



THE UNITED STATES
DEPARTMENT *of* JUSTICE

United States Attorney's Office
District of Oregon

FOR IMMEDIATE RELEASE
June 16, 2022
USAO-OR.gov | [@USAO_OR](https://twitter.com/USAO_OR)

Contact: Public Affairs Officer
Phone: (503) 727-1000
USAOR.PublicAffairs@usdoj.gov

**Vancouver Real Estate Developer Faces Federal Charges for Fraudulently
Obtaining Covid-Relief Program Funds, Laundering Proceeds**

PORTLAND, Ore.—A federal grand jury in Portland has returned an indictment charging a real estate developer residing in Vancouver, Washington, and Lake Havasu, Arizona, with fraudulently obtaining Covid-relief program funds and laundering a portion of the proceeds.

Michael James DeFrees, 60, has been charged with wire fraud, bank fraud, and money laundering.

According to the indictment, between April 2, 2020, and April 4, 2022, DeFrees is alleged to have used two different business entities to illegally obtain under false pretenses Economic Injury Disaster Loans (EIDLs) and Paycheck Protection Program (PPP) loans administered by the Small Business Administration (SBA). The EIDL and PPP programs, initially authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, enabled SBA to issue low-interest loans to small businesses adversely impacted by the pandemic and associated mitigation measures.

To facilitate his scheme, DeFrees submitted multiple loan applications via two different banks headquartered in Washington State. In these applications, DeFrees indicated that he was the sole owner of two business entities—Gateway National Corporation, a construction company incorporated in Washington State, and Yacht Harbor, LLC, a real estate development company incorporated in Oregon—and that he, as the sole owner, had never been convicted of any criminal offense or placed on parole or probation. In reality, at the time he submitted these applications, DeFrees was serving a term of probation following a 2017 conviction in the Western District of Washington for falsifying records in a bankruptcy proceeding. After receiving the loan payouts, DeFrees laundered a portion of the proceeds using a third business entity.

DeFrees made his initial appearance in federal court today in the District of Arizona, where he was released and ordered to appear for further proceedings in the District of Oregon.

Wire and bank fraud are punishable by up to 20 and 30 years in federal prison, respectively. Money laundering is punishable by up to 10 years in federal prison.

U.S. Attorney Scott Erik Asphaug of the District of Oregon made the announcement.

This case was investigated by the SBA Office of Inspector General, IRS-Criminal Investigation, the U.S. Treasury Inspector General for Tax Administration (TIGTA), and the FBI. Assistant U.S. Attorney Ryan W. Bounds is prosecuting the case.

An indictment is only an accusation of a crime, and a defendant is presumed innocent unless and until proven guilty.

The CARES Act is a federal law, enacted on March 29, 2020, designed to provide emergency financial assistance to the millions of Americans who are suffering the economic effects caused by the COVID-19 pandemic.

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 at 866-720-5721 or via the NCDF Web Complaint Form at: <https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form>.

###