

PRESS RELEASE

# Former SBA Employee Charged with Wire and Bank Fraud in Connection with Filing False Applications for PPP and EIDL Loans and Covid-19 Rental Assistance

Wednesday, July 10, 2024

## For Immediate Release

U.S. Attorney's Office, Southern District of Florida

MIAMI – Malaina Chapman, 37, of Hialeah, Fla. has been charged with conspiracy to commit wire fraud, wire fraud and bank fraud. She had her initial appearance in Miami federal court today.

According to allegations in the criminal complaint, Chapman was employed as a Disaster Relief Specialist with the Small Business Administration (SBA) from Sept. 28, 2020, through her resignation on March 18, 2021. While employed by the SBA, Chapman became involved in multiple schemes to defraud the Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL) program, as well as to defraud local credit unions and local and state programs designed to assist those affected by the Covid-19 pandemic pay their rent.

“Disaster relief was intended for people in need, namely functioning businesses, corporate forms, and sole proprietorships facing uphill prospects during the pandemic, not for those who sought to pad their pockets and defraud the government by making up entities or overstating their payroll and revenues to qualify for the relief,” stated U.S. Attorney Markenzy Lapointe for the Southern District of Florida. “We will continue to hold anyone accountable who exploits and defrauds financial institutions and the government’s pandemic response to enrich themselves at the expense of struggling businesses,

employees, and local tenants. While the COVID-19 relief programs have ended, our commitment to identifying and prosecuting those who defrauded them has not.”

“Today’s charges highlight our unwavering commitment to protecting the integrity of SBA programs,” said SBA OIG’s Eastern Region Special Agent in Charge Amaleka McCall-Braithwaite. “Exploiting relief efforts for personal gain undermines public trust and deprives legitimate businesses of essential assistance. I want to thank the U.S. Attorney’s office and our law enforcement partners for their support and dedication to ensuring that those who engage in fraudulent schemes are held accountable to the fullest extent of the law.”

On Feb. 10, 2021, Chapman, while employed by the SBA, submitted, via interstate wire communication, a loan application in the name of Upscale Credit Lounge to Lender 3. In support of her application, Chapman submitted a purported tax year 2020 Schedule C form that reported gross revenues of \$103,674 and a tentative profit of \$81,860. Lender 3 relied upon the representations in Chapman’s application and on Feb. 11, 2021, approved a loan in the amount of \$17,052.50. Further investigation revealed that the Schedule C, attached to Chapman’s application was false and fraudulent.

On Feb. 19, 2021, Chapman, again while still employed by the SBA, submitted, via interstate wire communication, a PPP loan application with Lender 3 on behalf of DA TRAP. In her application, Chapman claimed that she had four employees and an average monthly payroll of \$14,191. In support of her application, Chapman submitted four IRS Employers Quarterly Tax Return forms (Form 941), which purportedly documented the wages paid by DA TRAP. Lender 3 relied upon the representations in the application and on Feb. 26, 2021, approved a loan in the amount of \$35,477.50. Further investigation revealed that the multiple IRS Forms 941 attached to Chapman’s application were false and fraudulent.

Chapman also conspired with others to submit false and fraudulent PPP loan applications on their behalf. Six defendants were charged in Case No. 24-CR-20079 and in that case defendant Raisha Kelly was the alleged ringleader of the conspiracy and prepared and caused the preparation of numerous false and fraudulent loan applications to be submitted to SBA-approved PPP lenders. Chapman aided and abetted this conspiracy by creating false and fraudulent IRS documents and sending them to Kelly, who in turn used them to submit false and fraudulent applications for PPP loans.

In addition to defrauding the PPP program, Chapman is also charged with taking advantage of the State of Florida and the City of Miami’s Covid-19 Emergency Rental Assistance Programs. Specifically, on Oct. 13, 2021, Chapman began the process of applying for benefits under the State of Florida’s Emergency Rental Assistance program.

Chapman was purportedly a tenant at a residence in Miami. Chapman submitted required information and documents through an online portal set up to distribute benefits under the program. On Jan. 20, 2022, Chapman submitted a written document titled "3-day notice to pay rent or quit." These documents were dated Dec. 7, 2021, and purportedly signed by Individual 2, the defendant's mother. Individual 2 died on May 25, 2020. The State of Florida accepted the representations in Chapman's application and approved payments totaling \$15,000. These payments were made into bank accounts controlled by Chapman.

U.S. Attorney Markenzy Lapointe for the Southern District of Florida; Special Agent in Charge Jonathan Ulrich, U.S. Postal Service Office of Inspector General (USPS OIG); Special Agent in Charge Amaleka McCall-Brathwaite, U.S. Small Business Administration Office of Inspector General (SBA OIG), Investigations Division's Eastern Region; and Special Agent in Charge Mathew Broadhurst of the U.S. Department of Labor Office of Inspector General (DOL-OIG), Southeast Region, made the announcement.

USPS OIG, SBA OIG and DOL-OIG handled the investigation. This case is being prosecuted by Assistant U.S. Attorney Daniel Bernstein.

*The charges contained in the criminal complaint are merely accusations and all defendants are presumed innocent unless and until proven guilty in a court of law.*

On May 17, 2021, the Attorney General established the COVID-19 Fraud Enforcement Task Force to marshal the resources of the Department of Justice in partnership with agencies across government to enhance efforts to combat and prevent pandemic-related fraud. The Task Force bolsters efforts to investigate and prosecute the most culpable domestic and international criminal actors and assists agencies tasked with administering relief programs to prevent fraud by, among other methods, augmenting and incorporating existing coordination mechanisms, identifying resources and techniques to uncover fraudulent actors and their schemes, and sharing and harnessing information and insights gained from prior enforcement efforts. For more information on the department's response to the pandemic, please visit <https://www.justice.gov/coronavirus>.

On September 15, 2022, the Attorney General selected the Southern District of Florida's U.S. Attorney's Office to head one of three national COVID-19 Fraud Strike Force Teams. The Department of Justice established the Strike Force to enhance existing efforts to combat and prevent COVID-19 related financial fraud. The Strike Force combines law enforcement and prosecutorial resources and focuses on large-scale, multistate pandemic relief fraud perpetrated by criminal organizations and transnational actors, as well as those who committed multiple instances of pandemic relief fraud. The Strike Force uses prosecutor-led and data analyst-driven teams to identify and bring to justice those who

stole pandemic relief funds. Additional information regarding the Strike Force may be found at <https://www.justice.gov/opa/pr/justice-department-announces-covid-19-fraud-strike-force-teams>.

Anyone with information about allegations of attempted fraud involving COVID-19 can report it by calling the Department of Justice's National Center for Disaster Fraud (NCDF) Hotline at 866-720-5721 or via the NCDF Web Complaint Form at <https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form>.

Related court documents and information may be found on the website of the District Court for the Southern District of Florida at [www.flsd.uscourts.gov](http://www.flsd.uscourts.gov) or at <http://pacer.flsd.uscourts.gov> under case number 24-mj-03358.

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## Contact

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