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Five Individuals Charged in Multi-State COVID-19 Relief Program Fraud Scheme

July 19, 2023

Two Others Plead Guilty

[riveraetal.complaint.pdf](#) (424.36 KB)

CAMDEN, N.J. – Five individuals were charged for their roles in fraudulently obtaining federal Paycheck Protection Program (PPP) loans and Economic Injury Disaster Loans (EIDL) and for laundering the loan proceeds, U.S. Attorney Philip R. Sellinger announced today. Two other individuals pleaded guilty to fraudulently obtaining PPP and EIDL loans.

Eric Rivera, 43, of Norcross, Georgia, is charged by complaint with one count of conspiracy to commit bank fraud, one count of conspiracy to commit wire fraud, and one count of conspiracy to commit money laundering. He made his initial appearance in federal court in the Northern District of Georgia and was released on \$10,000 unsecured bond. Lisa Smith, 60, of Cornelius, North Carolina, and Sieff Robert Sargeant, 43, of Island Park, New York, are charged by complaint with one count of conspiracy to commit bank fraud and one count of conspiracy to commit money laundering. Smith had her initial appearance in the Western District of North Carolina and was released on \$25,000 unsecured bond. Sargeant is scheduled to make his initial appearance today before Magistrate Judge Ann Marie Donio in Camden federal court.

Adrienne Ponzo, 48, of Bear, Delaware, is charged by complaint with one count of conspiracy to commit wire fraud, and remains at-large. James Wessels, 53, of Middletown, Delaware, is charged by complaint with one count of conspiracy to commit money laundering. He made his initial appearance before Judge Donio and was released on \$100,000 unsecured bond.

According to the criminal complaints:

The Coronavirus Aid, Relief, and Economic Security (CARES) Act is a federal law enacted in March 2020 and 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 hundreds of billions of dollars in forgivable loans to small businesses for job retention and certain other expenses, through a program referred to as the Paycheck Protection Program (PPP). The CARES Act also authorized the Small Business Administration to provide Economic Injury Disaster Loans (EIDLs) of up to \$2 million to eligible small businesses that were experiencing substantial financial disruption due to the COVID-19 pandemic.

To obtain a PPP or EIDL loan, a qualifying small business was required to apply and provide information on its operations, including the number of employees and expenses. In addition, businesses generally had to provide supporting documentation.

According to documents filed in these cases and statements made in court:

In one conspiracy, Rivera conspired with Smith, Sargeant, and others to defraud the PPP loan program. Rivera recruited individuals – including Sargeant – who owned businesses with minimal operations, employees, revenues, and profits, and introduced them to Smith. Smith prepared fraudulent PPP applications for these businesses and created false tax returns that were created solely for purposes of applying for the PPP and EIDL loans and were never submitted to the IRS. The applicants, including Sargeant, electronically signed the applications, which were then submitted to lenders. Rivera received payments of 15 to 50 percent of the loan proceeds for his role in orchestrating this scheme.

In the second conspiracy, Rivera conspired with Ponzo and others to defraud the EIDL loan program. He recruited individuals who owned businesses with minimal operations, employees, revenues, and profits and introduced them to Ponzo, who prepared fraudulent EIDL applications for these businesses and caused them to be electronically submitted to the Small Business Administration. Rivera received payments of 15 to 50 percent of the loan proceeds for his role in orchestrating this scheme.

In the third conspiracy, Rivera conspired with Smith, Wessels, and Sargeant to structure the PPP loan proceeds and paperwork to conceal that the proceeds actually were being spent on non-payroll expenses. Rivera and Smith introduced Sargeant to Wessels, who created fake payroll checks and provided them to Sargeant. Sargeant distributed the fake payroll checks to friends and family members, who cashed the checks and returned the majority of the cash to Sargeant. Smith then used the fake payroll documentation to submit a loan forgiveness application for Sargeant's business that falsely stated that Sargeant spent 66 percent of the loan amount on payroll expenses.

The counts of conspiracy to commit bank fraud are each punishable by a maximum of 30 years in prison and a \$1 million fine. The counts of conspiracy to commit wire fraud are each punishable by a maximum of 20 years in prison and a \$250,000 fine, or twice the gross gain or loss from the offense, whichever is greatest. The count of conspiracy to commit money laundering is punishable by a maximum of 10 years in prison and a \$250,000 fine, or twice the gross gain or loss from the offense, whichever is greatest.

Earlier this month, Yasha Barjona, 67, and William Ingram, 43, each pleaded guilty before U.S. District Judge Karen Williams to one count of bank fraud conspiracy.

According to documents filed in these cases and statements made in court:

Ingram and Barjona owned businesses with minimal operations, employees, revenues, and profits. Rivera introduced Ingram and Barjona to Ponzo and Smith. Ponzo prepared fraudulent EIDL applications for Ingram's and Barjona's businesses and Smith prepared fraudulent PPP applications for Ingram's and Barjona's businesses. Ingram and Barjona electronically signed and submitted these applications, which contained materially false and fraudulent information about the businesses and included false tax returns that were created solely for purposes of applying for the PPP and EIDL loans and were never submitted to the IRS. Ponzo and Smith also prepared fraudulent EIDL and PPP applications for businesses controlled by associates of Barjona.

Barjona and his associates received approximately \$724,300 in PPP and EIDL proceeds and paid kickbacks to Rivera of approximately 50 percent of the loan amounts. Ingram received approximately \$551,600 in PPP and EIDL proceeds and paid kickbacks to Rivera of approximately 15 percent of the loan amounts. After Ingram received the PPP loans, Rivera and Smith introduced Ingram to Wessels, who prepared fake payroll documents to conceal that the proceeds were being spent on non-payroll expenses. Sentencing for Ingram's sentencing is scheduled for Nov. 7, 2023, and for Barjona, Nov. 15, 2023.

U.S. Attorney Sellinger credited special agents of the Federal Deposit Insurance Corporation – Office of the Inspector General, under the direction of Patricia Tarasca, Special Agent-in-Charge, New York Regional Office; special agents of the FBI's South Jersey Resident Agency, under the direction of Special Agent in Charge Jacqueline Maguire in Philadelphia; special agents of the Social Security Administration, Office of the Inspector General, New York Field Division, under the direction of Special Agent in Charge Sharon MacDermott; and special agents of the U.S. Department of Labor, Office of the Inspector General, Northeast Region, under the direction of Special Agent in Charge Jonathan Mellone, with the investigation leading to the charges and guilty pleas.

The government is represented by Assistant U.S. Attorney Daniel A. Friedman and Attorney-in-Charge Jason M. Richardson of the U.S. Attorney's Office's Criminal Division in Camden.

The charges and allegations contained in the complaints are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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