



THE UNITED STATES

Department of Justice

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Nine Charged with \$24 Million COVID-Relief Fraud Scheme

Owner of Talent Management Company Charged Along with Eight Others for Seeking More than \$24 Million in Fraudulent Small Business Administration Paycheck Protection Program Loans

The owner of a Florida talent management company and four others were charged in complaints unsealed yesterday for their alleged participation in a scheme to file fraudulent loan applications seeking more than \$24 million in forgivable Paycheck Protection Program (PPP) loans guaranteed by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

The five charged defendants allegedly involved in this scheme whose complaints were unsealed yesterday are the following:

- Damion O. McKenzie, 38, of Miami Gardens, Florida, was charged in a federal criminal complaint filed on Aug. 3, 2020, in the Southern District of Florida with wire fraud, bank fraud, and conspiracy to commit wire fraud and bank fraud;
- Andre M. Clark, 46, of Miramar, Florida, was charged in a federal criminal complaint filed on Aug. 3, 2020, in the Southern District of Florida with wire fraud, bank fraud, and conspiracy to commit wire fraud and bank fraud;
- Keyaira Bostic, 31, of Pembroke Pines, Florida, was charged in a federal criminal complaint filed on Aug. 3, 2020, in the Southern District of Florida with wire fraud, bank fraud, and conspiracy to commit wire fraud and bank fraud;
- Phillip J. Augustin, 51, of Coral Springs, Florida, was charged in a federal criminal complaint filed on July 28, 2020, in the Northern District of Ohio with wire fraud, bank fraud, conspiracy to commit wire fraud and bank fraud, and obstruction;
- Wyleia Nashon Williams, 44, of Ft. Lauderdale, Florida, was charged in a federal criminal complaint filed on July 28, 2020, in the Northern District of Ohio with wire fraud, bank fraud, and conspiracy to commit wire fraud and bank fraud.

The four defendants allegedly involved in this scheme who were previously charged are the following:

- James R. Stote, 54, of Hollywood, Florida, was charged in a federal criminal complaint filed on June 24, 2020, in the Northern District of Ohio with wire fraud, bank fraud, and conspiracy to commit wire fraud and bank fraud;
- Ross Charno, 46, of Ft. Lauderdale, Florida, was charged in a federal criminal complaint filed on June 24, 2020, in the Northern District of Ohio with wire fraud, bank fraud, and conspiracy to commit wire fraud and bank fraud;

- Deon D. Levy, 50, of Bedford, Ohio, was charged in a federal complaint filed on June 8, 2020, in the Northern District of Ohio with wire fraud and conspiracy to commit wire fraud and
- Abdul-Azeem Levy, 22, of Cleveland, Ohio was charged in a federal complaint filed on June 8, 2020, in the Northern District of Ohio with wire fraud and conspiracy to commit wire fraud.

Mckenzie, Clark, and Bostic appeared yesterday before U.S. Magistrate Judge Patrick M. Hunt of the Southern District of Florida.

“The defendants allegedly participated in an extensive nationwide scheme to file at least 90 fraudulent applications for millions of dollars in PPP loans in exchange for illegal kickbacks of portions of the loan proceeds,” said Acting Assistant Attorney General Brian C. Rabbitt of the Justice Department’s Criminal Division. “These allegations reflect an organized effort by defendants to defraud the SBA’s PPP program on a large scale by stealing funds intended for legitimate small businesses suffering from economic hardships caused by the COVID-19 pandemic. The department and our law enforcement partners will continue to aggressively pursue those who would seek to illegally exploit the ongoing national emergency for their own benefit.”

“As many of our family, friends and neighbors suffered adverse economic consequences from our nation’s response to a global pandemic, these defendants were allegedly looking for ways to profit off of our collective troubles and fears,” said U.S. Attorney Justin Herdman for the Northern District of Ohio. “The Justice Department will continue to work long hours with our federal, state, and local partners to finding and prosecuting those who may have defrauded the public of funds meant to help the American economy recover from this once-in-a-century catastrophe.”

“The United States made funds available to small business owners through the Paycheck Protection Program to ensure that our communities’ local businesses and their employees financially survive this pandemic,” said U.S. Attorney Ariana Fajardo Orshan for the Southern District of Florida. “Those who defraud the program with no regard for the effect that their actions of greed will have on the small business owners and employees who legitimately need the money will be vigorously prosecuted by my office.”

“During these difficult times, while hardworking American citizens are facing a pandemic and struggling to take care of their families, crimes like these literally rob the coffers of critically needed relief funds,” said Special Agent in Charge Michael J. De Palma of the IRS Criminal Investigation (CI) Miami Field Office. “We will continue to tirelessly pursue the culprits behind these heinous schemes and bring them to justice. Any fraud of COVID-19 financial relief programs will never be tolerated.”

“As stewards of the taxpayers’ funds, the FBI and our law enforcement partners are steadfast in our efforts to ensure fraud of appropriated monies provided by the CARES Act is detected, investigated, and prosecuted,” said Assistant Director Calvin Shivers of the FBI Criminal Investigative Division.

“The reprehensible alleged actions of the defendants sought personal gain at the expense of taxpayers,” said Inspector General Hannibal “Mike” Ware of the SBA Office of Inspector General (OIG). “OIG will aggressively pursue fraud in the PPP and other SBA programs aimed at assisting the nation’s small businesses during the pandemic. I want to thank the Department of Justice and our law enforcement partners for their pursuit of justice.”

The complaints allege that Augustin, Stote, Charno, Williams, Mckenzie, Clark, and Bostic conspired with others to obtain millions of dollars in fraudulent PPP loans. Early in the scheme, Augustin allegedly obtained a fraudulent PPP loan for his company, Clear Vision Music Group LLC, using falsified documents. After submitting that application, Augustin and Williams allegedly then began to work with other co-conspirators on a scheme to submit numerous fraudulent PPP loan applications for confederate loan applicants, in order to receive kickbacks for obtaining the forgivable loans for them.

Augustin is alleged to have recruited numerous confederate PPP loan applicants using his network of business contacts from his work as a manager for professional football players, and to have monitored the progress of applications, and of the kickback wires he was expecting. Mckenzie, Clark, and Bostic are alleged to have sought PPP loans for their own companies and to have recruited other confederate PPP loan applicants in exchange for a share of the loan proceeds. Williams also allegedly assisted in the scheme, including by obtaining falsified documents to include

in PPP applications and coordinating communications among participants in the scheme to facilitate the fraudulent PPP applications.

The complaints allege that scheme involved the preparation of at least 90 fraudulent applications, most of which were submitted. Augustin, Williams, Mckenzie, Clark, Bostic, and other conspirators in the scheme are alleged to have applied for PPP loans that are together worth more than \$24 million dollars. Many of those loan applications were approved and funded by financial institutions, paying out at least \$17.4 million.

The CARES Act is a federal law enacted on March 29, 2020, designed to provide emergency financial assistance to the millions of Americans who are 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 one 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 to be entirely forgiven if the business spends the loan proceeds on these expense items within a designated period of time after receiving the proceeds and uses a certain amount of the PPP loan proceeds on payroll expenses.

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.

This case was investigated by the IRS-CI Cincinnati and Miami Field Offices, the FBI's Cleveland and Miami Field Offices, and the SBA-OIG. Trial Attorney Philip Trout of the Criminal Division's Fraud Section and Assistant U.S. Attorneys Elliot Morrison for the Northern District of Ohio and David Turken for the Southern District of Florida are prosecuting the cases. The Justice Department also acknowledges and thanks the Federal Deposit Insurance Corporation Office of Inspector General for its assistance investigating this matter.

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 year 2020 marks the 150th anniversary of the Department of Justice. Learn more about the history of our agency at www.Justice.gov/Celebrating150Years.

Attachment(s):

[Download Bostic Complaint](#)

[Download Clark Complaint](#)

[Download Mckenzie Complaint](#)

[Download Augustin Complaint](#)

[Download Stote Complaint](#)

[Download Williams Complaint](#)

[Download Charno Complaint](#)

[Download Deon Levy and Abdul-Azeem Levy Complaint](#)

Topic(s):

Coronavirus

Disaster Fraud

Component(s):

[Criminal Division](#)

[Criminal - Criminal Fraud Section](#)

[USAO - Florida, Southern](#)

[USAO - Ohio, Northern](#)

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