



THE UNITED STATES ATTORNEY'S OFFICE
MIDDLE DISTRICT *of* PENNSYLVANIA

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Department of Justice

U.S. Attorney's Office

Middle District of Pennsylvania

FOR IMMEDIATE RELEASE

Friday, June 4, 2021

Owner Of Carlisle Area Trucking Business Charged With Covid-Relief Fraud

HARRISBURG- The United States Attorney's Office for the Middle District of Pennsylvania announced today that Keith McConnell, age 43, of Carlisle, Pennsylvania, was charged by criminal information with perpetrating a wire fraud and money laundering scheme that sought \$467,200.00 in COVID-19 relief funds guaranteed by the U.S. Small Business Administration through the Paycheck Protection Program (PPP).

The PPP was designed to help small businesses facing financial difficulties during the COVID-19 pandemic. Funded by the March 27, 2020 Coronavirus Aid, Relief and Economic Security (CARES) Act, PPP funds were offered in forgivable loans to small businesses for employee job retention and certain other expenses. PPP loan amounts were determined by the number of employees and average monthly payroll costs.

According to Acting United States Attorney Bruce D. Brandler, the criminal information alleges that Keith McConnell submitted fraudulent PPP loan applications and forged documents on behalf of his Carlisle-area trucking company, KB Transportation LLC. In both 2019 and 2020, KB Transportation LLC was not in business, had no employees, and had no payroll expenses. On June 5, 2020, however, McConnell falsely certified that KB Transportation LLC employed twenty-six employees and had monthly payroll expenses totaling \$124,800.00. As a result of the fraud, McConnell received \$312,000.00 in PPP loan proceeds. Within weeks, McConnell and his co-conspirators spent the PPP funds on unauthorized expenditures including the purchase of a residential property, two vehicles, and stock market investments. On January 20, 2021, McConnell used KB Transportation LLC to apply for a second PPP loan in the amount of \$155,200.00, and again submitted false and fraudulent loan applications and documents. The second PPP loan was never disbursed.

"Covid relief fraud is a high priority for our office and the Department of Justice," stated Acting U.S. Attorney Bruce D. Brandler. "These funds were meant to help small businesses survive the pandemic not for fraudsters to support an opulent lifestyle. Our Covid Relief Fraud Task Force will continue to investigate all credible allegations of covid fraud and prosecute any individuals who may have abused this program."

"There are specific rules that dictate who is eligible to apply for PPP loans and how PPP loan proceeds can be used," said Thomas Fattorusso, Special Agent in Charge of IRS-Criminal Investigation. "My office will continue to investigate cases like this involving PPP loans to ensure everyone abides by these rules."

The case was investigated by the Internal Revenue Service-Criminal Investigation (IRS-CI). The case is being prosecuted by Assistant U.S. Attorney Samuel S. Dalke.

Criminal Informations are only allegations. All persons charged are presumed to be innocent unless and until found guilty in court.

A sentence following a finding of guilt is imposed by the Judge after consideration of the applicable federal sentencing statutes and the Federal Sentencing Guidelines.

The maximum penalty under federal law for the most serious offense charged is 30 years of imprisonment, a term of supervised release following imprisonment, and a \$1,000,000 fine. Under the Federal Sentencing Guidelines, the Judge is also required to consider and weigh a number of factors, including the nature, circumstances and seriousness of the offense; the history and characteristics of the defendant; and the need to punish the defendant, protect the public and provide for the defendant's educational, vocational and medical needs. For these reasons, the statutory maximum penalty for the offense is not an accurate indicator of the potential sentence for a specific defendant.

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