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## **ARKANSAS PROJECT MANAGER PLEADS GUILTY TO BANK FRAUD AND FALSE STATEMENTS IN CONNECTION WITH COVID-RELIEF FRAUD**

WASHINGTON – A project manager employed by a major retailer has pleaded guilty to bank fraud charges for filing fraudulent bank loan applications seeking more than \$8 million in forgivable Paycheck Protection Program (PPP) loans guaranteed by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Acting Assistant Attorney General Brian C. Rabbitt of the Justice Department’s Criminal Division, U.S. Attorney Trent Shores for the Northern District of Oklahoma, Acting Deputy Inspector General Richard Parker of the Federal Housing Finance Agency Office of Inspector General (FHFA OIG), Inspector General Jay N. Lerner of the Federal Deposit Insurance Corporation (FDIC) OIG and Inspector General Hannibal “Mike” Ware of the SBA OIG made the announcement.

Benjamin Hayford, 32, of Centerton, Arkansas, pleaded guilty to one count of bank fraud and four counts of false statements to a financial institution before U.S. District Judge U.S. District Judge Claire V. Eagan of the Northern District of Oklahoma. Sentencing has been scheduled for Nov. 4 before Judge Eagan.

As part of his guilty plea, Hayford admitted that he sought millions of dollars in forgivable PPP loans from multiple banks by claiming fictitious payroll expenses. To support his applications, Hayford provided lenders with fraudulent payroll documentation purporting to establish payroll expenses that were, in fact, non-existent. In addition, Hayford admitted to making false representations to a financial institution concerning the date that a Limited Liability Partnership for which he applied for relief was established.

The CARES Act is a federal law enacted on March 29, 2020, designed to provide emergency financial assistance to the millions of Americans who are suffering the 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 the PPP. In April 2020, Congress authorized over \$300 billion in additional PPP funding.

The PPP allows qualifying small businesses and other organizations to receive loans with a maturity of two years and an interest rate of 1 percent. PPP loan proceeds must be used by businesses on payroll costs, interest on mortgages, rent, and utilities. The PPP allows the interest and principal to be forgiven if businesses spend the proceeds on these expenses within a set period and use a certain percentage of the loan towards payroll expenses.

This case was investigated by the FHFA OIG, FDIC OIG, and SBA OIG. Deputy Chief Brian R. Young of the Criminal Division’s Fraud Section and Assistant U.S. Attorney Victor A.S. Régál for the

Northern District of Oklahoma are prosecuting the case. The U.S. Attorney's Office for the Western District of Arkansas provided valuable assistance in this matter.

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