

PRESS RELEASE

Man Charged with Defrauding Elderly Homeowners and COVID-19 Relief Programs

Tuesday, August 22, 2023

For Immediate Release

U.S. Attorney's Office, Eastern District of Virginia

RICHMOND, Va. – A Freeman man had his initial appearance today on charges of wire fraud, filing a false tax return, tax evasion, and making false statements to a financial institution.

According to the indictment, Howard Lee Stith Jr., 41, allegedly perpetrated a scheme to defraud elderly homeowners in the Richmond Metro area by appearing at their homes and claiming that their slate roofs needed extensive repairs, which Stith offered to provide on a price-per-foot or price-per-material basis. Thereafter, Stith purported to provide the promised services, but, in truth, Stith performed minimal work of poor quality while charging homeowners exorbitant fees. Allegedly, Stith targeted the same homeowners over months and years, returning unsolicited and claiming the homeowners' roofs needed further repairs. To substantiate the excessive amounts he charged, Stith allegedly created false invoices and misleading receipts, which he provided to various homeowners. From at least 2015 through the present time, Stith is alleged to have fraudulently obtained at least \$1.5 million from elderly homeowners in connection with this scheme.

According to allegations in the indictment, Stith failed to report to the Internal Revenue Service (IRS) the income he obtained from this scheme by filing a false tax return in 2018; failing to file tax returns in 2019, 2020, and 2021; and taking affirmative acts to evade the assessment of income tax between 2019 and 2021. Specifically, Stith allegedly directed homeowners to pay him by personal check and then conducted a series of transactions to convert the check into cash without making deposit records. Having thereby concealed the nature and source of his income, Stith thereafter dealt heavily in cash. After learning he was under federal investigation, Stith allegedly began directing homeowners to write personal checks to others to further conceal his receipt of such payments. Through this

conduct, Stith evaded the assessment of income tax in the alleged amount of at least \$575,000 for tax years 2018 through 2021.

According to further allegations in the indictment, Stith also used cash from his roofing scheme to make large payments on high end cars. When applying to finance some of these vehicles with a local credit union, Stith is alleged to have prepared and provided false tax returns that reported significantly more income than he had claimed in the returns filed with the IRS for those same years. As a result, the credit union approved and funded multiple loans totaling at least \$130,000.

Finally, according to the allegations, after the onset of the COVID-19 pandemic, Stith applied for and received relief funds to which he was not actually entitled. First, Stith applied for multiple Economic Injury Disaster Loans (EIDL) on behalf of various businesses, including a roofing business. These applications included materially false statements about each business's gross income and number of employees. Based on these material misrepresentations, Stith obtained at least \$112,000 in EIDL funds to which he was allegedly not entitled. Stith also applied for and received at least \$13,000 in unemployment insurance benefits (UI), allegedly falsely claiming that he was not working, not self-employed, and not receiving money from any source. It is alleged that Stith received tens of thousands of dollars from elderly homeowners during the period in which he falsely claimed entitlement to unemployment.

Stith is charged with wire fraud, filing a false tax return, evading the assessment of income tax, failing to file income tax returns, and making false statements to a financial institution. If convicted, he faces a maximum penalty of 30 years in prison. Actual sentences for federal crimes are typically less than the maximum penalties. A federal district court judge will determine any sentence after taking into account the U.S. Sentencing Guidelines and other statutory factors.

Jessica D. Aber, U.S. Attorney for the Eastern District of Virginia; Kyo Dolan, Special Agent in Charge of the U.S. Secret Service's Richmond Field Office; Kareem A. Carter, IRS Criminal Investigation Acting Special Agent in Charge of the Washington D.C. Field Office; Stanley M. Meador, Special Agent in Charge of the FBI's Richmond Field Office; Troy W. Springer, Acting Special Agent in Charge, National Capital Region, U.S. Department of Labor, Office of Inspector General; and Amaleka McCall-Brathwaite, Eastern Region Special Agent in Charge for the Small Business Administration, Office of Inspector General, made the announcement.

Assistant U.S. Attorneys Kaitlin G. Cooke and Kashan K. Pathan are prosecuting the case.

Combatting elder abuse and financial fraud targeted at seniors is a key priority of the Department of Justice. Elder abuse is an intentional or negligent act by any person that causes harm or a serious risk of harm to an older adult. It is a term used to describe five subtypes of elder abuse: physical abuse, financial fraud, scams and exploitation, caregiver neglect and abandonment, psychological abuse, and sexual abuse. Elder abuse is a serious crime against some of our nation's most vulnerable citizens, affecting at least 10 percent of older Americans every year. Together with our federal, state, local and tribal partners, the Department of Justice is steadfastly committed to combatting all forms of elder abuse and financial exploitation through enforcement actions, training and resources, research, victim services, and public awareness. This holistic and robust response demonstrates the Department's unwavering dedication to fighting for justice for older Americans.

Anyone who believes they have been harmed by Stith's criminal actions may contact the U.S. Attorney's Office Victim Witness Coordinator by calling 804-819-7429.

A copy of this press release is located on the website of the [U.S. Attorney's Office](#) for the Eastern District of Virginia. Related court documents and information are located on the website of the [District Court](#) for the Eastern District of Virginia or on [PACER](#) by searching for Case No. 3:23-cr-110.

An indictment is merely an accusation. The defendant is presumed innocent until proven guilty.

Contact

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