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**Arizona Brothers Plead Guilty for Roles in Conspiracies to Fraudulently  
Obtain Nearly \$109 Million in Covid-Relief Funds**

PORTLAND, Ore.—Two brothers from Sedona, Arizona, pleaded guilty for conspiring with one another and others to defraud the U.S. Small Business Administration (SBA) out of nearly \$109 million in loans intended to help small businesses during the COVID-19 pandemic.

Eric Karnezis, 43, pleaded guilty Thursday to conspiring to commit wire fraud. Today, in a separate but related case, Anthony Karnezis, 43, also pleaded guilty to conspiring to commit wire fraud.

According to court documents, from January 2021 until at least March 2022, Eric Karnezis carried out a scheme whereby he conspired to gather false and fraudulent business information from customers and used the information to submit at least 350 fraudulent Paycheck Protection Program (PPP) loan applications through Blueacorn, a lender service provider, to Capital Plus Financial, a lender participating in the PPP. To facilitate the scheme, Eric Karnezis and his co-conspirators created fictitious documents to support the fraudulent loan applications, including false payroll information and tax documents.

In total, Eric Karnezis submitted or caused to be submitted at least 1,300 PPP applications, which together attempted to obtain at least \$178 million from Capital Plus Financial, of which approximately \$105 million in loans were funded in response to the fraudulent applications. Additionally, Eric Karnezis required applicants to pay a fee for his role in the conspiracy and he received approximately \$3 million for submitting the fraudulent applications.

Anthony Karnezis carried out a related scheme through at least March 2022, whereby he conspired with his brother, among others, to gather fraudulent business information from customers and used the information to submit at least 140 fraudulent PPP loan applications, through Blueacorn, to Capital Plus Financial. Based on the false and misrepresented information, more than \$3.9 million in loans were funded in response to these fraudulent applications. Anthony Karnezis also required applicants to pay a fee for his role in the conspiracy and he received more than \$957,000 for submitting the fraudulent applications.

On August 21, 2024, a federal grand jury in Portland returned a 23-count indictment [charging](#) Eric Karnezis and other defendants with conspiring to commit and committing wire fraud and conspiring to commit money laundering.

On February 19, 2025, Anthony Karnezis was charged by criminal information with conspiring to commit wire fraud.

Each faces a maximum sentence of 20 years in prison, a \$250,000 fine and 3 years of supervised release and will both be sentenced on June 20, 2025, before U.S. District Court Judge Karin J. Immergut.

As part of their plea agreements, Eric Karnezis agreed to pay between \$25 million and \$65 million in restitution to their victims, and Anthony Karnezis agreed to pay between \$3.5 million and \$9.5 million in restitution to their victims. They have also agreed to forfeit any criminally-derived proceeds and property.

This case was investigated by the SBA Office of Inspector General (SBA-OIG), IRS Criminal Investigation (IRS:CI), the U.S. Treasury Inspector General for Tax Administration (TIGTA), and the Naval Criminal Investigative Service (NCIS). It is being prosecuted by Meredith Bateman and Robert Trisotto, Assistant U.S. Attorneys for the District of Oregon. Forfeiture proceedings are being handled by Assistant U.S. Attorney Julia Jarett, also of the District of Oregon.

Anyone with information about allegations of attempted fraud involving COVID-19 can report it by calling the Justice Department'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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