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Department of Justice

U.S. Attorney's Office

Northern District of Georgia

FOR IMMEDIATE RELEASE

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Atlanta couple indicted for millions in Economic Impact Disaster Loan Program fraud

ATLANTA - Paul Kwak and Michelle Kwak have been indicted on charges arising out of a scheme to defraud the U.S. Small Business Administration by filing fraudulent applications in the Economic Impact Disaster Loan ("EIDL") Program. Congress created EIDL as part of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act to help businesses weather the economic impact of the coronavirus pandemic.

"Fraudulent applications divert the limited pool of funds Congress allocated for pandemic relief from legitimate businesses in need of assistance," said Acting U.S. Attorney Kurt R. Erskine. "By defrauding the Small Business Administration, the defendants harmed hardworking business owners whom the CARES Act was intended to help."

"This alleged fraud is especially concerning because it takes advantage of a federal program set up to assist legitimate small businesses who need assistance to survive during a pandemic," said Chris Hacker, Special Agent in Charge of FBI Atlanta. "The FBI is especially vigilant of such abuse and are making it a priority to make sure government assistance goes only to those who deserve it."

"Lying to gain access to economic stimulus funds will be met with justice," SBA OIG's Eastern Region Special Agent in Charge Amaleka McCall-Brathwaite. "SBA OIG will relentlessly pursue evidence of fraud against SBA's programs aimed at assisting the nation's small businesses struggling with the pandemic challenges. I want to thank the U.S. Attorney's Office for its leadership and dedication to pursuing justice."

According to Acting U.S. Attorney Erskine, the indictment, and other information presented in court: Paul Kwak and Michelle Kwak conspired to submit fraudulent EIDL applications in the names of shell companies that had no employees and conducted no business activities, to the tune of millions of dollars. An EIDL application must provide, among other information, the amount of revenue the business generated in the 12 months prior to the application and the number of employees. The applicant must certify, under penalty of perjury, that the information is correct and that he or she is legally eligible to apply for an EIDL. The Kwaks are allegedly connected to over 70 fraudulent EIDL applications, of which about half were successful, resulting in over \$4 million in fraudulent loans.

Further, Paul Kwak has posted related videos on his YouTube channel. In a May 2020 video titled "EIDL, disaster assistance you don't have to pay back" in Korean, Kwak explained that applicants can receive tens

of thousands of dollars in assistance without collateral or a co-signor, using only the applicant's electronic signature. One of his clients, according to Kwak, had recently received \$150,000 in EIDL proceeds.

Paul Kwak, 63, and Michelle Kwak, 60, both of Braselton, Georgia, were indicted by a federal grand jury on May 18, 2021. Members of the public are reminded that the indictment only contains charges. The defendant is presumed innocent of the charges and it will be the government's burden to prove the defendant's guilt beyond a reasonable doubt at trial.

This case is being investigated by the Federal Bureau of Investigation.

Assistant U.S. Attorney Michael S. Qin is prosecuting the case.

For further information please contact the U.S. Attorney's Public Affairs Office at USAGAN.PressEmails@usdoj.gov or (404) 581-6016. The Internet address for the U.S. Attorney's Office for the Northern District of Georgia is <http://www.justice.gov/usao-ndga>.

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Financial Fraud

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