

THE UNITED STATES ATTORNEY'S OFFICE
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Department of Justice

U.S. Attorney's Office

District of Maryland

FOR IMMEDIATE RELEASE

Friday, September 24, 2021

Hagerstown Man Facing Federal Charges For Allegedly Falsifying Documents In Order To Obtain COVID Funds

Used Funds to Purchase Stocks

Baltimore, Maryland – A federal criminal complaint has been filed charging Jeffrey Bearden, age 47, of Hagerstown, Maryland, with false statements and bank fraud. The criminal complaint alleges that in May 2020, Bearden applied for a loan through the Paycheck Protection Program (PPP). The complaint was signed on September 22, 2021 and unsealed upon Bearden's arrest on September 23, 2020.

The federal charge was announced by Acting United States Attorney for the District of Maryland Jonathan F. Lenzner; Special Agent in Charge James R. Mancuso of Homeland Security Investigations (HSI) Baltimore; and Inspector General Hannibal "Mike" Ware of the U.S. Small Business Administration Office of Inspector General (SBA OIG).

According to the affidavit filed in support of the criminal complaint, on May 1, 2020 Bearden electronically signed falsified documents attesting to inaccurate statements in order for his company, B&D Consulting, to receive \$734,609.00 through the PPP for use in paying business costs consisting primarily of employee salaries. At that time, the company had no employees, nor reported paying any earnings and wages for any employee to the Maryland Department of Labor and Licensing (DLLR) in 2020.

As detailed in the affidavit, on May 18, 2020, the funds were approved and deposited into Bearden's bank account. That same day, the \$734,609 was transferred to a different bank account. The next month, \$600,000 was transferred to Bearden's brokerage account that was used to purchase stocks in a variety of publicly-traded companies, including one that produced a vaccine for COVID-19. The purchase of stocks is not an approved use of PPP loan funds by the Small Business Administration.

In February 2021, Bearden applied for a second PPP loan of a similar amount, attaching a fraudulent bank statement for a B&D Consulting account for the month of March 2020 showing the company was paying salaries to at least 19 individuals. Records show that no deposits or withdrawals had been made from that account in March 2020 and the account balance was in the negative.

If convicted, Bearden faces a maximum sentence of 30 years in federal prison for each of these charges. Actual sentences for federal crimes are typically less than the maximum penalties. A federal district court judge will determine any sentence after taking into account the U.S. Sentencing Guidelines and other

statutory factors. At today's initial appearance in U.S. District Court in Baltimore, U.S. Magistrate Judge Beth P. Gesner ordered that Bearden be released pending his trial.

A criminal complaint is not a finding of guilt. An individual charged by criminal complaint is presumed innocent unless and until proven guilty at some later criminal proceedings.

Acting United States Attorney Jonathan F. Lenzner commended the HSI and SBA OIG for their work in the investigation. Mr. Lenzner thanked Assistant U.S. Attorney Aaron S.J. Zelinsky, who is prosecuting the federal case.

On May 17, 2021, the Attorney General 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. The Task Force bolsters efforts to investigate and prosecute the most culpable domestic and international criminal actors and assists agencies tasked with administering relief programs to prevent fraud by, among other methods, augmenting and incorporating existing coordination mechanisms, identifying resources and techniques to uncover fraudulent actors and their schemes, and sharing and harnessing information and insights gained from prior enforcement efforts. For more information on the Department's response to the pandemic, please visit <https://www.justice.gov/coronavirus>.

Anyone with information about allegations of attempted 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: <https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form>.

For more information on the Maryland U.S. Attorney's Office, its priorities, and resources available to help the community, please visit www.justice.gov/usao-md and <https://www.justice.gov/usao-md/community-outreach>.

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Component(s):
USAO - Maryland

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