

Department of Justice

U.S. Attorney's Office

Central District of California

FOR IMMEDIATE RELEASE

Thursday, July 16, 2020

West L.A. Man Charged with Fraudulently Obtaining about \$9 Million in COVID-Relief Loans, Some of Which He Gambled Away in Las Vegas

LOS ANGELES – A resident of the Beverly Grove neighborhood of Los Angeles was ordered held without bond this afternoon after being arrested on federal charges alleging he fraudulently obtained millions of dollars in Paycheck Protection Program (PPP) loans, some of which he used on gambling excursions to Las Vegas and transferred to his stock trading accounts.

Andrew Marnell, 40, was arrested this morning by federal authorities. Marnell made his initial court appearance this afternoon in United States District Court in Los Angeles, where he was ordered detained pending a hearing on Tuesday.

A criminal complaint unsealed in court this afternoon charges Marnell with one count of bank fraud and alleges he obtained more than \$8 million in PPP loans through applications to insured financial institutions, and others, on behalf of different companies. During today's court hearing, prosecutors said they now believe Marnell received approximately \$9 million in fraudulent loans – a number that could rise as the investigation continues.

The affidavit in support of the complaint alleges that Marnell submitted fraudulent loan applications that made numerous false and misleading statements about the companies' business operations and payroll expenses. The affidavit also alleges that Marnell, often using aliases, submitted fake and altered documents, including bogus federal tax filings and employee payroll records.

The complaint further alleges that Marnell then transferred millions of dollars from the fraudulently obtained loan proceeds to his brokerage accounts to make risky stock market bets. The affidavit also outlines how Marnell spent hundreds of thousands of dollars in fraudulently obtained loan proceeds at the Bellagio Hotel & Casino and other gambling establishments as recently as last weekend.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was designed to provide emergency financial assistance to millions of Americans who are suffering the economic effects resulting from the COVID-19 pandemic. One source of relief provided by the CARES Act is 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, Congress authorized more than \$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. Businesses must use PPP loan proceeds for 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 time period and use at least a certain percentage of the loan towards payroll expenses.

A criminal complaint is merely an allegation and all defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

The bank fraud count alleged in the complaint against Marnell carries a statutory maximum sentence of 30 years in federal prison.

This case is being investigated by the Federal Housing Finance Agency – Office of Inspector General, the FBI, the Federal Deposit Insurance Corporation – Office of Inspector General, IRS Criminal Investigation, the Treasury Inspector General for Tax Administration, and the Small Business

Administration Office of Inspector General. The California Department of Justice – Bureau of Gambling Control provided assistance in the investigation.

This case is being prosecuted by Assistant United States Attorney Kerry Quinn of the Major Frauds Section and DOJ Trial Attorney Scott Armstrong of the Criminal Division's Fraud Section.

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>.

Topic(s):

Coronavirus
Financial Fraud

Component(s):

[USAO – California, Central](#)

Contact:

Thom Mrozek
Director of Media Relations
United States Attorney's Office
Central District of California (Los Angeles)
(213) 894-6947

Press Release Number:

20-126