United States Department of Justice

THE UNITED STATES ATTORNEY'S OFFICE
NORTHERN DISTRICT of IOWA

Department of Justice

U.S. Attorney's Office

Northern District of Iowa

FOR IMMEDIATE RELEASE Monday, July 12, 2021

Armstrong Man Sentenced to Federal Prison for Defrauding the United States Out of More than $1 Million in Paycheck Protection Program Fraud Scheme

Attempted to Transfer Funds Across the United States and to China

An Armstrong man who participated in a scheme to defraud the United States out of Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL) funds, and conspired to launder over $1.3 million in fraud proceeds, was sentenced yesterday to more than three years in federal prison.

Donald Franklin Trosin, age 57, from Armstrong, Iowa, formerly of Champlin, Minnesota, received the prison term after a February 16, 2021 guilty plea to one count of Major Fraud Against the United States and one count of Money Laundering Conspiracy.

The Coronavirus Aid, Relief, and Economic Security ("CARES") Act is a federal law enacted in late March 2020 that provides emergency financial assistance, including PPP and EIDL loans, to the millions of Americans who are suffering the economic effects of the COVID-19 pandemic. Evidence presented at Trosin's guilty plea and sentencing hearings established that Trosin participated in a scheme to defraud the United States out of PPP and EIDL loan funds after more than 20 applications were submitted to the Small Business Administration (SBA) in the name of Trosin and another person. The applications falsely represented that Trosin had 120 employees on his payroll and over $5 million in payroll expenses when, in truth, Trosin did not operate a business at all. Trosin also admitted that, after receiving the funds through banks in Minnesota and Northwest Iowa, he transferred or attempted to transfer the proceeds from the scheme to other individuals in other states and countries, including China.

Trosin was sentenced in Cedar Rapids by United States District Court Chief Judge Leonard T. Strand. Trosin was sentenced to 40 months' imprisonment. He was ordered to make over $1.3 million in restitution to the Small Business Administration and the lender of the PPP loan. Trosin must also serve a two-year term of supervised release after the prison term. There is no parole in the federal system.

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.

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.

Trosin was released on the bond previously set and is to surrender to the Bureau of Prisons on a date yet to be set.

The case is being prosecuted by Assistant United States Attorney Timothy L. Vavricek and was investigated by the Federal Bureau of Investigation, the Internal Revenue Service-Criminal Investigation, the Small Business Administration, Office of Inspector General, and the Treasury Inspector General for Tax Administration.

Court file information at https://ecf.iand.uscourts.gov/cgi-bin/login.pl.

The case file number is 20-CR-4066.

Topic(s):
Coronavirus
Financial Fraud

Component(s):
USAO - Iowa, Northern

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