

Ten Individuals Charged for \$950,000 COVID-19 Relief Fraud Schemes

Wednesday, October 11, 2023

For Immediate Release

Office of Public Affairs

A federal grand jury in the Western District of Tennessee returned an indictment yesterday charging 10 individuals for their roles in schemes to defraud the Economic Injury Disaster Loan (EIDL) program and the Paycheck Protection Program (PPP), federal stimulus programs authorized as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

According to court documents, the defendants allegedly obtained funds under the EIDL program and PPP by submitting false and fraudulent loan applications that collectively sought over \$950,000. The defendants are alleged to have submitted applications on behalf of businesses and entities they purportedly owned, knowing that the applications contained materially false statements and misrepresentations concerning, among other things, the purported entities' number of employees, gross revenues, costs of goods sold, average monthly payroll, and the date on which the entities were established. The defendants then allegedly used the loan funds for purposes not authorized by the EIDL program or PPP, including for personal expenses.

Below are the 10 defendants and their charges:

- Rodrick Flowers, 47, of Memphis, Tennessee, is charged with 12 counts of wire fraud. Flowers was the owner of Ezential Consulting & Management Firm LLC and Rodrick Flowers. He allegedly submitted a fraudulent EIDL application and a fraudulent PPP application on behalf of Ezential Consulting & Management Firm LLC, for which he obtained approximately \$37,000 in EIDL proceeds and approximately \$74,450 in PPP loan proceeds. Flowers also submitted or caused to be submitted eight fraudulent EIDL applications and two fraudulent PPP applications on behalf of entities owned by each of his co-defendants.

- Stephen Brown, 44, of Memphis, is charged with two counts of wire fraud. Brown was the owner and pastor of Light of Glory International Church and Stephen Brown Ministries. He allegedly submitted a fraudulent EIDL application on behalf of Light of Glory International Church and a fraudulent PPP application on behalf of Stephen Brown Ministries, for which he obtained approximately \$149,900 in EIDL proceeds.
- LaTonya Herman, 44, of Memphis, is charged with two counts of wire fraud. Herman was the owner of LaTonya Herman. She allegedly submitted a fraudulent EIDL application and a fraudulent PPP application on behalf of her business, for which she obtained approximately \$93,800 in EIDL proceeds.
- Jarvys Jones, 38, of West Memphis, Arkansas, is charged with two counts of wire fraud. Jones was the owner and pastor of The Temple of Refuge, also referred to as Temple of Refuge Inc, and Refuge. He allegedly submitted a fraudulent EIDL application on behalf of Refuge and a fraudulent PPP application on behalf of Temple of Refuge Inc, for which he obtained approximately \$20,000 in EIDL proceeds.
- Brian Mays, 40, of Olive Branch, Mississippi, is charged with one count of wire fraud. Mays was the owner of A-Mays-in-Trucking. He allegedly submitted a fraudulent EIDL application on behalf of his business, for which he obtained approximately \$107,400 in EIDL proceeds.
- Diane Moss, 60, of Blytheville, Arkansas, is charged with two counts of wire fraud. Moss was the owner of The Station, Diane's Boutique, and Diane Moss. She allegedly submitted a fraudulent EIDL application on behalf of The Station and a fraudulent PPP application on behalf of Diane Moss, for which she obtained approximately \$99,300 in EIDL proceeds and approximately \$28,420 in PPP loan proceeds.
- Mary Payne, 61, of Memphis, is charged with two counts of wire fraud. Payne was the owner of Right Now Staffing LLC. She allegedly submitted a fraudulent EIDL application and a fraudulent PPP application on behalf of her business, for which she obtained approximately \$4,000 in an EIDL advance.
- Krystal Sherrod, 34, of Memphis, is charged with one count of wire fraud. Sherrod was the owner of Krystal Sherrod. She allegedly submitted a fraudulent EIDL application on behalf of her business for which she obtained approximately \$83,300 in EIDL proceeds.
- Frederick Smith, 54, of Cordova, Tennessee, is charged with two counts of wire fraud. Smith was the owner and pastor of New Life Holiness Church. He also owned Fred Smith Ministries and Frederick Smith, and was the owner and trustee in bankruptcy for New Life Holiness BK. Smith allegedly submitted a fraudulent EIDL application on behalf of Fred Smith Ministries and a fraudulent PPP

application on behalf of New Life Holiness BK, for which he obtained approximately \$150,275 in PPP loan proceeds.

- Cleveland Wells, 65, of Memphis, is charged with two counts of wire fraud. Wells was the owner and pastor of Glory to God Ministries. He also owned Don't Worry About it Home Solutions, aka Cleveland Wells Jr. dba Don't Worry About it Home Solutions. Wells allegedly submitted a fraudulent EIDL application on behalf of Glory to God Ministries and a fraudulent PPP application on behalf of Cleveland Wells Jr. dba Don't Worry About it Home Solutions, for which he obtained approximately \$149,900 in EIDL proceeds.

If convicted, they each face a maximum penalty of 20 years in prison on each wire fraud count.

Acting Assistant Attorney General Nicole M. Argentieri of the Justice Department's Criminal Division, U.S. Attorney Kevin G. Ritz for the Western District of Tennessee, Special Agent in Charge Mark H. Morini Jr. of the Treasury Inspector General for Tax Administration (TIGTA), Special Agent in Charge Edwin Bonano of the Federal Housing Finance Agency Office of Inspector General (FHFA-OIG), and Special Agent in Charge Anand Ramlall of the Federal Deposit Insurance Corporation Office of Inspector General (FDIC-OIG) made the announcement.

TIGTA, FHFA-OIG, and FDIC-OIG are investigating the case.

Trial Attorney Ariel Glasner of the Criminal Division's Fraud Section and Assistant U.S. Attorney Carroll Andre for the Western District of Tennessee are prosecuting the case.

In May 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 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 www.justice.gov/coronavirus.

The Fraud Section leads the Criminal Division's prosecution of fraud schemes that exploit the PPP. Since the inception of the CARES Act, the Fraud Section has prosecuted over 200 defendants in more than 130 criminal cases and has seized over \$78 million in cash proceeds derived from fraudulently obtained PPP funds, as well as numerous real

estate properties and luxury items purchased with such proceeds. More information can be found at www.justice.gov/criminal-fraud/ppp-fraud.

Anyone with information about attempted fraud concerning COVID-19 is encouraged to report it to the Department of Justice by calling the National Center for Disaster Fraud Hotline at 866-720-5721 or filing an online complaint at www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form.

An indictment is merely an allegation. All defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

Updated October 11, 2023