



PRESS RELEASE

Co-Founder of Paycheck Protection Program Lender Service Provider Sentenced for \$63M COVID-19 Relief Fraud Scheme

Friday, November 21, 2025

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 \$63 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 \$63 million in restitution.

According to evidence presented at trial, Stephanie Hockridge, also known as Stephanie Reis, 42, of Rio Grande, Puerto Rico, and previously of Arizona, co-founded Blueacorn in April 2020, purportedly to assist small businesses and individuals in obtaining PPP loans. To get larger loans for certain PPP applicants, Hockridge and her co-conspirators fabricated documents, including payroll records, tax documentation and bank statements. Hockridge and her co-conspirators charged borrowers kickbacks based on a percentage of the funds received.

As part of the scheme, Hockridge and others offered a personalized service to their clients called “VIPPP” to help potential borrowers complete PPP loan applications. Hockridge recruited co-conspirators to work as VIPPP referral agents and coach borrowers on how to submit false PPP loan applications. To get more kickbacks from borrowers and a higher percentage of lender

fees from the SBA, Hockridge and her co-conspirators submitted PPP loan applications that they knew contained materially false information. In total, Hockridge and her coconspirators processed over \$63 million in fraudulent PPP loans.

On June 20, a jury found Hockridge guilty of one count of conspiracy to commit wire fraud.

Acting Assistant Attorney General Matthew R. Galeotti of the Justice Department's Criminal Division; U.S. Attorney Ryan Raybould for the Northern District of Texas; Acting Assistant 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; and Special Agent in Charge Christopher J. Altemus Jr. of the IRS Criminal Investigation (IRS-CI) Dallas Field Office made the announcement.

IRS-CI, Special Inspector General for Pandemic Recovery, Federal Reserve Board-CFPB Office of Inspector General, and SBA OIG 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 prosecuted 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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