

# Washington man who scammed pandemic relief programs sentenced to over five years in prison

Friday, August 2, 2024

## For Immediate Release

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

ALEXANDRIA, Va. – A Washington man was sentenced today to five years and three months in prison for wire fraud.

According to court documents, from at least June 2020 through at least June 2021, Clayton Rosenberg, aka Kenneth Clayton and Kobe, 31, and his co-conspirators submitted fraudulent applications to defraud multiple COVID-19 relief programs. Rosenberg used these stolen funds to increase his typical lifestyle, including luxury vehicle purchases and \$1,800 for beard care products.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided emergency financial assistance expeditiously to Americans suffering the economic effects caused by the pandemic. The Paycheck Protection Program (PPP) authorized forgivable loans to small businesses for such expenses as making payroll payments to remain afloat. Federal programs also expanded unemployment insurance (UI) eligibility and increased unemployment benefits during the pandemic to assist those who lost their jobs or were otherwise unable to work through no fault of their own.

Rosenberg and his co-conspirators prepared and submitted at least 16 fraudulent PPP loan applications for businesses or purported businesses. In the applications, Rosenberg and his co-conspirators grossly inflated employee numbers and monthly payroll costs. They also created and submitted false tax returns and fake bank statements in support of the applications.

After the financial institutions approved and funded the loan applications, the business owners would share the loan proceeds with Rosenberg and his co-conspirators. During this time, Rosenberg and a co-conspirator controlled various shell companies to which the business owners often would transfer a percentage of the PPP loan proceeds. The payout of these fraudulent PPP loans and the wire fraud conspiracy caused a total loss of at least \$9.3 million, of which Rosenberg received at least \$1,666,290.

Rosenberg and his co-conspirators also submitted fraudulent UI applications using other individuals' personal identifying information (PII) that they obtained online. The benefits were issued on prepaid debit cards mailed to addresses the conspirators listed on the applications. Along with individuals' PII, the conspirators included false information in the applications and certifications, including false employment and wage history as well as false contact information. Rosenberg applied for and received over \$110,308 in UI and pandemic unemployment assistance benefits.

Rosenberg also possessed device-making equipment in his residence, including equipment to create fraudulent documents, black check paper, card stock for IDs, holograms used for passports and driver licenses, at least six fraudulent Social Security cards, and at least eight fake driver licenses. Rosenberg made at least two fake Burkina Faso passports and at least one unauthorized United States passport.

Jessica D. Aber, U.S. Attorney for the Eastern District of Virginia; David J. Scott, Special Agent in Charge of the FBI Washington Field Office's Criminal and Cyber Division; Matt McCool, Special Agent in Charge of the U.S. Secret Service's Washington Field Office; Special Agent in Charge Michael McGill of the Social Security Administration (SSA) - Office of Inspector General (OIG) Philadelphia Field Division; Charles "Andy" Penn, Arlington County Chief of Police; Troy W. Springer, Special Agent in Charge, National Capital Region, U.S. Department of Labor, Office of Inspector General; and Jason J. Scalzo, Special Agent in Charge of the Electronic Crimes Unit for the Federal Deposit Insurance Corporation Office of Inspector General (FDIC-OIG), made the announcement after sentencing by Senior U.S. District Judge Claude M. Hilton.

Assistant U.S. Attorneys Kathleen Robeson and Zachary H. Ray prosecuted the case.

A copy of this press release is located on the website of the [U.S. Attorney's Office](#) for the Eastern District of Virginia. Related court documents and information are located on the website of the [District Court](#) for the Eastern District of Virginia or on [PACER](#) by searching for Case No. 1:24-cr-61.

## **Contact**

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