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Department of Justice

U.S. Attorney's Office

District of New Jersey

FOR IMMEDIATE RELEASE

Thursday, May 20, 2021

Two Camden County Residents Charged with Conspiracy to Defraud Victims of More Than \$1.4 Million in Coronavirus Relief Fraud Scheme

CAMDEN, N.J. – Two Camden County, New Jersey, residents were charged for their role in fraudulently obtaining federal Paycheck Protection Program (PPP) loans and Economic Injury Disaster Loans (EIDL) totaling \$1.4 million, Acting U.S. Attorney Rachael A. Honig announced today.

Stephen Bennett, 45, of Berlin, New Jersey, and Rhonda Thomas, 36, of Sicklerville, New Jersey, are each charged by complaint with one count of conspiracy to commit wire fraud and bank fraud, one count of bank fraud, and one count of conspiracy to commit money laundering. Bennett and Thomas are scheduled to appear by videoconference today before U.S. Magistrate Judge Karen M. Williams.

According to the criminal complaints:

The Coronavirus Aid, Relief, and Economic Security (CARES) Act is a federal law enacted in March 2020, designed to provide emergency financial assistance to the millions of Americans who are suffering the economic effects caused by the COVID-19 pandemic. One source of relief provided by the CARES Act was the authorization of up to \$349 billion in forgivable loans to small businesses for job retention and certain other expenses, through the PPP.

The PPP allows qualifying small businesses and other organizations to receive loans, which must be used by businesses on payroll costs, interest on mortgages, rent, and utilities. The PPP allows the interest and principal on the PPP loan to be forgiven if the business spends the loan proceeds on these expense items within a designated period and uses at least a certain percentage of the PPP loan proceeds on payroll expenses.

The CARES Act authorized the Small Business Administration (SBA) to provide EIDLs of up to \$2 million to eligible small businesses experiencing substantial financial disruption due to the COVID-19 pandemic. A company may use EIDL funds for payroll expenses, sick leave, production costs, and business obligations, such as debts, rent, and mortgage payments.

To obtain a PPP loan or EIDL, a qualifying business must apply and provide information on its operations, such as the number of employees, gross revenues, and cost of goods sold. Supporting documentation may also be required.

Bennett, Thomas, and their conspirators submitted 15 fraudulent PPP loan applications and six fraudulent EIDL loan applications to several lenders and the SBA on behalf of 12 purported businesses. The applications contained fraudulent representations to the participating lenders, including forged documentation of federal tax returns and altered bank statements. According to Social Security Administration records, there were no wages or Forms W-2 processed for any of the businesses between 2018 and 2020.

Based on these alleged misrepresentations, the lenders approved 13 of the PPP and EIDL applications and provided the businesses with approximately \$1.4 million in federal COVID-19 emergency relief funds meant for distressed small businesses. Bennett and Thomas used the proceeds to purchase personal items, including vehicles and jewelry.

The counts of bank fraud and conspiracy to commit wire fraud and bank fraud are each punishable by a maximum of 20 years in prison and a \$250,000 fine, or twice the gross gain or loss from the offense, whichever is greater. The count of conspiracy to commit money laundering is punishable by a maximum of 10 years in prison and a \$250,000 fine, or twice the gross gain or loss from the offense, whichever is greater.

Acting U.S. Attorney Honig credited special agents of the Federal Deposit Insurance Corporation – Office of the Inspector General, New York Regional Office, under the direction of Special Agent in Charge Patricia Tarasca; special agents of the Social Security Administration, Office of the Inspector General, New York Field Division, under the direction of Special Agent in Charge John F. Grasso; special agents of the FBI's South Jersey Resident Agency, under the direction of Special Agent in Charge Michael J. Driscoll in Philadelphia, special agents of the U.S. Department of Labor, Office of the Inspector General, New York Region, under the direction of Acting Special Agent in Charge Nikitas Splagounias, and inspectors of the U.S. Postal Inspection Service, under the direction of Inspector in Charge Damon Wood in Philadelphia, with the investigation leading to today's charges. She also thanked the Pennsylvania Department of Labor and Industry, under the direction of Acting Secretary Jennifer Berrier, for its assistance.

The government is represented by Senior Trial Counsel Jason M. Richardson and Assistant U.S. Attorney Daniel A. Friedman of the U.S. Attorney's Office's Criminal Division in Camden.

The charges and allegations contained in the complaint are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

Attachment(s):

[Download Bennett.Complaint.pdf](#)

[Download Thomas.Complaint.pdf](#)

Topic(s):

Coronavirus

Component(s):

[USAO - New Jersey](#)

Press Release Number:

21-225

Updated May 20, 2021