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14 Charged with \$53 Million PPP Fraud Scheme in N. Texas

Fourteen people were charged in a \$53 million fraud scheme involving the federal government's pandemic relief program, including some executives from a Dallas metal recycling firm.

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By Alexandra Skores – The Dallas Morning News (via TNS).

Fourteen people were charged in a \$53 million fraud scheme involving the federal government's pandemic relief program, including some executives from a Dallas metal recycling firm.

[According to court documents](#), several of the charged defendants operated a group of affiliated recycling companies, including Mammoth Metal Recycling, Elephant Recycling, Gulf Coast Scrap, 4G Metals, 4G Plastics, 5G Metals, Level Eight, Sunshine Recycling, L.K. Industries, NTC Industries, West Texas Equipment and West Texas Scrap.

Many of those list their addresses at the same Dallas recycling and scrap metal business.

The defendants allegedly submitted 29 Paycheck Protection Program loan applications that inflated payroll expenses and manipulated bank statements and IRS tax forms. The program was authorized under the Coronavirus Aid, Relief and Economic Security Act, a law enacted in March 2020 to give emergency financial assistance to Americans during the pandemic. It covered small businesses' payroll, rent and other expenses, but ended in May 2021.

The group used a series of bank accounts to create a fake paper trail of payroll expenses.

“Defrauding the government is an affront to American taxpayers. Defrauding the government during a pandemic — at a time when millions of hardworking entrepreneurs struggled to make payroll and rent — is pouring salt in a wound,” U.S. Attorney Leigha Simonton said in a release. “These defendants allegedly conspired to steal tens of millions of dollars from the Paycheck Protection Program — funds which could have helped legitimate businesses pay their bills and keep their employees afloat.”

This week, defendants were arrested in Texas, California and Oklahoma by FBI and other federal agents. Eight of the 14 defendants are from cities in North Texas. The case is the largest investigated by the Pandemic Response Accountability Committee fraud task force to date.

At least two defendants also allegedly submitted false applications to financial institutions on behalf of their companies. One defendant allegedly lied to the Federal

Deposit Insurance Corp. by stating that he did not know several of the other defendants.

Among those charged in a 16-count indictment filed are Mihir Patel of Coppell, chief financial officer of [Dallas-based Sunshine Recycling](#) and owner of Mammoth Group, R.A. Industries and L.K. Industries; Kinjal Patel of Wylie, controller at Sunshine Recycling; and Bhavesh Patel of Keller, chief business development officer of Sunshine Recycling and owner of Level Eight, among others.

Four defendants were charged in separate indictments.

The charges carry up to 30 years in federal prison for each count of conspiracy to commit bank fraud, bank fraud, aiding and abetting, and making false statements to the FDIC. Charges for wire fraud carry another 20 years in prison and conspiracy to commit money laundering an additional 10.

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