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New Jersey Attorney Charged with Fraudulently Obtaining \$9 Million in Loans Meant to Help Small Businesses During COVID-19 Pandemic

A New Jersey attorney was arrested today and charged with fraudulently obtaining approximately \$9 million in Paycheck Protection Program (PPP) loans, announced Acting Assistant Attorney General Brian C. Rabbitt of the Justice Department's Criminal Division and U.S. Attorney Craig Carpenito of the District of New Jersey.

Jae H. Choi, 48, a licensed attorney of Cliffside Park, New Jersey, was charged by criminal complaint, unsealed today upon his arrest, in the District of New Jersey with three counts of bank fraud and one count of money laundering.

The complaint alleges that Choi submitted three fraudulent PPP loan applications to three different lenders on behalf of three different businesses that purportedly provided educational services. The complaint also alleges that Choi fabricated the existence of hundreds of employees, manipulated bank and tax records, and falsified a driver's license on the applications.

Choi allegedly falsely represented to the lenders that the companies controlled by him had hundreds of employees and paid over \$3 million in monthly wages. Based on Choi's alleged misrepresentations, each lender funded each of the three businesses with an approximately \$3 million PPP loan. As a result, the complaint alleges that Choi received a total of nearly \$9 million in federal COVID-19 emergency relief funds meant for distressed small businesses.

Choi allegedly used the fraudulently-obtained PPP loan proceeds to pay for numerous personal expenses, including to buy, among other things, a nearly one million-dollar residential home in Cresskill, New Jersey, to fund approximately \$30,000 in remodeling and other improvements, and to invest millions more in the stock market through an account held in the name of his spouse.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act is a federal law enacted March 29. It is designed to provide emergency financial assistance to millions of Americans who are suffering the economic effects resulting from the COVID-19 pandemic. One source of relief provided by the CARES Act is 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.

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. Businesses must use PPP loan proceeds 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 criminal complaint is merely an allegation and all defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

This case was investigated by IRS – Criminal Investigation, the U.S. Postal Inspection Service, the Small Business Administration Office of the Inspector General, and the Social Security Administration – Office of the Inspector General.

Trial Attorney Andrew Tyler and Assistant U.S. Attorney Andrew Macurdy of the District of New Jersey are prosecuting the case.

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>.

The year 2020 marks the 150th anniversary of the Department of Justice. Learn more about the history of our agency at www.Justice.gov/Celebrating150Years.

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