



THE UNITED STATES ATTORNEY'S OFFICE  
MIDDLE DISTRICT *of* FLORIDA

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**Department of Justice**

U.S. Attorney's Office

Middle District of Florida

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FOR IMMEDIATE RELEASE

Tuesday, January 18, 2022

## **Palm Bay Man Sentenced To Five Years In Federal Prison For COVID Relief Fraud And Tax Fraud**

Orlando, Florida –U.S. District Judge Anne C. Conway today sentenced Johnson W. Eustache to five years in federal prison for wire fraud and aiding and assisting in the preparation of false tax returns. The court also ordered Eustache to forfeit approximately \$700,000 seized from several bank accounts, as well as real properties in Palm Bay and Poinciana, which are traceable to proceeds of the offense.

Eustache had pleaded guilty on August 3, 2021.

According to court documents, beginning in March 2020 and continuing through April 2021, Eustache submitted 13 different fraudulent applications seeking a total of more than \$2.1 million in pandemic-related emergency benefits. The fraudulent applications consisted of either Economic Injury Disaster Loan (EIDL) or Paycheck Protection Program (PPP) applications to the U.S. Small Business Administration (SBA) and PPP loan servicers and lenders. Eustache submitted some of these applications in his own name and others in the names of unwitting associates or relatives. Eustache included false statements in each of the applications regarding the applicant's criminal history, number of employees, and/or total payroll.

Eustache's materially false, fraudulent, and misleading representations caused the SBA and PPP lenders to approve and fund four PPP loans and four EIDL loans, totaling \$1,343,029.50. Eustache did not use these funds for payroll or other qualifying business expenses as promised in the loan applications. Rather, he used the funds to make personal financial investments, to purchase real estate, and to construct residential properties.

In addition, between 2017 and 2021, Eustache worked as a tax return preparer, during which time he filed 28 returns for taxpayers; those returns contained false adjustments, false income amounts, or false deductions. Eustache included these false items fraudulently to inflate the amount of the taxpayers' refunds. The false items included bogus Schedule C losses from businesses, false Schedule 1 Adjustment to Income deductions, false Household Employee income, and false W-2 wages. The total loss to the IRS as a result of the false tax returns filed by Eustache was \$87,044.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act is a federal law enacted March 2020. 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 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 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 the business spends the proceeds on these expenses within a set time period and uses at least a certain percentage of the loan toward payroll expenses.

The EIDL program is designed to provide economic relief to small businesses that are currently experiencing a temporary loss of revenue. EIDL proceeds can be used to cover a wide array of working capital and normal operating expenses, such as continuation of health care benefits, rent, utilities, and fixed debt payments. If an applicant also obtains a loan under the PPP, the EIDL funds cannot be used for the same purpose as the PPP funds.

“Not only did Eustache fraudulently file tax returns on behalf of his clients through his tax preparation business, but he also stole vital PPP loan money intended to support struggling businesses during the COVID 19 pandemic,” said IRS-Criminal Investigation Special Agent in Charge Brian Payne. “This sentence shows that stopping PPP fraudsters and unscrupulous tax preparers is a top priority for IRS-CI. With tax season starting up, taxpayers looking to avoid shady preparers and find tips on how to select a tax preparer are encouraged to visit [IRS.gov](https://www.irs.gov).”

“This case demonstrates the swift and decisive action taken by the FBI and its federal partners to protect the Payment Protection Program.”, said Special Agent in Charge of FBI Tampa Michael McPherson. “We’re taking tremendous investigative steps to ensure fraudsters don’t profit from the pandemic.”

“Using any SBA program fraudulently undermines the spirit and true intent of bolstering the backbone of the nation’s economy—small businesses,” said SBA OIG’s Eastern Region Special Agent in Charge Amaleka McCall-Brathwaite. “Our Office will remain relentless in the pursuit of fraudsters who seek to exploit SBA’s vital economic programs. I want to thank the U.S. Attorney’s Office and our law enforcement partners for their dedication and commitment to seeing justice served.” This case was investigated by the Internal Revenue Service, Federal Bureau of Investigation, and the Office of Inspector General for the Small Business Administration. It was prosecuted by Assistant United States Attorneys Chauncey A. Bratt and Amanda Daniels. The forfeiture and restitution were handled by Assistant United States Attorneys Nicole Andrejko and Julie Simonsen.

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

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**Topic(s):**

Coronavirus

Disaster Fraud

Financial Fraud

Tax

**Component(s):**

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