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**Department of Justice**

U.S. Attorney's Office

District of Massachusetts

FOR IMMEDIATE RELEASE

Monday, July 25, 2022

## **Brockton Man Charged with Fraudulently Obtaining Over \$1.5 Million in COVID-Relief Funds**

BOSTON – A Brockton man was charged on July 21, 2022 in connection with a scheme to submit false applications to obtain Paycheck Protection Program (PPP) and Economic Injury Disaster Loan Program (EIDL) funds through the Small Business Administration (SBA) which were made available under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Joao Mendes, 59, was charged and has agreed to plead guilty to one count of wire fraud. A plea hearing has not yet been scheduled by the Court.

According to the charging documents, beginning in or around June 2020 and continuing until at least in or around September 2020, Mendes submitted or caused to be submitted multiple fraudulent PPP and EIDL loan applications on behalf of various entities. The fraudulent PPP loan applications misrepresented the number of employees and the average monthly payroll expenses of Mendes's various businesses. Mendes also allegedly submitted false tax records in support of his loan applications. In his EIDL applications, Mendes allegedly misrepresented the number of employees, gross revenues and costs of goods sold for each business. Based on the fraudulent applications, Mendes and others received over \$1.5 million in PPP and EIDL funds. Once Mendes received the funds, he either spent them for his own personal benefit—including for the purchase of cryptocurrency—or transferred the funds into other accounts he controlled or to other individuals.

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 forgivable loans to small businesses for job retention and certain approved expenses, through the PPP. Another is the EIDL, through which the SBA offers loans that can only be used on certain permissible business expenses, which can include payment of fixed business debts, payroll, accounts payable, and other business-related expenses that could have

been paid had the COVID-19 disaster not occurred. The American Rescue Plan Act established the RRF to provide funding to help restaurants and other eligible businesses keep their doors open through forgivable loans for eligible uses.

The charge of wire fraud provides for a sentence of up to 20 years in prison, up to three years of supervised release and a fine of up to \$250,000 or twice the gross gain or loss from the offense. The charge of making a false statements to a financial institution provides for a sentence of up to 30 years in prison, up to three years of supervised release and a fine of up to \$250,000 or twice the gross gain or loss from the offense. Sentences are imposed by a federal district court judge based upon the U.S. Sentencing Guidelines and statutes which govern the determination of a sentence in a criminal case.

United States Attorney Rachael S. Rollins; Assistant Attorney General Kenneth A. Polite Jr. of the Justice Department's Criminal Division; Robert Manchak, Special Agent in Charge of the Federal Housing Finance Agency Office of Inspector General, Northeast Region; Ketty Larco-Ward, Inspector in Charge of the U.S. Postal Inspection Service, Boston Division; Amir Ehsaei, Acting Assistant Director in Charge for the FBI's Los Angeles Field Office; Weston King, Special Agent in Charge of the Small Business Administration Office of Inspector General, Western Region; Patricia Tarasca, Special Agent in Charge of the Federal Deposit Insurance Corporation Office of Inspector General, New York Regional Office; Ryan Korner, Special Agent in Charge of the Internal Revenue Service, Criminal Investigation, Los Angeles Field Office; William A. Kalb, Special Agent in Charge of the U.S. Treasury Inspector General for Tax Administration, Northeast Field Division; and Stephen Donnelly, Acting Special Agent in Charge of the Office of Inspector General for the Board of Governors of the Federal Reserve System and the Bureau of Consumer Financial Protection, Eastern Region, made the announcement today. Assistant U.S. Attorneys Mackenzie A. Queenin and Carol E. Head of Rollins' Criminal Division and Trial Attorney Jennifer Bilinkas of the Criminal Division's Fraud Section are prosecuting the case. Attorney Advisor Scott J. Campbell and Trial Attorney Olivia Zhu of the Criminal Division's Money Laundering and Asset Recovery Section provided significant assistance.

On May 17, 2021, the Attorney General established the COVID-19 Fraud Enforcement Task Force to marshal the resources of the Department of Justice in partnership with agencies across government to enhance efforts to combat and prevent pandemic-related fraud. The Task Force bolsters efforts to investigate and prosecute the most culpable domestic and international criminal actors and assists agencies tasked with administering relief programs to prevent fraud by, among other methods, augmenting and incorporating existing coordination mechanisms, identifying resources and techniques to uncover fraudulent actors and their schemes, and sharing and harnessing information and insights gained from prior enforcement efforts. For more information on the Department's response to the pandemic, please visit <https://www.justice.gov/coronavirus>.

Anyone with information about allegations of attempted fraud involving COVID-19 can report it by calling the Department of Justice's National Center for Disaster Fraud (NCDF) Hotline at 866-720-5721 or via the NCDF Web Complaint Form at: <https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form>.

The details contained in the charging document are allegations. The defendant is presumed innocent unless and until proven guilty beyond a reasonable doubt in a court of law.

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**Topic(s):**

Coronavirus

Financial Fraud

**Component(s):**

USAO - Massachusetts

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