

Image not found or type unknown

St. Thomas Man Charged in Alleged \$400,000 PPP Fraud Scheme Involving Businesses With No Employees

Federal prosecutors allege the 31-year-old obtained more than \$400K in Paycheck Protection Program loans by submitting false statements about two businesses that had no employees, then used the funds for personal expenses before receiving loan forgiveness

Crime / **Published On January 20, 2026 05:01 PM /**

Staff Consortium **January 20, 2026**

Image not found or type unknown



ST. THOMAS — A 31-year-old St. Thomas man is facing federal criminal charges after authorities alleged he fraudulently obtained more than \$400,000 in Covid-19 Paycheck Protection Program loan funds by submitting false business records and then using the money for personal expenses unrelated to the businesses he claimed to operate.

U.S. Attorney Adam F. Sleeper announced Tuesday that David J. McDonald, 31, appeared on January 15, 2026, before U.S. District Court Magistrate Judge Emile A. Henderson III on charges of bank fraud, wire fraud, money laundering, and making false statements.

According to federal authorities, the alleged conduct is tied to the Coronavirus Aid, Relief, and Economic Security (CARES) Act, enacted in March 2020 to provide emergency financial assistance during the Covid-19 pandemic. One component of that legislation was the Paycheck Protection Program (PPP), which provided loans to small businesses to help retain employees and cover certain approved expenses.

Investigators allege that between 2020 and 2021, McDonald obtained PPP loan disbursements totaling more than \$400,000 by submitting false documents and statements in support of loan applications submitted to multiple banks. Authorities said McDonald certified that he owned Ocean Breeze, LLC and DEMS Holdings, LLC, and that the funds would be used to pay employees.

Federal investigators, however, allege that neither business had employees and that the PPP funds were instead used for personal expenses and wire transfers to accounts and individuals unrelated to the purported businesses.

Authorities further allege that McDonald later applied for and received PPP loan forgiveness from the Small Business Administration. Over a period of approximately five years, investigators said, all of the PPP loan proceeds were spent.

The case was investigated by the U.S. Postal Inspection Service, Homeland Security Investigations, and the Small Business Administration Office of Inspector General. The prosecution is being handled by Assistant U.S. Attorney Natasha Baker of the U.S. Attorney's Office for the District of the Virgin Islands.

Federal officials emphasized that an indictment is an allegation and that the defendant is presumed innocent unless and until proven guilty beyond a reasonable doubt in a court of law.