

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES OF AMERICA

CRIMINAL NO.

v.

VIOLATION: 18 U.S.C. § 1344(2)

MICHAEL BISCHOFF,

Case: 2:20-cr-20556

Assigned To : Borman, Paul D.

Referral Judge: Patti, Anthony P.

Assign. Date : 11/12/2020

Description: INFO USA v. BISCHOFF (SO)

Defendant.

INFORMATION

THE UNITED STATES ATTORNEY CHARGES:

At all times relevant to this Information:

COUNT 1

(Bank Fraud - 18 U.S.C. § 1344(2))

1. Between approximately June 4, 2020, and August 2, 2020, in the Eastern District of Michigan, the defendant, Michel Bischoff (“Bischoff”), did knowingly execute and/or attempt to execute a scheme or artifice to obtain any of the moneys, funds, credits, assets, securities, or other property owned by, or under the custody or control of, a financial institution, by means of false or fraudulent pretenses, representations, or promises, in violation of 18 U.S.C. 1344(2).

Background

It is relevant to the Information that during the above-listed time period:

2. Defendant Bischoff was a resident of Macomb County within the Eastern District of Michigan.

3. Defendant Bischoff was the owner and/or registered agent of Little Dino's Pizza Express, Inc. (doing business as Little Dino's Pizza), Passport Pizza, Motor City Pizza, Group 1 Enterprises Inc., Marvel Media LLC, D-Brands Inc., MJR Financial Group LTD, MJR Food Group Inc., and Group MJR Inc. (collectively, the "Bischoff Entities"), which are registered in the State of Michigan and located in Macomb County within the Eastern District of Michigan.

4. The Coronavirus Aid, Relief, and Economic Security ("CARES") Act is a federal law enacted in or around March 2020 and 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 a program referred to as the Paycheck Protection Program ("PPP"). In or around April 2020, Congress authorized over \$300 billion in additional PPP funding.

5. In order to obtain a PPP loan, a qualifying business must submit a PPP loan application, which is signed by an authorized representative of the business. The PPP loan application requires the business (through its authorized representative) to acknowledge the program rules and make certain affirmative certifications in order to be eligible to obtain the PPP loan. In the PPP loan application, the small business

(through its authorized representative) must state, among other things, its: (a) average monthly payroll expenses; and (b) number of employees. These figures are used to calculate the amount of money the small business is eligible to receive under the PPP. In addition, businesses applying for a PPP loan must provide documentation showing their payroll expenses.

6. A PPP loan application must be processed by a participating lender. If a PPP loan application is approved, the participating lender funds the PPP loan using its own monies, which are 100% guaranteed by Small Business Administration (“SBA”). Data from the application, including information about the borrower, the total amount of the loan, and the listed number of employees, is transmitted by the lender to the SBA in the course of processing the loan.

7. PPP loan proceeds must be used by the business on certain permissible expenses—payroll costs, interest on mortgages, rent, and utilities. The PPP allows the interest and principal on the PPP loan 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.

Participating Financial Institutions and the PPP Loans

8. Lender A is a nonbank small business investment lender; thus, it is a “financial institution” as defined in 18 U.S.C § 20(5).

9. Bank A was a financial institution based in Fort Lee, New Jersey that was insured by the FDIC; thus, it is a “financial institution” as defined in 18 U.S.C. § 20(1).

10. Bank B was a financial institution based in Salt Lake City, Utah that was insured by the FDIC; thus, it is a “financial institution” as defined in 18 U.S.C § 20(1).

11. Bank Processor A was a financial technology company based in Atlanta, Georgia that provides direct funding services to small businesses and consumers through an automated lending platform. Since March 2020, Bank Processor A has processed PPP loan applications and sold PPP loans to certain financial institutions, including Bank A.

**Defendant Obtained PPP Loans through False and Fraudulent
Representations**

12. Between approximately June 4, 2020, and August 2, 2020, defendant Bischoff submitted, and caused the submission of, at least 9 false and fraudulent PPP loan applications worth a total of \$931,772 on behalf of the Bischoff Entities (collectively, the “PPPLoans”). The PPPLoans are listed in the following table by loan date, the funding financial institution or processing company and loan amount.:

No.	Loan Date	Funding Financial Institution or Processor	Loan Amount
1	June 4, 2020	Lender A	\$50,000
2	June 6, 2020	Bank B	\$134,165.00
3	June 18, 2020	Bank A	\$90,410.00
4	June 19, 2020	Bank A	\$112,470.00
5	June 20, 2020	Bank A	\$119,791.00
6	June 24, 2020	Bank A	\$136,654.00
7	July 15, 2020	Bank Processor A	\$75,436.00
8	July 24, 2020	Bank Processor A	\$89,477.00
9	August 2, 2020	Bank Processor A	\$123,369.00

13. The funds for five of the PPP Loans (Loan Nos. 2-6) were disbursed to defendant Bischoff, totaling \$593,590. The funds were sent via ACH wire transfer from the listed funding institutions to bank accounts that Bischoff controlled.

14. In each of the applications for the PPP Loans, Defendant Bischoff falsely represented the amount of payroll and the number of employees working for the Bischoff Entities.

15. In the applications for PPP Loan Nos. 2-9, defendant Bischoff submitted false and fraudulent Internal Revenue Service Forms W-3 to secure approval of the loans.

16. In the applications for PPP Loan Nos. 1 and 5-9, defendant Bischoff fraudulently used another person's personal identifying information to secure approval of the loans.

All in violation of Title 18, United States Code, Section 1344(2).

FORFEITURE ALLEGATIONS

18 U.S.C. § 982(a)(2)(a) and 18 U.S.C. § 981(a)(1)(c) with 28 U.S.C. § 2461

17. The above allegations contained in this Information are incorporated by reference as if set forth fully herein for the purpose of alleging forfeiture pursuant to the provisions of 18 U.S.C. § 982(a)(2)(a) and 18 U.S.C. § 981(a)(1)(c) with 28 U.S.C. § 2461.

18. As a result of violating 18 U.S.C. § 1344, as set forth in this Information, defendant Bischoff shall forfeit to the United States any property, real or personal, which represents or is traceable to the gross proceeds obtained, directly or indirectly, as the result of his violation of 18 U.S.C. § 1344(2).

19. Specifically, defendant Bischoff will be required to forfeit \$844,590 to the United States, which is the total amount of the fraudulently obtained PPP loan money that was disbursed to him.

20. Substitute Assets: If all or any of the forfeited \$593,590

a. cannot be located upon the exercise of due diligence;

b. has been transferred or sold to, or deposited with, a third

party;

- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property that cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p), as incorporated by 18 U.S.C. § 982(b), to seek forfeiture of any other property of defendant Bischoff's up to the value the \$844,590 still outstanding.

MATTHEW J. SCHNEIDER
United States Attorney
Eastern District of Michigan

DANIEL S. KAHN
Acting Chief
Fraud Section, Criminal Division
United States Department of Justice

/s/John K. Neal
JOHN K. NEAL
Chief, White Collar Crime Unit
Assistant United States Attorney
Eastern District of Michigan

/s/ Philip B. Trout
PHILIP B. TROUT
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Money Laundering and Asset
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United States Department of Justice

/s/ Chad M. Davis
CHAD M. DAVIS
Trial Attorney

United States District Court Eastern District of Michigan	Criminal Case Cover Sheet	Case Number 20-20556
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NOTE: It is the responsibility of the Assistant U.S. Attorney signing this form to complete it accurately in all respects.

Companion Case Information	Companion Case Number:
This may be a companion case based upon LCrR 57.10 (b)(4) ¹ :	Judge Assigned:
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	AUSA's Initials:

Case Title: USA v. Michael Bischoff

County where offense occurred : Macomb

Check One: **Felony** **Misdemeanor** **Petty**

Indictment/ Information --- **no** prior complaint.
 Indictment/ Information --- based upon prior complaint [Case number: _____]
 Indictment/ Information --- based upon LCrR 57.10 (d) [Complete Superseding section below].

Superseding Case Information

Superseding to Case No: _____ **Judge:** _____

- Corrects errors; no additional charges or defendants.
- Involves, for plea purposes, different charges or adds counts.
- Embraces same subject matter but adds the additional defendants or charges below:

<u>Defendant name</u>	<u>Charges</u>	<u>Prior Complaint (if applicable)</u>
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Please take notice that the below listed Assistant United States Attorney is the attorney of record for the above captioned case.

November 12, 2020
Date

/s/ John K. Neal
 John K. Neal
 Assistant United States Attorney
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¹ Companion cases are matters in which it appears that (1) substantially similar evidence will be offered at trial, or (2) the same or related parties are present, and the cases arise out of the same transaction or occurrence. Cases may be companion cases even though one of them may have already been terminated.