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EASTERN DISTRICT *of* NEW YORK

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**Department of Justice**

U.S. Attorney's Office

Eastern District of New York

FOR IMMEDIATE RELEASE

Monday, December 21, 2020

## **Brooklyn Man Arrested for \$1.9 Million Paycheck Protection Program Fraud**

### **Defendant Allegedly Fraudulently Obtained Funds Intended for Businesses Harmed by COVID-19 Pandemic and Spent \$350,000 on Luxury Vehicles**

A criminal complaint was unsealed today in federal court in Brooklyn charging Leon Miles with wire fraud in connection with his scheme to obtain over \$1.9 million from the Paycheck Protection Program (PPP) which Congress created as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Miles was arrested this morning and will make his initial appearance this afternoon before United States Magistrate Judge Vera M. Scanlon.

Seth D. DuCharme, Acting United States Attorney for the Eastern District of New York; William F. Sweeney, Jr., Assistant Director-in-Charge, Federal Bureau of Investigation, New York Field Office (FBI); Amaleka McCall-Brathwaite, Special Agent-in-Charge, Office of the Inspector General of the U.S. Small Business Administration, Eastern Region Office (SBA-OIG); and Jonathan D. Larsen, Special Agent-in-Charge, Internal Revenue Service-Criminal Investigation, New York (IRS-CI), announced the arrest and charge.

"At a time when so many are suffering from the devastating economic effects of the ongoing pandemic, Miles allegedly enriched himself at the taxpayers' expense, stealing funds that were intended by Congress to keep businesses afloat and workers on payroll," stated Acting United States Attorney DuCharme. "Together with our agency partners, this Office will bring to justice those who take advantage of a global crisis to commit such crimes."

"We continue to see people taking advantage of the Paycheck Protection Program, which was created to provide emergency financial assistance to businesses who need it during the pandemic," stated FBI Assistant Director-in-Charge Sweeney. "This type of criminal behavior is a slap in the face to all of those who play by the rules, especially while so many in our communities are suffering from the financial fallout of the pandemic. The FBI will continue to aggressively pursue those who are using the money from this taxpayer funded economic relief program to pad their own pockets. If you know of similar instances of fraud, please call us at 1-800-CALL-FBI."

"Fraudsters that have pursued personal gain at the expense of taxpayers will be brought to justice," stated SBA OIG Special Agent-in-Charge McCall-Brathwaite. "Greed has no place in SBA's programs that are intended to provide assistance to the nation's small businesses struggling with the pandemic challenges. I

want to thank the U.S. Attorney's Office and our law enforcement partners for their dedication and pursuit of justice."

"While most Americans are struggling during this pandemic, we see criminals over and over again trying to live out their dreams of a lavish lifestyle," stated IRS-CI Special Agent-in-Charge Larsen. "Miles allegedly submitted a PPP loan application for nearly \$2 million while claiming false information. He allegedly used these funds, in part, to purchase luxury vehicles. These types of actions hurt our people, our government and our country. IRS Criminal Investigation and our law enforcement partners will continue collaborating until every misappropriated PPP loan is accounted for and criminals are brought to justice."

The CARES Act is a federal law enacted on March 29, 2020 to provide emergency financial assistance in connection with economic effects of the COVID-19 pandemic. One source of relief provided by the CARES Act was the allocation of funds for the issuance of forgivable loans to small businesses for job retention and certain other expenses through the PPP. The PPP allowed qualifying small businesses to receive unsecured loans on favorable terms, which they were required to use for specified expenses, including payroll costs, interest on mortgages, rent and utilities. The PPP provided for forgiveness of the loan if recipient businesses spent the proceeds on these specified expenses within a limited time period and used a certain percentage for payroll costs.

As alleged in the complaint, in May 2020, Miles submitted an application for a \$1,904,593.00 PPP loan on behalf of a limited liability company he owns in Brooklyn, New York, falsely claiming that the company had 50 employees and a total average monthly payroll of \$761,838.00. In support of these claims, Miles submitted fraudulent personal and business tax returns and tax forms that were never filed with the IRS. In fact, he reported to the IRS no taxable income during the relevant period, and his company filed no tax returns and reported no wages paid to employees. The loan proceeds were disbursed to the defendant's personal savings account, and within days he had withdrawn hundreds of thousands of dollars, a portion of which he used to purchase a 2020 Bentley Continental for approximately \$250,000 and a 2020 Cadillac Escalade for approximately \$100,000.

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

The government's case is being prosecuted by Assistant United States Attorneys Robert M. Pollack with assistance from Assistant United States Attorney Brian D. Morris of the Office's Asset Forfeiture Section.

**The Defendant:**

LEON MILES

Age: 51

Brooklyn, New York

E.D.N.Y. Docket No. 20-MJ-1234

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**Attachment(s):**

[Download Leon Miles Complaint](#)

**Topic(s):**

Coronavirus

Financial Fraud

**Component(s):**

[USAO - New York, Eastern](#)

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