

PRESS RELEASE

West Roxbury Man Pleads Guilty to Fraudulently Obtaining COVID-Relief Funds

Friday, May 17, 2024

For Immediate Release

U.S. Attorney's Office, District of Massachusetts

BOSTON – A West Roxbury man pleaded guilty on May 15, 2024 in federal court in Boston to a fraud charge in connection with a scheme to fraudulently obtain pandemic-related relief funds from the Paycheck Protection Program (PPP).

Donovan Scarlett, 25, pleaded guilty to one count of wire fraud. U.S. District Court Judge Denise J. Casper scheduled sentencing for Sept. 5, 2024.

Scarlett was charged and arrested [in February 2024](#) along with over 40 alleged Heath Street Gang members/associates, who were charged with racketeering conspiracy; drug trafficking; firearms charges; and financial frauds, including COVID-related fraud.

In March 2021, Scarlett submitted a fraudulent PPP loan application on behalf of his purported business. The fraudulent PPP loan application contained multiple false statements, including false representations regarding the purported business's total gross income in 2020 and Scarlett's criminal history. Scarlett also submitted false tax records in support of his loan application. Based on the fraudulent application, Scarlett received approximately \$13,600 which he spent on non-business-related expenses.

The CARES Act created a temporary loan program directed at small businesses called the PPP. PPP loans were processed by private financial institutions and fully guaranteed by the U.S. Small Business Administration. If the small business used the loan funds for approved purposes, such as payroll, the loan could be forgiven by the financial institution and paid for by the U.S. Small Business Administration.

The charge of wire fraud provides for a sentence of up to 20 years in prison, up to three years of supervised release and a fine of up to \$250,000 or twice the gross gain or loss from the offense. Sentences are imposed by a federal district court judge based upon

the U.S. Sentencing Guidelines and statutes which govern the determination of a sentence in a criminal case.

Acting United States Attorney Joshua S. Levy; Boston Police Commissioner Michael Cox; Jonathan Mellone, Special Agent in Charge of Department of Labor, Office of Inspector General; and Harry T. Chavis Jr, Special Agent in Charge of the Internal Revenue Service Criminal Investigations made the announcement today. Assistant U.S. Attorneys Sarah Hoefle and Lucy Sun of the Organized Crime & Gang Unit are prosecuting the case.

This effort is part of an Organized Crime Drug Enforcement Task Forces (OCDETF) operation. OCDETF identifies, disrupts, and dismantles the highest-level criminal organizations that threaten the United States using a prosecutor-led, intelligence-driven, multi-agency approach. Additional information about the OCDETF Program can be found at <https://www.justice.gov/OCDETF>.

On May 17, 2021, the Attorney General established the COVID-19 Fraud Enforcement Task Force to marshal the resources of the Department of Justice in partnership with agencies across government to enhance efforts to combat and prevent pandemic-related fraud. The Task Force bolsters efforts to investigate and prosecute the most culpable domestic and international criminal actors and assists agencies tasked with administering relief programs to prevent fraud by, among other methods, augmenting and incorporating existing coordination mechanisms, identifying resources and techniques to uncover fraudulent actors and their schemes, and sharing and harnessing information and insights gained from prior enforcement efforts. For more information on the Department's response to the pandemic, please visit <https://www.justice.gov/coronavirus>.

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 (NCDF) Hotline at 866-720-5721 or via the NCDF Web Complaint Form at: <https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form>.

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