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Department of Justice

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District of Maine

FOR IMMEDIATE RELEASE

Thursday, September 30, 2021

Yarmouth Man Pleads Guilty to Identity Theft and SBA Loan Fraud Charges

PORTLAND, Maine—A Yarmouth man pleaded guilty today in federal court to aggravated identity theft, and in a separate case waived indictment and pleaded guilty to making a false statement to the Small Business Administration in a loan application, Acting U.S. Attorney Donald E. Clark announced.

According to court records, in November 2016, **John J. Cavanaugh, Jr.**, 52, applied to the Social Security Administration (SSA) for disability insurance benefits on behalf of his minor son. During the application process, Cavanaugh falsely claimed that his son had resided with him since birth, and that he and his son lived together. In fact, neither his son nor his son's mother had ever lived with Cavanaugh.

In December 2016, Cavanaugh submitted a typewritten letter to the SSA that was purportedly authored and signed by his son's mother. The letter falsely stated that she and her son were living with Cavanaugh. The letter was provided in support of Cavanaugh's application for disability insurance benefits on his son's behalf. His son's mother did not write the letter, and the signature on the letter was not hers. Cavanaugh did not have her permission to write the letter on her behalf. The SSA approved his application for benefits and he received them until June 2018, when his son's mother learned that he was receiving them and notified the SSA.

Also according to court records, in April 2020, Cavanaugh applied for an Economic Injury Disaster Loan through the U.S. Small Business Administration. The loans were designed to support business owners negatively affected by the COVID-19 pandemic. The online application that Cavanaugh completed asked if he was currently subject to an indictment or other formal criminal charge. Cavanaugh falsely answered "No" to this question. In fact, he was under indictment in the U.S. District Court for the District of Maine, and was subject to an order setting conditions of release that informed him that if he committed a new federal felony while on release, he was subject to additional penalties.

Cavanaugh faces a mandatory two years in prison and a \$250,000 fine on the aggravated identity theft charge. He faces a maximum sentence of 30 years in prison, a \$1 million fine and five years of supervised release on the false statement charge. He faces an additional sentence of up to 10 years in prison, consecutive to any other sentence imposed, because he committed the false statement offense while on pretrial release. He will be sentenced after the completion of a presentence investigation report by the U.S.

Probation Office. A federal district court judge will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors.

The FBI investigated the case with assistance from the SSA Office of Inspector General and the U.S. Small Business Administration.

Topic(s):

Disaster Fraud
Identity Theft

Component(s):

Federal Bureau of Investigation (FBI)
USAO - Maine

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