

PRESS RELEASE

Tennessee Man Pleads Guilty to Wire Fraud

Friday, May 1, 2026

For Immediate Release

U.S. Attorney's Office, Western District of Virginia

Paul Welborn Jr. Lied to Receive a Fraudulent \$159,000 CARES Act Loan

ABINGDON, Va. – A Tennessee man, whose non-profit had no revenue and no employees when he fraudulently received a CARES Act loan intended to help small businesses, pled guilty yesterday in federal court.

Paul Eugene Welborn Jr., 67, of Mountain City, Tenn., pled guilty to wire fraud related to misrepresentations he made on his application for a CARES Act loan.

The CARES Act is a federal law, enacted in March of 2020, that was designed to provide emergency financial assistance to people affected by the COVID-19 pandemic. The CARES Act authorized the Small Business Administration to provide loans of up to \$2 million to eligible small businesses that were experiencing a loss of revenue from the COVID-19 pandemic. In addition, the CARES Act authorized the SBA to issue “advances” of up to \$10,000 to small businesses within three days of the business having applied for an Economic Injury Disaster Loan (EIDL) loan.

According to court documents, Welborn founded a non-profit called Wings of Hope in 2011. When Welborn applied for a CARES Act loan in 2020, Wings of Hope had no employees, and little or no revenue or expenses. On his SBA loan application paperwork, however, Welborn claimed Wings of Hope had \$2 million in gross revenue, employed more than 12 people and had \$2 million in annual expenses, including \$330,000 in costs of goods sold, \$410,000 in nonprofit costs of operations, and \$260,000 in lost business rents.

As a result of these misrepresentations, on June 9, 2020, Wings of Hope was awarded a \$159,900 EIDL loan, which included a \$10,000 advance.

Welborn improperly used the funds for numerous personal expenses, including purchases at Omaha Steaks, QVC, HSN, Amazon, Macy's, Best Buy, and various fast-food

restaurants. In addition, Welborn transferred portions of the loan funds between various personal bank accounts.

First Assistant United States Attorney Robert N. Tracci and Kareem A. Carter, Special Agent in Charge of IRS – Criminal investigation, Washington DC Field Office made the announcement.

The Internal Revenue Service-Criminal Investigations and the Department of Labor, Office of Inspector General investigated the case.

Assistant U.S. Attorney Whit Pierce is prosecuting the case.

On April 7, the Department of Justice announced the creation of the Fraud Division. The Fraud Division is laser-focused on investigating and prosecuting those who commit fraud against the American people. The Department's work to combat fraud supports President Trump's Task Force to Eliminate Fraud, a whole-of-government effort chaired by Vice President J.D. Vance to eliminate fraud, waste, and abuse within Federal benefit programs.

Updated May 1, 2026