

Department of Justice
U.S. Attorney's Office
Eastern District of Virginia

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EDVA Takes Action Against COVID-19 Fraud in 2022

ALEXANDRIA, Va. – Today, Jessica D. Aber, United States Attorney for the Eastern District of Virginia (EDVA), announced an update on the U.S. Attorney's Office's criminal and civil enforcement efforts to combat COVID-19 related fraud, including schemes targeting the Paycheck Protection Program (PPP), Economic Injury Disaster Loan (EIDL) program, and Unemployment Insurance (UI) programs.

“Our country has been dealing with the aftermath of the COVID-19 pandemic for over two years now, but there is still considerable work to be done,” said Aber. “We continue to uncover more CARES Act fraud almost every day. The COVID landscape has changed dramatically in the past year but what has not changed is our dedication to recovering every possible dollar defrauded from these programs. We will continue to use a range of civil and criminal tools, in addition to interagency partnerships, to meet this goal.”

Since the start of 2022, EDVA has charged over 50 defendants in at least 26 cases of fraud schemes connected to the COVID-19 pandemic. These cases involve attempts to defraud almost \$125 million from the U.S. government. The success of these cases reflects a degree of reach, coordination, and expertise emblematic of EDVA's and the Justice Department's response to COVID-19-related fraud.

In March 2020, Congress passed a \$2.2 trillion economic relief bill known as the Coronavirus Aid, Relief, and Economic Security (CARES) Act, designed to provide emergency financial assistance to the millions of Americans who are suffering the economic effects caused by the COVID-19 pandemic. Anticipating the need to protect the integrity of these taxpayer funds and to otherwise protect Americans from fraud related to the COVID-19 pandemic, the Department of Justice immediately stood up multiple efforts dedicated to identifying, investigating, and prosecuting such fraud.

On criminal matters, EDVA's efforts to combat COVID-19-related fraud schemes in 2022 have proceeded on numerous fronts, including:

- **Paycheck Protection Program (PPP) fraud:** The PPP fraud cases charged in EDVA this year involve a range of conduct, from individual business owners who inflated their payroll expenses to obtain larger loans than they otherwise would have qualified for, to a serial fraudster applying for multiple loans using false claims about business entities and income. Some charged defendants misappropriated loan proceeds for prohibited purposes, such as the purchase of houses, cars, jewelry, and other luxury items. In one case, [U.S. v. Quin Ngoc Rudin](#), the Secretary, Director and CFO of a tax preparation business filed over 80 fraudulent PPP loan applications seeking over \$100 million.
- **Economic Injury Disaster Loans (EIDL) fraud:** EDVA has also focused on fraud against the EIDL program, which was designed to provide loans to small businesses, agricultural and non-profit entities. Nationally, fraudsters have targeted the program by applying for EIDL advances and loans on behalf of ineligible, newly created, shell, or non-existent businesses, and diverting the funds for illegal purposes. In [U.S. v. Darakshan](#), the defendants wrongfully obtained over \$3 million, which they used

to invest in the stock market, fund a home construction project, travel to Cancun, purchase a car, and pay other personal expenses.

- **Unemployment Insurance (UI) fraud:** Due to the COVID-19 pandemic, since March 2020 through April 2022, [DOL-OIG reports](#) nationally roughly \$16 billion paid in potentially fraudulent UI benefits. Early investigation and analysis indicate that international organized criminal groups have targeted these funds by using stolen identities to file for UI benefits. Domestic fraudsters, ranging from identity thieves to prison inmates, have also committed UI fraud. In [U.S. v Huffman](#), the defendant operated a fraud scheme to obtain over \$2 million in pandemic-related unemployment benefits from multiple state workforce agencies, such as the Virginia Employment Commission (VEC).

EDVA has also used numerous civil tools to address fraud in connection with CARES Act programs. For example, EDVA obtained a civil settlement of \$107,347 to resolve allegations [that Latifa Brooks, of Superb Movers, Inc.](#), received two PPP loans and subsequently fraudulently obtained forgiveness on both loans. Another civil settlement of \$31,000 with [Zen Solutions Inc.](#) was obtained this year to resolve allegations that it violated the False Claims Act by obtaining more than one PPP loan.

“The many cases included in this announcement highlight the unwavering commitment of the federal law enforcement community to hold accountable those who chose to defraud vital pandemic relief programs intended to help individuals through a challenging health and economic crisis,” said Troy W. Springer, Acting Special Agent in Charge, Washington Region, U.S. Department of Labor, Office of Inspector General (DOL-OIG). “As the primary federal agency responsible for investigating fraud against the Unemployment Insurance program, the Office of Inspector General is committed to supporting the prosecution of those who seek to undermine the integrity of the program. I want to thank U.S. Attorney Aber, the U.S. Attorney’s Office for the Eastern District of Virginia, the Virginia Employment Commission, and our other law enforcement partners for their invaluable support of our mission.”

“The COVID-19 pandemic was one of America’s most vulnerable moments. Many businesses and individuals needed federal emergency assistance to stay afloat, but some fraudsters saw it as an opportunity to enrich themselves instead,” said Brian Dugan, Special Agent in Charge of the FBI Norfolk Field Office. “Our work through 2022 highlights the FBI and our partners’ dedication to finding those who commit pandemic-related fraud and hold them accountable for their crimes.”

“Over the past two years, the FBI and our partners have relentlessly identified and investigated those who have defrauded the programs designed to assist those who were in need during the COVID-19 pandemic,” said Wayne A. Jacobs, Special Agent in Charge of the FBI Washington Field Office’s Criminal and Cyber Division. “We remain steadfast in our commitment to holding those accountable who attempt to fleece the government for their own personal benefit.”

“The COVID-19 pandemic created an unprecedented opportunity for fraudsters to prey on the very programs designed to provide economic stability to businesses and individuals during this crisis,” said Stephen Farina, Acting Special Agent in Charge of the FBI Richmond Field Office. “The FBI is committed to investigating fraudulent activity and working with our partners to hold accountable those who flagrantly disregard the purpose and need of these programs for the sustainability of our community’s economy.”

“Through focused collaboration with law enforcement partners, fraudsters that stole from SBA programs and American taxpayers are being brought to justice,” said the Small Business Administration Office of the Inspector General’s Eastern Region Special Agent in Charge Amaleka McCall-Brathwaite. “OIG is committed to rooting out bad actors and protecting the integrity of SBA

programs. I want to thank the U.S. Attorney’s Office and our law enforcement partners for their dedication and pursuit of justice.”

“Postal Inspectors have worked aggressively to investigate all types of pandemic related frauds occurring via the U.S. Mail. Our continued commitment to investigate these frauds will bring the offenders to justice and serves as a deterrent to those who attempt to exploit these benefit programs,” said Damon E. Wood, Inspector in Charge of the U.S. Postal Inspection Service’s (USPIS) Washington Division.

“The COVID-19 pandemic has presented law enforcement with a new and changing criminal environment,” said Acting Special Agent in Charge Derek W. Gordon of Homeland Security Investigations Washington, D.C. “Since the COVID-19 pandemic began, fraud has become the ‘go-to crime’ for many perpetrators. Whether it means preventing fraudsters from selling counterfeit treatments, vaccinations, and protective equipment; or abolishing fraudulent websites deceiving the public; or prosecuting financial criminals attempting to defraud the American public; HSI will continue to adapt in order to respond to the evolving criminal environment ushered in by this pandemic. We remain vigilant in our mission to protect the members of our communities from any type of threat.”

“IRS Criminal Investigation and our law enforcement partners will not tolerate criminal exploitation of this national emergency for personal gain,” said Cynthia L. Hearn, IRS Criminal Investigation Acting Special Agent in Charge of the Washington D.C. Field Office. “To take advantage of governmental programs designed for those truly in need during the COVID-19 pandemic is incomprehensible and despicable. Those who do so will be investigated and prosecuted to the fullest extent of the law.”

Some of the major COVID-19-related cases prosecuted by EDVA in 2022 are as follows:

Case	Case number	Program Targeted	Intended Loss to Taxpayer
US v. Rudin	1:22-cr-46	PPP	\$100,000,000
US v. Mitchum*	4:22-cr-47	EIDL, PPP, UI	\$5,807,577
US v. Darakhshan	1:22-cr-22	PPP, EIDL	\$3,500,000
US v. Huffman	3:22-cr-8	UI	\$3,500,000
US v. Mitchell	3:22-cr-44	PPP, EIDL, UI	\$1,800,000
US v. Mathews	3:22-cr-43	PPP	\$1,700,000

US v. Wilhoit*	1:22-cr-191	UI	\$1,500,000
US v. Rosser*	4:22-cr-91	PPP, EIDL	\$1,164,999
US v. Parker	2:22-cr-10	UI	\$760,921
US v. Obadeyi*	1:22-cr-102	EIDL	\$438,000
US v. Crockett*	3:22-cr-32	UI	\$318,727
US v. Smith	3:22-cr-20	UI	\$223,984
US v. Carter	4:22-cr-60	PPP, UI	\$176,829
US v. Jenkins	4:21-cr-69	UI	\$141,632
US v. Jafari*	1:22-cr-197	PPP	\$124,000
US v. Sherwood	3:22-cr-73	UI	\$109,000
US v. Hargrove*	4:22cr49	PPP	\$79,165
US v. Davis	4:22-cr-45	UI	\$66,232
US v. Kokolis	2:21-cr-55	PPP	\$54,112
US v. Ward	2:22-cr-111	UI	\$27,000
US v. Toro	4:22-cr-1	UI, EIDL	\$16,910

**pending sentencing*

In addition to these efforts, last year, the Newport News Financial Crimes Task Force, led by the USPIS and in partnership with EDVA, the FBI Norfolk Field office through its Resident Agency in Newport News, and the Washington Regional Office of DOL-OIG, launched a joint pandemic counter-fraud

operation focused on the Virginia Peninsula region. This collaborative initiative targets the trend of criminal organizations and networks incorporating pandemic-related fraud into their other illegal activities. As of October, this operation has resulted in 30 arrests of suspected fraudsters, 24 of whom have been convicted and sentenced, and \$1,561,840 of court-ordered restitution.

All these efforts have been made possible through the diligent work of a wide range of law enforcement partners from the FBI (Washington, Norfolk and Richmond Field Offices), DOL-OIG, Department of Homeland Security, USPIIS, the International Revenue Service, Criminal Investigations (IRS-CI), and the Office of the Inspector General of the SBA.

On May 17, 2021, 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 the government to enhance efforts to combat and prevent pandemic-related fraud. The Virginia Coronavirus Fraud Task Force is a federal and state partnership led by the Eastern and Western Districts of Virginia along with fraud investigators from the FBI and Virginia State Police. The task force's mission is to identify, investigate, and prosecute fraud related to the ongoing pandemic. The task force reviews and investigates all credible leads of fraud associated with COVID-19, focusing on schemes to exploit vulnerable populations, including the elderly and concerned citizens.

EDVA continues its fight against COVID-19 related fraud. To report a COVID-19-related fraud scheme or suspicious activity, contact the National Center for Disaster Fraud (NCDF) by calling the NCDF Hotline at 1-866-720-5721 or via the NCDF Web Complaint Form at <https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form>.

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.

Topic(s):

Coronavirus
Financial Fraud

Component(s):

[Federal Bureau of Investigation \(FBI\)](#)
[USAO - Virginia, Eastern](#)

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