

## Department of Justice

U.S. Attorney's Office

Southern District of Texas

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FOR IMMEDIATE RELEASE

Tuesday, August 4, 2020

### **Houston entrepreneur charged with spending COVID relief funds on improper expenses including Lamborghini and strip club**

HOUSTON – A Houston man has been taken into custody on allegations he fraudulently obtained more than \$1.6 million in Paycheck Protection Program (PPP) loans, announced U.S. Attorney Ryan K. Patrick and Acting Assistant Attorney General Brian C. Rabbitt of the Justice Department's Criminal Division.

Lee Price III, 29, spent the money on luxury items, real estate and personal entertainment, according to the complaint unsealed today upon his arrest. He is expected to make his initial appearance before U.S. Magistrate Judge Sam S. Sheldon in Houston at 2:00 p.m. today.

Price is charged with making false statements to a financial institution, wire fraud, bank fraud and engaging in unlawful monetary transactions.

The complaint alleges Price was involved in a scheme to submit fraudulent PPP loan applications to federally insured banks and other lenders. The Small Business Administration (SBA) guarantees the loans for COVID-19 relief through the PPP under the Coronavirus Aid, Relief and Economic Security (CARES) Act.

Two fraudulent applications received funding, according to the complaint. Price Enterprises Holdings allegedly received more than \$900,000, while a loan application listing 713 Construction was approved for over \$700,000. The loan applications allegedly asserted both entities each had numerous employees and significant payroll expenses. According to the charges, however, neither entity has employees nor pays wages consistent with the amounts claimed in the loan applications. Further, the individual listed as CEO on the 713 Construction loan application died in April 2020, a month before the application was submitted, according to the complaint.

Price allegedly used the loan proceeds not for payroll expenses, but for lavish personal purchases, such as loan money on a Lamborghini Urus, a Rolex watch and real estate transactions. He also allegedly spent thousands at strip clubs and other Houston night clubs. The complaint further alleges Price used a portion of the loan money to buy a 2020 Ford F-350 pickup truck.

The CARES Act is a federal law enacted March 29. It is 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 the CARES Act provides 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 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. 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.

The Federal Housing Finance Agency Office of the Inspector General (OIG), SBA-OIG and U.S. Postal Inspection Service - Houston Division conducted the investigation. Trial Attorneys Timothy A. Duree, James Alexander and Matthew Grisier are prosecuting the case with the assistance of Assistant U.S. Attorney James McAlister.

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

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