

PRESS RELEASE

Second Defendant Pleads Guilty For Fraudulently Obtaining Millions In Public Benefits And Laundering Proceeds To China

Monday, June 2, 2025

For Immediate Release

U.S. Attorney's Office, Middle District of Pennsylvania

HARRISBURG - The United States Attorney's Office for the Middle District of Pennsylvania announced that Carlos A. Grijalva, age 59, of Simi Valley, California, pleaded guilty before United States District Judge Jennifer P. Wilson to one count of conspiracy to launder monetary instruments in the amount of approximately \$46.4 million.

Grijalva is the second defendant to plead guilty in connection with this case, following the guilty plea of Bruce Jin in January 2025. In April 2025, Grijalva, along with a third defendant, Brian R. Cleland, was charged in a superseding indictment with conspiracy to launder monetary instruments and other offenses, after charges were originally filed against all three defendants in August 2023.

According to Acting United States Attorney John C. Gurganus, Grijalva admitted that, from 2021 to early 2022, he, Cleland, and Jin, along with other unnamed coconspirators, agreed to launder state unemployment compensation funds that they knew had been obtained through fraud. Grijalva also admitted that he and the others entered into a series of agreements that made it appear as if they were operating legitimate businesses selling masks and other COVID19 personal protective equipment while knowing that the funds obtained and laundered through their companies were derived from fraudulently obtained state unemployment compensation ("UC") benefits.

Grijalva also admitted to knowing that bank accounts of identity theft victims were unlawfully accessed across the United States and that fraudulent UC claims were generated and paid to these accounts. Grijalva understood that this fraudulent activity was being conducted by fraudsters located in China. Through this pattern of financial

activity, tens of millions of dollars of fraudulent UC payments were issued to accounts by the Pennsylvania Treasury Department and other state treasuries around the United States.

Grijalva also admitted that he and Cleland then provided the bank account information of these identity theft victims to payment processing companies to generate ACH payments to accounts controlled by him and Cleland. The bank account information being provided to him and Cleland, including account numbers and routing numbers, was likewise from an individual in China, known in the superseding indictment as "COCONSPIRATOR 2." As a result of this fraudulent activity, Grijalva and Cleland obtained over \$46 million in fraudulently obtained funds. Grijalva admitted that he and Cleland discussed, on a number of occasions, that the supposed sale of COVID-19-related PPE would be their cover story for this financial activity.

After that, Cleland and Grijalva, using a number of different bank accounts, transferred over \$30 million to companies controlled by Bruce Jin, as well as transferring additional funds to an individual known as "COCONSPIRATOR 1" in the superseding indictment. Grijalva admitted that he and Cleland made transfers to Jin knowing that Jin would, in turn, transfer at least a portion of these funds to parties located in China.

Grijalva also admitted that he and Cleland each made an estimated \$2.2 million dollars in personal profit from the scheme.

Grijalva agreed to certain property forfeitures as part of his plea agreement, including approximately \$46.4 million in US currency, as well as the contents of several bank accounts and real properties located in Hawaii and California that were purchased using funds traceable to the charged offenses. One of these properties, located in California, was purchased in the name of one of Grijalva's family members.

Jin has been detained since his arrest in August 2023 and is awaiting sentencing. Cleland has pleaded not guilty to the charged offenses and is awaiting trial.

The case was investigated by the Federal Bureau of Investigation and the U.S. Department of Labor, Office of Inspector General. Assistant U.S. Attorneys Ravi Romel Sharma and K. Wesley Mishoe and Trial Attorney Patrick B. Gushue of the Department of Justice's Money Laundering & Asset Recovery Section, Bank Integrity Unit, are prosecuting the case.

The U.S. Attorney General previously 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.

For more information on the department's response to the pandemic, please visit <https://www.justice.gov/coronavirus>.

The maximum penalty for conspiracy to launder monetary instruments is 20 years of imprisonment, a term of supervised release following imprisonment, and a fine.

A sentence following a finding of guilt is imposed by the Judge after consideration of the applicable federal sentencing statutes and the Federal Sentencing Guidelines. All persons charged are presumed to be innocent unless and until found guilty in court.

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