

THE UNITED STATES ATTORNEY'S OFFICE
EASTERN DISTRICT *of* VIRGINIA

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Department of Justice

U.S. Attorney's Office

Eastern District of Virginia

FOR IMMEDIATE RELEASE

Friday, April 22, 2022

Henrico Man Charged in \$1.1 Million COVID-19 Fraud Scheme

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RICHMOND, Va. – A Henrico man was arrested yesterday after a federal grand jury returned an indictment charging him with fraudulently obtaining over \$1.1 Million in Paycheck Protection Program (PPP) loans on behalf of two defunct companies he owned, and improperly using those fraudulently-obtained PPP loan proceeds for his own personal benefit.

According to the indictment, from on or about at least April 8, 2020, to at least on or about August 31, 2021, Kortney T. Kelley, 44, submitted at least four fraudulent applications for loans under the PPP, a Small Business Administration (SBA) program designed to help businesses affected by the COVID-19 pandemic continue to pay wages to their employees. As part of these applications, Kelley made numerous false statements. For instance, Kelley represented that his defunct companies (which in fact generated no revenue and had no employees) together employed more than 140 workers and paid-out over \$220,000 in monthly payroll expenses. Furthermore, as part of his applications, Kelley submitted forged tax returns and other documentation purporting to substantiate Kelley's false claims that his companies paid substantial payroll expenses.

According to the indictment, Kelley's fraudulent loan applications caused the SBA to disburse over \$1.1 million in loans to Kelley's business accounts. Kelley spent the loan proceeds on purposes unrelated to those authorized by the SBA, including spending at least \$142,711 in loan proceeds at various casinos and on gaming, and transferring at least \$834,077 in loan proceeds to Kelley's personal brokerage accounts. Kelley made further false statements to the SBA in a loan forgiveness application, which resulted in the complete discharge of the loans.

Kelley is charged with wire fraud and engaging in monetary transactions in criminally derived property. If convicted, he faces a maximum penalty of 20 years in prison. 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.

Jessica D. Aber, U.S. Attorney for the Eastern District of Virginia, and Stanley M. Meador, Special Agent in Charge of the FBI's Richmond Field Office, made the announcement.

Assistant U.S. Attorney Avi Panth is prosecuting the 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 the government to enhance efforts to combat and prevent pandemic-related fraud. The Virginia Coronavirus Fraud Task Force is a federal and state

partnership led by the Eastern and Western Districts of Virginia along with fraud investigators from the FBI and Virginia State Police. The task force's mission is to identify, investigate, and prosecute fraud related to the ongoing pandemic. The task force reviews and investigates all credible leads of fraud associated with COVID-19, focusing on schemes to exploit vulnerable populations, including the elderly and concerned citizens.

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. 3:22-cr-35.

An indictment is merely an accusation. The defendant is presumed innocent until proven guilty.

Topic(s):

Coronavirus

Financial Fraud

Component(s):

[Federal Bureau of Investigation \(FBI\)](#)

[USAO - Virginia, Eastern](#)

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