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United States Attorney's Office for the Eastern District of Michigan Joins DOJ Fraud Division, SBA, and SBA OIG in Surge Takedown Exceeding $245 Million in COVID-era Loan Fraud

Joint national takedown: 40 U.S. Attorney's Offices, along with 20 federal and state investigative agencies, participate in two-month enforcement surge

DETROIT, MI – The United States Attorney's Office for the Eastern District of Michigan today announced charges, pleas and sentences as part of a nationwide enforcement action led by the Justice Department's National Fraud Enforcement Division, the Small Business Administration (SBA), and the SBA Office of Inspector General targeting fraud in the SBA's Paycheck Protection Program (PPP). The Eastern District of Michigan was a key participant in this surge effort.

From June 12 to September 1, 2026, federal prosecutors across the country facilitated fraud enforcement actions spanning over 160 criminal defendants, including approximately 80 newly charged defendants, reaching approximately $245 million dollars in intended loss to American taxpayers.

"With every fraud against the government, these criminals steal from the pockets of the American taxpayer. With every prosecution, we bring justice and return money to those same Americans," said U.S. Attorney Jerome F. Gorgon Jr.

"Pandemic loan relief was meant to keep American small businesses alive during government lockdowns—not line the pockets of fraudsters," said Attorney General Todd Blanche. "The defendants charged during our summer surge allegedly fabricated businesses, submitted false payroll and revenue claims, stole identities, and concealed foreign ties on their applications— but they will now be prosecuted to the fullest extent of the law."

"This summer surge shows what is possible when dedicated public servants across the country work together with a single purpose," said Assistant Attorney General Colin M. McDonald of the National Fraud Enforcement Division. "Our mission is clear: protect taxpayer funds, safeguard the integrity of federal relief programs, and deliver justice to those who exploited them. We will remain steadfast every day—standing shoulder-to-shoulder with our partners—to identify fraud, pursue those responsible, and restore confidence in the programs meant to help American small businesses thrive."

"Today's announcement represents the largest-ever action against perpetrators of SBA fraud, with 870,000 suspended borrowers tied to $39 billion in suspected fraudulent PPP and COVID EIDL activity. In partnership with Vice President Vance and the White House Task Force to Eliminate Fraud, we're putting fraudsters on notice: the federal government will no longer turn a blind eye to those who stole from taxpayers and exploited programs designed to sustain small businesses during the pandemic," said SBA Administrator Kelly Loeffler. "With demand letters going out to suspected fraudsters, we're also sending a clear message that they must repay their debts or face Treasury collections and possible federal law enforcement. Under this Administration, the free ride is over. We are restoring accountability, recovering taxpayer dollars, and protecting SBA programs for the legitimate small businesses they were created to serve."

"Operation No Doze brings a focused and coordinated approach to pursuing fraud in SBA's pandemic relief programs," said SBA Inspector General William Kirk. "By concentrating our investigative resources and working closely with SBA and our law enforcement partners, we are strengthening our ability to identify fraud, recover taxpayer funds, and hold accountable those who exploited programs created to help small businesses in a time of extraordinary need. This initiative makes clear that the passage of time does not diminish our commitment to accountability."

U.S. Attorney Gorgon Jr. announced that six defendants were included in the takedown involving approximately $8,200,000 in alleged losses. The takedown included the following cases:

***United States v. Valente* and *United States v. Toma* (26-cr-20534 and 26-cr-20385)**

Peter Valente, and his then wife, Angela Toma, were indicted and charged with offenses involving a scheme to defraud the SBA. Using inactive companies to perpetrate the fraud, Valente and Toma successfully defrauded the SBA and other lenders of over $2,600,000. On June 30, 2026, Toma pleaded guilty Conspiracy to Commit Wire Fraud, and she is awaiting sentencing. On August 19, 2026, Valente was indicted for Conspiracy to Commit Wire Fraud, multiple counts of Wire Fraud, Money Laundering Conspiracy, and Tampering with Documents and Proceedings. Both Toma and Valente are facing up to 30 years' imprisonment.

***United States v. Patrick McNulty et al.* (26-cr-20507)**

Patrick McNulty and Joseph Gastorf were charged in an Information with Conspiracy to Commit Wire Fraud. The object of the conspiracy was to cause the SBA and other third-party lenders to issue improper PPP loans and Economic Injury Disaster Loans (EIDLs) through false and fraudulent representations, then divert those proceeds for their own personal use. The defendants are alleged to have submitted 36 fraudulent PPP and EIDL loan applications for several companies, obtaining a total of 18 fraudulent loans for 9 different companies. The Information alleges over $2,700,000 in losses.

United States v. Tauheed Wilder **(25-cr-20779)**

Wilder executed a scheme that caused the Michigan Unemployment Insurance Company to issue unemployment insurance benefits based on false applications he filed or caused to be filed using the names and social security numbers of individuals without their consent or knowledge. In the span of approximately six months during height of the pandemic, Wilder submitted approximately 150 fraudulent unemployment insurance claims using the stolen Personally Identifiable Information, many using the same fraudulent tax form. During the same period, Wilder obtained two fraudulent PPP loans from the SBA. Wilder's action resulted in a total loss of approximately $1,959,281. Following his guilty plea to Wire Fraud in April 2026, Wilder was sentenced on July 30, 2026, to 72 months' in federal prison. He was also ordered to pay restitution as follows: $1,875,149.00 to the Michigan Unemployment Insurance Agency, and $84,132.00 to the U.S. Small Business Administration.

United States v. Karl Fultz **(25-cr-20358)**

In this case, defendant Karl Fultz made false misrepresentations to induce the SBA and lenders to issue an improper PPP loan in the amount of $866,688 for a business Fultz owned called Wheel Effects. In the application, Fultz made or caused to be made false and fraudulent claims that Wheel Effects had 41 employees and an average monthly payroll of nearly $350,000. Both figures were inflated to fraudulently increase the loan amount that Wheel Effects was eligible to receive. Fultz later used the ill-gotten gains for personal expenditures. On July 28, 2026, Fultz pleaded guilty to Conspiracy to Commit Wire Fraud and faces a statutory maximum penalty of up to 30 years' imprisonment.

These cases are being investigated by multiple agencies including Department of Labor Office of Inspector General, The Internal Revenue Service-Criminal Investigations, and the Department of Homeland Security Investigations. The cases are being prosecuted by Assistant United States Attorneys Ryan Particka, Andrew Yahkind, and K. Craig Welkener.

On April 7, the Department of Justice announced the creation of the National Fraud Enforcement Division ("Fraud Division"). The Fraud Division is laser-focused on investigating and prosecuting those who commit fraud against the American people. The Department's work to combat fraud supports President Trump's Task Force to Eliminate Fraud, a whole-of-government effort chaired by Vice President J.D. Vance to eliminate fraud, waste, and abuse within Federal benefit programs.

An indictment, information, or complaint is merely an allegation. All defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

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