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District of Maryland

FOR IMMEDIATE RELEASE

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Former FEMA Employee Pleads Guilty to Fraudulently Obtaining the Proceeds of Covid-19 Paycheck Protection Program Loan

Defendant Posed as SBA Employee to Induce a Victim Business Owner to Wire Him the Funds

Baltimore, Maryland – Tyrese Carter, age 21, of Baltimore, Maryland, pleaded guilty today to wire fraud, in connection with a scheme to obtain the proceeds of a COVID-19 Paycheck Protection Program Economic Injury Disaster Loan from a victim business owner.

The guilty plea was announced by Acting United States Attorney for the District of Maryland Jonathan F. Lenzner; Acting Special Agent in Charge Rachel Byrd of the Federal Bureau of Investigation, Baltimore Field Office; Inspector General Hannibal “Mike” Ware of the U.S. Small Business Administration Office of Inspector General; and Inspector General Joseph V. Cuffari, Department of Homeland Security Office of Inspector General.

According to his guilty plea, Carter was employed by the Federal Emergency Management Agency as an Emergency Management Specialist since at least 2018. On April 9, 2020, Carter was detailed to work in a Small Business Administration (SBA) virtual call center, as part of FEMA’s response to the COVID-19 pandemic. Carter was assigned to assist potential disaster loan applicants by answering questions about the SBA’s Economic Injury Disaster Loan (EIDL) program.

As detailed in the plea agreement, Victim A runs a small organic skin care and event center business based in Colorado. In order to maintain her business during the COVID-19 pandemic, Victim A applied for both a Paycheck Protection Program (PPP) loan and an EIDL. On April 4, 2020, Victim A submitted an online EIDL application and requested an advance of \$9,000. On April 13, 2020, concerned that the first application did not go through successfully Victim A submitted a second EIDL application. Unbeknownst to Victim A, the second EIDL application was rejected as a duplicate application.

Meanwhile, at the request of Victim A, another bank submitted a PPP application on Victim A’s behalf, which was subsequently approved. On April 30, 2020, Victim A received the proceeds of the PPP loan into her bank account. The next day, Victim A received the proceeds from her original EIDL application into her bank account.

Victim A was confused as to whether the funds from SBA deposited into her bank account was from the PPP or EIDL programs and was concerned that she may have mistakenly been granted two EIDL advances as a result of filing two online EIDL applications. Victim A called the SBA's helpline on May 4, 2020, to report what she believed may have been an excess payment. Victim A spoke to Carter, telling him that she may have been overpaid by the SBA and requested information on the procedure for returning the excess funds. Carter stated he was not sure how Victim A could return the funds but told her a supervisor would call Victim A with further instructions. Approximately thirty minutes thereafter, Carter telephoned Victim A from a blocked telephone number and falsely identified himself as SBA supervisor Michael Valdes. In fact, there is no one working at SBA by that name. Carter, posing as Valdes, told Victim A that he would send her an email providing directions for returning the funds. That next day, Carter sent an email to Victim A from an email account he had created in the name of valdesmichael.sbafinancial@gmail.com. The email contained logos appearing to be those of the U.S. Department of the Treasury and the SBA. The email directed Victim A to send \$8,738.00 to a PayPal account in the name of "SBA Financial" within one week. Based on the email, on May 5, 2020, Victim A directed her assistant to send \$8,738 to the SBA Financial PayPal account as directed in the email. Carter created the SBA Financial PayPal account on May 4, 2020 and closed it on May 20, 2020.

According to the plea agreement, after Victim A sent the payment, she suspected the transaction may have been a fraud and contacted PayPal and her bank. Victim A's bank reimbursed Victim A. The bank was never reimbursed, sustaining a loss of \$8,738. On May 8, 2020, Victim A reported the suspected fraud to the SBA.

Carter admitted that on May 19, 2020, he attempted to transfer the funds from the SBA Financial PayPay account to a bank account he opened, but the transfer was initially held up by the bank. As Victim A was working with her bank to cancel the transaction, Carter again contacted Victim A, posing as Michael Valdes, and asked Victim A to provide an update on the PayPal transfer. In addition, Carter called Victim A posing as another fictitious SBA employee, Nathaniel Williams, in an effort to find out who Victim A had spoken to, purportedly so that Williams could "close her account." Carter then emailed Victim A from a purported SBA email address Carter created in the name of Nathaniel Williams.

On October 19, 2020, Carter's bank returned the funds to PayPal, which deposited the funds into a second PayPal account belonging to Carter, since the SBA Financial PayPal account had been closed. Carter then transferred the funds to another bank account he controlled. The next day, Carter withdrew \$6,600 in cash at the bank counter, and another \$1,000 from an ATM.

A review of Carter's phone records reveal that Carter called or attempted to call Victim A's telephone number six times in May 2020, blocking his caller identification information in each instance.

"Those employed in the federal government make a commitment to serve their country," stated Acting U.S. Attorney Jonathan F. Lenzner. "Taking advantage of a national emergency in this manner is not only criminal but it is also shameful and unpatriotic. Tyrese cater will now face the legal and financial consequences for exploiting a pandemic that has seriously impacted our nation".

"This investigation and resulting guilty plea demonstrate our commitment to working with our law enforcement partners to detect, and hold accountable, corrupt Federal employees," said Inspector General Joseph V. Cuffari. "There is no place in the Federal service for those who take advantage of the citizens they are sworn to protect."

As part of his plea agreement, Carter will be required to forfeit and pay \$8,738 in restitution.

Carter faces a maximum sentence of 20 years in prison for wire fraud. U.S. District Judge Ellen L. Hollander has scheduled sentencing for October 8, 2021 at 10 a.m.

Acting United States Attorney Jonathan F. Lenzner commended the FBI, the SBA OIG and the DHS OIG for their work in the investigation. Mr. Lenzner thanked Assistant U.S. Attorneys Sean R. Delaney and Aaron S.J. Zelinsky, who are prosecuting the case.

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Topic(s):

Disaster Fraud

Component(s):

USAO - Maryland

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