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Department of Justice

U.S. Attorney's Office

Western District of Arkansas

FOR IMMEDIATE RELEASE

Friday, April 9, 2021

Hot Springs Man Pleads Guilty To Charges In Connection With Obtaining Coronavirus Relief Funds

Hot Springs, Arkansas – David Clay Fowlkes, Acting United States Attorney for the Western District of Arkansas, announced that **James Heritage**, age 38, of Hot Springs, Arkansas, pleaded guilty today to two charges stemming from his attempts to unlawfully obtain COVID-19 relief funds. The first count charged **Heritage** with making a false statement on a loan application to obtain money through the Small Business Administration's Paycheck Protection Program (PPP) and the second count is one count of mail fraud, in connection with a scheme to collect Pandemic Unemployment Assistance (PUA), a form of supplemental unemployment insurance, from various state PUA administrators.

According to the plea agreement, **Heritage** received a PPP loan of approximately \$180,000 by representing to the Small Business Administration that he was the owner of a Hot Springs business in need of financial assistance. Law enforcement discovered that the represented business did not exist, and the information in **Heritage's** loan application was false. Agents also discovered that **Heritage** had applied for, and in many cases received, PUA benefits from state administrators in at least 40 different states and the District of Columbia, resulting in **Heritage** receiving approximately \$350,000 in these benefits.

Heritage's sentencing will be determined by the court at a later date, following the U.S. Probation Office's completion of a presentence investigation. Based on his guilty plea, the maximum penalty on Count 1 includes imprisonment up to five years and a fine of up to \$250,000, and on Count 2 includes up to 30 years imprisonment and a fine of \$1,000,000.

The PPP allows qualifying small-businesses and other organizations to receive loans with a maturity of two years and an interest rate of 1%. PPP loan proceeds must be used by businesses on payroll costs, interest on mortgages, rent, and utilities. The PPP allows the interest and principal on the PPP loan to be forgiven if the business spends the loan proceeds on these expense items within a designated period of time after receiving the proceeds and uses at least a certain percentage of the PPP loan proceeds on payroll expenses.

The case was investigated by the Department of Labor's Office of the Inspector General, the Federal Bureau of Investigation, the United States Postal Inspection Service, and the Small Business Administration's Office of the Inspector General. Assistant United States Attorney Hunter Bridges is prosecuting the case for the United States.

Topic(s):

Coronavirus

Component(s):

USAO - Arkansas, Western

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