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Department of Justice

U.S. Attorney's Office

Western District of New York

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Buffalo Man Charged With COVID Relief Fraud

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BUFFALO, N.Y. – A Buffalo, New York man was charged in a criminal complaint unsealed today for his alleged participation in a scheme to defraud multiple financial institutions by filing bank loan applications that fraudulently sought forgivable Paycheck Protection Program (PPP) loans guaranteed by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Acting Assistant Attorney General Nicholas L. McQuaid of the Justice Department's Criminal Division, U.S. Attorney James P. Kennedy, Jr. for the Western District of New York, Special Agent in Charge Patricia Tarasca of the Federal Deposit Insurance Corporation – Office of Inspector General (FDIC-OIG), Special Agent in Charge William Kalb of the U.S. Treasury Inspector General for Tax Administration's Office of Inspector General's (TIGTA-OIG's) North East Field Office, Special Agent in Charge Stephen Belongia of the FBI's Buffalo Field Office, and Special Agent in Charge Amaleka McCall-Brathwaite of the Small Business Administration's Office of Inspector General (SBA-OIG), Eastern Region made the announcement.

Christian Johnson, 23, of Buffalo, was charged by criminal complaint with wire fraud, bank fraud, and false statements to a financial institution.

The complaint alleges that Johnson submitted multiple fraudulent PPP loan applications on behalf of a company called Million Man LLC (Million Man) to at least three financial institutions. The complaint alleges that these applications contained numerous false and misleading statements about Million Man's business and operations, including the number of employees and average monthly payroll. The complaint further alleges that in support of the fraudulent loan applications, Johnson submitted falsified federal tax documents payroll records.

The CARES Act is a federal law enacted on March 29, 2020, 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, and in December 2020, Congress authorized another \$284 billion in additional funding.

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 for 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 a set time period and use at least a certain percentage of the loan towards payroll expenses.

A federal criminal complaint is merely an allegation. A defendant is presumed innocent until proven guilty.

This case was investigated by the FDIC-OIG, TIGTA-OIG, FBI, and SBA-OIG. Trial Attorneys Joshua N. DeBold and Matthew Reilly of the Criminal Division's Fraud Section and Assistant U.S. Attorney David J. Rudroff of the U.S. Attorney's Office of the Western District of New York are prosecuting the case.

The Fraud Section leads the Department's prosecution of fraud schemes that exploit the PPP. In the nine months since the PPP began, Fraud Section attorneys have prosecuted more than 100 defendants in more than 70 criminal cases. The Fraud Section has also seized more than \$60 million in cash proceeds derived from fraudulently obtained PPP funds, as well as numerous real estate properties and luxury items purchased with such proceeds. More information can be found at: <https://www.justice.gov/criminal-fraud/ppp-fraud>.

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 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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