

THE UNITED STATES ATTORNEY'S OFFICE
SOUTHERN DISTRICT *of* ILLINOIS

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Department of Justice

U.S. Attorney's Office

Southern District of Illinois

FOR IMMEDIATE RELEASE

Thursday, April 29, 2021

O'Fallon Man Pleads Guilty to PPP Loan Fraud

O'Fallon, Ill. – Jason Spengler (45), of O'Fallon, Illinois, pleaded guilty today to one count of making a false statement on a federal loan application. According to court documents, Spengler committed the felony offense last year when he filed for assistance from the Paycheck Protection Program (“PPP”) without disclosing that his business, Spengler Plumbing Company, was in bankruptcy.

The Coronavirus Aid, Relief, and Economic Security (“CARES”) Act was enacted in March 2020 to provide emergency financial assistance to Americans who were suffering the economic effects caused by the COVID-19 pandemic. One source of relief provided by the CARES Act was the federal PPP loan program. Administered by the Small Business Administration (SBA), the program provided loans to help qualifying businesses during the COVID-19 crisis.

Debtors in bankruptcy were not eligible for PPP loans. The first question on the loan application asked, “Is the Applicant ... presently involved in any bankruptcy?” Above this question, the application explained that the loan would not be approved if the applicant answered “Yes.”

When Spengler applied for a PPP loan last year, Spengler Plumbing was in bankruptcy. But Spengler checked “No” on the application, falsely certifying to the lender and the SBA that Spengler Plumbing was not in bankruptcy. Because of this false statement, Spengler Plumbing was awarded a \$487,095 PPP loan in April 2020.

As a debtor in bankruptcy, Spengler Plumbing was also required by law to obtain prior authorization from the bankruptcy court before incurring any new unsecured debt. But Spengler applied for the government loan without notifying the bankruptcy judge, thereby evading the safeguards put in place by both the SBA and the bankruptcy court.

“Together with U.S. Attorney Steve Weinhoef and our law enforcement partners, we will continue to pursue fraud and abuse in bankruptcy cases,” stated Nancy J. Gargula, U.S. Trustee for Region 10. The U.S. Trustee Program is the component of the Justice Department that protects the integrity of the bankruptcy system by overseeing case administration and litigating to enforce the bankruptcy laws. Region 10 is headquartered in Indianapolis, with additional offices in South Bend, Indiana, and Peoria, Illinois.

Sentencing is set for August 18, 2021, at the federal courthouse in East. St. Louis. The charge carries a maximum sentence of five years in prison and a fine of up to \$250,000.

This case was referred to the U.S. Attorney's Office for prosecution by the U.S. Trustee for Region 10, in collaboration with the Southern District of Illinois Bankruptcy Fraud Working Group. The investigation was conducted by the Small Business Administration – Office of the Inspector General. The case is being prosecuted by Assistant United States Attorney Peter T. Reed.

Topic(s):

Bankruptcy

Component(s):

USAO - Illinois, Southern

U.S. Trustee Program

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