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Department of Justice

U.S. Attorney's Office

Northern District of Iowa

FOR IMMEDIATE RELEASE

Tuesday, February 16, 2021

Minnesota Man Pleads Guilty to Defrauding the United States in Paycheck Protection Program Scheme

Received Over \$1.2 million from Loans through Banks in Northwest Iowa and Minnesota

A Minnesota man who participated in a scheme to defraud the United States out of Paycheck Protection Program (PPP) and Economic Injury Disaster Loans (EIDL) funds, and conspired to launder funds from over \$1.2 million in illegally obtained loan funds, pled guilty today in federal court in Sioux City.

Donald Franklin Trosin, age 56, from Champlin, Minnesota, formerly of Armstrong, Iowa, was convicted of one count of major fraud against the United States and one count of money laundering conspiracy.

The Coronavirus Aid, Relief, and Economic Security ("CARES") Act is a federal law enacted in late March 2020 that provides emergency financial assistance, including PPP and EIDL loans, to the millions of Americans who are suffering the economic effects of the COVID-19 pandemic. At the plea hearing, Trosin admitted he participated in a scheme to defraud the United States out of PPP and EIDL loan funds after more than 20 applications were submitted to the Small Business Administration in the name of Trosin and another person. The applications falsely represented that Trosin had 120 employees on his payroll and over \$5 million in payroll expenses when, in truth, Trosin did not operate a business at all. Trosin also admitted that, after receiving the funds through banks in Minnesota and Northwest Iowa, he withdrew and wired proceeds from the scheme to other individuals in other states.

Sentencing before United States District Court Chief Judge Leonard T. Strand will be set after a presentence report is prepared. Trosin remains free on bond previously set pending sentencing. Trosin faces up to 20 years' imprisonment, over \$5,000,000 in fines, and three years of supervised release following any imprisonment.

The case is being prosecuted by Assistant United States Attorney Tim Vavricek and was investigated by the Federal Bureau of Investigation, the Internal Revenue Service-Criminal Investigation, the Small Business Administration-Office of Inspector General, and the Treasury Inspector General for Tax Administration.

Court file information at <https://ecf.iand.uscourts.gov/cgi-bin/login.pl>.

The case file number is 20-CR-4066.

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Topic(s):

Coronavirus

Financial Fraud

Component(s):

USAO - Iowa, Northern

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