



Department of Justice

Carlton S. Shier, IV
United States Attorney
Eastern District of Kentucky

FOR IMMEDIATE RELEASE
THURSDAY, Dec. 16, 2021
www.usdoj.gov/usao/kye

CONTACT: Gabrielle Dudgeon
PHONE: (859) 685-4887
E-MAIL: gabrielle.dudgeon@usdoj.gov

Woodford County Man Pleads Guilty to Wire Fraud in Connection with Fraudulently Obtained COVID Relief Loans

LEXINGTON, Ky. – A Versailles, Ky., man, Randall “Rocky” Blankenship, Jr., 49, pleaded guilty on Thursday, before U.S. District Judge Karen C. Caldwell, to a conspiracy to commit wire fraud to obtain Paycheck Protection Program loans under false pretenses.

According to his plea agreement, in April 2020, Blankenship submitted four fraudulent applications for Paycheck Protection Program (PPP) loans for Blankenship RV Finance Solutions LLC, RSGG Properties LLC, RSGG Holdings LLC, and RSGG Investments LLC, all business entities he formed. The Paycheck Protection Program was created as part of the CARES Act, a law passed in March 2020 in response to the COVID-19 pandemic. Paycheck Protection Program loans were designed to provide an incentive for small businesses to keep workers on their payroll during the pandemic; these loans would be forgiven by the United States Small Business Administration, if the borrower established that loan proceeds were used for payroll, rent, or other approved business expenses. The amount of the loan was dependent on the business’s payroll.

As part of his fraudulent PPP loan applications, Blankenship, with the assistance of a certified public accountant, created fake tax documents and payroll records indicating that his businesses had hundreds of thousands of dollars in quarterly payroll; when in fact, none of the entities had any payroll expense at all. Blankenship submitted the applications through Kentucky Bank and Independence Bank; and as a result, he obtained fraudulent PPP loans totaling \$1,323,829. According to his plea, he used some of the funds for a RV business he owned (which had already received its own PPP loan and was ineligible for additional loans at the time), as well as personal use, including paying off casino debt and purchasing real estate.

Carlton S. Shier, IV, United States Attorney for the Eastern District of Kentucky; Jodi Cohen, Special Agent in Charge, Federal Bureau of Investigation, Louisville Field Office; Kathy Enstrom, Special Agent in Charge, Federal Deposit Insurance Corporation, Office of Inspector General (FDIC-OIG); and Stephen Donnelly, Acting Special Agent in Charge, Eastern Region, Office of Inspector General for the Board of Governors of the

Federal Reserve System and the Bureau of Consumer Financial Protection (FRB), jointly announced the guilty plea. The investigation was conducted by the FBI, FDIC-OIG, and FRB. The United States was represented by Assistant U.S. Attorney Paul McCaffrey.

Blankenship is scheduled to be sentenced on March 17, 2022. Blankenship agreed to pay restitution of \$1,323,829. He faces a maximum of twenty years in prison, a fine of not more than \$250,000, and supervised release of not more than three years. However, any sentence will be imposed by the Court, after its consideration of the U.S. Sentencing Guidelines and the federal sentencing statutes.

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>.

— END —