



THE UNITED STATES ATTORNEY'S OFFICE
EASTERN DISTRICT *of* MICHIGAN

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Department of Justice

U.S. Attorney's Office

Eastern District of Michigan

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Detroit Resident Charged In COVID-19 Wire Fraud Scheme

A Detroit resident was charged in a criminal complaint for his alleged role in a scheme to obtain \$590,900 from the Payroll Protection Program for a non-functioning business, announced United States Attorney Matthew Schneider.

Joining in the announcement was Special Agent in Charge Steven M. D'Antuono, Federal Bureau of Investigation.

Charged is Darrell Baker, 51, of Detroit, Michigan.

As alleged in the complaint, Baker applied for and obtained a \$590,000 Payroll Protection Program Loan on behalf of a purported business that he owns, called "Motorcity Solar Energy, Inc." The Paycheck Protection Program is a program managed by the Small Business Administration (SBA) that provides loans to help businesses keep their workforces employed during the Covid-19 crisis. The SBA will forgive the loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities. The Payroll Protection Act loans are funded from participating banks, in this case Customers Bank in Pennsylvania.

The complaint further alleges that Baker submitted paperwork with his loan application representing that Motorcity Solar Energy Inc. had 68 employees and, in 2019 paid wages, tips, and other compensation totaling \$2.8 million. In fact, the state of Michigan had dissolved Motorcity Solar Energy Inc.'s status as a corporation in July 2019. All of Motorcity's purported business locations were either empty suites or single-family residences, with no evidence of business activity. And Motorcity never established any account with the State of Michigan's unemployment insurance program, which is a prerequisite for any valid employer in the state.

The complaint further alleges that, in the two days after the loan was funded, Baker purchased four cashier's checks and withdraw an additional \$60,000 in cash. None of these cashier's checks went to payroll or other business expenses. Indeed, Baker used the four cashier's checks to purchase two Cadillac Escalades, a Dodge Charger, and a Hummer. According to the complaint, Baker purchased one of vehicles for his brother-in-law and one for his sister; the remaining two vehicles Baker kept for his own use and enjoyment.

United States Attorney Schneider stated “Defendant Baker is charged with lying to obtain money that was supposed to help small businesses struggling with their payroll and expenses due to the COVID-19 pandemic. Defrauding banks to obtain loans is never acceptable, and doing so during our current national emergency is unconscionable. This prosecution is yet another example of our office’s commitment to holding accountable anyone who would exploit the COVID-19 crisis for their own greedy desires.”

“The Paycheck Protection Program is designed as a lifeline to businesses struggling to survive this current crisis. Instead of using these loans to salvage a legitimate business, the defendant allegedly bought expensive personal items for himself and his family,” said SAC D’Antuono. “These actions harmed hard-working Americans and deserving small businesses. The FBI is committed to investigating anyone who seeks to take advantage of a global pandemic to line their own pockets at the expense of American taxpayers.”

A complaint is only a charge and is not evidence of guilt. Trial cannot be held on felony charges in a complaint. When the investigation is completed a determination will be made whether to seek a felony indictment.

The case is being prosecuted by Assistant United States Attorney John K. Neal. The investigation is being conducted by the FBI.

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