



THE UNITED STATES ATTORNEY'S OFFICE
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Department of Justice

U.S. Attorney's Office

Southern District of New York

FOR IMMEDIATE RELEASE

Thursday, May 21, 2020

Chinese National Arrested For \$20 Million Scheme To Fraudulently Obtain Loans Intended To Help Small Businesses During COVID-19 Pandemic

MUGE MA, a/k/a “Hummer Mars,” Lied that His Phony Companies Had Hundreds of Employees and Paid Millions in Wages to Receive COVID-19 Loan Funds; MA’s Company Also Fraudulently Held Itself Out as Representing New York State in Procuring COVID-19 Supplies

Geoffrey S. Berman, the United States Attorney for the Southern District of New York, William F. Sweeney Jr., Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation (“FBI”), Kevin Kupperbusch, Eastern Region Special Agent-in-Charge of the Office of the Inspector General of the U.S. Small Business Administration (“SBA”), and Jonathan D. Larsen, Special Agent in Charge of the New York Field Office of the Internal Revenue Service, Criminal Investigation (“IRS-CI”), announced today the arrest of MUGE MA, a/k/a “Hummer Mars,” a Chinese national residing in Manhattan, for a fraudulent scheme to obtain over \$20 million in Government-guaranteed loans designed to provide relief to small businesses during the novel coronavirus/COVID-19 pandemic. In connection with loan applications for relief available from the Paycheck Protection Program (“PPP”) and the Economic Injury Disaster Loan (“EIDL”) Program, MA falsely represented to the SBA and five financial institutions that his companies, New York International Capital LLC (“NYIC”) and Hurley Human Resources LLC (“Hurley”), had hundreds of employees and paid millions of dollars in wages to those employees, when, in fact, MA appears to have been the only employee of his companies. MA’s company NYIC also fraudulently represented that it was representing New York State in procuring COVID-19 test kits and personal protective equipment to respond to the COVID-19 pandemic. MA was arrested this morning and will be presented later today before U.S. Magistrate Judge Kevin Nathaniel Fox.

Manhattan U.S. Attorney Geoffrey S. Berman said: “Muge Ma, a/k/a ‘Hummer Mars,’ allegedly attempted to secure over \$20 million in Government-guaranteed loans intended for businesses devastated by the coronavirus/COVID-19 pandemic. In furtherance of the scheme, Ma allegedly falsely represented in his applications to banks and the SBA to own two companies with hundreds of employees to whom he paid millions in wages. As alleged, Ma described one of the companies as a ‘patriotic American’ firm, and said of the other company that it would ‘help the country reduce the high unemployment rate caused by the pandemic by helping unemployed American workers and unemployed American fresh graduates find jobs as quickly as possible.’ In truth, Ma appears to be the only employee of either company and had no legitimate

claim to the funds for which he applied. Ma's alleged attempts to secure funds earmarked for legitimate small businesses in dire financial straits are as audacious as they are callous, and now he now faces federal prosecution. Small businesses are facing uncertainty and unprecedented challenges, the least of which should be opportunists attempting to loot the federal funds meant to assist them. This Office, along with our law enforcement partners, will continue to vigilantly protect the integrity of those critical loan programs."

FBI Assistant Director William F. Sweeney Jr said: "There are many people in desperate need of federal money right now to get them through an unbelievably difficult time. The last thing they need to hear is that a fraudster allegedly tried to steal millions of dollars for his own selfish use. We hope this serves as a demonstration to other criminals plotting a similar scam – we are acting and investigating in real time to stop anyone using this crisis as a means to rip off the federal government and the tax payers who fund that government."

SBA OIG Eastern Region Special Agent-in-Charge Kevin Kupperbusch said: "Providing false statements to gain access to SBA's programs will be aggressively investigated by our office. SBA OIG and its law enforcement partners are poised to root out fraud in SBA's programs and bring wrongdoers to justice. I want to thank the U.S. Attorney's Office and our law enforcement partners for their dedication and pursuit of justice."

IRS-CI Special Agent in Charge Jonathan D. Larsen said: "As many American businesses are struggling to survive during these difficult times, it is alleged that Mr. Ma sought to steal millions of dollars in loans intended to assist legitimate businesses. Make no mistake about it, IRS-CI is committed to investigating and bringing to justice those individuals who defraud coronavirus relief programs."

According to the allegations contained in the Complaint[1] unsealed today in Manhattan federal court:

The Coronavirus Aid, Relief, and Economic Security ("CARES") Act is a federal law enacted on March 29, 2020, 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 hundreds of billions of dollars in forgivable loans to small businesses for job retention and certain other expenses through the SBA's PPP. Pursuant to the CARES Act, the amount of PPP funds a business is eligible to receive is determined by the number of employees employed by the business and their average payroll costs. Businesses applying for a PPP loan must provide documentation to confirm that they have previously paid employees the compensation represented in the loan application. The CARES Act also expanded the separate EIDL Program, which provides small businesses with low-interest loans of up to \$2 million that can provide vital economic support to help overcome the temporary loss of revenue they are experiencing due to COVID-19. To qualify for an EIDL loan under the CARES Act, the applicant must have suffered "substantial economic injury" from COVID-19.

From at least in or about March 2020 through at least on or about May 15, 2020, MA applied to the SBA and at least five banks for a total of over \$20 million in Government-guaranteed loans for the his companies NYIC and Hurley (together, the "Ma Companies") through the SBA's PPP and EIDL Program. In connection with these loan applications, MA represented, among other things, that he was the sole owner and executive director of the Ma Companies, that the Ma Companies were located on the sixth floor of his luxury condominium building in New York, New York, and that NYIC and Hurley together had hundreds of employees and paid millions of dollars in wages to those employees on a monthly basis. In fact, however, MA appears to have been the only employee of NYIC since at least in or about 2019, and Hurley does not appear to have any employees. In order to support the false representations made by MA in the loan applications about the number of employees at, and the wages paid by, the Ma Companies, MA submitted fraudulent and doctored bank records, tax records, insurance records, payroll records, and/or audited financial statements to five different banks, and also provided links to the Ma Companies' websites, which describe them as purportedly "global" companies. In the course of these loan applications, MA also

misrepresented that he was a United States citizen, when, in fact, he is a Chinese national with lawful permanent resident status in the United States.

Before the discovery of the fraudulent conduct by MA, the SBA approved a \$500,000 EIDL Program loan for NYIC and a \$150,000 EIDL Program loan for Hurley, and at least a \$10,000 loan advance was provided to NYIC. In addition, a bank approved and disbursed over approximately \$800,000 in PPP loan funds for Hurley, which were frozen in connection with this investigation. As a result, MA sought to withdraw his loan applications from the banks and return the funds.

MA and individuals purporting to work for NYIC have also fraudulently represented to a COVID-19 test kit manufacturer and a medical equipment supplier that NYIC is representing the New York State Government and the Governor of New York in procuring COVID-19 test kits and personal protective equipment (“PPE”) to respond to the COVID-19 pandemic. Among other incidents, in a recorded call that took place on or about May 18, 2020, MA represented, in substance and in part, that his company NYIC was a registered vendor for New York State, among other state governments, and that NYIC had a big team working on a deal for the State. NYIC is not, however, an authorized vendor of New York State, nor has NYIC been authorized to represent New York State in connection with the procurement of COVID-19 supplies.

* * *

MA, 36 of New York, New York, is charged with one count of bank fraud, one count of wire fraud, and one count of making false statements to a bank, each of which carries a maximum sentence of 30 years in prison, one count of major fraud against the United States, which carries a maximum sentence of 10 years in prison, one count of making false statements, which carries a maximum sentence of five years in prison, and one count of making false statements to the SBA, which carries a maximum sentence of two years in prison. The maximum potential sentences are prescribed by Congress and are provided here for informational purposes only, as any sentencing of the defendant will be determined by the judge.

Any businesses or individuals who believe they may have been a victim in this investigation or have information regarding this investigation should call the FBI's 24/7 Cyber Complaint Center at (855) 292-3937.

Mr. Berman praised the investigative work of the FBI's Financial Cybercrimes Task Force, SBA-OIG, and IRS-CI, and noted that the investigation remains ongoing. Mr. Berman also thanked the New York City Police Department, the Office of the New York State Comptroller, and the New York State Department of Labor for their assistance with the investigation.

The prosecution of this case is being handled by the Office's Complex Frauds and Cybercrime Unit. Assistant United States Attorney Sagar K. Ravi is in charge of the prosecution.

The charges contained in the complaint are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

[1] As the introductory phrase signifies, the entirety of the Complaint and the description of the Complaint set forth herein constitute only allegations, and every fact described should be treated as an allegation.

Attachment(s):

[Download muge_ma_aka_hummer_mars_complaint_20_mj_5202.signed.pdf](#)

Topic(s):

Coronavirus

Financial Fraud

Component(s):

USAO - New York, Southern

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Press Release Number:

20-112

Updated May 21, 2020