



THE UNITED STATES ATTORNEY'S OFFICE  
EASTERN DISTRICT *of* TEXAS

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**Department of Justice**

U.S. Attorney's Office

Eastern District of Texas

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FOR IMMEDIATE RELEASE

Tuesday, January 19, 2021

## **Bowie County Man Charged with \$5 Million COVID-Relief Fraud**

### **Individual Copied List of Names off the Internet and Claimed Them as Employees**

TEXARKANA, Texas – A 32-year-old Maud, Texas man has been charged with allegedly filing bank loan applications fraudulently seeking more than \$5 million dollars in forgivable loans guaranteed by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, announced Eastern District of Texas U.S. Attorney Stephen J. Cox today.

Samuel Yates was charged with two counts of wire fraud returned by a federal grand jury in Texarkana, Texas, on Jan. 14, 2021. Yates allegedly sought millions of dollars in forgivable loans guaranteed by the SBA from two different banks by claiming to have over 400 employees earning wages when, in fact, no employees worked for his purported business.

According to court documents unsealed today in U.S. District Court in Texarkana, Yates allegedly made two fraudulent applications to two different lenders for loans guaranteed by the SBA for COVID-19 relief through the PPP. In the application submitted to the first lender, Yates allegedly sought \$5 million in PPP loan proceeds by fraudulently claiming to have over 400 employees with an average monthly payroll of more than \$2 million. In the second application, Yates claimed to employ over 100 individuals and was able to obtain a loan over \$500,000. With each application, Yates submitted a list of purported employees that he obtained from a publicly available random name generator on the internet. He also submitted forged tax documents with each application.

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 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 to be forgiven if businesses spend the proceeds on these expenses within eight weeks of receipt and use at least 75 percent of the forgiven amount for payroll.

A federal criminal indictment is merely an accusation. A defendant is presumed innocent unless and until proven guilty.

This case was investigated by the SBA Office of Inspector General, and U.S. Postal Inspection Service. Trial Attorney Louis Manzo of the Criminal Division's Fraud Section and Criminal Chief Frank Coan and Assistant U.S. Attorney Jonathan R. Hornok for the Eastern District of Texas are prosecuting the case.

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**Topic(s):**

Health Care Fraud

**Component(s):**

Office of the Inspector General

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