

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

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Department of Justice

U.S. Attorney's Office

Eastern District of Tennessee

FOR IMMEDIATE RELEASE

Friday, September 10, 2021

Knoxville Man Pleads Guilty To Scheme To Defraud The Small Business Administration's COVID-19 Economic Relief Programs

KNOXVILLE, Tenn. – On September 9, 2021, James Waylon Howell, 39, currently of Knoxville, Tennessee, entered a guilty plea to one count of wire fraud and one count of money laundering in the United States District Court for the Eastern District of Tennessee at Knoxville.

Sentencing has been set for January 13, 2022, at 9:45 am, before the Honorable R. Leon Jordan, in the United States District Court at Knoxville. Howell faces a term of imprisonment of up to 20 years, a fine of up to \$250,000, and a term of supervised release of up to three years. Under the terms of the written plea agreement, Howell has agreed to pay restitution to the victims of his fraud in the amount of \$69,354.88.

As part of the written plea agreement, Howell waived an indictment by a Federal Grand Jury and agreed to plead guilty to one count of wire fraud, in violation of 18 U.S.C. §1343, and one count of money laundering, in violation of 18 U.S.C. §1957.

According to the plea agreement, beginning on or about April 1, 2020, and continuing through the end of June 2020, Howell applied for four loans totaling \$154,700 through the Small Business Administration's Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL) program. Howell submitted false and fraudulent applications under the names of two companies that did not qualify for the Covid-19 relief funds that Howell sought. Howell submitted two fraudulent applications to financial institutions seeking PPP funds and two fraudulent applications to the Small Business Administration seeking EIDL funds. As part of his fraud scheme, Howell submitted false supporting records and made false statements about the number of individuals the companies employed, the revenue generated, and the wages paid. Howell also made false statements about the corporate entities and the intended use of the loan proceeds.

The plea agreement reflects that Howell submitted an online application to the Small Business Administration in the name of Advanced Strategy Holdings, LLC, seeking \$83,800 in EIDL funds. On the application and in the supporting documents, Howell falsely claimed that Advanced Strategy Holdings employed four individuals, generated \$700,000 in gross revenue, incurred \$0 in cost of goods sold, and paid wages of \$440,000 in the 12 months preceding the Covid-19 pandemic. These claims were all false. In further support of the application, Howell

submitted fabricated Internal Revenue Service documents. After receiving the loan proceeds from the Small Business Administration, Howell transferred the proceeds to his personal bank account, knowing that the

loan proceeds were obtained fraudulently.

This case is the result of an investigation conducted by the FBI and the Internal Revenue Service's Criminal Investigation division.

The case is being prosecuted by Assistant U.S. Attorney William A. Roach, Jr.

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 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 attempted fraud involving COVID-19 can report it by calling the Department of Justice's National Center for Disaster Fraud (NCDF) Hotline at 866-720-5721 or via the NCDF Web Complaint Form at: <https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form>.

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Topic(s):

Consumer Protection
Financial Fraud

Component(s):

USAO - Tennessee, Eastern

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