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**Department of Justice**

U.S. Attorney's Office

District of Utah

FOR IMMEDIATE RELEASE

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## **Salt Lake City Man Pleads Guilty To Fraud Counts In Connection With Getting A Paycheck Protection Program (PPP) Loan**

SALT LAKE CITY – A Salt Lake City resident pleaded guilty to charges in a five-count Felony Information in U.S. District Court Friday in connection with fraudulent representations he made to get a loan under the Paycheck Protection Program (PPP).

Michael Leroi Douros, 64, was charged with two counts of bank fraud, two counts of making a false statement to a bank, and money laundering in the Felony Information. Douros has a previous felony conviction.

"The President and Congress dedicated taxpayer funds to offer relief and hope during this extraordinarily challenging time for our nation. It is disappointing, to say the least, to see an individual use fraud and selfish motives to acquire hundreds of thousands of dollars," U.S. Attorney John W. Huber said today. "This money could have been used to help reduce the strain on other employers and their employees, who would have qualified for the funds."

The CARES Act is a federal law enacted on March 29, 2020, designed to provide emergency financial assistance to millions of Americans suffering from the economic effects caused by the COVID-19 pandemic. One source of relief provided by the CARES Act was the authorization of up to \$249 billion in forgivable loans to small businesses for job retention and certain other expenses, through the PPP. In April 2020, Congress authorized more than \$300 billion in additional PPP funding. Convicted felons and their businesses are not eligible to receive PPP loans.

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 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. The PPP application process requires applicants to submit an application form through an SBA-approved financial entity.

According to court documents filed as a part of his plea agreement, Douros made false representations to two banks in an effort to get a PPP loan for his business, Epic Rentals UT LLC. The business was

registered with the Utah Division of Corporations on June 5, 2019, with Zach Douros listed as the registered agent.

The false statements included misrepresentations about Epic Rentals' monthly payroll and the number of employees the business had; claims that his son owned 50 percent of Epic Rentals when, in fact, his son was a straw owner and did not own any portion of the business; and failure to disclose that he had been convicted of a felony in Utah and was on probation in the last five years.

Douros first filled out and submitted an application through Zions Bank. Zions Bank initially funded the PPP loan of \$198,000. However, upon further inspection of the representations in the loan application, the bank cancelled the loan transfer. Douros submitted a second PPP loan application through Cache Valley Bank, which was funded at \$239,091.67.

The money laundering conviction relates to a \$20,000 payroll check made payable to the defendant from an Epic Rentals bank account.

Sentencing in the case will be Nov. 17, 2020, at 2 p.m. before U.S. District Judge Howard C. Nielson Jr. The potential penalty for the two bank fraud counts and the two false statement to a bank counts is 30 years per count. The potential penalty for money laundering is 10 years in federal prison. He faces a potential \$1 million fine.

Assistant U.S. Attorneys in the Utah U.S. Attorney's Office are prosecuting the case. FBI special agents are investigating the 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> .

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**Topic(s):**

Financial Fraud

**Component(s):**

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