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Department of Justice

U.S. Attorney's Office

District of New Jersey

FOR IMMEDIATE RELEASE

Wednesday, March 2, 2022

Former Monmouth County Residents Charged with \$3.3 Million Paycheck Protection Program Fraud Scheme

NEWARK, N.J. – Two former residents of Monmouth County, New Jersey, now residing in Frisco, Texas, were arrested today for their roles in fraudulently obtaining over \$3 million in federal Paycheck Protection Program (PPP) payments, U.S. Attorney Philip R. Sellinger announced.

Jean E. Rabbitt, 51, formerly of Farmingdale, New Jersey, is charged by complaint with bank fraud, conspiracy to engage in monetary transactions in property derived from specified unlawful activity and engaging in monetary transactions in property derived from specified unlawful activity. Kevin Aguilar, 51, formerly of Farmingdale, is charged by complaint with conspiracy to engage in monetary transactions in property derived from specified unlawful activity and engaging in monetary transactions in property derived from specified unlawful activity. Rabbitt and Aguilar are scheduled to make their initial appearances by videoconference on March 3, 2022, before U.S. Magistrate Judge Kimberly C. Priest Johnson in the Eastern District of Texas.

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.

Rabbitt submitted fraudulent PPP loan applications on behalf of four businesses that she controlled. The applications contained fraudulent representations to the lenders, including a Federal Home Loan Bank

member, and the Small Business Administration (SBA), including fraudulent payroll records and tax records and false certifications as to the number of employees and gross revenue of Rabbitt's businesses. According to IRS records, none of the purported tax documents that Rabbitt submitted to the PPP lenders were, in fact, filed with the IRS. Other government records showed that, contrary to the fraudulent payroll records and certifications, Rabbitt's businesses had not in fact paid wages to any employees. Based on Rabbitt's alleged misrepresentations in the loan applications, Rabbitt's businesses received approximately \$3.33 million in federal COVID-19 emergency relief funds meant for distressed small businesses.

After Rabbitt's businesses received the PPP loans through the fraudulent applications, Aguilar created sham payroll companies. Rabbitt then wrote checks from Rabbitt's businesses to the sham payroll companies, falsely indicating on each check that the payments were for payroll. Rabbitt and Aguilar then transferred funds from the sham payroll companies to other companies that Aguilar created. Aguilar and Rabbitt then used the funds to purchase residential properties in Sherman, Texas, and to pay for personal expenses.

Rabbitt also made false and fraudulent statements and used falsified and fraudulent documents in support of applications for forgiveness of certain of the PPP loans. Based on Rabbitt's false and fraudulent certifications and documents, the SBA paid more than \$2 million dollars to lenders in connection with the fraudulent PPP loans Rabbitt obtained.

Each count of bank fraud carries a maximum penalty of 30 years in prison and a fine of \$1 million. Each count of conspiracy to engage in monetary transactions in property derived from specified unlawful activity and engaging in monetary transactions in property derived from specified unlawful activity carries a maximum penalty of 10 years in prison. The conspiracy to engage in monetary transactions in property derived from specified unlawful activity and engaging in monetary transactions in property derived from specified unlawful activity carry a maximum fine of \$250,000 or twice the gross gain to the defendant or gross loss to the victim, whichever is greatest. The court may impose an alternate fine of not more than twice the amount of the criminally derived property involved in the transaction.

U.S. Attorney Sellinger credited 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; IRS – Criminal Investigation, under the direction of Special Agent in Charge Michael Montanez; 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; and 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.

The government is represented by Assistant U.S. Attorneys Olajide Araromi and David V. Simunovich of the U.S. Attorney's Office's Government Fraud Unit, in Newark.

On May 17, 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, among other methods, 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 <https://www.justice.gov/coronavirus>.

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 defendants are presumed innocent unless and until proven guilty.

Attachment(s):

[Download RabbittAguilar.complaint.pdf](#)

Topic(s):

Coronavirus

Component(s):

[USAO - New Jersey](#)

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