



THE UNITED STATES ATTORNEY'S OFFICE
NORTHERN DISTRICT *of* GEORGIA

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Department of Justice

U.S. Attorney's Office

Northern District of Georgia

FOR IMMEDIATE RELEASE

Thursday, August 6, 2020

Five charged in connection with alleged Paycheck Protection Program (PPP) fraud scheme

ATLANTA - Five small business owners have been indicted in connection with a fraudulent scheme to obtain nearly \$4.1 million in loan funding under the Paycheck Protection Program (PPP).

"The PPP was enacted to provide emergency financial assistance to business owners who are suffering the economic effects caused by the COVID-19 pandemic," said U.S. Attorney Byung J. "BJay" Pak. "The defendants allegedly took advantage of this critical financial assistance to fraudulently obtain funds that other small businesses desperately needed to keep their employees on the payroll. We will continue investigating and prosecuting those who seek to line their own pockets."

"The allegations against these defendants are disturbing," said Chris Hacker, Special Agent in Charge of FBI Atlanta. "Trying to defraud a federal program that provides financial assistance to companies trying to keep their heads above water during a pandemic is something we are very serious about and making every effort to stop."

"The Paycheck Protection Program is essential to survival for many small businesses during these unprecedented times," said Small Business Administration Inspector General Hannibal "Mike" Ware. "Our Office will continue to combat fraud schemes that involve using PPP funds for personal gain and greed. I want to thank the Department of Justice and our law enforcement partners for their pursuit of justice."

According to U.S. Attorney Pak, the indictment, and other information presented in court: In April and May 2020, Darrell Thomas, Andre Lee Gaines, Kahlil Gibran Green, Sr., and Bern Benoit allegedly submitted, or assisted in the submission of, PPP loan applications on behalf of five businesses – Bellator Phront Group Inc. (owned by Thomas), Gaines Reservation and Travel LLC (owned by Gaines), Impact Creations LLC (owned by Green), Transportation Management Services, Inc. (owned by Benoit), and another business – seeking a loan of approximately \$800,000 for each company.

In the loan applications, the defendants certified that each applicant business was in operation on February 15, 2020 and had employees for whom it paid salaries and payroll taxes or paid independent contractors; that the funds would be used to retain workers and maintain payroll or make mortgage interest payments, lease payments, and utility payments; and that the information provided in the application and in all supporting documents and forms was true and accurate in all material respects.

In its PPP loan application, each business allegedly reported that it had between 63 and 69 employees, and approximately \$319,000 to \$332,000 in average monthly payroll expenses. To support these payroll figures, each business's loan application was accompanied by an Internal Revenue Service Form 941, which employers use to report payroll taxes, for each quarter of 2019. With the exception of one company's reporting for one quarter, the five businesses reported an identical number of employees and an identical amount of payroll expenses for each quarter of 2019. In reality, however, none of the businesses had filed a Form 941 for any quarter in 2019 or for the first quarter of 2020. Four of the businesses also submitted with their applications fake bank statements that significantly inflated the funds in the businesses' bank accounts. Indeed, two of the businesses did not open their bank accounts until after the time period reported on the fake bank statements.

After the PPP loan proceeds were deposited into the businesses' accounts, Thomas, Gaines, Green, and Benoit transferred more than \$2,000,000 into two of Thomas's businesses: Bellator Phront Group, Inc. and Elite Executive Services, Inc. These transfers were purportedly for payroll services and rental payments, but none of the four businesses that sent money to Thomas's companies had any legitimate business transaction with either of those companies. In addition, Gaines, through Gaines Reservation and Travel LLC, transferred approximately \$335,000 to Carla Jackson's company, Management Resource Services, Inc. Those payments were purportedly for a project that Management Resource Services, Inc. would perform for Gaines Reservation and Travel LLC, but the investigation revealed that no such project existed.

Based on the investigation, none of the companies allegedly engaged in any business-related transactions or used the PPP loan proceeds for any authorized purposes. In fact, Thomas used some of the funds transferred to Bellator Phront Group Inc. to purchase two luxury vehicles for more than \$125,000 each: a Mercedes-Benz S-Class S65AMG and a Land Rover Range Rover. Jackson, meanwhile, used funds that she had received from Gaines Reservation and Travel LLC to make payments on two automobile loans. The other defendants likewise used the funds they received for various personal expenses and withdrawals. During the investigation, federal agents seized nearly \$3.1 million dollars in PPP proceeds from ten bank accounts before the Defendants could further deplete these funds, and also seized Thomas's Land Rover Range Rover.

Darrell Thomas, 34, of Duluth, Georgia, Andre Lee Gaines, 66, of Dallas, Georgia, Kahlil Gibran Green, Sr., 46, of Cleveland, Ohio, and Bern Benoit, 44, of Burbank, California, are charged with conspiracy to commit bank fraud and wire fraud, bank fraud, wire fraud, making false statements to a federally insured financial institution, and money laundering. Carla Jackson, 52, of Tucker, Georgia, is charged with money laundering. The defendants were indicted on August 4, 2020. Members of the public are reminded that the indictment only contains charges.

This case is being investigated by the Federal Bureau of Investigation, the U.S. Treasury Inspector General for Tax Administration, and the Small Business Administration-Office of the Inspector General.

Assistant U.S. Attorneys Tal Chaiken and Nathan Kitchens and Department of Justice Trial Attorney Siji Moore are prosecuting the case.

This case is part of Georgia's Coronavirus (COVID-19) Fraud Task Force, aimed at better protecting the citizens of Georgia from criminal fraud arising from the pandemic. Formed by Georgia's leading state and federal prosecutors, the task force serves to open channels of communication between partner agencies and more rapidly share information about COVID-19 fraud, while ensuring each fraud complaint is reported to the appropriate prosecuting agency. The task force member agencies include the Office of the Governor of Georgia, the Office of the Attorney General of Georgia, the U.S. Attorney's Office for the Northern District of Georgia, the U.S. Attorney's Office for the Middle District of Georgia, and the U.S. Attorney's Office for the Southern District of Georgia. Georgia's three U.S. Attorneys, the Attorney General of Georgia, and the Executive Counsel for the Governor's Office serve on the task force. If you think you are a victim of a scam

or attempted fraud involving COVID-19, contact the National Center for Disaster Fraud Hotline at 866-720-5721 or online at www.justice.gov/DisasterComplaintForm.

For further information please contact the U.S. Attorney's Public Affairs Office at USAGAN.PressEmails@usdoj.gov or (404) 581-6016. The Internet address for the U.S. Attorney's Office for the Northern District of Georgia is <http://www.justice.gov/usao-ndga>.

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