

PRESS RELEASE

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Thursday, November 12, 2020

Macomb Township Resident Charged In COVID-19 Bank Fraud Scheme

A Macomb Township resident was charged in a Criminal Information for his alleged role in a scheme to fraudulently obtain approximately \$931,000 from the Paycheck Protection Program, United States Attorney Matthew Schneider announced today.

Joining Schneider in the announcement were Special Agent in Charge John Crawford of the Federal Deposit Insurance Corporation Office of Inspector General, Special Agent in Charge Douglas Zlotto of the United States Secret Service, and Special Agent in Charge Sharon Johnson of the United States Small Business Administration Office of Inspector General.

The Information charges Michael Bischoff, 60, of Macomb Township, Michigan, with one count of Bank Fraud.

According to the Information, Bischoff owned a number of pizza restaurants in Macomb County, Michigan, which operated through various corporate entities Bischoff controlled (the Bischoff entities). The Information alleges that Bischoff applied for at least nine loans on behalf of the Bischoff entities under the Paycheck Protection Program (PPP). The PPP is a program overseen by the Small Business Administration designed to provide forgivable loans to small businesses affected by the coronavirus pandemic. Applicants for PPP loans apply directly to banks or financial institutions participating in the program; in those applications, applicants make affirmative certifications about, among other things, their average monthly payroll expenses and number of employees. Applicants also certify their intent to spend PPP proceeds on permissible business expenses, such as payroll costs, rent, utilities, and interest on mortgages. PPP loans may be entirely forgiven if the recipient spends the loan proceeds on these permissible expenses within a designated period of time after receiving the proceeds.

The Information alleges that at least nine of Bischoff's PPP applications contained false and fraudulent representations to the participating lenders. All of the applications included false representations about the amount of payroll and number of employees working at the Bischoff entities. A number of the applications also included false documentation, purportedly from the IRS, to support the misrepresentations about payroll expenses at those entities. In other applications, Bischoff is alleged to have fraudulently used another person's personal identifying information to secure approval for the loans.

In all, the Information alleges that, in his false and fraudulent loan applications, Bischoff sought approximately \$931,772 in proceeds from the PPP. Bischoff is alleged to have actually received approximately \$593,590 from PPP lenders as a result of his fraudulent loan applications.

An Information is only a charge and is not evidence of guilt.

The case is being prosecuted by Assistant United States Attorney John K. Neal of the Eastern District of Michigan, Trial Attorney Philip B. Trout of the U.S. Department of Justice's Criminal Division, Fraud Section, and Trial Attorney Chad M. Davis of the U.S. Department of Justice's Criminal Division, Money Laundering and Asset Recovery Section. The investigation is being conducted jointly by the Federal Deposit Insurance Corporation Office of Inspector General, the United States Secret Service and the Small Business Administration Office of Inspector General.

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