

# Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Tuesday, June 23, 2020

## **Texas Man Charged with COVID-Relief Fraud, False Statements and Money Laundering**

### **Owner of Wedding Planning Company Fraudulently Sought More Than \$3 Million in Small Business Administration Paycheck Protection Program Loans**

A Texas man was charged in an indictment unsealed today with wire fraud, false statements to a financial institution and money laundering for his alleged participation in a scheme to file fraudulent loan applications seeking more than \$3 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.

Assistant Attorney General Brian A. Benczkowski of the Justice Department's Criminal Division, U.S. Attorney Stephen J. Cox of the Eastern District of Texas, Special Agent in Charge Donald Abram of SBA Office of Inspector General (OIG) Central Region, Inspector General J. Russell George of the Treasury Inspector General for Tax Administration's Cybercrime Investigations Division, Acting Deputy Inspector General Richard Parker of the Federal Housing Finance Agency, Assistant Special Agent in Charge Kevin Caramucci of the IRS Criminal Investigation (CI) Dallas Field Office, and Inspector General Jay N. Lerner of Federal Deposit Insurance Corporation (FDIC) made the announcement.

Fahad Shah, 44, of Murphy, Texas, was charged in an indictment filed in the Eastern District of Texas with three counts of wire fraud, one count of false statements to a bank, and four counts of money laundering. Shah was arrested this morning and appeared today before U.S. Magistrate Judge Christine A. Nowak of the Eastern District of Texas.

The indictment alleges that Shah submitted fraudulent applications for over \$3 million in PPP loans to two different SBA-approved lenders filed under the name of WBF Weddings by Farah Inc. In these applications, Shah claimed to have over 120 employees earning wages when, in fact, no employees worked for his business at the time, the indictment alleges. The indictment also alleges that Shah submitted fraudulent documentation in support of his applications. Shah ultimately received over \$1.5 million in PPP loan funds and used the funds primarily for personal purposes, including purchasing a Tesla, personal investments, and home mortgage payments, the indictment alleges.

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 one 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 on the PPP loan to be forgiven if the business spends the loan proceeds on these expense items within a designated period of time after receiving the proceeds and uses at least a certain percentage of the PPP loan proceeds on payroll expenses.

A federal criminal indictment is merely an accusation. A defendant is presumed innocent unless and until proven guilty beyond a reasonable doubt in a court of law.

This case was investigated by the SBA OIG's Houston Division, Treasury Inspector General for Tax Administration Southern Field Division, Federal Housing Finance Agency OIG Dallas Field Office, IRS-CI Dallas Field Office, and FDIC OIG Dallas Regional Office.

Trial Attorneys Della Sentilles and Louis Manzo of the Criminal Division's Fraud Section and Assistant U.S. Attorneys Frank Coan and Robert Wells for the Eastern District of Texas are prosecuting the case.

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 Hotline at 866-720-5721 or via the NCDF Web Complaint Form at: <https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form>.

The year 2020 marks the 150th anniversary of the Department of Justice. Learn more about the history of our agency at [www.Justice.gov/Celebrating150Years](http://www.Justice.gov/Celebrating150Years).

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**Attachment(s):**

[Download Shah Indictment](#)

**Components(s):**

[Criminal Division](#)

[Criminal – Criminal Fraud Section](#)

[USAO – Texas, Eastern](#)

**Topic(s):**

Coronavirus

Financial Fraud

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