IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA

v.

CRAIG DAVID DAVIS

Defendant.

Case No. 1:24-cr-40

STATEMENT OF FACTS

1. The United States and the defendant, CRAIG DAVID DAVIS, (hereinafter, "defendant" or "Davis"), agree that at trial, the United States would have proven the following facts beyond a reasonable doubt with admissible and credible evidence:

2. From April 1, 2020, through at least February 2021, Davis devised and executed a scheme to defraud loan programs authorized under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act through misrepresentations and omissions of material facts and that Davis used interstate wires that were transmitted into the Eastern District of Virginia to further this scheme, in violation of 18 U.S.C. § 1343.

The CARES Act – Paycheck Protection Program and Main Street Lending Program

3. The CARES Act was a federal law enacted in or around March 2020 and designed to provide emergency financial assistance expeditiously to millions of Americans who were suffering the economic effects caused by the COVID-19 pandemic.

4. One source of relief provided by the CARES Act was the authorization of forgivable loans to small businesses to help with payroll and other business expenses through the Payroll Protection Program ("PPP") overseen by the SBA. To obtain a PPP loan, a qualifying small business had to submit a PPP loan application signed by an authorized representative of the

business. The PPP loan application required the business through its representative to acknowledge the program rules and make certain affirmative certifications The loan application required the business to state, among other things, its monthly payroll expenses and number of employees. These figures were used to calculate the amount of money the business was eligible to receive under the PPP. In addition, the applicants were required to provide documentation showing their payroll expenses. Lenders relied on the accuracy of the information contained in the PPP applications and supporting documents.

5. Small businesses applied for PPP loans with private lenders, including banks, that had been approved to participate in the program by the SBA. When lenders decided that applications were ready for approval, the lenders sent an electronic communication to the SBA E-Tran computer server in Sterling, Virginia, containing data from and related to the applications, including the identities of the applicants and the amounts of the proposed loans. The SBA E-Tran server processed the applications electronically. The SBA also used the E-Tran server to send return communications to notify lenders that loans could be funded as part of the PPP program. The lenders used their own funds to make the PPP loans, but the loans were guaranteed 100 percent by the SBA.

6. The SBA required that PPP loan proceeds be used for certain expenses, including payroll, rent, mortgage payments, and utility charges. A representative of a PPP loan recipient could apply through its private lender for forgiveness of the principal and interest payments by certifying that the business had used the loan proceeds as required during a specified time period and that a specified percentage of the proceeds had been used for payroll.

7. The CARES Act also authorized the Main Street Lending Program ("MSLP"). The MSLP was an emergency lending program established by the Federal Reserve Board ("FRB")

and administered by the Federal Reserve Bank of Boston ("FRBB"). The MSLP was designed to support lending to small and medium-sized businesses that were in sound financial condition before the onset of the Covid-19 pandemic.

8. MSLP applicants, through their representatives, applied for their loans with private lenders, such as banks, that had been approved by the FRBB for making MSLP loans. The borrowers had to meet the eligibility requirements set by the MSLP and certify that they would abide by the terms of the program. MSLP borrowers also had to meet any additional eligibility requirements set by the private lenders and agree to comply with any additional terms set by those lenders. The MSLP and the lenders required applicants to submit accurate financial information to support their applications. The MSLP and the lenders also required that the loan proceeds be used for business expenses, and the lenders often required more specific representations by the representatives of the businesses. Lenders relied on the accuracy of the information contained in the loan applications and supporting documents.

9. When a lender decided that an applicant had met the requirements of the MSLP and the lender, the lender sent information about the borrower and the requested loan amount electronically to the FRBB through a special purpose vehicle it established, known as MS Facilities LLC, to administer the loan program. Once a loan had been approved, MS Facilities sent the lender a commitment letter stating, among other things, that MS Facilities would purchase 95 percent of the loan. The lender kept five percent of the loan and was responsible for servicing the loan. The MSLP deferred interest repayments until the second year of each loan, the first repayment of principal until the third year of each loan, and the final repayment of principal until the fifth year of each loan. All MSLP loans were made between July 2020 and January 2021 and were not forgivable.

CONDUCT ALLEGED IN THE INDICTMENT

Davis and Bright Vanguard

10. At all times relevant to the Superseding Indictment and this statement of facts, Davis was the chief executive officer and sole individual associated with Bright Vanguard, LLC ("BV"). BV was based in San Antonio, Texas. Davis described BV to others, including financial institutions and lenders, as a business engaged in the sale of computer software and hardware and providing storage space to other businesses. In fact, BV did little if any legitimate business and Davis used it primarily as a vehicle to commit the offenses detailed herein.

PPP Application to Bank-1

11. At all times relevant to this Superseding Indictment and statement of facts, Bank-1 was a financial institution based in Oklahoma. It participated in the PPP program by making loans to eligible applicants. It transmitted PPP loan applications, including an application made by Davis on behalf of BV, to the SBA e-Tran server in Sterling, Virginia, using a computer server located in Oklahoma.

12. On April 1, 2020, Davis submitted a PPP loan application to Bank-1 on behalf of BV requesting $341,300. The application contained several material misrepresentations, including a false Social Security Number for Davis and a false Employer Identification Number for BV. Davis also falsely claimed that he had not pleaded *nolo contendere* to a felony offense within the past five years. In fact, Davis pleaded *nolo contendere* to a felony offense in Texas in 2017.

13. Davis also falsely claimed that BV had thirteen employees. In support thereof, Davis provided Bank-1 false IRS Form 941 documents for BV for all four quarters of 2019 and the first quarter of 2020, as well as a payroll summary for the period of January 1, 2020, through

February 15, 2020. These documents falsely showed the BV had employees and payroll expenses. In fact, BV had no employees or payroll expenses.

14. On April 21, 2020, Davis executed a loan agreement with Bank-1 on behalf of BV, in which he falsely certified that the PPP loan proceeds would be used to retain employees and that the information contained in BV's application was true and correct.

15. On April 21, 2020, having been misled by the false information and certifications Davis provided, Bank-1 sent an interstate wire transmission from its server in Oklahoma to the SBA's e-Tran server in Sterling, Virginia, seeking approval for a PPP loan to BV for $341,300. Also on April 21, 2020, using the e-Tran server, the SBA transmitted an interstate wire to Bank-1 approving the loan and assigning it SBA loan number 9978187009.

16. On April 22, 2020, Bank-1 deposited $341,300 into an account at Bank-1 ending in 2431 in the name of BV and controlled by Davis ("the 2431 account"). The 2431 account had a balance of zero prior to this deposit. On April 29, 2020, Davis transferred $101,432.55 to an outside bank account ending in 3134 in the name of BV and controlled by Davis ("the 3134 account").

17. On September 16, 2021, Davis submitted a PPP loan forgiveness application to Bank-1 in which he made additional material misrepresentations, including that the PPP loan proceeds were used to pay payroll costs and that the information provided in the application was true and correct. Bank-1 denied Davis's application to forgive the PPP loan and issued a notice of default. The entire balance of the original loan remains unpaid.

PPP Loan Application to Bank-2

18. At all times relevant to this Indictment and statement of facts, Bank-2 was a financial institution based in Utah. It participated in the PPP program by making loans to eligible

applicants. It transmitted PPP loan applications, including an application made by Davis on behalf of BV, to the SBA e-Tran server in Sterling, Virginia, using a computer server located in Utah.

19. On April 27, 2020, Davis submitted a PPP loan application to Bank-2 on behalf of BV requesting $354,000. The application contained several material misrepresentations, including a false Social Security Number for Davis and a false certification that BV had not been the recipient of any other PPP loans. In fact, BV received a $341,300 PPP loan from Bank-1 on April 22, 2020. Davis again falsely claimed that he had not pleaded *nolo contendere* to a felony offense within the past five years. In fact, Davis pleaded *nolo contendere* to a felony offense in Texas in 2017.

20. Davis also falsely claimed that BV had seventeen employees. In support thereof, Davis provided Bank-2 false IRS Form 941 documents for BV for all four quarters of 2019 and the first quarter of 2020, as well as a payroll summary for the period of January through December 2019. These documents falsely showed the BV had employees and payroll expenses. In fact, BV had no employees or payroll expenses.

21. On April 28, 2020, Davis executed a promissory note with Bank-2 on behalf of BV, in which he falsely certified that the PPP loan proceeds would only be used for purposes authorized under the PPP and that the information contained in BV's application was true and correct.

22. On April 28, 2020, having been misled by the false information and certifications Davis provided, Bank-2 sent an interstate wire transmission from its server in Utah to the SBA's e-Tran server in Sterling, Virginia, seeking approval for a PPP loan to BV for $354,000. Also on April 28, 2020, using the e-Tran server in Sterling, Virginia, the SBA transmitted an interstate wire to Bank-2 approving the loan and assigning it SBA loan number 6350327200.

23. On May 1, 2020, Bank-2 deposited $354,000 into a checking account at an outside bank ending in 8071 in the name of BV and controlled by Davis ("the 8071 account").

24. On February 25, 2021, Davis applied to Bank-2 for a second draw PPP loan for $498,220. In this application, Davis made several material misrepresentations. Once again, he used the same false Social Security Number and he falsely claimed that he had not pleaded *nolo contendere* to a felony offense within the last five years. Davis also presented false IRS Form 941 documents showing his payroll expenses for all four quarters of 2020. The information in these forms was not only false, but it conflicted with the information Davis provided Bank-2 in connection with his original PPP loan. Moreover, Davis provided Bank-2 an IRS Form 941V document that contained a false Employer Identification Number for BV. Bank-2 denied Davis's application for a second draw PPP loan.

25. The entire balance of the original PPP loan issued by Bank-2 to BV remains unpaid.

MSLP Loan Application to Bank-3

26. Beginning on July 3, 2020, Davis sought to obtain a loan from Bank-3 on behalf of BV. Davis engaged Bank-3 largely through a loan broker, C.G. At all times relevant to the Superseding Indictment and this statement of facts, Davis caused C.G. to provide Bank-3 with documents containing materially false information about BV's business.

27. On July 7, 2020, C.G. informed a loan officer from Bank-3, B.M., that BV was interested in obtaining an MSLP loan. Throughout July 2020 and continuing through December 2020, C.G. provided Bank-3 documents related to BV's business that he received from Davis. These included, among other things, business tax filings, specifically IRS Form 1120S documents, for BV for years 2017, 2018, and 2019. These documents were fabricated, they were never filed with the IRS, and they falsely indicated the extent of BV's business. In particular, the 1120S form for BV for 2019 falsely indicated that BV had approximately $25,821,173 of gross income. B.M.

and Bank-3 relied on this document, among others, in determining whether to grant BV's application for an MSLP loan.

28. Davis also provided B.M. and Bank-3 a document labeled "Transaction by Account" that purported to show the extent of BV's business and customers in 2019. In particular, it falsely showed that BV's customers included companies such as AT&T, Exxon, and Haliburton. It also falsely indicated that BV had approximately $25,821,172 of gross income in 2019. B.M. and Bank-3 relied on this document, among others, in determining whether to grant BV's application for an MSLP loan.

29. On October 29, 2020, Davis caused B.M. and Bank-3 to receive a document showing BV's current debts. This document falsely indicated that BV had only three outstanding loans: one Economic Injury Disaster Loan ("EIDL") from the SBA for $150,000; one PPP loan for $337,000; and one commercial loan for $600,000. Davis did not disclose any other debts, including his recent PPP loan from Bank-2.

30. On December 3, 2020, Davis executed an MSLP loan agreement with Bank-3 on behalf of BV for $10,000,000. In so doing, he falsely certified that he had no undisclosed debts and that the information he provided Bank-3 accurately reflected BV's current financial condition. The parties agreed that approximately $752,000 of the loan would be used to satisfy BV's EIDL loan and its commercial loan. The parties also agreed to hold back approximately $1,500,000 of the loan for future disbursal.

31. On December 8, 2020, Bank-3 deposited approximately $7,547,241.55 into a Bank-3 checking account ending in 8144 belonging to BV and controlled by Davis. Davis transferred nearly all of the proceeds to other accounts he controlled. The proceeds were not used to support any legitimate business operations of BV.

32. As a further condition of the loan, Bank-3 required Davis to submit audited financial reports of BV. On June 1, 2021, Davis submitted a false and fabricated financial audit report for BV to Bank-3. Bank-3 did not accept this report, and so on June 14, 2021, Davis submitted a second false and fabricated financial audit report for BV to Bank-3. Bank-3 rejected this report as well, insisting instead that Davis obtain a financial audit report for BV from an accountant recommended by Bank-3. Davis did not obtain this report, and on November 12, 2021, Bank-3 provided Davis and BV a notice of default for, among other reasons, failure to disclose known debts and failure to provide audited financial statements.

33. The entire balance of the loan from Bank-3 to BV remains unpaid.

RELEVANT CONDUCT

False Invoice Scheme to Defraud Commercial Equipment Financing Companies

34. In addition to the scheme described above, from at least 2019 through the present, Davis conspired with several individuals, including Co-Conspirator #1 ("CC1"), to defraud equipment financing companies by submitting invoices that falsely evidenced the sale of computer servers and related equipment. To further and execute the scheme, Davis and his co-conspirators submitted and caused the submission of fraudulent invoices to financing companies reflecting substantial sales of computer equipment to customers. The customers then entered into financing agreements with the lenders, promising to make regular payments to satisfy their debts.

35. The customers frequently asserted that they received and were satisfied with the equipment described in the fraudulent invoices. Once the financing agreement was approved, the lender remitted the sales price reflected in the invoice to the vendor—often BV or another company controlled by Davis's co-conspirators.

36. Unbeknownst to the lenders, the sales never occurred. After receiving the loan proceeds, Davis, CC1, and their conspirators would provide the majority of the proceeds to the customer and retain 10% to 25% of the loan proceeds for themselves. This "kick back" arrangement was never disclosed to the lenders.

37. Through this scheme, Davis and his conspirators, including CC1, caused more than $60,000,000 of fraudulently induced lending from at least fifteen different lenders across 359 separate loans. Many of Davis's customers who received percentages of the loan proceeds have made payments on the loans while others have defaulted.

Davis, CC1, and Senergy Consulting

38. As part of this scheme, Davis and his co-conspirators encouraged CC1 to acquire a Colorado-based "aged shelf company" – that is a company that existed as a legal entity but had no meaningful business operations – known as Senergy Consulting Group, Inc. ("Senergy").

39. CC1 acquired Senergy on January 3, 2020, and registered it in Maryland as a foreign corporation authorized to conduct business. Senergy purported to be an information technology and computer equipment sales company. In fact, Senergy did not actually sell computer servers and related equipment or provide consulting services.

40. Davis and CC1 worked directly together on at least three fraudulent loans to equipment financing companies. Those loans are discussed in more detail below.

Lender-1 Loan - $89,261.80

41. Davis provided a customer-business ("Customer-1) a fraudulent invoice that falsely indicated the sale of $89,261.80 of computer equipment by Senergy to Customer-1. On April 2, 2020, Customer-1 executed an equipment financing agreement with Lender-1 to finance the

purchase of the equipment indicated on the fraudulent invoice. Customer-1 provided Lender-1 the invoice he received from Davis to support his application.

42. On April 6, 2020, Lender-1 executed the equipment financing agreement with Customer-1 for $89,305. On April 7, 2020, Lender-1 deposited $89,261.80 into a checking account ending in 0107 ("the 0107 account"), which CC1 opened in the name of Senergy and which CC1 controlled.

43. On April 8, 2020, CC1 wired $84,261 from the 0107 account to the 3134 account, controlled by Davis. CC1 and Davis engaged in these acts and transactions to further their conspiracy to defraud equipment financing companies.

44. Between April 16-21, 2020, Davis provided Customer-1 at least three checks to deliver the money Customer-1 sought to obtain by participating in this scheme.

Date of the Check	**Amount**	**Date Cashed**
4/16/20	$23,097.20	4/20/2020
4/17/20	$23,816.44	4/21/2020
4/18/20	$23.289.44	4/21/2020
Total:	**$70,203.08**	

Lender-2 Loan - $499,923.66

45. Davis caused Lender-2 to receive a fraudulent invoice that falsely indicated the sale of $485,362.78 of computer equipment from BV to Senergy. Also included with the invoice purchase price was a referral fee to Davis/BV for $14,560.88. On March 22, 2021, CC1 executed an installment purchase agreement with Lender-2 on behalf of Senergy to finance the purchase of the equipment falsely indicated in the invoice.

46. On March 23, 2021, Lender-2 deposited $499,923.66 into the 8071 account. Between April 21 and June 8, 2021, Davis caused at least twelve wires to transmit funds from

accounts he controlled to a checking account ending in 1285 controlled by CC1 ("the 1285 account"). These wires totaled approximately $461,106.73. Davis provided this money to CC1 in connection with CC1's involvement in this conspiracy.

Lender-3/Lender-4 Loan - $224,177.28

47. On July 29, 2021, Davis caused a false invoice to be submitted to Lender-3 showing the sale of $224,177.28 of computer equipment from Senergy to BV. That same day, Davis caused an installment purchase agreement with Lender-3 to be executed to finance the purchase of the equipment falsely indicated on the invoice. Also on July 29, 2021, Davis executed a written acknowledgement that their installment purchase agreement with Lender-3 would be assigned to Lender-4 and that all payments due under the agreement were to be made to Lender-4.

48. On August 4, 2021, Lender-4 deposited $224,177.28 into the 0107 account, controlled by CC1. That same day CC1 executed the following financial transactions:

a. CC1 transferred $150,000 from the 0107 account to the 1285 account;

b. CC1 transferred $150,000 from the 1285 account to a checking account ending in 1951 that CC1 controlled ("the 1951 account");

c. CC1 wired $150,000 from the 1951 account to a checking account ending in 4000 that Davis controlled.

49. BV and Davis failed to make any payments to Lender-4. As such and in accordance with the assignment agreement, Lender-3 re-purchased the installment payment agreement on December 8, 2021, for $238,333.82. Davis and CC1 engaged in the transactions described above to further their conspiracy to defraud equipment financing companies.

Other Executions of the Scheme involving Davis

50. Davis participated in numerous additional executions of this scheme, including the following examples.

Lender-2 Loan with Customer-2 - $207,930.18

51. Davis provided a second business-customer ("Customer-2") a fraudulent invoice that falsely indicated the sale of $207,930.18 of computer equipment from BV to Customer-2. On August 6, 2020, Customer-2 executed an installment payment agreement with Lender-2 to finance the purchase of the equipment described in the fraudulent invoice. Customer-2 provided the invoice he received from Davis to Lender-2 to support his loan application.

52. On August 7, 2020, Lender-2 deposited $207,930.18 into the 3134 account, controlled by Davis.

Lender-5 Loan with Customer-2 - $112,260.35

53. Davis provided Customer-2 a fraudulent invoice that falsely indicated the sale of $112,260.35 of computer equipment from BV to Customer-2. On August 12, 2020, Customer-2 executed a commercial finance agreement with Lender-5 to finance the purchase of the equipment described in the fraudulent invoice. Customer-2 provided the invoice he received from Davis to Lender-5 to support his loan application.

54. On August 14, 2020, Lender-5 deposited $112,260.35 into the 8071 account, controlled by Davis.

55. Between August 14-26, 2020, Davis provided Customer-2 with at least six checks, written from accounts Davis controlled, to deliver the money Customer-2 sought to obtain by participating in this scheme.

Date of the Check	**Amount**	**Date Cashed**
8/14/20	$32,156.71	8/14/20
8/17/20	$33,144.70	8/17/20

8/18/20	$34.137.22	8/18/20
8/20/20	$36,531.77	8/20/20
8/21/20	$29,999.61	8/21/20
8/26/20	$25,813.44	8/26/20
Total:	**$191,790.45**	

56. Davis undertook these acts with Customer-2 to further his conspiracy and scheme to defraud equipment financing companies.

Lender-5 Loan with Customer-3 - $293,004.79

57. Davis provided a third business-customer ("Customer-3") a fraudulent invoice that falsely indicated the sale of $284,470.67 of computer equipment from BV to Customer-3. Also included with the invoice purchase price was a referral fee to Davis/BV for $8,534.12. On September 11, 2020, Customer-3 executed an installment purchase agreement with Lender-2 to finance the purchase of the equipment described in the fraudulent invoice. Customer-3 provided the invoice he received from Davis to Lender-2 to support his loan application.

58. On September 14, 2020, Lender-2 deposited $293,004.79 into the 3134 account, controlled by Davis.

59. Between September 22-29, 2020, Davis provided Customer-3 with at least six checks, written from accounts Davis controlled, to deliver the money Customer-3 sought to obtain by participating in this scheme.

Date of the Check	Amount	Date Cashed
9/22/20	$37,909.42	9/22/20
9/23/20	$38,061.43	9/23/20
9/25/20	$35,061.43	9/25/20
9/26/20	$36,177.57	9/26/20
9/28/20	$39,985.18	9/28/20
9/29/20	$39,985.16	9/29/20
Total:	**$227,180.19**	

60. Davis undertook these acts with Customer-3 to further his conspiracy and scheme to defraud equipment financing companies.

61. This statement of facts includes those facts necessary to support the plea agreement between the defendant and the United States. It does not include each and every fact known to the defendant or to the United States, and it is not intended to be a full enumeration of all of the facts surrounding the defendant's case.

62. The actions of the defendant, as recounted above, were in all respects knowing and deliberate and committed with an intent to defraud, and were not committed by mistake, accident, or other innocent reason.

Respectfully submitted,

Jessica D. Aber
United States Attorney

Glenn Leon
Chief, Fraud Section

Date:

By: ______________________
Drew Bradylyons
Assistant United States Attorney

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David A. Peters
Trial Atorney, Fraud Section

After consulting with my attorney and pursuant to the plea agreement entered into this day between the defendant, Craig David Davis., and the United States, I hereby stipulate that the above Statement of Facts is true and accurate, and that had the matter proceeded to trial, the United States would have proved the same beyond a reasonable doubt.

Craig David Davis.

I am Craig David Davis's defense attorney. I have carefully reviewed the above Statement of Facts with him. To my knowledge, his decision to stipulate to these facts is an informed and voluntary one.

Jonathan Simms, Esq.
Attorney for Craig David Davis.