

PRESS RELEASE

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Macomb Township Resident Pleads Guilty In COVID-19 Bank Fraud Scheme

A Macomb Township resident pleaded guilty today to 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 Zloto of the United States Secret Service, and Special Agent in Charge Sharon Johnson of the United States Small Business Administration Office of Inspector General.

Michael Bischoff, 60, of Macomb Township, Michigan, pleaded guilty to one count of bank fraud arising from his effort to obtain some \$931,000 by defrauding several financial institutions regarding loans from the Paycheck Protection Program.

According to the plea documents, Bischoff owned a number of pizza restaurants in Macomb County, Michigan, which operated through various corporate entities he controlled (the Bischoff entities). The plea documents further state 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.

According to the plea documents, 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 fraudulently used another person's personal identifying information to secure approval for the loans.

In all, Bischoff sought approximately \$931,772 in proceeds from the PPP. Bischoff actually received approximately \$593,590 from PPP lenders as a result of his fraudulent loan applications.

“The pandemic has had a major economic impact on our community, and the Paycheck Protection Program is a critical lifeline for Michigan’s small businesses during this challenging time,” stated United States Attorney Schneider. “Fraud in this program takes dollars away from needy businesses and puts them into the hands of crooks and thieves. This is a serious crime, and my office is committed to finding anyone guilty of defrauding this program and prosecuting them quickly and aggressively.”

“Agents from the FDIC, SBA and US Secret Service - Detroit Field Office partnered together with the United States Attorney’s Office to investigate a local business owner, who took advantage of the global pandemic to enrich himself with COVID Relief disaster funds,” stated SAC Zloto. “Mr. Bischoff engaged in multiple instances of Payroll Protection Plan loan fraud, which was intended to help honest business owners weather these troubled times.”

A sentencing date has been set for March 22, 2021 at 2:30pm before United States District Judge Paul D. Borman.

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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