



Department of Justice

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District of Oregon

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TWO OREGON MEN FACE FEDERAL CHARGES FOR POCKETING MILLIONS IN COVID-RELIEF FRAUD SCHEME

FBI arrests both men, seizing more than \$10 million in securities.

EUGENE, Ore.—Two Oregon men are facing federal charges for fraudulently converting to their personal use loans intended to help small businesses during the COVID-19 pandemic, announced U.S. Attorney Billy J. Williams.

Andrew Aaron Lloyd, 50, of Lebanon, Oregon, and Russell A. Schort, 38, of Myrtle Creek, Oregon, have been charged by criminal complaint with wire fraud, bank fraud, and money laundering.

Lloyd and Schort took advantage of economic relief programs administered by the Small Business Administration (SBA), including Economic Injury Disaster Loans (EIDLs) and the Paycheck Protection Program (PPP), as authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act, signed into law on March 27, 2020, was designed to provide emergency financial assistance to millions of Americans and small businesses suffering the economic effects of the COVID-19 pandemic.

According to the complaint, the FBI began investigating Lloyd and Schort after discovering suspicious financial transactions indicating that the pair may have fraudulently obtained PPP loans. A review of bank records revealed that between April 7, 2020 and May 8, 2020, Lloyd and Schort applied for and received at least three PPP loan payments using three separate entities, totaling more than \$2.2 million. The loan application packages included some of the same information across the different business entities, including the businesses' physical locations and the names of several dozen employees.

After receiving the funds, Lloyd transferred at least \$1.8 million to a personal online brokerage account and purchased various securities. In the months that followed, these investments substantially increased in value. On the date of the seizure, the securities purchased with the fraud proceeds and with a loan secured by equities purchased with fraud proceeds, were valued at over \$10 million.

Schort was arrested on January 6, 2021 by FBI agents and made his initial appearance in federal court the same day. Lloyd was arrested today FBI agents and will make his initial appearance tomorrow, January 8, 2021, before a U.S. Magistrate Judge in Eugene.

This case was investigated by the FBI with assistance from the Small Business Association and IRS. It is being prosecuted by Gavin W. Bruce, Assistant U.S. Attorney for the District of Oregon.

Criminal complaints are only accusations of a crime, and defendants are presumed innocent unless and until proven guilty.

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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