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More Than \$2.5 Million Recovered from Vancouver Real Estate Developer for Fraudulently Obtaining Covid-Relief Funds

PORTLAND, Ore.—The U.S. Attorney's Office for the District of Oregon announced today that more than \$2.5 million was collected from a real estate developer and part-time resident of Vancouver, Washington, for fraudulently obtained Covid-relief program funds.

According to court documents, between 2020 and 2022, Michael James DeFrees, 63, submitted loan applications and obtained Economic Injury Disaster Loans (EIDLs) and Paycheck Protection Program (PPP) loans under false pretenses. In the applications, DeFrees falsely indicated that he had never been convicted of any disqualifying criminal offense or recently placed on parole or probation. In reality, at the time he submitted the applications, DeFrees was on probation following a 2017 felony 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 through a business entity not listed in his applications and spent the funds on personal expenses.

On February 9, 2024, DeFrees was [sentenced](#) to 21 months in federal prison for fraudulently obtaining Covid-relief program funds and laundering a portion of the proceeds. DeFrees was also ordered to forfeit \$1.2 million and pay \$1,346,481 in restitution to the U.S. Small Business Administration (SBA).

Soon after, the Asset Recovery Unit of the U.S. Attorney's Office filed liens against DeFrees's real properties and obtained writs of execution to levy and sell his personal assets, including a 2016 Duckworth boat, a 2006 Ford F350, a 2006 MTI racing boat, two Honda Yeti snow bikes, and a 2011 Land Rover. The Asset Recovery Unit recovered the full restitution and forfeiture judgment amounts, more than \$2.5 million, from the sale of DeFrees's seized assets and one real property. The funds collected for restitution will be returned to the SBA, and funds collected to satisfy the forfeiture judgment will go to the Assets Forfeiture Fund, which pays for expenses related to the seizure, management, forfeiture and disposal of forfeitable assets.

"Defendants who attempt to shield their assets from collection do so at their own peril, as the U.S. Attorney's Office will aggressively pursue full payment from defendants who owe restitution to their victims," said Katie de Villiers, Chief of the Asset Recovery Unit for the District of Oregon. "The money recovered for victims—here, the taxpayers—is a direct result of the dedicated investigators, paralegals, and attorneys who work diligently, day in and day out, to ensure justice through their collection efforts."

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. Enforcement of the restitution order and collection of the forfeiture judgment was handled by Alex DeLorenzo, Assistant U.S. Attorney for the District of Oregon. The United States Marshals Service levied assets subject to the writs of execution and coordinated with auction companies across the country to liquidate the seized assets.

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