UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
FORT MYERS DIVISION

UNITED STATES OF AMERICA

v. CASE NO. 2:21-cr-107-SPC-MRM

EDRICA LEANN WATSON

UNITED STATES' RESPONSE TO THE DEFENDANT'S SENTENCING MEMORANDUMS

The United States of America has entered into an amended plea agreement (Doc. 35) with the defendant which it intends to uphold, but for purposes of sentencing, and in light of the defendant's request for a downward variance in her sentencing memorandums (Docs. 44 at 21, 52 at 3), a response is warranted to address the defendant's persistent claim that she did not "consume" any of the proceeds of her fraudulent activity because she was saving the fraudulent proceeds she received to buy a home, *Id.* at 4, footnote 5, and those saved proceeds were eventually "re-captured" by law enforcement. Doc. 52 at 2.

The Amended PSR now accurately reflects that the defendant did apply for and receive a total of three (3) PPP loans for a total of $ 434,227, and the defendant did distribute and spend proceeds of those fraudulent loans as soon as they were received in her bank accounts. Specifically, the defendant issued checks to business entities and paid for her other expenses, including credit card payments, attorney fees and miscellaneous payments to individuals. The defendant did retain a large amount of cash at home in a safe - $23,750, which was recovered by law enforcement during the search warrant. The defendant also had a large amount of funds in her bank account which she relinquished in part in the amount of $45,000. However, that the defendant claimed she was going to use the recovered money to purchase a home does not mitigate in favor of a variance. The means here did not justify the purported end – the defendant facilitating a fraud over $400,000 with the idea of purchasing a home for herself and her children. That the defendant worked with others to commit the fraud, including others she may have known for a long time, does not mitigate her circumstances either. The defendant knew this was a fraud and she continued with the fraud until she was arrested. While she has accepted responsibility for her criminal actions, those actions require a sentence that reflects the seriousness of the crime and provides a just punishment. For those reasons, the United States respectfully requests, pursuant to 18 U.S.C. § 3553(a) and the aforementioned sentencing factors, that the defendant be sentenced to the low end of the sentencing guidelines in accordance with the plea agreement.

Edrica Watson's First PPP Loan

On February 3, 2021, Edrica Watson applied for a PPP loan in the amount of $20,832, as a sole proprietor working as a cosmetologist. *See* Doc. 50, Amended PSR, at ¶ 24. That loan was funded on February 10, 2021, and a deposit in the amount of $20,832 appeared in the defendant's bank account[1] on February 11, 2021. Prior to the loan being funded on February 11, 2021, the defendant had a balance of $1,268.29 in account 3155. The defendant then transferred $8,500.00 to account 3155, an account she controlled and from which she made personal expenditures. Subsequent to the transfer of $8500.00, and over the course of a week, the defendant spent **$5,686.93** on a variety of personal items, including the largest - a $3,240.03 credit card payment to Capital One. Discounting the legitimate balance the defendant held prior to the $8,500 fraudulent funds transfer, the defendant consumed over $4,000 of PPP fraudulent loan proceeds. In essence, that would have exhausted her legitimate bank funds and left her with a balance that consisted of only fraudulent loan proceeds, until her next paycheck.

On February 19, 2021, the defendant was paid $1,275.89 from her payroll direct deposit. From February 19 until March 2, 2021, the defendant

[1] On February 11, 2021, the defendant had two bank accounts, one ending in 3155 and the other ending in 8310. The initial deposit of $20,832 was received into account 8310.

spent **$4,564.59** on personal expenses, leaving a balance of $792.66. Once again, the defendant consumed the proceeds of her fraud, the largest expenditure being a payment to a law group in the amount of $1,750.

Between March 5, 2021 and April 13, 2021, the defendant transferred an additional $6,000 from the 8310 account, that exclusively held PPP fraud proceeds, to her 3155 account, where she continued to use fraud proceeds, primarily commingled with her legitimate payroll and a IRS credit. Between March 5, 2021, and April 13, 2021, the defendant received legitimate deposits into her 3155 bank account in the amount of $9,452.87. In total, during the time frame of March 5, 2021, to April 13, 2021, the defendant spent $11,063.61, which was in excess of her legitimate income and would have to have consumed fraud proceeds – approximately **$1,610.74**. The next deposit into the 8310 account, on April 14, 2021, was the fraudulent second draw PPP loan for $20,832. In sum total, discounting the defendant's legitimate income, the defendant consumed approximately **$11,862.26** from the first PPP loan.

Edrica Watson's Second PPP Loan

As noted above, the second loan proceeds were deposited into the defendant's 8310 account creating a balance of $25,221.26 as of April 14 – all of the balance consisting of fraudulent loan proceeds. The defendant received a legitimate credit of $981.78, related to her employment, on April 16, 2021.

From April 16 through July 27, 2021, the defendant received a total of $8,524.23 for her employment. The defendant also had cash deposited, approximately $20,880, during that time frame, whose origin is believed to be associated with the criminal activity related to the defendant's third PPP loan, discussed below, which she received on April 6, 2021, into a third bank account ending in 8086. During the April 16 to July 27 time frame, the defendant spent $32,955.39 from the 3155 bank account. Applying her legitimate income deposits to her total expenditures during that time frame alone, the defendant consumed an additional **$24,431.16** of fraud proceeds. In total, the defendant consumed **$36,293.42** of fraudulent proceeds from the 3155 bank account through July 27, 2021.

Edrica Watson's Third PPP Loan

As originally noted in the Initial PSR and Amended PSR, on April 6, 2021, $392.563 was deposited into the defendant's Unity Home bank account ending in 8086. *See* Amended PSR, ¶ 21. ATM withdrawals were made from these funds and the defendant issued large checks from these proceeds to different entities. *Id.* at ¶ 21, 22. The only way ATM withdrawals could have been made by someone other than the defendant, which did happen and it is not disputed, is by the defendant facilitating access to the 8086 bank account holding the fraudulent proceeds. The defendant created the bank account and she allowed it to be accessed by others to withdraw fraudulent proceeds. So on the one hand, the defendant issued checks expecting a return of fraudulent proceeds. *Id.* at 26. On the other hand, she facilitated the extraction of fraudulent funds from the account. Additionally, unbeknownst to law enforcement, that facilitation included the defendant convincing Chase Bank to unfreeze the account holding the third PPP loan proceeds (approximately $92,000 remaining as of July 2021) which were eventually whittled down to under $100 by December 2021. Even if the defendant was provided a script to get the account unfrozen, a script is only as good as the actor and in this regard, the defendant's performance was convincing because the account was released. Anyway you look at it, the defendant did these acts knowing she was committing a fraud and therefore, she consumed the proceeds of this fraudulent loan as well. That the defendant did not spend all of the proceeds on herself is of no consequence, especially when it is admitted that the crime was committed with assistance from others.

Conclusion

On the issue of the defendant's consumption of fraud proceeds derived from the PPP loans, it is abundantly clear from any objective review of the bank statements through July 2021 that the defendant did consume fraud proceeds and did not save all of the ill-gotten gains she obtained in furtherance of purchasing a home. The defendant's façade of a residential down payment in furtherance of home ownership by saving all of the fraud proceeds, Doc. 44 at 5-6, Doc. 52 at 1, turns out to be akin to an old Hollywood movie set, just an appearance without any internal support. The bank records belie the claim and the Court should not grant a variance on this basis. Notwithstanding, considering all of the sentencing factors enumerated pursuant to 18 U.S.C. § 3553(a), the United States would still recommend a guideline sentence for the defendant.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on July 27, 2022, I electronically filed the foregoing with the Clerk of the Court by using the CM/ECF system which will send a notice of electronic filing to the following:

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