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**Department of Justice**

U.S. Attorney's Office

District of New Jersey

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FOR IMMEDIATE RELEASE

Wednesday, April 21, 2021

## **Middlesex Man Admits Paycheck Protection Program Fraud Scheme and Obtaining Funds from a Deposited Stolen and Altered U.S. Treasury Check**

TRENTON, N.J. – A Middlesex County, New Jersey, man today admitted fraudulently receiving Payment Protection Program (PPP) funds and depositing a stolen and altered U.S. Treasury check, Acting U.S. Attorney Rachael A. Honig announced today.

Bernard Lopez, 40, pleaded guilty by videoconference before U.S. District Judge Peter G. Sheridan to an information charging him with one count each of bank fraud and theft of government funds.

According to the documents filed in this case and statements made in court:

Lopez devised a scheme to commit bank fraud through which a stolen and altered U.S. Treasury check was deposited into a corporate bank account Lopez created in the name of Pezlo Management LLC. The check was altered to be made payable to Pezlo in the amount of \$211,886 and was then deposited into Pezlo's corporate bank account. Lopez later withdrew or transferred the stolen proceeds from Pezlo's bank account before the bank could detect the fraud.

On June 24, 2020, Lopez caused to be submitted a fraudulent PPP loan application to a lender on behalf of Company-1, a purported business that Lopez controlled. The Small Business Administration oversees the PPP, which is designed to provide forgivable loans to small businesses affected by the coronavirus pandemic. Applicants for PPP loans apply directly to banks or financial institutions participating in the program; in those applications, applicants make affirmative certifications about their average monthly payroll expenses and number of employees. Applicants also certify their intent to spend PPP proceeds on permissible business expenses, such as payroll costs, rent, utilities, and interest on mortgages. PPP loans may be entirely forgiven if the recipient spends the loan proceeds on these permissible expenses within a designated period after receiving the proceeds.

Lopez's PPP application falsely represented that Company-1 employed 25 employees, had a monthly payroll expense of approximately \$192,000, and had mortgage/lease and utilities expenses. Company-1 did not, in fact, employ any employees, nor did it incur payroll or utility expenses. Based on Lopez's misrepresentations, the lender approved Lopez's PPP loan application and provided Lopez's purported

business with \$481,502 in federal COVID-19 emergency relief funds meant for distressed small businesses. Lopez then converted a portion of the proceeds for his own use.

The count of bank fraud is punishable by a maximum penalty of 30 years in prison and a \$1 million fine, or twice the gross gain to the defendant or gross loss to the victim, whichever is greater. The count of theft of government funds is punishable by a maximum of 10 years in prison and a fine of up to \$250,000, or twice the gross gain or loss from the offense, whichever is greater. Sentencing is scheduled for Oct. 6, 2021.

Acting U.S. Attorney Honig credited special agents and task force officers of the U.S. Department of the Treasury-OIG, under the direction of Assistant Inspector General for Investigations Sally D. Luttrell, with the investigation leading to the charges. She also thanked special agents of the Department of Homeland Security, Homeland Security Investigations, under the direction of Special Agent in Charge Jason J. Molina in Newark, and special agents of the Federal Deposit Insurance Corporation Office of Inspector General, under the direction of Special Agent in Charge Patricia Tarasca for assistance.

The government is represented by Assistant U.S. Attorney Perry Farhat of the Government Fraud Unit of the U.S. Attorney's Office's Criminal Division in Newark.

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**Attachment(s):**

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**Topic(s):**

Coronavirus

**Component(s):**

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