



THE UNITED STATES ATTORNEY'S OFFICE  
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**Department of Justice**

U.S. Attorney's Office

District of New Jersey

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FOR IMMEDIATE RELEASE

Thursday, March 18, 2021

## **Sussex County Man Charged with \$1.9 Million Paycheck Protection Program Fraud Scheme**

NEWARK, N.J. – A Sussex County, New Jersey, man was charged for his role in fraudulently obtaining federal Paycheck Protection Program (PPP) loans totaling \$1.9 million, Acting U.S. Attorney Rachael A. Honig announced.

John Jhong, 51, of Sparta, New Jersey, is charged by complaint with one count of bank fraud, one count of false representation of a Social Security number and one count of money laundering. Jhong is scheduled to make his initial appearance by videoconference this afternoon before U.S. Magistrate District Judge Leda Dunn Wettre.

According to documents filed in this case and statements made in court:

Jhong submitted 10 fraudulent PPP loan applications to several lenders on behalf of 10 purported businesses. The PPP is overseen by the Small Business Administration designed to provide forgivable loans to small businesses affected by the coronavirus pandemic. Applicants for PPP loans apply directly to banks or financial institutions participating in the program; in those applications, applicants make affirmative certifications about their average monthly payroll expenses and number of employees. Applicants also certify their intent to spend PPP proceeds on permissible business expenses, such as payroll costs, rent, utilities, and interest on mortgages. PPP loans may be entirely forgiven if the recipient spends the loan proceeds on these permissible expenses within a designated period after receiving the proceeds.

Jhong's PPP applications allegedly contained false and fraudulent representations to the participating lenders, including documentation purporting to be from the IRS. In fact, according to IRS records, none of the tax documents Jhong submitted with the PPP loan applications were ever filed with the IRS. Jhong also fabricated the existence of numerous business partners. In some instances, the personal identifying information for Jhong's purported business partners belonged to individuals who had been deceased for over a decade.

Based on Jhong's alleged misrepresentations, the lenders approved Jhong's PPP loan applications and provided Jhong's purported business with \$1.9 million in federal COVID-19 emergency relief funds meant for distressed small businesses. Jhong then converted a portion of the proceeds into a cashier's check that was used to fund a business account.

The count of bank fraud carries a maximum penalty of 30 years in prison and a \$1 million fine, or twice the gross gain to the defendant or gross loss to the victim, whichever is greater. The count of false representation of Social Security number carries a maximum penalty of five years in prison and a \$250,000 fine, or twice the gross gain to the defendant or gross loss to the victim, whichever is greater. The count of money laundering carries a maximum potential penalty of 20 years in prison and a \$500,000 fine, or twice the gross gain to the defendant or gross loss to the victim, whichever is greater.

Acting U.S. Attorney Rachael Honig credited special agents of IRS – Criminal Investigation, under the direction of Special Agent in Charge Michael Montanez; special agents of U.S. Postal Inspection Service, under the direction of Acting Inspector in Charge Rodney M. Hopkins; special agents of the Social Security Administration, Office of the Inspector General, under the direction of Special Agent in Charge John F. Grasso; special agents of the Federal Deposit Insurance Corporation – Office of the Inspector General, under the direction of Special Agent in Charge Patricia Tarasca in New York; and special agents of the U.S. Secret Service, under the direction of Special Agent in Charge Mark McKeivitt. She also thanked the Sparta Township Police for their assistance.

The government is represented by Assistant U.S. Attorney Olajide A. Araromi of the U.S. Attorney's Office, Government Fraud Unit, in Newark, and Trial Attorney Chad M. Davis of the Department of Justice, Criminal Division, Money Laundering and Asset Recovery Section.

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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**Attachment(s):**

[Download Jhong.Complaint.pdf](#)

**Topic(s):**

Coronavirus

**Component(s):**

[USAO - New Jersey](#).

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