

PRESS RELEASE

Rush City Woman Pleads Guilty to \$1.8 Million Scheme Involving Romance Fraud and Federal Pandemic Programs

Monday, May 22, 2023

For Immediate Release

U.S. Attorney's Office, District of Minnesota

MINNEAPOLIS – A Rush City woman has pleaded guilty to mail fraud after participating in multiple schemes that defrauded individuals throughout the United States, announced U.S. Attorney Andrew M. Luger.

According to court documents, from 2017 through April 2022, Gayle Joyce Ferngren, 69, and others participated in a scheme to launder proceeds that were fraudulently obtained from victims throughout the United States, including the proceeds of romance fraud scams and schemes to defraud Federal Pandemic Assistance Programs.

According to her guilty plea, from approximately June 2020 through December 2020, Ferngren acknowledges that she received at least 68 debit cards containing approximately \$1.3 million in fraudulent unemployment benefits from California and Nevada to which she was not entitled. After receiving the fraudulent proceeds, Ferngren kept a portion for herself and transmitted most of the funds to other scheme participants, including to individuals located overseas. In total, Ferngren laundered at least \$1.8 million in fraud proceeds.

According to her guilty plea, on or about May 27, 2021, a scheme participant—not Ferngren—submitted an application in Ferngren's name seeking a PPP loan in the amount of approximately \$20,833.00. Among other falsehoods, the PPP application claimed that Ferngren had worked as an independent contractor doing residential remodeling since 2017 and included falsified tax records and income claims. Ferngren did not sign this application or fill out the information contained within it. Based on the false information presented by another scheme participant, the fraudulent PPP loan

application was approved and approximately \$20,833 in fraudulent PPP proceeds were deposited into Fergren’s bank account in May 2021, which she knew she was not entitled to receive.

Ferngren pleaded guilty today in U.S. District Court before Judge John R. Tunheim to one count of mail fraud. A sentencing hearing will be scheduled at a later time.

This case is the result of an investigation conducted by the U.S. Postal Inspection Service, the U.S. Department of Labor–Office of Inspector General, and the FBI.

Assistant U.S. Attorneys Matthew S. Ebert and Allison K. Ethen are prosecuting the case.

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Topic

FINANCIAL FRAUD

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