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**FOR IMMEDIATE RELEASE**

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**Six Defendants Arraigned in Nearly \$11 Million Dollar Alleged Scheme**

*Father, Two Sons, Sister and Associates Allegedly Used Phony  
Pandemic Relief Applications to Fraudulently Obtain Loans*

Brooklyn District Attorney Eric Gonzalez, together with Inspector General Anthony D'Esposito of the U.S. Department of Labor and U.S. Small Business Administration General Counsel Wendell Davis, today announced that six defendants have been arraigned on an indictment charging them in connection with an alleged scheme to steal millions of dollars in pandemic relief funds and to use some of the proceeds to obtain a multimillion-dollar construction loan.

District Attorney Gonzalez said, "These defendants allegedly stole millions of dollars from programs meant to help struggling businesses survive the pandemic. As alleged, they submitted fake records and phony loan applications to obtain public and bank funds. We will continue to investigate and prosecute those who exploited critical emergency relief programs for personal gain during a global emergency."

DOL-OIG Inspector General D'Esposito said, "This indictment alleges the exploitation of critical pandemic relief programs intended to support American workers in a time of national crisis. Every dollar lost to fraud is a dollar stolen from honest, hardworking Americans. The Department of Labor, Office of Inspector General will not tolerate this theft," said Anthony P. D'Esposito, Inspector General, U.S. Department of Labor. "We remain committed to working alongside our law enforcement partners to combat this criminal activity and hold accountable those who seek to exploit these government programs."

General Counsel Davis said, "This case is the product of enhanced efforts by federal agencies such as the Small Business Administration working with the Brooklyn District Attorney's Office and state and Federal law enforcement agencies to recover the product of this fraud."

The District Attorney identified the defendants as Gregory Derney Harvey, 61, Gregory Norris James Harvey Jr., 33, both of Florida; Vaughn Harvey, 44, of Queens, Michelle Harvey, 57, of Brooklyn, Leroy Smith, 78, of Valley Stream, New York, and John McAulay, 57, of Schenectady, New York. Gregory Derney Harvey is the father of Gregory Norris James Harvey Jr. and Vaughn Harvey, and the brother of Michelle Harvey.

The defendants are variously charged in a 31-count indictment with fourth-degree conspiracy, first- and second-degree grand larceny, attempted first- and second-degree grand larceny, first-degree

falsifying business records and first-degree money laundering. Gregory Derney Harvey and Gregory Norris James Harvey Jr. were arraigned today before Brooklyn Supreme Court Justice Danny Chun. The four other defendants were arraigned on the same indictment before Justice Chun on May 26, 2026. All six defendants were released without bail and ordered to return to court on August 12, 2026.

The District Attorney said that, according to the investigation, between April 2020 and October 2022, the defendants allegedly submitted fraudulent Paycheck Protection Program (PPP) and Economic Injury Disaster Loan program (EIDL) loan applications using fake tax returns, fabricated payroll records and phony bank statements submitted in the names of numerous corporations. The defendants allegedly obtained more than \$6.9 million in pandemic relief funds through the scheme.

Furthermore, the investigation found that defendants Gregory Derney Harvey and his son Gregory Norris James Harvey Jr. allegedly pooled approximately \$2.4 million of the alleged fraud proceeds and used the funds as a down payment to fraudulently obtain a construction loan and thus stole another \$4,020,000.

The District Attorney thanked Intelligence Analyst Veranika Basak and Supervising Financial Investigator Susan Ryan, of the District Attorney's Investigations Division, KCDA Detective Investigators, the U.S. Department of Labor, the U.S. Small Business Administration and the U.S. Small Business Administration Office of Inspector General for their assistance in the investigation.

This case is being prosecuted by Assistant District Attorney Sergey Marts, Deputy Chief of the District Attorney's Frauds Bureau, Assistant District Attorney Andrew Kohler, Special Counsel to the Investigations Division, and Assistant District Attorney Tony Kim, also of the Frauds Bureau, under the supervision of Assistant District Attorney Michel Spanakos, Deputy Chief of the Investigations Division, and under the overall supervision of Assistant District Attorney Patricia McNeill, Chief of the Investigations Division.

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**An indictment is an accusatory instrument and not proof of a defendant's guilt**