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Baker City Man Sentenced to Federal Prison for Stealing Covid-Relief Funds

PORTLAND, Ore.—A Baker City, Oregon man was sentenced to federal prison today for fraudulently converting to his own personal use federal money intended to help small businesses during the COVID-19 pandemic.

The parties stipulated to a two-year prison sentence for Jeremy Clawson, 32. At their joint recommendation, however, U.S. District Court Chief Judge Marco A. Hernandez reduced the sentence to ten months to account for the time Clawson had already served in Oregon state custody. Chief Judge Hernandez also ordered Clawson to serve a term of three years' supervised release following his federal prison term.

“Recent federal relief programs, like those authorized by the CARES Act, were designed to help Americans and American small businesses navigate the economic fallout of the COVID-19 pandemic. Mr. Clawson saw the swift rollout of these programs as an opportunity to enrich himself at the expense of Americans in need. I want to thank the U.S. Secret Service and U.S. Small Business Administration Office of Inspector General for their steadfast partnership and commitment to bringing Mr. Clawson to justice,” said Acting U.S. Attorney Scott Erik Asphaug.

“This case shows the American people that their law enforcement and Attorney's Office are taking CARES act fraud seriously,” said Justin Bourne, Resident Agent in Charge of the Secret Service Portland Resident Office. “This investigation is a prime example of the Secret Service's investigative mission; to protect the United States financial infrastructure. This case illustrates the strong partnership between the Secret Service, U.S. Small Business Administration Office of Inspector General, the Baker City Police Department and the U.S. Attorney's Office.”

“Lying to gain access to economic stimulus funds for personal gain will be met with justice,” said SBA OIG's Western Region Special Agent in Charge Weston King. “Greed has no place in SBA's programs that are intended to provide assistance to the nation's small businesses struggling with the pandemic challenges. I want to thank the U.S. Attorney's Office and our law enforcement partners for their dedication and pursuit of justice.”

According to court documents, Clawson stole economic relief funds distributed by the Small Business Administration (SBA) through the Economic Injury Disaster Loan (EIDLs) program, 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.

On August 11, 2020, the proceeds of an SBA EIDL totaling \$145,200 were deposited into an Umpqua Bank account owned by 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.

SBA loan documents showed that the EIDL had been extended to the Halperin Manufacturing Company of San Diego, California. Though there is no record of any such company, the loan application listed an actual San Diego resident as the company's owner and claimed it employed 350 people. Investigators contacted the purported owner, but that person denied owning or being affiliated with any such company and confirmed that the company's supposed address in San Diego was the individual's personal residence.

In early September 2020, investigators learned that Clawson had been arrested in late August by the Baker City Police Department for driving under the influence, reckless driving, driving with a suspended license, and attempting to elude the 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, federal investigators interviewed Clawson at the Baker County Jail, where he was detained on the state charges. 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. On June 8, 2021, he [pleaded guilty](#).

During sentencing, Chief Judge Hernandez ordered Clawson to pay \$125,200 in restitution to the SBA.

Clawson has been in custody since his arrest in August 2020.

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

This case was investigated by the U.S. Secret Service in cooperation with the SBA Office of Inspector General and Baker City Police Department. It was prosecuted by Ryan W. Bounds, Assistant U.S. Attorney 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.

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