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United States Attorney's Office  
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### **Baker City Man Pleads Guilty in COVID-Relief Fraud Scheme**

PORTLAND, Ore.—A Baker City, Oregon man pleaded guilty today for fraudulently converting loans intended to help small business during the COVID-19 pandemic to his personal use.

Jeremy Clawson, 32, pleaded guilty to one count of theft of public money.

Clawson took advantage of economic relief programs administered by the Small Business Administration (SBA) through Economic Injury Disaster Loans (EIDLs) and the Paycheck Protection Program (PPP), as authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act, signed into law on March 27, 2020, was designed to provide emergency financial assistance to millions of Americans and small businesses suffering the economic effects of the COVID-19 pandemic.

According to court documents, on August 11, 2020, the proceeds of an SBA EIDL totaling \$145,200 were deposited into an Umpqua Bank account owned by Jeremy Clawson and his girlfriend. Shortly after receiving the deposit, Clawson began making multiple large cash withdrawals at the drive-through window of an Umpqua Bank in Baker City. On August 17, 2020, Clawson withdrew \$49,905 in the form of a cashier's check to purchase a 2016 Dodge Challenger. Umpqua Bank investigators detected the unusual activity and reported it to the SBA.

SBA loan documents showed that the loan was made for the benefit of Halperin Manufacturing Company in San Diego, California. Though there is no record of any such company, the loan application listed the company's owner and claimed it employed 350 people. Investigators contacted the person listed as the owner, but that person denied owning or being affiliated with any such company. The purported owner further stated that the company's supposed address in San Diego was that individual's personal residence and not a commercial property with 350 employees.

In early September 2020, investigators learned that, in late August, Clawson had been arrested by the Baker City Police Department for driving under the influence, reckless driving, driving with a suspended license, and attempting to allude police. Clawson was driving the 2016 Dodge Challenger at the time of his arrest. Clawson later told authorities that he had received a large inheritance from his father, including \$30,000 in cash he had on his person during a subsequent arrest.

On September 11, 2020, investigators interviewed Clawson at the Baker County Jail where he was incarcerated on an unrelated charge. Clawson claimed to have received the \$145,200 from a woman with whom he had an online dating relationship. He further claimed that he didn't know what to do with the money and, after he stopped communicating with the woman, began spending the money himself. Clawson admitted to using the SBA money to purchase the Dodge Challenger and several other vehicles.

On December 21, 2020, Clawson was charged by criminal complaint with theft of government property. Later, on February 2, 2021, a federal grand jury in Portland returned a single-count indictment charging Clawson with theft of public money.

Federal agents seized the Dodge Challenger and approximately \$50,000 in cash derived from the fraudulent EIDL pursuant to seizure warrants issued by the federal court and voluntary abandonment of funds in third parties' possession.

Theft of public money is punishable by up to 10 years in prison, a \$250,000 fine, and three years' supervised release. With Clawson's continued acceptance of responsibility, the U.S. Attorney's Office will recommend a 24-month prison sentence followed by three years' supervised release. Clawson will be sentenced on September 13, 2021.

As part of the plea agreement, Clawson has agreed to pay \$125,200 in restitution to the U.S. Treasury.

Acting U.S. Attorney Scott Erik Asphaug of the District of Oregon made the announcement.

This case was investigated by the SBA and U.S. Secret Service. It is being prosecuted by the U.S. Attorney's Office for the District of Oregon.

Anyone with information about fraud involving COVID-19 can report it by calling the Department of Justice's National Center for Disaster Fraud (NCDF) Hotline at 866-720-5721 or via the NCDF Web Complaint Form at: [www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form](http://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form).

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