



PRESS RELEASE

Co-Founder of Paycheck Protection Program Lender Service Provider Sentenced for \$65M COVID-19 Relief Fraud Scheme

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For Immediate Release

Office of Public Affairs

A co-founder of a lender service provider was sentenced to 10 years in prison for participating in a scheme to fraudulently obtain over \$65 million in Paycheck Protection Program (PPP) loans guaranteed by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The defendant was also ordered to pay over \$66 million in restitution.

“This defendant orchestrated one of the nation’s largest schemes to defraud the Paycheck Protection Program during a global pandemic,” said Acting Assistant Attorney General Matthew R. Galeotti of the Justice Department’s Criminal Division. “Stealing money from federal relief programs is stealing money contributed by taxpayers to help individuals and small businesses survive economic hardship. This sentence sends a clear message that people who exploit government programs to enrich themselves will be brought to justice.”

“In a critical time for our nation, when businesses were trying to survive a worldwide pandemic, this defendant egregiously lined his own pockets via his massive fraud scheme,” said U.S. Attorney Ryan Raybould for the Northern District of Texas. “He and others who criminally exploit federal funding will be prosecuted to the fullest extent in our district.”

"SBA was proud to support the Justice Department in their work to bring one of our nation's largest pandemic fraudsters to justice," said Small Business Administration (SBA) Administrator Kelly Loeffler. "At the SBA, we are tirelessly working to hold criminal actors accountable and claw back the taxpayer dollars that were stolen from honest American families and small business owners."

"Abusing government programs and exploiting a national emergency will never be tolerated," said Acting Assistant Director Rebecca Day of the FBI's Criminal Investigative Division. "Today's sentencing demonstrates the FBI's commitment to holding accountable those who defraud the government in an effort to benefit themselves."

"Nathan Reis orchestrated a massive fraud that siphoned tens of millions of dollars from a program meant to save small businesses during a national emergency," said Acting Deputy Chief Justin Campbell of IRS Criminal Investigation. "Today's sentence is a testament to the strength of federal partnership and coordinated investigative work. The women and men of IRS-CI remain committed to investigating complex financial crimes and ensuring that those who abuse government programs for personal profit will face justice."

"This sentencing underscores the SBA Office of Inspector General's unwavering commitment to holding accountable those who exploit taxpayer funds for personal gain," said Deputy Inspector General Sheldon Shoemaker. "At a time when these programs were designed to support small businesses and workers facing unprecedented hardship, fraud of this magnitude undermines public trust and diverts critical resources from those who truly needed them. We will continue to work closely with our law enforcement partners to investigate and pursue those who abuse SBA programs."

"This sentencing holds accountable and brings to justice a fraudster who stole millions of taxpayer dollars intended to help small business owners for their own personal gain," said Acting Special Agent in Charge Don Daley of the Office of Inspector General for the Board of Governors of the Federal Reserve System and Consumer Financial Protection Bureau Western Region. "We are proud to have worked with our federal law enforcement partners and the U.S. Attorney's Office to achieve this result."

According to court documents, Nathan Reis, 47, of Rio Grande, Puerto Rico, and previously of Arizona, conspired with others to submit false and fraudulent PPP loan applications to receive loan funds for which they were not eligible. In April 2020, Reis co-founded Blueacorn, purportedly to help small businesses and individuals obtain PPP loans. Through Blueacorn, Reis and his co-conspirators submitted fraudulent PPP loan applications they knew contained materially false information to make more money. Reis and others fabricated documents, including tax documents and bank statements. As part of the conspiracy, Reis and his co-conspirators charged borrowers fees based on a percentage of the funds received. In total, Reis and his co-conspirators processed over 530 fraudulent loans causing over \$65 million in losses.

In August 2025, Reis [pleaded guilty](#) to conspiracy to commit wire fraud.

The FBI, IRS-CI, the Special Inspector General for Pandemic Recovery, Federal Reserve Board-Consumer Financial Protection Bureau Office of Inspector General, and SBA Office of Inspector General investigated the case.

Acting Assistant Chief Philip Trout of the Criminal Division's Fraud Section; Trial Attorneys Elizabeth Carr and Ryan McLaren of the Criminal Division's Money Laundering, Narcotics and Forfeiture Section; and Assistant U.S. Attorney Matthew Weybrecht for the Northern District of Texas are prosecuting the case.

The Fraud Section leads the Criminal Division's prosecution of fraud schemes that exploit the PPP. Since the enactment of the CARES Act, the Fraud Section has prosecuted over 200 defendants in more than 130 criminal cases and has seized over \$78 million in cash proceeds derived from fraudulently obtained PPP funds, as well as numerous real estate properties and luxury items purchased with such proceeds.

The Money Laundering, Narcotics and Forfeiture Section's Bank Integrity Unit investigates and prosecutes banks and other financial institutions, including their officers, managers and employees whose actions threaten the integrity of the individual institution or the wider financial system.

Anyone with information about allegations of attempted fraud involving COVID-19 can report it by calling the Justice Department's National Center for Disaster Fraud (NCDF) Hotline via the NCDF Web Complaint Form at www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form.

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