



THE UNITED STATES

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Tuesday, June 16, 2020

Illinois Business Owner Charged with COVID-Relief Fraud

The owner and operator of several information technology companies based in the Chicago area has been charged in a complaint with allegedly filing a bank loan application fraudulently seeking more than \$400,000 in a forgivable Paycheck Protection Program (PPP) loan guaranteed by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Assistant Attorney General Brian A. Benczkowski of the Justice Department's Criminal Division, U.S. Attorney John R. Lausch Jr. for the Northern District of Illinois, Inspector General J. Russell George of the Treasury Department Inspector General for Tax Administration (TIGTA), Inspector General Hannibal "Mike" Ware of the Small Business Administration Office of Inspector General (SBA OIG), and Special Agent in Charge Emmerson Buie Jr. of the FBI's Chicago Field Office made the announcement.

Rahul Shah, 51, of Evanston, Illinois, was charged in a federal criminal complaint filed in the Northern District of Illinois with bank fraud and making false statements to a financial institution.

Shah allegedly caused to be submitted to a federally-insured bank an application for a \$441,138 loan that was guaranteed by the SBA which significantly overstated the payroll expenses of a company that he controlled. In support of the loan application, Shah allegedly caused to be submitted to the lender several different false and fraudulent IRS documents. The complaint alleges that Shah caused to be submitted to the lender false IRS Forms 1099-MISC representing that the company made payments to several individuals who confirmed to investigators that they had not received the payments. In addition, Shah signed and caused to be submitted to the lender what purported to be IRS Forms 941 representing his company's quarterly payroll expenses for 2019. However, a comparison between the documents submitted to the lender and the company's IRS filings revealed that Shah's company reported significantly lower payroll expenses to the IRS.

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.

The PPP allows qualifying small businesses and other organizations to receive loans with a maturity of two years and an interest rate of 1 percent. 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 entirely forgiven if the business spends the loan proceeds on these expense items within a designated period of time after receiving the proceeds and uses a certain amount of the PPP loan proceeds on payroll expenses.

A federal criminal complaint is merely an accusation. A defendant is presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

Deputy Chief Brian R. Young of the Criminal Division's Fraud Section and Assistant U.S. Attorney Tyler C. Murray for the Northern District of Illinois are prosecuting the case. The Justice Department acknowledges and thanks the TIGTA, the SBA OIG, and the FBI for their efforts investigating this matter.

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.

Attachment(s):

[Download Shah Complaint](#)

Topic(s):

Coronavirus

Financial Fraud

Component(s):

[Criminal Division](#)

[Criminal - Criminal Fraud Section](#)

[USAO - Illinois, Northern](#)

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