State of Illinois
EXECUTIVE ETHICS COMMISSION

OEIG Investigation No.: 23-00484
Subject(s) Name(s): Joshua Johnson

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Investigation Case No. 23-00484

[Redacted].

I. INTRODUCTION

Based on finding evidence of a State employee fraudulently obtaining a federal Paycheck Protection Program (PPP) loan, the OEIG conducted a larger review to determine whether State employees properly obtained PPP loans and provided notice of secondary employment.[1]

The OEIG self-initiated this investigation regarding three PPP loans each for $20,832 obtained by Joshua Johnson while employed at the Illinois Department of Corrections (IDOC). Based on the investigation, the OEIG determined that there was reasonable cause to believe that Mr. Johnson obtained federal PPP loans based on falsified information in violation of IDOC and State of Illinois policies on employee conduct, obtained and spent the PPP proceeds, and failed to cooperate with the OEIG.

II. BACKGROUND

Mr. Johnson began working for IDOC in December 2018, and became a Corrections Treatment Officer in April 2019.

The PPP was created by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the Small Business Administration (SBA) to provide relief to small businesses affected by the COVID-19 pandemic. PPP loans were made to eligible businesses, which included sole proprietorships and self-employed individuals, for qualifying payroll costs and business operating expenses such as insurance, rent, and utilities.[2] To apply for the loan, a sole proprietor or self-employed individual needed to submit certain tax filings or other payroll documentation to an SBA-approved lender, establishing their eligibility and demonstrating the qualifying payroll amount, which prior to March 2021 could be based on "net profit" reported on an IRS Form 1040, Schedule C, and as of March 2021 could be based on "gross income" reported on an IRS Form 1040, Schedule C.[3] PPP loans were eligible for forgiveness by the SBA if used on qualifying expenses and if at least 60% was used for payroll costs.[4]

III. INVESTIGATION

A. PPP Records For Joshua Johnson

The OEIG located public records from the SBA showing that Mr. Johnson received three PPP loans for sole proprietorships each for $20,832 in March, April, and May 2021. The OEIG subpoenaed loan documents from the lender, which included the following:

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[1] From the OEIG's review, in order to be eligible for at least $20,000 in loan proceeds, the small business typically had approximately $100,000 or more in yearly net profit or gross income. The OEIG may refer to the Ultimate Jurisdictional Authority those State employees who obtained PPP loans in smaller amounts or were not investigated for other logistical reasons.

[2] 15 U.S.C. § 636(a)(36); SBA Interim Final Rule, 85 FR 20811 (Apr. 15, 2020).

[3] SBA Interim Final Rules, 86 FR 3692 (Jan. 14, 2021) & 86 FR 13149 (Mar. 8, 2021) (expanded definition of "payroll costs" for sole proprietors); *see also* SBA Paycheck Protection Program Guidance (June 26, 2020), available at https://www.sba.gov/sites/default/files/2020-12/How_-to-Calculate-Loan-amounts-508_6-26-20.pdf; SBA Interim Final Rule, 86 FR 13149 (Mar. 8, 2021) (expanded definition of "payroll costs" for sole proprietors).

[4] *See id.*; 15 U.S.C. § 636(m).

1. First Loan

The lender produced a PPP "Borrower Application Form Revised March 3, 2021" signed in Mr. Johnson's name and dated March 4, 2021. The "Sole proprietor" box was checked on the application, the Business Legal Name was "Joshua Johnson," and Mr. Johnson was listed as having 100% ownership of the business, and was identified as the sole employee. The year of establishment was listed as 2020, and the business was categorized under a code for "All Other Miscellaneous Schools and Instruction." The loan application contained various certifications, all reflecting the initials "JJ," which included a statement that the applicant "was in operation on February 15, 2020 and had employees for whom it paid salaries and payroll taxes or paid independent contractors"; a statement that the funds would be used as authorized by PPP rules; and a statement that information provided in the application and supporting documentation was "true and accurate in all material respects."

The loan application listed the average monthly payroll cost as $8,333. That figure was used to calculate the loan amount of $20,832 (intended to cover a period up to 2.5 months). A 2020 Schedule C Profit or Loss From Business form (Schedule C) in Mr. Johnson's name, which listed gross income of $120,000 and various expenses totaling $20,000, was submitted with the loan application.

Other documents were submitted related to the loan, which included:

- bank statements in Mr. Johnson's name for an account ending in [Account Number 1] for February 2020 and January 2021; and
- photos of Mr. Johnson's Illinois driver's license.

The loan documentation included a "Note" dated March 4, 2021, for a loan in the amount of $20,832, with a signature in Mr. Johnson's name. A PPP loan forgiveness application was dated September 30, 2021, and contained a signature in Mr. Johnson's name, requesting forgiveness of the full amount of $20,832 loan. The application included certifications that the borrower had complied with all requirements, including those related to eligible use of PPP loan proceeds, and that the information provided in the application was "true and correct in all material respects." An SBA document, included in the lender documents, stated that the loan had been forgiven in full on October 13, 2021.

2. Second and Third Loans

The lender produced two more PPP "Borrower Application Forms Revised March 18, 2021" signed in Mr. Johnson's name and dated April 19, and May 2, 2021, respectively. On both applications, the "Sole proprietor" box was checked, the Business Legal Name was "Joshua Johnson," and Mr. Johnson was listed as having 100% ownership of the business, and was identified as the sole employee. The year of establishment was listed as 2018 on both as well, but on the second loan application, the business was categorized under a code for "Other Performing Arts Companies," while on the third loan application, the business was categorized under a code for "All Other Miscellaneous Manufacturing." Both loan applications contained various certifications, all reflecting the initials "JJ," including a statement that the applicant "was in operation on February 15, 2020 and had employees for whom it paid salaries and payroll taxes or paid independent contractors"; a statement that the funds would be used as authorized by PPP rules; and a statement that information provided in the application and supporting documentation was "true and accurate in all material respects."

Both loan applications listed the average monthly payroll cost as $8,333. That figure was used to calculate the loan amounts of $20,832 (intended to cover a period up to 2.5 months) each. A 2019 Schedule C for an "Event Planning" business named "Creatively Connecting Culture LLC" with Mr. Johnson listed as the proprietor was submitted with the second loan application. A 2019 Schedule C for a "Candle Manufacturing Service" business named "JJ Wicks Candle Company,"[5] with Mr. Johnson listed as the proprietor, was submitted with the third loan application. Both Schedule Cs listed gross income of $102,536.

The same supporting documents were submitted for the second and third loan, including:

- bank statements in Mr. Johnson's name for an account ending in [Account Number 1] for February 2020 and 2021; and
- photos of Mr. Johnson's Illinois driver's license.

The loan documentation included "Notes" dated April 19 and May 2, 2021, respectively, for both loans in the amount of $20,832, with signatures in Mr. Johnson's name. Documents included in the lender documents stated that Mr. Johnson had not applied for forgiveness for the either the second or third loan.[6]

B. Secondary Employment Information

The OEIG requested that IDOC produce any documentation reflecting any secondary/outside employment for Mr. Johnson. In response, IDOC produced one Secondary Employment form for Mr. Johnson signed and submitted in November 2018, which indicated that at the time the form was submitted, Mr. Johnson was "currently employed by another entity" and sought approval on the form "to begin or to continue secondary employment" at a company called [Company 1], working weekends as a Resident Advisor. The form was signed by the Warden on February 19, 2019 and the Director on March 6, 2019 approving the secondary employment.

C. Online Searches For Joshua Johnson's Businesses

The OEIG conducted online research for businesses associated with Mr. Johnson in the Illinois Secretary of State (SOS) corporate records and a search engine. OEIG investigators searched for businesses in Mr. Johnson's name, [redacted] address, "JJ Wick Candle Company," and "Creatively Connecting Culture." The OEIG located no relevant results. Similarly, a search of the Office of the Illinois Secretary of State Limited Liability Company File Detail Search for "JJ Wicks," "J.J. Wicks," "J J Wicks," and "Creatively Connecting Culture" produced no results.

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[5] The lender also produced documents indicating that yet another application for a PPP loan in Mr. Johnson's name for JJ Wicks Candle Company was submitted on April 12, 2021, but was declined due to fraud concerns.
[6] A search of federalpay.org confirmed that these loans had not yet been fully repaid or forgiven.

D. Joshua Johnson's OEIG Interview

On July 24, 2023, the OEIG interviewed Joshua Johnson. Mr. Johnson said that he has worked as an on-call Security Officer for [Company 2] for the past 10 years providing basic security and safety at events. Mr. Johnson said he does not work every month, and had not worked for [Company 2] since 2022. Mr. Johnson said he earned $20 an hour at [Company 2], and had never earned more than $10,000 a year working for [Company 2].

Mr. Johnson claimed that he also had been operating his own mentoring business since October 2015. Mr. Johnson claimed that he mentors underprivileged youth ages 15 to 18. Mr. Johnson claimed he mentors no more than four youth per month and takes them to different events, buys clothing and food for them, and tries to guide them. Mr. Johnson claimed his friends help with his mentoring business, but said he does not pay them. Mr. Johnson said his mentoring business is advertised via word of mouth and explained that he has ties to individuals who work in the education field that refer kids to him. Mr. Johnson said he does not have contracts with the parents of the kids he mentors, rather, he lets the parents know what is going on and how he is trying to help their kids.

Mr. Johnson claimed that he used to have receipts for purchases he made for the mentoring business including laptops, food, clothes, and hygiene products, but said he does not have the receipts anymore since he moved. Mr. Johnson said the kids do not have the means to pay him for the mentoring services, but some parents donate "a dollar here and there," and he tries to obtain grants to help reinvest into the business to help the kids. Mr. Johnson said that he has never made a profit from the mentoring business and does not report his mentoring business on his taxes.

Mr. Johnson said he reported his job at [Company 2] to IDOC, but he did not report his mentoring business because the business was outside his duties at IDOC and did not interfere with his IDOC job. After reading the IDOC Administrative Directive related to secondary employment during the interview, Mr. Johnson said that he was familiar with the directive because he goes through it every year in the annual training. Mr. Johnson said that he may not have fully understood the directive previously, and explained that he thought he was just not supposed to have another job if it interfered with his duties at IDOC. Mr. Johnson acknowledged that he did not report his mentoring business to IDOC, but said he did not really consider it to be secondary employment. When shown a copy of the IDOC Secondary Employment form signed in his name on November 26, 2018 reporting his employment with [Company 1], Mr. Johnson claimed he forgot to mention that employment and claimed he worked for [Company 1] from June 2018 until 2020 on the weekends.

Mr. Johnson confirmed that he applied for a Paycheck Protection Program (PPP) "grant" in 2020 for which he was approved. Mr. Johnson claimed he only received one PPP "grant," for approximately $20,800, and that he had not received any other grants or loans for his mentoring business. Mr. Johnson claimed that he did not personally fill out the PPP loan application, rather, his friend referred him to a person—Individual A—who ultimately helped him with the PPP loan application.[7] Mr. Johnson claimed that he was struggling to keep helping the kids with his

[7] Mr. Johnson provided the first name of Individual A, but claimed he did not know Individual A's last name. Mr. Johnson claimed his friend was not a State employee, but said he did not know if Individual A was a State employee.

mentoring business and Individual A told him that he qualified for the PPP loan because it was a grant. Mr. Johnson claimed that he was familiar with grants because he had received some for his schooling and did not need to repay them, so he thought that he did not need to pay the PPP loan back because "it was free money" given out because of COVID. Mr. Johnson said that Individual A did not explain why Individual A would bother helping Mr. Johnson with the PPP loan application, but asserted he did not pay Individual A for doing so.

Mr. Johnson claimed that he was not told that the PPP loan was a loan, and reiterated that Individual A told him that he would be getting a "grant" but did not explain how the "grant" amount was calculated. Mr. Johnson said that Individual A probably did not explain all of the PPP loan qualifications to him, but did tell him that to qualify for the PPP loan Mr. Johnson had to have sustained a loss due to the COVID-19 pandemic. Mr. Johnson claimed he did not discuss the purpose of the PPP loan with Individual A, but just told Individual A that he wanted to make sure the kids had something to eat and were able to survive during COVID since a lot of parents were laid off. Mr. Johnson stated he did his own research and read a few things about PPP loans and ultimately gave Individual A permission to complete the PPP loan application on his behalf.

Mr. Johnson confirmed that he provided Individual A with his address, email address, a picture of his identification and Social Security Number (SSN). Mr. Johnson claimed he did not tell individual A how much he earned from his mentoring business and did not see the PPP loan application before or after it was signed and submitted. Mr. Johnson said he did not recall providing Individual A with his bank statements, but he gave Individual A the password to the email address where he received his bank statements, so Individual A may have obtained his bank statement through his email. Mr. Johnson claimed that he interacted with Individual A over the phone, but did not have Individual A's contact information, and was not on the phone with Individual A while Mr. Johnson's PPP loan application was being completed. Mr. Johnson confirmed that he provided a copy of his State of Illinois Driver's License to Individual A.

When shown the application during his interview, Mr. Johnson said he was not familiar with it because Individual A filled it out on his behalf. Mr. Johnson confirmed the business legal name, [redacted] address from which he operated his mentoring business, SSN, email, and phone number were accurately listed on the application. Mr. Johnson claimed the listed year of establishment and the average monthly payroll of $8,333 were not accurate, noting that he has never averaged a monthly payroll of $8,000 for his mentoring business. In fact, Mr. Johnson said he did not pay himself a paycheck, had never paid himself via an owner's draw, and had never earned any money from his mentoring business. Mr. Johnson claimed that he did not tell Individual A to list that information on the application and he did not know where Individual A got those numbers. Mr. Johnson denied initialing or signing the application, but reiterated that he gave Individual A permission to sign on his behalf to apply for the PPP loan. Mr. Johnson confirmed all of the information in the application was not true and accurate because it listed that he earned approximately $8,000 in average monthly payroll for his mentoring business, and said that he was a little upset that this happened.

When shown a copy of the 2020 Schedule C submitted with his application, Mr. Johnson claimed it was not familiar as he had never filled out a Schedule C for his mentoring business and did not provide it to Individual A. Mr. Johnson said the Schedule C was not part of his 2020 tax return and said the listed gross income of $120,000, tentative profit in the amount of $100,000, and various listed expenses were not accurate and said he did not know where Individual A came up with those numbers, since they did not discuss his business expenses at all. Mr. Johnson claimed that Individual A did not tell him that the information in the application and Schedule C would be completely fabricated and commented that if he had known that Individual A was going to create the Schedule C, he would have told Individual A to not fill out the PPP loan application. Mr. Johnson said that it seemed like he was scammed by Individual A, and admitted he should have asked more questions about what was going on with the PPP loan application.

When shown a copy of the Note during his interview, Mr. Johnson said he did not sign anything pertaining to the PPP loan application, including the Note. Mr. Johnson said that he assumed that Individual A signed the Note on his behalf with his permission. Mr. Johnson claimed he did not review the Note and that Individual A just told him when the PPP loan application was complete and that Mr. Johnson should expect to see the money in a few days.

When shown a copy of his bank statements submitted with the application, Mr. Johnson confirmed the statements were to an account he used to use and reiterated that Individual A may have obtained the statements from his email account. Mr. Johnson admitted that the PPP loan was deposited in the bank account associated with the statements, but claimed the account was eventually closed due to fraud. Mr. Johnson further claimed his account was closed after he saw things on his bank statements that he did not purchase, and he reported the suspicious activity to his bank, which closed his account in 2021. Mr. Johnson said he did not have any documentation about the account closure because he had moved since then and shredded the documentation.

Mr. Johnson claimed he used the PPP loan funds to buy a laptop and iPad for the kids to use to complete their homework, gas to take the kids places, school supplies, food, clothes, and outings for the kids. Mr. Johnson denied using the PPP loan funds for any other personal use including buying jewelry or shoes, and said that the funds lasted to the end of 2021, and there was none remaining. Mr. Johnson claimed he never saw any other PPP loan deposits into his bank account before it was closed. Mr. Johnson said that any money that may have been in the bank account when it was closed was transferred to a different bank account, but there was not a lot of money left, and he confirmed his State paychecks are now deposited into his new account.

Mr. Johnson claimed that Individual A told him that he did not need to repay the PPP loan and did not explain that there was a process to apply for PPP loan forgiveness. Mr. Johnson claimed he eventually heard on the news that there was an application for PPP loan forgiveness, but did not contact Individual A to see if Individual A submitted the PPP loan forgiveness application on his behalf. Mr. Johnson said that he did not ask to see anything from Individual A about PPP loan forgiveness, and did not receive anything from the lender asking him to pay the PPP loan back. When shown a copy of his PPP Loan Forgiveness Application during his interview, Mr. Johnson claimed it was the first time he had seen it, and confirmed that his name, address, partial SSN, phone number, and email were all accurately listed on the application. Mr. Johnson acknowledged that the application indicated that the entire amount of the loan had been spent on payroll, but reiterated that he never pays himself payroll for the mentoring business. Mr. Johnson claimed all the PPP loan funds were spent on business expenses and he did not spend any of the PPP loan funds for personal expenses. Mr. Johnson denied initialing or signing the forgiveness application and said that he assumed Individual A completed it because Individual A was the only individual who knew about Mr. Johnson's PPP loan application. Mr. Johnson claimed he did not give Individual A permission to complete or submit the PPP loan forgiveness application, and asserted that he would not have given Individual A permission to apply for the PPP loan on his behalf if he had known that he could have needed to repay the PPP loan. Mr. Johnson claimed that he would also not have pursued the PPP loan if he had known that Individual A fabricated documents, and claimed he did not know that the PPP loan application process involved Individual A producing fraudulent documentation.

Mr. Johnson said that he does not have any other business including a candle making or event planning or entertainment-related business. Mr. Johnson claimed he did not receive any other PPP loan deposits, did not give Individual A permission to apply for additional PPP loans on his behalf, and did not see any other PPP loan deposits in his bank account.

When shown the second and third PPP loan applications in his name during the interview, Mr. Johnson claimed he had never seen either of them before. Mr. Johnson acknowledged that his name, address, and phone number were accurately listed on the applications, but said he did not have a company related to performing arts, or own companies called Creatively Connecting Culture or JJ Wicks Candle Company. Mr. Johnson also claimed he did recognize the email listed on both applications and did not have access to it. Mr. Johnson claimed that none of the information listed on the second or third applications was provided with his permission, including his initials and signature in his name, and he had no knowledge of either of them.

When shown a copy of the 2019 Schedule Cs submitted with the second and third PPP loan applications, Mr. Johnson claimed they did not look familiar and were not part of his 2019 tax returns. Mr. Johnson confirmed his name, address, and SSN were accurately listed on the Schedule Cs, but said the gross income amount listed on both Schedule Cs was inaccurate, and he did not own the businesses that the forms were referring to. Mr. Johnson asserted that the Schedule Cs were completely fabricated. Mr. Johnson also claimed he had never seen the Notes before and that they were not signed on his behalf with his permission. Mr. Johnson claimed he had not received any mail or emails about a company called Creatively Connecting Culture.

Mr. Johnson said he was upset by the second loan Schedule C and he did not know if his information had been compromised. Mr. Johnson said that he was not aware of any other fraudulent credit alerts and had received no other indication of fraudulent activity related to his accounts other than the issues he had with the bank account he previously mentioned. Mr. Johnson reiterated that he no longer has the bank account that his PPP loan was deposited into since the account was closed. Mr. Johnson claimed he did not recall receiving the funds from the second or third PPP loans, and he did not recall spending any of that money. Mr. Johnson claimed he had not received anything requesting he repay the PPP loan funds and expressed concern about whether he needed to repay a PPP loan he claimed he did not apply for.

Mr. Johnson said that he gave Individual A permission to complete the first PPP loan application and associated documents on his behalf, but did not have any knowledge that the PPP loan documentation would be fabricated. Mr. Johnson admitted he failed to ask questions about the first PPP Loan, and that he bears some responsibility for giving his information to Individual

A without being fully aware of what was going to happen with it. Mr. Johnson said he assigned 50% responsibility to himself because without his information Individual A would not have been able to apply for the PPP loan, but claimed that Individual A then took his information and did whatever Individual A did with it including submitting two other phony PPP loan applications.

Mr. Johnson asserted that he did not want the other two PPP loans to be held against him. Mr. Johnson claimed he did not know whether the second and third PPP loan deposits went into his bank account, but claimed he definitely did not spend that money. Mr. Johnson asserted that he should not have responsibility for the second and third PPP loans even if he did spend the money from those loans. Mr. Johnson claimed his bank statements would not show any transfers of the second and third PPP loans and that he did not know what happened to those funds if they were deposited into his bank account.

E. Joshua Johnson's Bank Records

The day after his interview, the OEIG subpoenaed Mr. Johnson's bank for statements associated with his bank account ending in [Account Number 1], and any other accounts in his name, from March 1, 2021, through December 31, 2021. In response, the bank produced documents showing that no other person was listed as an owner of the account ending in [Account Number 1], and that Mr. Johnson's State paychecks were deposited into the account throughout all of 2021.

1. First Loan

The bank produced statements for the account, including one which showed a starting balance on February 25, 2021 of $-588.72, and a deposit on March 5, 2021, of $20,832 titled, in part, "SBA Loan," along with numerous purchases. Following the $20,832 deposit into Mr. Johnson's account, the bank statements also show that the frequency and cost of charges to his account were higher than during other periods. In fact, the bank statements showed that in the 30 days following the PPP deposit, numerous withdrawals and purchases over $200—totaling $22,288—were made from the account as shown below:[8]

Date	Transaction Description	Debit	Credit
March 5, 2021	Deposit "SBA Loan"		$20,832
	StockX Purchase via Paypal	$439	
March 6, 2021	ATM Cash Withdrawal	$200	
	Purchase ssence.com	$292	
March 7, 2021	Purchase Kohls	$222	
March 8, 2021	Zelle debit[9]	$500	
	Zelle debit	$2,000	
	Purchase Premier	$378	
March 9, 2021	Purchase Neimanmarcus.com	$599	
March 10, 2021	Zelle debit	$1,000	

[8] The amounts have been rounded to the nearest dollar. Charges under $200 were not included in this chart. The bank statements show the date upon which the transactions occurred and the date it was posted to Mr. Johnson's bank account. This chart lists the date the transactions occurred.

[9] These two March 8, 2021 Zelle debits were made to a person with the same first name as Individual A.

March 11, 2021	Purchase Visionworks	$261	
	Purchase Southwest	$327	
	Purchase Marriot – Houston	$481	
March 14, 2021	Purchase FanDuel Betfair	$200	
	Purchase Fogo De Chao	$375	
March 19, 2021	Bank Cash Withdrawal	$1,200	
	Bank Cash Withdrawal	$2,000	
	Purchase Ford Motor	$694	
	Purchase Saks Fifth Ave – Houston	$298	
March 20, 2021	ATM Cash Withdrawal – Houston	$200	
	ATM Cash Withdrawal – Houston	$200	
	Purchase Prada – Houston	$433	
March 21, 2021	Purchase Cash App	$335	
	Purchase Cash App	$600	
	Purchase Seaside Patio – Houston	$768	
March 22, 2021	Purchase Cash App	$200	
	Purchase Champion & Kirby – Houston	$535	
March 24, 2021	Zelle debit	$225	
March 25, 2021	Bank Cash Withdrawal	$800	
March 26, 2021	Purchase Paul Rich Watches	$299	
March 27, 2021	Purchase Cash App	$300	
	Purchase Linq Pool Bar – Las Vegas	$402	
	Purchase Gucci – Las Vegas	$834	
March 28, 2021	Purchase Girl Collection – Las Vegas	$300	
	Purchase Linq front desk – Las Vegas	$340	
	Purchase Girl Collection – Las Vegas	$708	
March 29, 2021	Zelle debit	$250	
	Zelle debit	$516	
	Purchase Southwest	$209	
March 30, 2021	Purchase Saks Fifth Ave	$871	
	Purchase GQ Gentlemen	$250	
March 31, 2021	Purchase Cash App	$295	
April 2, 2021	Purchase DXL.com	$202	
	Purchase A&S Beverage	$224	
April 5, 2021	Purchase Marriot – Detroit[10]	$526	
Total		$22,288	$20,832

2. Second Loan

The statements for the account also show Mr. Johnson's account had a balance of $744.08 before receiving a deposit on April 21, 2021, of $20,832 titled, in part, "SBA Loan." Again, the statements show that following the second $20,832 PPP deposit into Mr. Johnson's account, the

[10] There were also several smaller purchases and withdrawals seemingly made in-person in Detroit on April 3 and 4, 2021, including an $80 ATM withdrawal, $26 and $30 purchases at a BP, a $27 purchase at the Marriot Detroit, and a $27 purchase at Center Garage in Detroit.

frequency and cost of charges to his account were higher than during other periods. In fact, the bank statements showed that in the 12 days following the deposit, numerous withdrawals and purchases over $200—totaling $17,610—were made from the account:

Date	Transaction Description	Debit	Credit
April 21, 2021	Deposit "SBA Loan"		$20,832
	Zelle debit	$2,000	
April 22, 2021	Purchase Costco	$937	
	Bank Cash Withdrawal	$1,200	
	Purchase Persona Lounge	$429	
April 23, 2021	Purchase Cash App	$500	
April 24, 2021[11]	Purchase Southwest	$359	
	Purchase Dolce & Gabbana – Benito Juare	$455	
	Purchase Prada – Benito Juare, Mexico	$577	
	Transfer to account [Account Number 2][12]	$8,000	
April 26, 2021	Zelle debit	$1,100	
	Purchase *My Friend* – Benito Juare	$220	
April 28, 2021	Purchase Cash App	$350	
	StockX Purchase via Paypal	$271	
April 30, 2021	Purchase Trek Bicycle	$357	
	Zelle debit	$360	
May 1, 2021	Purchase Footlocker	$295	
May 2, 2021	ATM Cash Withdrawal	$200	
Total		$17,610	$20,832

Accordingly, the statements show that within 12 days of the second $20,832 PPP deposit, $17,610 of funds were moved or otherwise spent from the account.

3. Third Loan

The statements for the account also show Mr. Johnson's account had a balance of $2,934.91 before receiving a deposit on May 4, 2021, of $20,832 titled, in part, "SBA Loan." Again, the statement shows that following the third $20,832 PPP deposit into Mr. Johnson's account, the frequency and cost of charges to his account were higher than during other periods. In fact, the bank statements showed that in the 30 days following the deposit, numerous withdrawals and purchases over $200—totaling $21,539—were made from the account:

[11] There were also some small international transaction service charges to his account from April 26 through 29, 2021, and several smaller purchases seemingly made in-person at restaurants and recreational/leisure locations in Mexico from April 23 through 27, 2021.

[12] The bank produced statements and supporting documents for account [Account Number 2] showing that Mr. Johnson was the only owner of account [Account Number 2] and showing the $8,000 deposit into account [Account Number 2] on April 26, 2021. Statements show that in May 2021, $4,000—in two transactions—was transferred back into Mr. Johnson's account ending in [Account Number 1] and in June 2021, $3,950—in four transactions—was transferred back into Mr. Johnson's account ending in [Account Number 1].

Date	Transaction Description	Debit	Credit
May 4, 2021	Deposit "SBA Loan"		$20,832
	Zelle debit	$2,000	
May 9, 2021	Purchase Saks Fifth Ave	$276	
	Purchase Saks Fifth Ave	$716	
	StockX Purchase via Paypal	$376	
	Purchase Cash App	$500	
May 10, 2021	Purchase Target	$336	
	Zelle debit	$200	
	Purchase Cash App	$200	
May 11, 2021	Purchase Sequium Asset Solution	$500	
May 13, 2021	Purchase Treasures Jewelry	$1,500	
May 14, 2021	Purchase Nordstrom	$248	
	Purchase Nordstrom	$333	
	Bank Cash Withdrawal	$2,500	
	StockX Purchase via Paypal	$216	
	Purchase A Ma Maniere – Atlanta	$1,220	
May 16, 2021	Purchase Jaizai Investment Inc – Atlanta	$305	
	Purchase TST BQE Restaurant – Atlanta	$435	
May 17, 2021	Zelle debit	$200	
	Zelle debit	$2,000	
	Purchase Paypal	$205	
	Purchase Cash App	$300	
	Purchase Atlantis restaurant – Atlanta	$1,001	
	Purchase Hilton Garden Inn – Atlanta	$451	
May 21, 2021	Zelle debit	$265	
May 24, 2021	ATM Cash Withdrawal	$200	
	Purchase Xfinity Mobile	$422	
	Purchase Marriot Moxy – Chicago	$234	
	Purchase Ray O Herron	$242	
	Purchase Health 1st Center	$325	
May 26, 2021	Zelle debit	$600	
May 28, 2021	Debit Lincoln AFS Ford Credit	$553	
May 29, 2021	StockX Purchase via Paypal	$368	
June 2, 2021	Zelle debit	$1,150	
June 3, 2021	Purchase Factory Furniture	$1,162	
Total		$21,539	$20,832

Accordingly, the statements show that within 30 days of the third $20,832 PPP deposit, all of those funds were moved or otherwise spent from the account.

4. Bank Account and Spending Patterns

a. Cash Withdrawals

As noted above, Mr. Johnson's bank statements throughout 2021 showed regular deposits of paychecks from the State of Illinois approximately twice a month.

Additionally, as shown in the charts above, within days of each of the three PPP loan deposits, there were large cash withdrawals made from the account:

Date	Transaction Description	Debit	Credit
March 5, 2021	Deposit "SBA Loan"		$20,832
March 19, 2021	Bank Cash Withdrawal	$1,200	
	Bank Cash Withdrawal	$2,000	
March 25, 2021	Bank Cash Withdrawal	$800	
April 21, 2021	Deposit "SBA Loan"		$20,832
April 22, 2021	Bank Cash Withdrawal	$1,200	
May 4, 2021	Deposit "SBA Loan"		$20,832
May 14, 2021	Bank Cash Withdrawal	$2,500	

For each of these withdrawals, Mr. Johnson's bank produced copies of scanned withdrawal slips showing that the cash withdrawals had been made in person at a bank location. Each withdrawal slip was signed in Mr. Johnson's name.[13] The withdrawal slips show they were made at three separate bank locations, each part of the [Network 1] Banks.[14]

b. Travel

Additionally, as shown in the charts above, following each of the three PPP loan deposits, there was spending shown in Mr. Johnson's bank records that occurred outside of Illinois. The OEIG thus requested his IDOC timekeeping documentation to compare to the spending and noticed the following:

- After the first loan deposit, Mr. Johnson's bank records show purchases seemingly made in person in Houston, Texas between March 19 and 22, 2021. OEIG investigators obtained Mr. Johnson's IDOC 2021 time sheet, which showed that March 21 and 22nd were scheduled days off for Mr. Johnson. IDOC Notification of Absence forms show that Mr.

[13] The signature on each withdrawal slip, although shortened, appears to match the signatures on the Secondary Employment form in Mr. Johnson's personnel file and the administrative rights form signed by Mr. Johnson prior to his OEIG interview.

[14] [Network 1] Banks are named to reflect the communities they serve and members have access to any location in the network. *See* [website 1] (last visited November 7, 2023). Mr. Johnson's bank withdrawals were made at [Bank Location 1], [Bank Location 2], and [Bank Location 3], which are each [Network 1] banks. *See* [website 2] (last visited November 7, 2023).

Johnson requested and was approved to take accumulated holiday time on March 19 and 20, 2021.

- After the first loan deposit, Mr. Johnson's bank records also show purchases seemingly made in person in Las Vegas, Nevada between March 27 and 28, 2021. Mr. Johnson's IDOC 2021 time sheet showed that March 28th was a scheduled day off for Mr. Johnson. An IDOC Notification of Absence form showed that Mr. Johnson called in sick to work on March 27, 2021. A note on the form indicated Mr. Johnson provided "proof" but it was deemed to be insufficient.

- After the first loan deposit, Mr. Johnson's bank records also show purchases seemingly made in person in Detroit, Michigan between April 3 and 5, 2021. Mr. Johnson's IDOC 2021 time sheet showed that April 4 and 5 were scheduled days off for Mr. Johnson. An IDOC Notification of Absence form showed that Mr. Johnson requested and was approved to take compensation time on April 3, 2021.

- After the second loan deposit, Mr. Johnson's bank records show purchases seemingly made in person in Mexico between April 23 and 27, 2021. Mr. Johnson's IDOC 2021 time sheet showed that April 25 and 26 were scheduled days off for Mr. Johnson. IDOC Notification of Absence forms show that Mr. Johnson requested and was approved to take vacation time on April 23, 24, and 27.

- After the third loan deposit, Mr. Johnson's bank records show purchases seemingly made in person in Atlanta, Georgia between May 14 and 17, 2021. Mr. Johnson's IDOC 2021 time sheet showed that May 16 and 17 were scheduled days off for Mr. Johnson. An IDOC Notification of Absence form showed that Mr. Johnson called in sick to work on May 14, 2021. A note on the form indicated Mr. Johnson did not provide "proof." An IDOC Notification of Absence form shows that Mr. Johnson requested and was approved to take vacation time on May 15, 2021.

c. Consistent Retail Spending

Last, although Mr. Johnson's bank statements show that his spending following each of the three PPP loan deposits occurred at a variety of retail and travel locations, there was a pattern of consistent spending related to at least one specific retail store throughout. The charts above show some spending that occurred at StockX.[15] Mr. Johnson also made smaller purchases at StockX that were not captured by the charts above, and continued to make purchases at StockX well after all three of the PPP loan deposits had been spent:

- March 8, 2021: StockX purchase $440
- April 12, 2021: StockX purchase $233
- April 30, 2021: StockX purchase $271
- May 10, 2021: StockX purchase $376

[15] StockX is an online marketplace and clothing reseller, primarily of sneakers. *See* https://stockx.com/ (last visited November 7, 2023).

- May 17, 2021: StockX purchase $217
- May 24, 2021: StockX purchase $158
- June 1, 2021: StockX purchase $115
- June 1, 2021: StockX purchase $368
- June 7, 2021: StockX purchase $150
- July 6, 2021: StockX purchase $234
- September 29, 2021: StockX purchase $134

5. Account Closure

Mr. Johnson's bank also produced copies of multiple overdraft notices, addressed to Mr. Johnson, beginning in July 2021, and confirmed that his account was closed on December 16, 2021, explaining the closure was "because it had been overdrawn for an extended period of time."

IV. ANALYSIS

The IDOC Administrative Directive related to Standards of Conduct requires employees to "conduct themselves in a professional manner and, whether on duty or off duty, not engage in conduct that is unbecoming of a State employee or that may reflect unfavorably on or impair operations of the Department."[16] The Directive also specifically requires that employees obey all federal, State, and local laws.[17] In addition, the State of Illinois Code of Personal Conduct provides that "A State Employee will conduct himself or herself . . . with integrity and in a manner that reflects favorably upon the State."[18] In addition, the State Officials and Employees Ethics Act requires employees to provide full and truthful cooperation with OEIG investigations, as a condition of their employment.[19]

Mr. Johnson acknowledged that he obtained the first PPP loan of $20,832 and that he spent the proceeds. The information in Mr. Johnson's loan documentation, however, was false. The application listed the average monthly payroll cost as $8,333 and the 2020 Schedule C submitted with the application listed gross income of $120,000. In his interview, Mr. Johnson claimed that the nature of the business was correct but admitted that the payroll cost and the $120,000 in income listed on the forms were inaccurate; in fact he said that he never earned any money from his business. Mr. Johnson admitted that he authorized Individual A to apply for the PPP loan on his behalf, and that he provided Individual A with his personal information for that purpose. In addition, Mr. Johnson admitted that he received and spent all of the funds from the loan.

Although Mr. Johnson claimed that he did not see or review the PPP loan documents, he admitted that he authorized Individual A to take action for the purpose of obtaining a loan for him

[16] IDOC Administrative Directive 03.02.108 (effective November 2019). This directive was superseded by a version that became effective January 1, 2021; however no changes were made to this portion of the policy referred to in this report.
[17] *Id*. at II. G. 1. a. It further states that "[a]ny employee who knowingly provides false information, including, but not limited to, false information provided in statements, incident reports, correspondence or an interview shall be subject to disciplinary action, including discharge." *Id*. at 10.
[18] Illinois Code of Personal Conduct, Conduct Unbecoming of a State Employee (2017 & March 17, 2021).
[19] 5 ILCS 430/20-70.

(Mr. Johnson), and provided a copy of his driver's license and email password to facilitate this endeavor. Mr. Johnson admitted that he did not discuss the purpose of the loan with Individual A or ask many questions about the application, and that he did his own research about PPP loans. Accordingly, Mr. Johnson's choice to not take reasonable steps to ensure the information being submitted on his behalf was accurate, does not absolve him of responsibility. Mr. Johnson initiated the process, permitted the loan application to be submitted without his review, and received and spent the loan proceeds in violation of PPP rules.

According to Mr. Johnson, he did not own or operate the businesses listed in the second and third PPP loan applications in his name and the income information listed on those applications and associated documents were completely fabricated. Mr. Johnson further claimed that he did not apply for the second or third PPP loan in his name, nor was he aware of any other PPP loan deposits made to his bank account. These claims, however, are not credible. First, the bank records show a pattern of activity indicating that Mr. Johnson was aware of the deposits and spent the deposits. All three loan proceeds were deposited into the same bank account that was owned solely by Mr. Johnson. Immediately after the deposit, bank records show significant spending through the same Zelle and Paypal apps and travel to other cities where spending continued until the deposited funds were depleted within several weeks. Second, each out of state spending activity in Mr. Johnson's bank records that took place after each of the PPP deposits, coincides with benefit time that Mr. Johnson's took to be off of work at IDOC. Third, there were no significantly large transfers of funds to an outside account owned by anyone other than Mr. Johnson that would suggest someone fraudulently deposited the funds into his account for the perpetrator's use. Fourth, Mr. Johnson's bank records show that he never had a balance of $20,000 prior to or in between the loan deposits. Such significant deposits and withdrawals from the same account that his paychecks were being deposited would surely be noticeable. Fifth, within days of each of the three PPP loan deposits, there were large in-person cash withdrawals made at a bank location using a withdrawal slip signed in Mr. Johnson's name. Lastly, Mr. Johnson claimed he closed his account because of alleged fraud, even though the bank records state that the account was not closed until more than six months after the third loan was deposited and was closed because of the length of time the account had been overdrawn.

For these reasons, there is reasonable cause to believe Mr. Johnson—at minimum—initiated the process for the first PPP loan and permitted the loan application with false information to be submitted and received the first, second, and third loan proceeds obtained via false information, and spent the loan proceeds in violation of PPP rules.

Additionally, Mr. Johnson failed in his obligation as a IDOC employee to provide full cooperation with an OEIG investigation by not providing "truthful and complete" statements. Mr. Johnson's claim that he was unaware of the receipt of over $40,000 in loan proceeds and that his bank account was closed due to fraudulent activity was not truthful nor was it complete. As outlined above, the bank records did, in fact, show deposits and significant subsequent transactions indicating Mr. Johnson's awareness, at minimum, of the loan proceeds and the true basis for his account closure. Thus, Mr. Johnson's attempts to distance himself, in contradiction to the records, is a failure to cooperate with the OEIG.

Based on the evidence, there is reasonable cause to believe that Mr. Johnson violated the Ethics Act, and IDOC and State of Illinois policies on employee conduct, and cooperating with investigations.

V. [REDACTED] AND RECOMMENDATIONS

Based on the evidence detailed above, the OEIG has determined **THERE IS REASONABLE CAUSE TO BELIEVE THE FOLLOWING:**

- **[REDACTED]** – Mr. Johnson obtained three federal PPP loans based on falsified information in violation of IDOC and State of Illinois policies on employee conduct.

- **[REDACTED]** – Mr. Johnson failed to cooperate with the OEIG by making false statements during his OEIG interview in violation of the Ethics Act, as well as IDOC and State of Illinois policies.

Regardless of the ease of procuring these PPP funds, this was not free money for the taking. These loans, as with any other, required truthful information as a basis for approval. State employees are expected, at minimum, to maintain the public's trust and confidence. Misappropriating such funds and making false statements to the OEIG is far from being ethical, professional, acting with integrity, or conducting oneself in a manner that reflects favorably upon the State. Accordingly, the OEIG recommends that IDOC terminate Joshua Johnson.

Date: January 3, 2024

Office of Executive Inspector General
for the Agencies of the Illinois Governor
69 West Washington Street, Ste. 3400
Chicago, IL 60602

By: **Kelly Fasbinder**
Assistant Inspector General

Dinara Healy
Investigator #131

JB Pritzker
Governor

Latoya Hughes
Acting Director

The Illinois Department of Corrections

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January 30, 2024

Susan M. Haling
Executive Inspector General
for the Agencies of the Illinois Governor
69 West Washington Street, Suite 3400
Chicago, Illinois 606002

Re: OEIG Investigations [redacted], 23-00484, [redacted], [redacted], [redacted], [redacted], & [redacted]

Dear Inspector General Haling:

I write in response to the Final Reports issued by the Office of the Executive Inspector General (OEIG) in the above listed investigations. This letter acknowledges receipt of the Final Reports and provides a summary of the actions taken in response by the Illinois Department of Corrections (IDOC). The Final Reports found reasonable cause to believe that seven IDOC employees – [redacted], Joshua Johnson, [redacted], [redacted], [redacted], [redacted], and [redacted] – obtained federal Paycheck Protection Program (PPP) loans based on falsified information in violation of IDOC and State of Illinois policies on employment conduct. OEIG recommended that IDOC terminate these eight employees. In addition, OEIG recommended that IDOC clarify its secondary employment policy, require employees to report secondary employment annually, maintain secondary employment forms in a centralized location, and provide training and guidance on these matters to IDOC employees.

IDOC has now initiated the disciplinary process with respect to all seven employees. In each case, an employee review hearing has been scheduled to take place in the next two weeks. Following the hearings, IDOC will have 45 days in which to impose discipline. And once discipline is imposed, the employees have the right to file a grievance challenging the discipline within 15 days.

In addition to these personnel actions, IDOC has begun the process of reviewing and revising its Administrative Directive 03.02.108, which outlines standards of conduct for IDOC employees, including standards with respect to secondary employment. We are drafting revisions to the directive to implement OEIG's recommendations. Once these changes are complete, IDOC will provide appropriate training and guidance to all employees.

Because our response to these matters is ongoing, IDOC will provide a further update in 60 days, unless OEIG requests updates on a different schedule. Please let me know if I can provide any additional information.

Very truly yours,

[redacted]

Jason Krigel
Chief Public Safety Counsel & Ethics Officer
Illinois Department of Corrections

JB Pritzker
Governor

Latoya Hughes
Acting Director

The Illinois Department of Corrections

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April 1, 2024

Susan M. Haling
Executive Inspector General
for the Agencies of the Illinois Governor
69 West Washington Street, Suite 3400
Chicago, Illinois 606002

Re: OEIG Investigation 23-00484

Dear Inspector General Haling:

I write in response to the Final Report issued by the Office of the Executive Inspector General (OEIG) in the above listed investigation. The Final Report found reasonable cause to believe that IDOC employee Joshua Johnson obtained a federal Paycheck Protection Program (PPP) loan based on falsified information in violation of State of Illinois policies on employment conduct. OEIG recommended that IDOC terminate Mr. Johnson.

IDOC initiated disciplinary action against Mr. Johnson. But before completing the disciplinary process, Mr. Johnson resigned, effective February 26, 2024. Therefore, we consider our response to this investigation complete. Please let me know if I can provide any additional information.

Very truly yours,

[redacted]

Jason Krigel
Chief Public Safety Counsel & Ethics Officer
Illinois Department of Corrections