

Three Albuquerque Residents Indicted for COVID-19 Fraud

Wednesday, September 20, 2023

For Immediate Release

U.S. Attorney's Office, District of New Mexico

ALBUQUERQUE, N.M. – Alexander M.M. Uballez, United States Attorney for the District of New Mexico, Albert Childress, Special Agent in Charge, IRS Criminal Investigation, and Francisco B. Burrola, Special Agent in Charge of Homeland Security Investigations El Paso, announced today that Jacqueline Rascon-Chacon, Bryan Gardea, and Ricardo Landeros were indicted by a federal grand jury on charges of bank fraud, conspiracy to commit wire fraud, wire fraud, conspiracy to commit money laundering, and engaging in monetary transactions in property derived from specified unlawful activity. All three defendants appeared in federal court today and will remain on conditions of release pending trial, which has not been scheduled.

According to the indictment, Rascon-Chacon, Gardea, and Landeros allegedly obtained more than \$1 million in loans and grants from programs authorized by Congress in the Coronavirus Aid, Relief, and Economic Security (CARES) Act by fraudulent means. The CARES Act was intended to provide emergency financial assistance for millions of American small businesses suffering from economic harm caused by the COVID-19 pandemic. These programs included the Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan (EIDL) program. The United States Small Business Administration (SBA) directly paid EIDLs and grants (EIDGs) to eligible small businesses experiencing substantial financial disruptions from the COVID-19 pandemic. PPP loan applications were processed by participating lenders. Lenders funded PPP loans using their own funds, with the loans subject to a federal guaranty by the SBA. PPP loans were subject to loan forgiveness under certain circumstances.

The indictment charges Rascon-Chacon and Gardea with two counts of bank fraud in relation to two business loans, each for \$20,000, that were obtained by Rascon-Chacon and Gardea prior to the COVID-19 pandemic. The indictment alleges that the loan applications submitted by Rascon-Chacon and Gardea contained false information

about the operations of the businesses in whose names the loans were taken out as well as false representations regarding how the proceeds of the loans would be used.

The wire fraud conspiracy alleged in the indictment involved Rascon-Chacon, Gardea, and Landeros submitting loan applications containing false representations and fabricated supporting documentation to PPP lenders and the SBA. The indictment alleges that Rascon-Chacon, Gardea, and Landeros submitted loan applications in the names of defunct companies and that the applications included falsified revenue, payroll, and employment data as well as fabricated tax documents. According to the indictment, many of the applications were approved, resulting in loan proceeds being disbursed. Rascon-Chacon, Gardea, and Landeros then used these funds for unauthorized expenditures including paying off personal credit card debt, chartering a private jet from Albuquerque to Las Vegas, Nevada, and hiring a mariachi band.

In addition to the wire fraud conspiracy, the indictment alleges a money laundering conspiracy in which Rascon-Chacon, Gardea, and Landeros arranged to use loan proceeds to purchase vacant lots of real property in New Mexico, fund the construction of houses on those lots, then sell the properties to home buyers for a profit. The indictment also alleges that Landeros used proceeds of a fraudulently obtained COVID-19 relief loan he obtained in the name of a defunct company to invest in a separate company he owned and operated.

“During the global COVID-19 pandemic, trillions of dollars in relief flowed to those in need,” said US Attorney Alexander Uballez. “But a selfish few exploited the good will of the American people and took advantage of a once-in-a-generation public health emergency to enrich themselves. We will investigate and prosecute these fraudsters and recoup money stolen from the American people.”

“Homeland Security Investigations continues to bring every asset to bear against opportunistic individuals who sought to exploit the COVID-19 pandemic for their own financial gain,” said HSI El Paso Special Agent in Charge Francisco B. Burrola. “This case exemplifies HSI’s commitment to collaborating with our law enforcement partners to investigate those who would perpetrate such financial schemes during a global health crisis.”

“The IRS Criminal Investigation Phoenix Field Office is proud to fight against COVID-related fraud,” said IRS Criminal Investigation Special Agent in Charge Albert Childress. “Anyone who plans to exploit the CARES Act should know that there are serious consequences to such criminality, and our agency works diligently to ensure those individuals are held to account.”

An indictment is only an allegation. A defendant is presumed innocent unless and until proven guilty. If convicted, each of the three defendants faces a maximum penalty of thirty years in prison and a \$1 million fine, in addition to asset forfeiture and restitution.

The Albuquerque Field Office of Homeland Security Investigations and the Phoenix Field Office of IRS Criminal Investigation investigated this case with assistance from the Department of Labor Office of the Inspector General and the Small Business Administration Office of the Inspector General. Assistant United States Attorney Taylor F. Hartstein is prosecuting the case.

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