

Arkansas Business Owner Pleads Guilty to Fraudulently Obtaining More than \$16.5 Million in COVID Relief Funding

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For Immediate Release

U.S. Attorney's Office, Eastern District of Washington

Massive Conspiracy Involved Dozens of Fraudulent Businesses and COVID Business Loans Obtained Through Use of False Statements and Fraudulent Documentation

Spokane, Washington – Vanessa R. Waldref, the United States Attorney for the Eastern District of Washington, announced today that Tyler Keith Penix, age 37, of Bentonville, Arkansas, formerly known as Tyler Keith Andrews, pled guilty to fraudulently obtaining more than \$16.5 million as part of a wide-ranging conspiracy to obtain fraudulent COVID relief funding. United States District Judge Thomas O. Rice accepted Andrews' guilty plea, and set sentencing for January 11, 2024, at 10 a.m., in Spokane. This conviction is the most recent conviction, and most significant loss amount, announced by the Eastern Washington COVID-19 Fraud Strike Force launched in 2022.

On March 27, 2020, the President signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act provided a number of programs through which eligible small businesses could request and obtain relief funding intended to mitigate the economic impacts of the pandemic for small and local businesses. One such program, the Paycheck Protection Program (PPP), provided forgivable loans to eligible small businesses to retain jobs and maintain payroll during the pandemic. Another program, the Economic Injury Disaster Loan (EIDL) program, provided low-interest bridge funding for small businesses placed at risk during the pandemic.

"COVID-19 relief programs quickly ran out of money due to the number of businesses that requested funding, meaning that struggling, deserving small businesses were not able to obtain critically needed funding to keep their businesses afloat during the shutdowns and disruptions caused by the COVID pandemic," said U.S. Attorney Waldref. "We created the Eastern Washington COVID-19 Fraud Strike Force because it is critical to the strength and safety of our communities that we all work together to combat pandemic-related fraud and bring much-needed accountability to these programs. The Strike

Force works to ensure that limited resources are used to protect our local small businesses and the critical jobs and services that they provide for the community.”

In February 2022, U.S. Attorney Waldref and the U.S. Attorney’s Office began working with federal law enforcement agencies to create and launch a COVID-19 Fraud Strike Force that would leverage partnerships between different agencies to aggressively investigate and prosecute fraud against COVID-19 relief programs in Eastern Washington. The Strike Force consists of agency representatives from the U.S. Attorney’s Office, Small Business Administration (SBA) Office of Inspector General (OIG), Federal Bureau of Investigation (FBI), U.S. Department of the Treasury Inspector General for Tax Administration (TIGTA), U.S. Secret Service, U.S. Homeland Security Investigations (HSI), U.S. Department of Veterans Affairs OIG, General Services Administration OIG, Internal Revenue Service, Department of Energy OIG, Department of Homeland Security (DHS) OIG, Department of Labor OIG, Air Force Office of Special Investigations, and others. Cases investigated and prosecuted by the Strike Force have resulted in numerous indictments and convictions, and have recovered millions of dollars in penalties and restitution for the public.

In the plea agreement accepted by the court, and in information disclosed during court proceedings, Mr. Penix admitted to preparing and submitting dozens of fraudulent applications for PPP and EIDL funding for purported businesses supposedly owned by himself and others. For example, Mr. Penix admitted to preparing two EIDL applications for two purported businesses owned by Spokane resident and co-defendant Yuriy Anishchenko. Through the fraudulent applications prepared by Penix, Anishchenko received more than \$300,000 for his two purported businesses, neither of which was an active business at the time of the applications. According to court documents, Anishchenko then shared some of the proceeds with Penix, and referred to Penix more than a dozen additional potential “clients” for which Penix prepared and submitted dozens of additional fraudulent EIDL applications using false information and fraudulent documents, and that Penix shared in the proceeds from many of these as well. Finally, Penix admitted to preparing and submitting numerous false and fraudulent PPP and EIDL applications on behalf of purported businesses owned by him, again using fictitious documentation and false statements. In total, Penix admitted to obtaining more than \$3.25 million in PPP and EIDL funding for his own businesses, and another \$13.5 million in EIDL funding for Anishchenko and other co-conspirators.

“I commend the stellar investigative work on these cases performed by the Strike Force and especially in this case by SBA OIG, the FBI, and TIGTA,” said U.S. Attorney Waldref. “The extent of Mr. Andrews’s fraud – more than \$16 million is staggering. I’m so grateful for the support and collaboration with the U.S. Attorney’s Office for the Western District of Arkansas and the State Department’s Diplomatic Security Service. This was an extensive and wide-ranging conspiracy that required exceptional investigative work and close coordination. We will continue to work with our law enforcement partners to strengthen our communities by protecting our small and local businesses.”

“This guilty plea sends a signal to wrongdoers that evidence of their crimes will be brought to light,” said SBA OIG’s Western Region Special Agent in Charge Weston King. “Our Office will remain relentless

in the pursuit of fraudsters who sought to exploit SBA's vital pandemic response programs. I want to thank the U.S. Attorney's Office and our law enforcement partners for their dedication and pursuit of justice."

"The money these subjects fraudulently received should have benefitted legitimate small businesses during the pandemic," said Richard A. Collodi, Special Agent in Charge of the FBI Seattle field office. "I'm thankful for the work by members of the COVID Fraud Strike Force and the United States Attorney's Offices to hold accountable those who would take advantage of disaster funding for their own nefarious purposes. This should serve as an example of the effort and resources law enforcement and prosecutors will leverage to seek justice."

The charges to which Andrews pled carries a maximum sentence of up to 20 years in federal prison. The cases were investigated by the Eastern Washington COVID Fraud Strike Force, and in particular by SBA-OIG, the FBI, and TIGTA. The U.S. Attorney's Office for the Western District of Arkansas and Department of State Diplomatic Security Service provided additional assistance and support. Assistant United States Attorneys Dan Fruchter and Tyler H.L. Tornabene are prosecuting this case on behalf of the United States.

While Andrews has been adjudged guilty, the Indictment against Anishchenko remains pending. An Indictment is merely an allegation and all defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

Case No. 2:22-CR-00057-TOR

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