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Department of Justice

Office of Public Affairs

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Texas Man Charged with COVID Relief Fraud

A Texas man was taken into custody on allegations he fraudulently obtained more than \$1.1 million in Paycheck Protection Program (PPP) loans, announced Acting Assistant Attorney General Brian C. Rabbitt of the Justice Department's Criminal Division and U.S. Attorney Ryan K. Patrick for the Southern District of Texas.

Joshua Thomas Argires, 29, of Houston, Texas, is charged in a criminal complaint, unsealed Monday upon his arrest, with making false statements to a financial institution, wire fraud, bank fraud and engaging in unlawful monetary transactions. He made his initial appearance Monday before U.S. Magistrate Judge Peter Bray.

Argires allegedly perpetrated a scheme to file two fraudulent loan applications seeking more than \$1.1 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 Argires submitted two fraudulent PPP loan applications to federally insured banks. One of these applications was submitted on behalf of an entity called Texas Barbecue; the other was filed on behalf of a company called Houston Landscaping. Argires allegedly claimed these two companies had numerous employees and hundreds of thousands of dollars in payroll expenses.

According to the complaint, neither Texas Barbecue nor Houston Landscaping has employees or pays wages consistent with the amounts claimed in the PPP loan applications. The complaint further asserts that both of these loans were funded, but that none of the funds were used for payroll or other expenses authorized under the PPP. Rather, the funds received on behalf of Texas Barbecue were invested in a cryptocurrency account, while the funds obtained for Houston Landscaping were held in a bank account and slowly depleted via ATM withdrawals, 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 the CARES Act provides 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 Federal Housing Finance Agency Office of the Inspector General (OIG), SBA OIG and U.S. Postal Inspection Service's Houston Division conducted the investigation. Trial Attorney Timothy A. Duree of the Criminal Division's Fraud

Section and Assistant U.S. Attorney James McAlister for the Southern District of Texas are prosecuting the case.

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.

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Financial Fraud

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