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Georgia Man Indicted for PPP Fraud Involving Charlotte Amalie Restaurant

Raynaldo Oquendo faces charges of wire fraud and conspiracy for allegedly submitting false payroll information to secure an inflated Paycheck Protection Program loan for Shama's Specialties in St. Thomas

Climate / **Published On August 09, 2024 06:05 AM /**

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A photo of Shama's Specialties business, captured in 2019.

ST. THOMAS — A federal grand jury has indicted Georgia resident Raynaldo Oquendo for his alleged role in submitting false payroll information for a downtown, St. Thomas restaurant in order to receive an inflated PPP loan.

The Paycheck Protection Program was part of pandemic-era relief offered to businesses impacted by Covid-19. In 2020, Congress authorized over a trillion dollars in funding for forgivable loans to small businesses for job retention and other expenses.

In order to apply for a PPP loan, businesses were required to state average monthly payroll costs, and disclose the number of employees on staff, among other information, which was then used to calculate the amount of loan funds each business would receive.

On July 20 2020, the owner of Shama's Specialties, who is not named in the indictment, reportedly filed a PPP loan application for the company. According to her application, the company employed 16 people, and average monthly payroll expenses were over \$153,000.

?The payroll figure was grossly exaggerated, prosecutors say. The real monthly payroll for Shama's Specialties was actually between \$16,500 and \$29,000. Authorities began to trace the electronically submitted application, and found that it had been sent from an IP address registered to Mr. Oquendo's mother, who lives in Apopka, Florida.?

The PPP loan application for the restaurant was approved about 10 days later, for \$383, 397, and in early August, the financial company disbursing the loan transferred the funds to the First Bank account of Shama's Specialties.

Days later, the restaurant's owner wired three payments of \$9,999 to three different accounts – one belonging to Mr. Oquendo, and the other two belonging to people related to Mr. Oquendo. Transfers of \$10,000 or above are subject to reporting requirements under the Bank Secrecy Act. The grand jury also found that there were no payroll records filed on behalf of Shama's Specialties in 2019 and 2020.

Mr. Oquendo was ultimately indicted on one count of wire fraud, and one count of wire fraud conspiracy, for the alleged scheme to defraud the Paycheck Protection Program with materially false information.