Brattle Capital.

27. The application stated that Brattle Capital's average monthly payroll was approximately \$154,840 and that the company had 25 employees.

28. The Brattle Capital application to Lender 3 contained materially false and fraudulent information:

- a. The application claimed 25 employees for Brattle Capital with an average monthly income of approximately \$154,840. However, NYS DOL records indicate that Brattle Capital reported no wages during that period. Further, SSA records show that there were no wages or Forms W-2 processed for Brattle Capital between 2018 and 2020.
- b. The application certified that all SBA loan proceeds would be used only for business-related purposes as specified in the loan application.

29. Bank records show that on or about May 13, 2020, Brattle Capital received the full amount of the approximately \$387,100 PPP loan into Brattle Capital's checking account at Bank 1.

30. The loan from Lender 3 was sent to Bank 1 via interstate wire through the District of New Jersey using Federal Reserve ACH.

31. BLOTNICK then transferred the loan proceeds as follows:

- a. On or about May 13, 2020, BLOTNICK transferred a total of approximately \$275,000 to the Blotnick Brokerage Account through a series of two transactions.
- b. On or about May 13, 2020, BLOTNICK transferred approximately \$2,000 to a personal account BLOTNICK held at Bank 3.

### ***Falsified BSC Management Application to Lender 4***

32. On or about May 18, 2020, BLOTNICK submitted a PPP application to Lender 4 for BSC Management seeking approximately \$455,800. The application was submitted in BLOTNICK's name and listed BLOTNICK as the owner of BSC Management.

33. The application stated that BSC Management's average monthly payroll was approximately \$182,339 and that the company had 26 employees.

34. The BSC Management application to Lender 4 contained materially false and fraudulent information:

- a. Purported Forms 941 (an employer's quarterly federal tax return) for the second, third and fourth quarters of 2019 and first quarter of 2020 submitted in support of the application claimed BSC Management had paid 26 employees for each quarter. And purported payroll documentation claimed that BSC Management paid employees on average, approximately \$182,339 per month for the period April 2019 through March 2020. However, NYS DOL records indicate that BSC Management reported no wages paid by during that period. Further, SSA records show there were no wages or Forms W-2 processed for BSC Management between 2018 and 2020.
- b. The application certified that all SBA loan proceeds would be used only for business-related purposes as specified in the loan application.

35. Bank records show that on or about May 28, 2020, Brattle Capital received the full amount of the approximately \$455,000 loan into Brattle Capital's checking account at Bank 2.

36. The loan from Lender 4 was sent to Bank 2 via interstate wire through the District of New Jersey using Fedwire.

37. On or about May 28, 2020, BLOTNICK then transferred the loan proceeds as follows:

- a. On or about May 28, 2020, BLOTNICK transferred approximately \$440,000 to the Blotnick Brokerage Account.
- b. On or about May 28, 2020, BLOTNICK transferred approximately \$15,000 to a personal account BLOTNICK held at Bank 3.

### ***Falsified Brattle GP Application to Lender 1***

38. On or about May 19, 2020, BLOTNICK submitted a PPP application to Lender 1 for Brattle GP seeking approximately \$388,320. The application was submitted in BLOTNICK's name and listed BLOTNICK as the owner of Brattle GP.

39. The application stated that Brattle GP's average monthly payroll was approximately \$155,328 and that the company had 25 employees.

40. The Brattle GP application to Lender 1 contained materially false and fraudulent information:

- a. Purported Forms 941 for the second, third and fourth quarters of 2019 and first quarter of 2020 submitted in support of the application claimed that Brattle GP had paid 25 employees for 2019 and for the first quarter of 2020. And purported payroll documentation claimed that Brattle GP had 25 employees, including BLOTNICK, with an average monthly payroll amount of approximately \$154,878 for the period April 2019 through March 2020. However, NYS DOL records indicate that Brattle GP reported no wages paid during that period. Further, SSA records show that there were no wages or Forms W-2 processed for Brattle GP between 2018 and 2020.
- b. The application certified that all SBA loan proceeds would be used only for business-related purposes as specified in the loan application.

41. Bank records show that on or about May 20, 2020, Brattle Capital received the full amount of the approximately \$388,320 loan into Brattle Capital's checking account at Bank 1.

42. The loan from Lender 1 was sent to Bank 1 via interstate via through the District of New Jersey using Fedwire.

43. On or about May 20, 2020 and May 21, 2020, through a series of four transactions, BLOTNICK transferred a total of approximately \$313,500 to the Blotnick Brokerage Account.

### ***Falsified Brattle Capital Application to Lender 5***

44. On or about June 4, 2020, BLOTNICK submitted a PPP application to Lender 5 for Brattle Capital seeking approximately \$817,487. The application was submitted in BLOTNICK's name and listed BLOTNICK as the owner of Brattle Capital.

45. The application stated that Brattle Capital's average monthly payroll was approximately \$326,995 and that the company had 45 employees.

46. The Brattle Capital application to Lender 5 contained materially false and fraudulent information:

- a. Purported Forms 941 for the second, third and fourth quarters of 2019 and first quarter of 2020 submitted in support of the application claimed that Brattle Capital paid 45 employees more than approximately \$3.4 million during that period. And purported payroll documentation claimed that Brattle Capital paid employees an average, approximately \$326,995 per month for the period April 2019 through March 2020. However, NYS DOL records indicate that Brattle Capital reported no wages paid during that period. Further, SSA records show that there were no wages or Forms W-2 processed for Brattle Capital between 2018 and 2020
- b. The application certified that all SBA loan proceeds would be used only for business-related purposes as specified in the loan application.

47. Bank records show that on or about June 15, 2020, Brattle Capital received the full amount of the approximately \$817,487 loan into Brattle Capital's checking account at Bank 2.

48. The loan from Lender 5 was sent to Bank 2 via interstate wire through the District of New Jersey using Federal Reserve ACH.

49. BLOTNICK then transferred the loan proceeds as follows:

- a. On or about June 15, 2020, BLOTNICK transferred approximately \$690,500 to a personal account BLOTNICK held at Bank 2.
- b. On or about June 15, 2020, BLOTNICK transferred approximately \$125,000 to the Brattle GP checking account at Bank 2. Later on or about that same day, BLOTNICK transferred approximately \$816,000 from Bank 2 to the Blotnick Brokerage Account.

### ***Falsified BSC Patriot Application to Lender 6***

50. On or about June 18, 2020, BLOTNICK submitted a PPP application to Lender 6 for BSC Patriot seeking approximately \$666,100. The application was submitted under BLOTNICK's name and listed BLOTNICK as the owner of BSC Patriot.

51. The application stated that BSC Patriot's average monthly payroll was approximately \$263,966 and that the company had 36 employees.

52. The BSC Patriot application to Lender 6 contained materially false and fraudulent information:

- a. Purported Forms 941 for the second, third and fourth quarters of 2019 and first quarter of 2020 submitted in support of the application claimed that BSC Patriot paid 36 employees more than approximately \$3 million during that period. And purported payroll documentation claimed that BSC Patriot paid employees on average, approximately \$263,966 per month for the period April 2019 through March 2020. However, NYS DOL records indicate that BSC Patriot reported no wages paid during that period. Further, SSA records show that there were no wages or Forms W-2 processed for BSC Patriot between 2018 and 2020.
- b. The application certified that all SBA loan proceeds would be used only for business-related purposes as specified in the loan application.

53. Bank records show that on or about July 1, 2020, BSC Patriot received the full amount of PPP loan proceeds of approximately \$666,100 into Brattle Capital's checking account at Bank 2. Before receiving these loan proceeds, as of June 30, 2020, Brattle Capital's Bank 2 account had a balance of approximately \$272.

54. The loan from Lender 6 was sent to Bank 2 via interstate wire through the District of New Jersey using Federal Reserve ACH.

55. BLOTNICK then transferred the loan proceeds as follows:

- a. On or about July 1, 2020, BLOTNICK transferred a total of approximately \$532,201 to the Blotnick Brokerage Account and approximately \$25,000 from a personal account BLOTNICK held at Bank 2 into a personal account he held at Bank 3.
- b. On or about July 2, 2020, BLOTNICK transferred approximately \$50,000 from an account he held at Bank 2 to the Blotnick Brokerage Account.

### ***Falsified Brattle GP Application to Lender 7***

56. On or about July 14, 2020, BLOTNICK submitted a PPP application to Lender 7 for Brattle GP seeking approximately \$338,132. The application was submitted in BLOTNICK's name and listed BLOTNICK as the owner of Brattle GP.

57. The application submitted to Lender 7 stated that Brattle GP's average monthly payroll was approximately \$135,253 and that the company had 16 employees.

58. The Brattle GP application to Lender 7 contained materially false and fraudulent information:

- a. Purported Forms 941 for the second, third and fourth quarters of 2019 and first quarter of 2020 submitted in support of the application claimed that Brattle GP had paid 16 employees for each quarter. And purported payroll documentation claimed that Brattle GP paid employees on average, approximately \$135,253 per month for the period April 2019 through March 2020. However, NYS DOL records indicate that Brattle GP reported no wages paid during that period. Further, SSA records show there were no wages or Forms W-2 processed for Brattle GP between 2018 and 2020.
- b. The application certified that all SBA loan proceeds would be used only for business-related purposes as specified in the loan application.

59. Bank records show that on or about August 12, 2020, Brattle GP received the full amount of the approximately \$338,132 loan in Bank 2.

60. The loan from Lender 7 was sent to Bank 2 via interstate wire through the District of New Jersey, originating from a server in New Jersey.

61. On or about August 12, 2020, BLOTNICK transferred approximately \$320,000 to a personal BLOTNICK Bank 2 account. Later on or about that same day, BLOTNICK transferred approximately \$257,500 to the Blotnick Brokerage Account.

### ***Misuse of PPP Loan Proceeds***

62. In total, BLOTNICK transferred at least approximately \$3 million in PPP loans funded for BLOTNICK's businesses to the Blotnick Brokerage Account. BLOTNICK then used this money to trade stocks, and in doing so, lost approximately all \$3 million.