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Florida Recording Artist and Pennsylvania Man Charged for Role in \$24 Million COVID-Relief Fraud Scheme

Florida Man Used COVID-Relief Funds to Purchase Ferrari

A Florida recording artist and a Pennsylvania towing company owner have been charged for their alleged participation in a scheme to file fraudulent loan applications seeking more than \$24 million in forgivable Paycheck Protection Program (PPP) loans guaranteed by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Acting Assistant Attorney General Brian C. Rabbitt of the Justice Department's Criminal Division, U.S. Attorney Ariana Fajardo Orshan of the Southern District of Florida, Acting Special Agent in Charge Tyler R. Hatcher of the IRS-Criminal Investigation (CI) Miami Field Office, Special Agent in Charge George L. Piro of the FBI's Miami Field Office, and Special Agent in Charge Kevin A. Kupperbusch of the U.S. SBA-Office of Inspector General (OIG), Investigations Division, Eastern Regional Office, made the announcement.

Diamond Blue Smith, 36, of Miramar, Florida, and Tonye C. Johnson, 28, of Flourtown, Pennsylvania, were charged in federal criminal complaints filed in the Southern District of Florida with wire fraud, bank fraud, and conspiracy to commit wire fraud and bank fraud. Smith was arrested and appeared yesterday before U.S. Magistrate Judge Regina D. Cannon of the Northern District of Georgia. Johnson was arrested on Oct. 1, 2020, and appeared on Oct. 2, 2020, before U.S. Magistrate Judge Henry S. Perkin of the Eastern District of Pennsylvania.

The complaints, which were unsealed today, allege that Smith and Johnson conspired with others to obtain millions of dollars in fraudulent PPP loans.

Smith, a recording artist, is alleged to have obtained a PPP loan of \$426,717 for his company, Throwbackjersey.com LLC, using falsified documents. Upon completion of that loan, Smith then sought and obtained another PPP loan of \$708,065 for his other company, Blue Star Records LLC, using falsified documents. Smith allegedly purchased a Ferrari for \$96,000 and made other luxury purchases using PPP loan proceeds. Authorities seized the Ferrari at the time of Smith's arrest. He is also alleged to have withdrawn \$271,805 in loan proceeds. The complaint further alleges that Smith sought PPP loans on behalf of others in order to receive kickbacks for those confederates.

Johnson is alleged to have obtained a PPP loan of \$389,627 for his own company, Synergy Towing & Transport LLC, using falsified documents. The complaint alleges that Johnson then paid a portion of the loan proceeds to co-conspirators in the scheme.

The complaints allege that Smith and Johnson conspired with others to obtain millions of dollars in fraudulent PPP loans. Early in their scheme, Smith and Johnson's co-conspirator, Phillip J. Augustin, allegedly obtained a fraudulent PPP loan for his talent management company using falsified documents. After submitting that application, Augustin then began to work with other co-conspirators on a scheme to submit numerous fraudulent PPP loan applications for confederate loan applicants, in order to receive kickbacks for obtaining the forgivable loans for them. The complaints allege that the scheme involved the preparation of at least 90 fraudulent applications, most of which were submitted. Augustin, Smith, Johnson, and other conspirators in the scheme are alleged to have applied for PPP loans that are together worth more than \$24 million. Many of those loan applications were approved and funded by financial institutions, paying out at least \$17.4 million.

The other 11 defendants allegedly involved in this scheme whose complaints were previously unsealed are the following:

- Joshua J. Bellamy, 31, of St. Petersburg, Florida, was charged in a federal criminal complaint filed on Sept. 9, 2020, in the Southern District of Florida with wire fraud, bank fraud, and conspiracy to commit wire fraud and bank fraud;
- Tiara Walker, 37, of Miami Gardens, Florida, was charged in a federal criminal complaint filed on Sept. 3, 2020, in the Southern District of Florida, with wire fraud, bank fraud, and conspiracy to commit wire fraud and bank fraud;
- Damion O. McKenzie, 38, of Miami Gardens, Florida, was charged in a federal criminal complaint filed on Aug. 3, 2020, in the Southern District of Florida with wire fraud, bank fraud, and conspiracy to commit wire fraud and bank fraud;
- Andre M. Clark, 46, of Miramar, Florida, was charged in a federal criminal complaint filed on Aug. 3, 2020, in the Southern District of Florida with wire fraud, bank fraud, and conspiracy to commit wire fraud and bank fraud;
- Keyaira Bostic, 31, of Pembroke Pines, Florida, was charged in a federal criminal complaint filed on Aug. 3, 2020, in the Southern District of Florida with wire fraud, bank fraud, and conspiracy to commit wire fraud and bank fraud;
- Phillip J. Augustin, 51, of Coral Springs, Florida, was charged in a federal criminal complaint filed on July 28, 2020, in the Northern District of Ohio with wire fraud, bank fraud, conspiracy to commit wire fraud and bank fraud, and obstruction;
- Wyleia Nashon Williams, 44, of Ft. Lauderdale, Florida, was charged in a federal criminal complaint filed on July 28, 2020, in the Northern District of Ohio with wire fraud, bank fraud, and conspiracy to commit wire fraud and bank fraud;
- James R. Stote, 54, of Hollywood, Florida, was charged in a federal criminal complaint filed on June 24, 2020, in the Northern District of Ohio with wire fraud, bank fraud, and conspiracy to commit wire fraud and bank fraud;

- Ross Charno, 46, of Ft. Lauderdale, Florida, was charged in a federal criminal complaint filed on June 24, 2020, in the Northern District of Ohio with wire fraud, bank fraud, and conspiracy to commit wire fraud and bank fraud;
- Deon D. Levy, 50, of Bedford, Ohio, was charged in a federal complaint filed on June 8, 2020, in the Northern District of Ohio with wire fraud and conspiracy to commit wire fraud; and
- Abdul-Azeem Levy, 22, of Cleveland, Ohio was charged in a federal complaint filed on June 8, 2020, in the Northern District of Ohio with wire fraud and conspiracy to commit wire fraud.

The CARES Act is a federal law enacted on March 29, 2020, designed to provide emergency financial assistance to the millions of Americans who are suffering the economic effects caused by the COVID-19 pandemic. One source of relief provided by the CARES Act was the authorization of up to \$349 billion in forgivable loans to small businesses for job retention and certain other expenses, through the PPP. In April 2020, Congress authorized over \$300 billion in additional PPP funding.

The PPP allows qualifying small businesses and other organizations to receive loans with a maturity of two years and an interest rate of one percent. PPP loan proceeds must be used by businesses on payroll costs, interest on mortgages, rent, and utilities. The PPP allows the interest and principal to be entirely forgiven if the business spends the loan proceeds on these expense items within a designated period of time after receiving the proceeds and uses a certain amount of the PPP loan proceeds on payroll expenses.

A federal criminal complaint is merely an accusation. A defendant is presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

The Smith and Johnson cases were investigated by the IRS-CI Miami and Cincinnati Field Offices, the FBI's Miami and Cleveland Field Offices, and the SBA-OIG. Trial Attorney Philip Trout of the Criminal Division's Fraud Section and Assistant U.S. Attorneys Aimee Jimenez and David Snider for the Southern District of Florida are prosecuting the cases. The Justice Department also acknowledges and thanks the U.S. Attorney's Office for the Northern District of Ohio, the IRS-CI Philadelphia and Atlanta Field Offices, the FBI's Philadelphia Field Office, and the Federal Deposit Insurance Corporation Office of Inspector General for their assistance investigating this matter.

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

The year 2020 marks the 150th anniversary of the Department of Justice. Learn more about the history of our agency at www.Justice.gov/Celebrating150Years.

Attachment(s):

[Download Johnson Complaint](#)

[Download Smith Complaint](#)

Topic(s):

Coronavirus

Disaster Fraud

Financial Fraud

Component(s):

Criminal Division

Criminal - Criminal Fraud Section

USAO - Florida, Southern

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