

THE UNITED STATES ATTORNEY'S OFFICE
SOUTHERN DISTRICT *of* TEXAS

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Department of Justice

U.S. Attorney's Office

Southern District of Texas

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Bar owner charged with fraudulently receiving funds from CARES Act program

LAREDO, Texas - A 44-year-old Bryan resident has been charged with one count of wire fraud, announced Acting U.S. Attorney Jennifer B. Lowery.

Keith Anton Johnson is set to make his initial appearance today before U.S. Magistrate Judge Sam Sheldon at 2 p.m.

The indictment, returned March 10, alleges Johnson fraudulently received \$123,500 in Payroll Protection Program (PPP) funds from the Small Business Administration as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act.

According to the indictment, Johnson owned and operated KJR Entertainment Holdings LLC in conjunction with others from January 2020 through July 2020. The primary concern of KJR Entertainment was the operation of a bar and live music venue in Bryan known as Southern's, according to the charges.

Johnson allegedly submitted required payroll information purporting to be that of current employees to justify the basis for a PPP loan. On these forms, he allegedly attested to an employee's current status when, in fact, the one-time employee had quit in January 2020, according to the charges.

The indictment alleges Johnson was ineligible for the funds due to a pending indictment in a separate case.

PPP application forms required the applicant to acknowledge program rules and to certify and attest to various qualifiers. One such question referred to an applicant's criminal charges. Johnson answered no, even though he knew he was currently facing charges in Harris County, according to the indictment.

The CARES Act is a federal law enacted March 27, 2020, 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 the CARES Act provides is the authorization of up to \$349 billion in United States Small Business Administration (SBA)-guaranteed and forgivable loans to small businesses through the PPP.

Businesses must use PPP loan proceeds for certain permissible expenses, such as payroll costs, interest on mortgages, rent and utilities. Interest and principal on PPP loans can be entirely forgiven if the business spent the loan proceeds on these expense items within a designated period of time.

If convicted, Johnson faces up to 20 years in prison and a possible \$250,000 maximum fine.

The FBI and Harris County Precinct One Constables Office conducted the investigation. Assistant U.S. Attorney Thomas Carter is prosecuting the case.

An indictment is a formal accusation of criminal conduct, not evidence. A defendant is presumed innocent unless convicted through due process of law.

Topic(s):

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