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Department of Justice

U.S. Attorney's Office

District of New Jersey

FOR IMMEDIATE RELEASE

Thursday, January 27, 2022

Somerset County Man Charged with \$860,000 Paycheck Protection Program and Economic Injury Disaster Loan Fraud Scheme

NEWARK, N.J. – A Somerset County, New Jersey, man was arrested today for his role in fraudulently obtaining over \$860,000 in federal Paycheck Protection Program (PPP) and Economic Injury Disaster Loan payments (EIDL), U.S. Attorney Philip R. Sellinger announced.

Butherde Darius, 49, of North Plainfield, New Jersey, is charged by complaint with one count of bank fraud, one count of wire fraud, and four counts of money laundering. Darius is scheduled to make his initial appearance by videoconference this afternoon before U.S. Magistrate Judge Michael A. Hammer.

According to documents filed in this case and statements made in court:

The Coronavirus Aid, Relief, and Economic Security (CARES) Act is a federal law enacted on March 29, 2020, designed to provide emergency financial assistance to the millions of Americans 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 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.

Darius submitted fraudulent PPP and EIDL loan applications on behalf of his purported business, Fabulous Appetizers LLC. The applications contained fraudulent representations to the lenders, including a Federal Home Loan Bank member, and the Small Business Administration (SBA), including bogus tax information from the IRS and certifications as to the number of employees and gross revenue of Darius's business. According to IRS records, many of the purported tax documents Darius submitted were never in fact filed with the IRS and Darius fabricated the existence of employees and the revenue of his business. Based on Darius's alleged misrepresentations in his loan applications, he received approximately \$862,000 in federal COVID-19 emergency relief funds meant for distressed small businesses. Darius then spent the proceeds on personal expenses, including hotels and airfare, and made cash withdrawals of over \$58,000.

The count of bank fraud carries a maximum penalty of 30 years in prison and a fine of \$1 million; each count of wire fraud carries a maximum penalty of 20 years in prison; and each count of money laundering carries a maximum penalty of 10 years in prison. Both the wire fraud and money laundering counts carry a maximum fine of \$250,000 or twice the gross gain to the defendant or gross loss to the victim, whichever is greatest.

U.S. Attorney Sellinger credited special agents of IRS – Criminal Investigation, under the direction of Special Agent in Charge Michael Montanez; special agents of the U.S. Attorney's Office for the District of New Jersey, under the direction of Special Agent in Charge Thomas Mahoney; special agents of the Social Security Administration, Office of the Inspector General, under the direction of Special Agent in Charge Sharon MacDermott; postal inspectors of the U.S. Postal Inspection Service, under the direction of Acting Inspector in Charge Raimundo Marrero; special agents of the Federal Housing Finance Agency, Office of Inspector General, under the direction of Special Agent in Charge Robert Manchak; special agents of the Board of Governors of the Federal Reserve System Consumer Financial Protection Bureau, Office of Inspector General, under the direction of Special Agent in Charge Stephen Donnelly; special agents of the Federal Deposit Insurance Corporation – Office of the Inspector General, under the direction of Special Agent in Charge Patricia Tarasca in New York; and special agents of the Department of Homeland Security, Homeland Security Investigations, under the direction of Jason J. Molina in Newark, with the investigation leading to the charges.

The government is represented by Assistant U.S. Attorneys Katherine M. Romano and David E. Dauenheimer of the U.S. Attorney's Office's Government Fraud Unit, in Newark.

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 charges and allegations contained in the complaint are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

Attachment(s):

[Download Darius.Complaint.pdf](#)

Topic(s):

Coronavirus

Component(s):

USAO - New Jersey

Press Release Number:

22-032

Updated January 28, 2022