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Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Wednesday, June 24, 2020

Texas Man Charged with COVID Relief Fraud

A Houston funeral director has been taken into custody on allegations he fraudulently sought over \$13 million in Paycheck Protection Program (PPP) loans.

Jase DePaul Gautreaux, aka Jase Dixon, 38, is charged in a criminal complaint, unsealed today upon his arrest, with making false statements to a financial institution, wire fraud, bank fraud and engaging in unlawful monetary transactions. He is expected to make his initial appearance before U.S. Magistrate Frances H. Stacy in Houston at 2 p.m. CDT today.

Gautreaux allegedly perpetrated a scheme to file fraudulent loan applications seeking more than \$13 million in forgivable loans. The Small Business Administration (SBA) guarantees the loans for COVID-19 relief through the PPP under the Coronavirus Aid, Relief and Economic Security (CARES) Act.

The complaint alleges Gautreaux allegedly submitted several fraudulent PPP loan applications to federally insured banks, including applications on behalf of a business that did not exist and other applications on behalf of a business with which he had no affiliation. In these applications, Gautreaux allegedly falsified his identity, misrepresented the number of employees and payroll expenses of the putative companies and made numerous other inaccurate statements. According to the complaint, Gautreaux also submitted falsified tax documents and bank account information in support of these applications. He submitted fraudulent applications for over \$13 million in PPP funds and ultimately received over \$1.6 million in PPP funds, according to the charges.

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

The Office of the Inspector General (OIG) - Federal Housing Finance Agency, Federal Deposit Insurance Corporation – OIG, SBA – OIG and U.S. Postal Inspection Service - Houston Division conducted the investigation. Trial Attorney Timothy A. Duree of the Criminal Division's Fraud Section and Assistant U.S. Attorney James McAlister of the U.S. Attorney's Office for the Southern District of Texas are prosecuting the case. The case team would also like to recognize the invaluable assistance of the Houston Police Department.

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.

Topic(s):

Coronavirus

Financial Fraud

Component(s):Criminal DivisionCriminal - Criminal Fraud SectionUSAO - Texas, Southern**Press Release Number:**

20-583

Updated June 24, 2020