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CENTRAL DISTRICT *of* CALIFORNIA

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**Department of Justice**

U.S. Attorney's Office

Central District of California

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FOR IMMEDIATE RELEASE

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## **Hollywood Executive Arrested on Federal Fraud Charges that Allege He Pocketed Money from COVID-19 Relief Program**

*LOS ANGELES* – The recently ousted head of Aviron Pictures was arrested this morning on federal fraud charges that allege he applied for \$1.7 million in loans under the Paycheck Protection Program (PPP), falsely certified that the money would be used to finance the operations of other Aviron entities, and then used some of the relief funds for his personal expenses.

William Sadleir, 66, of Beverly Hills, was taken into custody without incident by special agents with the FBI, the Small Business Administration's Office of Inspector General (SBA OIG), and the Federal Deposit Insurance Corporation Office of Inspector General (FDIC OIG). Sadleir is expected to make his initial court appearance this afternoon in United States District Court in downtown Los Angeles.

Sadleir was arrested pursuant to a criminal complaint that accuses him of fraudulently filing bank loan applications that sought more than \$1.7 million dollars in forgivable PPP loans guaranteed by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Sadleir allegedly obtained the forgivable loans by falsely representing that the funds would be used to support payroll expenses, when, in fact, Sadleir intended to use and did use a significant portion of the funds for personal and non-business-related expenses

The complaint, which was filed Thursday and unsealed after his arrest today, charges Sadleir with wire fraud, bank fraud, making false statements to a financial institution, and making false statements to the Small Business Administration.

According to the affidavit in support of the complaint, Sadleir last month caused applications for PPP loans to be submitted to JPMorgan Chase on behalf of Aviron Group, LLC; Aviron Licensing, LLC; and Aviron Releasing, LLC dba Regatta. The bank approved the loans, and Sadleir received more than \$1.7 million. "[I]mmediately upon receiving the funds a significant amount was diverted to Sadleir's personal accounts and used for personal expenses," the complaint alleges.

Sadleir was terminated from Aviron Pictures in late 2019, and people associated with the film production company told investigators that Sadleir currently had no role in Aviron Pictures or the related entities, according to the affidavit, which notes that Aviron Group, Aviron Licensing and Aviron Releasing are not engaged in any ongoing operations.

“This film producer allegedly made a series of misrepresentations to a bank and the Small Business Administration to illegally secure taxpayer money that he then used to fund his nearly empty personal bank account,” said United States Attorney Nick Hanna. “The Paycheck Protection Program was implemented to help small businesses stay afloat during the financial crisis, and we will act swiftly against those who abuse the program for their own personal gain.”

“This defendant allegedly used Paycheck Protection Program loans to pay off his personal credit card debts and other personal expenses, rather than using the funds for legitimate business needs,” said Assistant Attorney General Brian A. Benczkowski of the Justice Department’s Criminal Division. “As the department has made clear, those who defraud the PPP to line their own pockets at the expense of the American people will be brought to justice.”

“These funds were designed to be a lifeline to businesses struggling to stay afloat during the current crisis,” said Paul Delacourt, the Assistant Director in Charge of the FBI’s Los Angeles Field Office. “The FBI is committed to maintaining the integrity of the PPP and will hold accountable those who cheat the system at the expense of American taxpayers.”

Authorities have linked Sadleir to the three PPP loan applications made on behalf of the three Aviron entities. All three applications claimed each company had 33 employees and monthly payroll expenses of well over \$200,000. On April 30, JPMorgan Chase approved the loan applications, and the next day money was wired to nearly empty JPMorgan Chase bank accounts associated with the three entities.

Within days, nearly \$1 million of the PPP loan money was transferred into Sadleir’s personal account at JPMorgan Chase, the affidavit alleges. Investigators have determined that some of this money was used to pay personal expenses, including payments to Sadleir’s and his wife’s American Express cards. One payment allegedly made with PPP loan proceeds – a \$40,000 payment on Sadleir’s car loan – was reversed and JPChase Morgan froze the accounts associated with the alleged scheme.

The CARES Act, which was enacted on March 29, was 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. Last month, 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 to be forgiven if businesses spend the proceeds on these expenses within eight weeks of receipt and use at least 75 percent of the forgiven amount for payroll.

“SBA OIG applauds due diligence by SBA’s lending partners to maintain the integrity of the lending programs,” said Special Agent in Charge Weston King of the SBA OIG Western Region. “Providing false statements to gain access to SBA’s programs will be aggressively investigated by our office in partnership with our law enforcement counterparts. I want to thank the U.S. Attorney’s Office and our law enforcement partners for their dedication and pursuit of justice.”

“Today’s charges hold the defendant responsible for his alleged actions to swindle money out of a federal program intended to help those in need during a pandemic crisis,” said FDIC OIG Special Agent in Charge Wade V. Walters. “When an individual cheats the Paycheck Protection Program out of money, it deprives hard-working Americans and deserving small businesses. The FDIC OIG is committed to working with our law enforcement partners to investigate financial crimes in order to preserve the integrity of the nation’s banking sector.”

*A complaint contains allegations that a defendant has committed a crime. Every defendant is presumed innocent until and unless proven guilty beyond a reasonable doubt.*

The four charges alleged in the criminal complaint collectively carry a maximum statutory penalty of 82 years in federal prison.

The case against Sadleir is being investigated by the FBI, the SBA's Office of Inspector General, and the Federal Deposit Insurance Corporation Office of Inspector General.

This case is being prosecuted by Assistant United States Attorney Alex Wyman of the Major Frauds Section and Justice Department Trial Attorney Amanda R. Vaughn of the Criminal Division's Fraud Section.

Sadleir's arrest this morning was also pursuant to a separate criminal complaint filed by federal prosecutors in New York. That complaint charges Sadleir with engaging in multiple fraudulent schemes relating to investments in Aviron Pictures and its affiliated entities. The United States Securities and Exchange Commission today announced a civil lawsuit related to the New York criminal case.

Anyone with information about allegations of fraud related to 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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Coronavirus  
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