



**Department of Justice**

Office of Public Affairs

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Thursday, July 22, 2021

## **Los Angeles Man Arrested for \$27 Million PPP Fraud Scheme**

A California man was arrested today in Los Angeles on criminal charges related to his alleged bank fraud, false statements in a loan application and money laundering arising from the submission of fraudulent applications for Paycheck Protection Program (PPP) funds.

According to court documents, Robert Benlevi, 52, of Encino, submitted 27 bank loan applications to four banks between April and June 2020 on behalf of eight companies solely owned by Benlevi. In the applications, Benlevi allegedly sought a total of \$27 million in forgivable PPP loans guaranteed by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. In his fraudulent applications, Benlevi allegedly represented that each of his companies had 100 employees and average monthly payroll of \$400,000, even though he knew that the companies did not have any employees or payroll expenses. Benlevi also submitted fabricated IRS documents falsely stating that each of the companies had an annual payroll of \$4,800,000.

The indictment alleges that based on Benlevi's fraudulent loan applications, three of Benlevi's companies — 1Stellar Health LLC, Bestways2 Health LLC, and Joyous-Health4U LLC — obtained \$3 million in PPP funds. Although Benlevi falsely represented that the funds sought through the PPP loan applications would be used to pay payroll and certain other business expenses, he instead used them for personal expenses, including cash withdrawals, payments on his personal credit cards, and transfers to other personal and business accounts he controlled, the indictment alleges. In a single day, Benlevi withdrew from the Bestways2 Health account \$248,000 of PPP funds in cashier's checks, which were deposited into other accounts that Benlevi controlled.

Benlevi is charged with six counts of bank fraud, six counts of false statements in a loan application and four counts of money laundering. Each count of bank fraud and false statements in a loan application carry a maximum penalty of 30 years in federal prison, and the money laundering counts each carry a maximum penalty of 10 years. A federal district court judge will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors.

Assistant Attorney General Kenneth A. Polite Jr. of the Justice Department's Criminal Division; Acting U.S. Attorney Tracy L. Wilkison for the Central District of California; Assistant Director in Charge Kristi Koons Johnson of the FBI's Los Angeles Field Office; Special Agent in Charge Jeffrey D. Pittano of the Federal Deposit Insurance Corporation Office of Inspector General (FDIC OIG); and Special Agent in Charge Weston King of the SBA OIG Western Region made the announcement.

The FBI, SBA OIG and FDIC OIG are investigating the case.

Trial Attorneys Emily Culbertson and Helen Lee of the Criminal Division's Fraud Section are prosecuting the case.

The Fraud Section leads the department's prosecution of fraud schemes that exploit the PPP. In the months since the PPP began, Fraud Section attorneys have prosecuted more than 100 defendants in more than 70 criminal cases. The Fraud Section has also seized more than \$65 million in cash proceeds derived from fraudulently obtained PPP funds, as well as numerous real estate properties and luxury items purchased with such proceeds. More information can be found at: <https://www.justice.gov/criminal-fraud/ppp-fraud>.

The CARES Act, which was enacted on March 29, 2020, was 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%. 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.

On May 17, the Attorney General established the COVID-19 Fraud Enforcement Task Force to marshal the resources of the Department of Justice in partnership with agencies across government to enhance efforts to combat and prevent pandemic-related fraud. The Task Force bolsters efforts to investigate and prosecute the most culpable domestic and international criminal actors and assists agencies tasked with administering relief programs to prevent fraud by, among other methods, augmenting and incorporating existing coordination mechanisms, identifying resources and techniques to uncover fraudulent actors and their schemes, and sharing and harnessing information and insights gained from prior enforcement efforts. For more information on the department's response to the pandemic, please visit <https://www.justice.gov/coronavirus> .

Anyone with information about allegations of fraud related to 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> .

*An indictment is merely an allegation, and all defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.*

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Disaster Fraud

Financial Fraud

**Component(s):**

Criminal Division

Criminal - Criminal Fraud Section

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