PRESS RELEASE

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Arkansas Project Manager Sentenced In Connection With COVID-Relief Fraud

A project manager employed by a major retailer was sentenced to 24 months in prison followed by five years of supervised release for fraudulently seeking more than $8 million in forgivable loans guaranteed by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act announced Acting Assistant Attorney General Brian C. Rabbitt of the Justice Department's Criminal Division and U.S. Attorney R. Trent Shores of the Northern District of Oklahoma.

Benjamin Hayford, 32, of Centerton, Arkansas, was sentenced today by U.S. District Judge Claire V. Eagan. Hayford pleaded guilty in August to an indictment charging him with fraudulently seeking millions of dollars in forgivable loans guaranteed by the SBA from multiple banks by claiming fictitious payroll expenses. To support his applications, Hayford provided lenders with fraudulent payroll documentation purporting to establish payroll expenses that were, in fact, non-existent. In addition, Hayford admitted to making false representations to a financial institution concerning the date that a Limited Liability Partnership for which he applied for relief was established. The lenders at issue declined to fund the loans that Hayford sought.

"Small businesses are vital employers to 60 million Americans. Amid the COVID-19 pandemic, many small businesses are treading water, and the Paycheck Protection Program is a lifeline to help keep employees on their payrolls," said U.S. Attorney Trent Shores. "Benjamin Hayford, and those like him, seek to enrich themselves at the expense of others in need during these uncertain times. Across the United States, these fraudsters are being brought to justice, including Hayford who will spend the next two years in federal prison."

The CARES Act is a federal law enacted on March 29, 2020, 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 up to $349 billion in forgivable loans to small businesses for job retention and certain other expenses, through the Paycheck Protection Program (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 1 percent. PPP loan proceeds must be used by businesses on 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 period and use a certain percentage of the loan towards payroll expenses.

Deputy Chief Brian R. Young of the Criminal Division's Fraud Section and Assistant U.S. Attorney Victor A.S. Régal for the Northern District of Oklahoma are prosecuting the case. The U.S. Attorney's Office for the Western District of Arkansas provided valuable assistance in this matter.

The Justice Department acknowledges and thanks the Federal Housing Financial Agency Office of Inspector General, the SBA Office of Inspector General, and the Federal Deposit Insurance Corporation Office of Inspector General for their efforts investigating this matter.

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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