

THE UNITED STATES ATTORNEY'S OFFICE
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Department of Justice

U.S. Attorney's Office

Northern District of Georgia

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Owner of tax preparation business and wife plead guilty to committing millions in COVID-19-related fraud and tax fraud

ATLANTA - Tiyari Collins and Farah Collins, husband and wife, have pleaded guilty to defrauding the U.S. Small Business Administration ("SBA") by obtaining approximately \$1.9 million in fraudulent loans from the Paycheck Protection Program ("PPP") and Economic Impact Disaster Loan ("EIDL") program. Tiyari Collins, who owned and operated Collins Financial Services Group, a tax-preparation business based in metro Atlanta, also pleaded guilty to filing thousands of fraudulent tax returns resulting in a loss of at least \$3.8 million to the IRS.

"The fraud here is outrageous," said U.S. Attorney Kurt R. Erskine. "Tiyari Collins defrauded the federal government amid a historic pandemic. It is unconscionable that he and his wife stole from government programs designed to support small businesses and their employees struggling as result of COVID-19 pandemic."

"These guilty pleas are a victory for the American taxpayers," said IRS-Criminal Investigation Special Agent in Charge James E. Dorsey. "It's unfortunate that criminals continue to abuse the funds set aside to aid those impacted by the COVID-19 Pandemic. IRS-CI will continue to use our financial expertise to identify fraud, trace the funds, and bring the criminals to justice."

"The Collins family greedily lined their pockets with stolen government funds intended to provide relief to small businesses and employees during the COVID-19 pandemic," said Chris Hacker, Special Agent in Charge of FBI Atlanta. "Their actions affect every tax paying citizen, in particular those who need help most. The FBI will make every effort to ensure federal funds are used as intended."

According to U.S. Attorney Erskine, the charges and other information presented in court: The Coronavirus Aid, Relief, and Economic Security Act ("CARES") is a federal law enacted on March 29, 2020. It is 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. Additional funding was authorized by Congress in December 2020.

The PPP allows qualifying small businesses and other organizations to receive loans with a maturity of two years and an interest rate of one percent. 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.

In addition to the PPP, Congress also expanded the SBA's EIDL Program to provide small businesses with low-interest loans of up to \$2 million prior to in or about May 2020 and up to \$150,000 beginning in or about May 2020. The purpose of these loans was to provide vital economic support to help overcome the loss of revenue small businesses are experiencing due to COVID-19. Applicants seeking a loan under the EIDL program were also permitted to request and receive an advance of approximately \$1,000 per employee, for an amount up to \$10,000, which the SBA has generally provided while the loan application was pending.

Tiyari Collins submitted applications for six fraudulent PPP loans and five fraudulent EIDL loans between approximately May 1, 2020 and June 30, 2020, totaling more than \$1.9 million. Farah Collins was involved in submitting four of these fraudulent applications and received approximately \$365,000 in the fraudulently distributed PPP and EIDL funds.

In the fraudulent PPP and EIDL loan applications, the Collinses falsely represented, among other things, the company's average monthly payrolls, the number of employees working for the relevant company, and the company's revenues. The Collinses also submitted false tax returns in connection with several of these applications. Tiyari Collins paid another individual to prepare the fraudulent payroll reports that were submitted as part of the applications. For example, Tiyari Collins asked this individual to prepare a fraudulent payroll report showing total yearly wages to be approximately \$850,000 for Collins Financial Services Group, LLC ("CFSG") and to make up employees if necessary.

The Collinses owned or controlled the following entities that sought these fraudulent PPP and EIDL loans:
CFSG

- Collins Investment Services Group, LLC
- Collins Platinum Car Services, LLC
- Fab Financial Business Solutions
- Tax Dragon Professional Network LLC
- T&F Investment Group
- Tiyari Collins Agency, LLC

The Collinses used the fraudulently obtained funds for unauthorized expenditures, including spending hundreds of thousands of dollars on luxury goods, personal credit card bills, and office furnishings.

After the fraud was discovered, federal agents were able to seize approximately \$588,900 of the fraudulent proceeds.

Separately, Tiyari Collins, through his tax preparation business, CFSG, filed and caused to be filed thousands of fraudulent federal tax returns between approximately January 2015 and April 2020, resulting in over \$3.8 million in losses to the IRS. Tiyari Collins inflated the refunds for his clients by, among other ways, fraudulently claiming they qualified for certain Form 3800 Business Credits and by filing fraudulent Schedule Cs to reduce his clients' taxable income. CFSG's clients never authorized Tiyari Collins to include this materially false information in their federal tax returns. Agents from the Internal Revenue Service Criminal Investigation were able to detect and confirm this massive tax fraud, in part, with information provided by the IRS's Scheme Detection Center, which had identified a pattern of suspicious returns that were connected to Tiyari Collins and his tax preparation businesses, by conducting an undercover operation, and with

information obtained as a result of executing a federal search warrant at CFSG's place of business in June 2020.

Tiyari Collins pleaded guilty to one count of conspiracy to commit wire fraud and one count of aiding and assisting in the preparation of a false tax return. Farah Collins pleaded guilty to one count of conspiracy to commit wire fraud.

Sentencing for Tiyari Collins, 38, and Farah Collins, 41, both of Atlanta, Georgia, is scheduled for March 15, 2022, at 9:30 a.m. and 11:30 a.m., respectively, before U.S. District Judge William M. Ray II

This case is being investigated by the Internal Revenue Service Criminal Investigation and Federal Bureau of Investigation.

Assistant U.S. Attorneys Alex R. Sistla and Thomas J. Krepp are prosecuting the case.

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>.

For further information please contact the U.S. Attorney's Public Affairs Office at USAGAN.PressEmails@usdoj.gov or (404) 581-6016. The Internet address for the U.S. Attorney's Office for the Northern District of Georgia is <http://www.justice.gov/usao-ndga>.

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