PRESS RELEASE

Two Brothers Plead Guilty To COVID Relief Fraud

Friday, September 8, 2023

For Immediate Release

U.S. Attorney's Office, Western District of New York

BUFFALO, NY – U.S. Attorney Trini E. Ross announced today that two brothers, Larry Jordan, 45, of Lancaster, NY, and Sutukh El a/k/a Curtis Jordan a/k/a Hugo Hurt a/k/a Hugo Hermes Hurtington, 41, of Buffalo, NY, pleaded guilty before U.S. District Judge John L. Sinatra, Jr. to conspiracy to commit bank fraud and wire fraud for their participation in a scheme to file fraudulent loan applications seeking forgivable Paycheck Protection Program (PPP) loans guaranteed by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The charge carries a maximum penalty of 30 years in prison and a $1,000,000 fine. In addition, Jordan pleaded guilty to bank fraud, which carries a maximum penalty of 30 years in prison and engaging in monetary transactions in criminally derived property, which carries a maximum sentence of 10 years in prison.

According to court documents, between April and September 2020, Jordan and El conspired to submit eight fraudulent PPP loan applications on behalf of companies they owned or controlled. Three of the applications were submitted to Evolve Bank & Trust and the other five were submitted to Lendio, a financial technology company based in Utah. The applications contained false statements about the 2019 payroll expenses of each company, which were used to calculate the amount of PPP funds to which the applicant-companies would be entitled. To corroborate the applications, Jordan and El submitted IRS forms, which had never been filed with the IRS, as well as fraudulent payroll registers that purported to identify the names, personal information, and salary of the employees identified on the PPP applications.

For example, a PPP loan application was submitted on behalf of 5 Stems Inc to Evolve. The application represented that in 2019, 5 Stems Inc had 194 employees and an average monthly payroll of $242,133.33. In truth, 5 Stems Inc had nine employees in 2019 and paid those employees a total of approximately $57,380 for all of 2019. Evolve approved the application and funded a $605,200 loan. The money was deposited into an account controlled by defendant El. Some of the money was used for the defendants' own investments, as well as personal expenses and home improvements.

This case was investigated by the Federal Deposit Insurance Corporation's Office of Inspector General, the Board of Governors of the Federal Reserve System and the Bureau of Consumer Financial Protection's Office of the Inspector General, the Federal Housing Finance Agency's Office of the Inspector General, the Federal Bureau of Investigation, and the Small Business Administration's Office of Inspector General. Assistant U.S. Attorneys Charles Kruly and Grace Carducci for the Western District of New York and Trial Attorneys Ariel Glasner and Della Sentilles of the Criminal Division's Fraud Section are prosecuting the case.

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.

Sentencing is scheduled for January 17, 2024, before Judge Sinatra.

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Topic

COVID-RELATED FRAUD

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USAO - New York, Western

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