

AO 91 (Rev. 11/11) Criminal Complaint

UNITED STATES DISTRICT COURT

for the

Western District of Tennessee

United States of America
v.
SHARIKA LAVONTE CARPENTER,
JANISHA LATOYA JONES,
and
BRANDY DENISE SCAIFE

Case No. 2:20cr20179-TLP/tmp

Defendant(s)

CRIMINAL COMPLAINT

I, the complainant in this case, state that the following is true to the best of my knowledge and belief.

On or about the date(s) of April 2020 - June 2020 in the county of Shelby in the
Western District of Tennessee, the defendant(s) violated:

Code Section

Offense Description

Count 1: 18 U.S.C. 371
Count 2: 18 U.S.C. 1343 and 2
Count 3: 18 U.S.C. 1343 and 2
Count 4: 18 U.S.C. 1343 and 2

Conspiracy to Defraud the United States;
Wire Fraud;
Wire Fraud;
Wire Fraud.

This criminal complaint is based on these facts:

See attached affidavit.

☒ Continued on the attached sheet.


Complainant's signature

Jay Thomas - Special Agent IRS

Printed name and title

Attested to by the complainant in accordance with the requirements of Fed. R. Crim. P. 4.1 by telephone.

Date: 10/06/2020

s/ Annie T. Christoff

Judge's signature

City and state: Memphis, TN

ANNIE T. CHRISTOFF, U.S. Magistrate Judge

Printed name and title

AFFIDAVIT IN SUPPORT OF CRIMINAL COMPLAINT

I, Jay Thomas, being duly sworn on oath, depose and state that I have been employed as a Special Agent (SA), with the Internal Revenue Service since June 2017 and am currently assigned to the Western District of Tennessee.

AGENT BACKGROUND

1. I am employed as a Special Agent with the Internal Revenue Service Criminal Investigation (IRS-CI), and have been employed in this capacity since June 2017. Your affiant's responsibilities include the investigation of possible criminal violations of the Internal Revenue Laws under Title 26 of the United States Code and related offenses, particularly as found in Title 18 and Title 31 of the United States Code, which includes, the investigation of criminal tax violation as well as other financial crimes including money laundering, identity theft, wire fraud, bank fraud, as well as other white collar crimes. Your affiant holds a bachelor's degree in accounting from the University of Georgia and maintains an active Certified Public Accountant license. Your affiant has been involved with numerous search warrants including search warrants that were conducted at tax return preparation businesses.

2. Your affiant graduated from the Federal Law Enforcement Training Center (FLETC) in Glynco, Georgia on December 20, 2017. There your affiant successfully completed Special Agent Basic Training which included Criminal Investigator Training Program and Special Agent Investigative Training. The training classes covered the areas of criminal law, criminal investigative techniques, enforcement operations, and specialized training in financial investigations.

3. During my career, I have participated in numerous federal fraud investigations. In these investigations, I have conducted and/or participated in the following: victim and suspect interviews, the execution of search warrants, debriefing and tasking of informants, and review of surveillance videos. In addition, through my training, education, experience, I have become familiar with the manner in which fraud and tax crimes are committed against the United States.

4. I am an investigative or law enforcement officer of the United States within the meaning of section 2510(7) Title 18, United States Code, and am empowered by law to conduct investigations and make arrests for offenses enumerated in Section 2516 of Title 18, United States Code. The facts in this affidavit come from my personal observations, my training and experience, and information obtained from other agents, law enforcement officials and witnesses. This affidavit is intended to show merely that there is sufficient probable cause for the requested warrant and does not set forth all of my knowledge about this matter. Based on the facts set forth in this affidavit, there is probable cause to believe that violations of Title 18 U.S.C. § 371 and Title 18 U.S.C. § 1343 have been committed by **SHARIKA LAVONTE CARPENTER, JANISHA LATOYA JONES and BRANDY DENISE SCAIFE.**

STATEMENT OF PROBABLE CAUSE

5. The United States Small Business Administration (SBA) was an executive branch agency of the United States government that provided support to entrepreneurs and small businesses. The mission of the SBA was to maintain and strengthen the nation's economy by enabling the establishment and viability of small businesses and by assisting in the economic recovery to communities after disasters. As part of its mission

the SBA, among other things, made loans to borrowers after receipt and approval of loan applications and any other required supporting documentation.

6. In or around March 2020, the Coronavirus Aid Relief and Economic Security(CARES) Act was enacted to provide emergency financial assistance to the millions of Americans suffering adverse economic effects caused by the COVID-19 pandemic. The CARES Act established several new temporary programs and provided for expansion of others including programs created and / or administered by the SBA.

7. The Economic Injury Disaster Loan ("EIDL") program was an SBA program that provided low-interest loans to small businesses, renters, and homeowners in regions affected by declared disasters.

8. The CARES Act also authorized the SBA to provide EIDLs of up to \$2 million to eligible small businesses experiencing substantial financial disruptions due to the COVID-19 pandemic. In addition, the CARES Act authorized the SBA to issue advances of up to \$10,000 to small businesses within three days of applying for an EIDL.

9. In order to obtain an EIDL and advance, a qualifying business was required to submit an application to the SBA and provide information about its operations, such as the number of employees, gross revenue for the 12-month period preceding the disaster, and cost of goods sold in the 12-month period preceding the disaster. In the case of EIDLs for COVID-19 relief, the 12-month period was the period preceding January 31, 2020. For a business to be eligible for an EIDL, the business must have been in operation before February 1, 2020. The applicant was also required all of the information in the application is true and correct to the best of the applicant's knowledge.

10. EIDL applications were submitted directly to the SBA and processed by the agency with support from a government contractor, Rapid Finance. Approval of a loan application and the amount of a loan was based, in part, on the information provided on the application about the number of employees, gross revenue, and cost of goods, as described above. Upon approval of an application for an EIDL or advance, SBA will disburse the funds. EIDL loan proceeds were permitted to be used for payroll expenses, sick leave, production costs, and business obligations, such as debts, rent, and mortgage payments.

11. The United States, including the Internal Revenue Services (IRS), is conducting a criminal investigation of SHARIKA LAVONTE CARPENTER, JANISHA LATOYA JONES AND BRANDY DENISE SCAIFE, who were employed at Better Days Tax Service (BDTS) located at 1391 N. Hollywood St, Memphis, Tennessee 38108, for violations of Title 18 U.S.C. § 371 and Title 18 U.S.C. § 1343 and 2 for knowingly and willfully conspiring and agreeing with each other, and with other persons known and unknown, to defraud the United States and to use and cause interstate wire communications to be used in furtherance of a scheme and artifice to defraud the Small Business Administration (SBA) in relation to a presidentially declared major disaster or emergency, in violation of Title 18, United States Code, Section 1343 and 2.

12. It was a part of the conspiracy and substance of the scheme and artifice that the defendants submitted and cause to be submitted, to the SBA, applications for EIDL's which contained materially false, fictitious and fraudulent information. It was further a part of the conspiracy and substance of the scheme and artifice that the submission of EIDL's with false, fictitious and fraudulent information would induce the SBA to disburse

funds to the defendants. During the course of the conspiracy, the defendants submitted and caused to be submitted approximately 401 fraudulent EIDL applications to the SBA and attempted to obtain in excess of \$2,000,000 and fraudulently obtained approximately \$745,000 from the SBA.

13. In furtherance of the conspiracy, at least one of the defendants committed at least one of the following overt acts in the Western District of Tennessee as described below:

- A. On or about May 4, 2020, **SCAIFE** accessed the IRS online portal to apply for and obtain a new Employer Identification Number ("EIN") 85-XXX4226. This online EIN application used **SCAIFE's** name, SSN and 2019 residential address. **SCAIFE's** reasoning for requesting the EIN is to start a new business. For a business to be eligible for an EIDL, the business must have been in operation before February 1, 2020. Any business formed in May 2020 would not have qualified for EIDL funding. Comcast Communications (Comcast) confirmed that the IP addresses used for **SCAIFE's** application originated at the Better Days Tax Service office at 1391 N Hollywood St, Memphis, Tennessee, 38108.
- B. From May 4, 2020, to May 8, 2020, one or more of the conspirators accessed the IRS portal and applied for, and obtained, six additional EINs. All six new EINs were traced to the BDTS office at 1391 N. Hollywood St, Memphis, Tennessee 38108. Of these six additional EINs obtained, one used the name and SSN of **JANISHA JONES** with a business address identical to JONES' reported home address. Another EIN was in the name of a relative of **SCAIFE** and listed the business address as **SCAIFE's** home address. **SCAIFE's** application and her relative's applications for a new business EIN were submitted four days apart and both used **SCAIFE's** residential address as the business address. Both of these EINs were obtained from IP addresses associated with the BDTS office. All of these EINs were also obtained in May 2020 after the EIDL program was announced. These six EINs plus **SCAIFE's**, were later used to submit EIDL applications.

- C. On or about May 7, 2020, **SCAIFE**, submitted EIDL Application, ID Number XXXXXX5841, using her newly acquired EIN, 85-XXX4226 for a business named BEE'S PRODUCE AND GOODS (BEE'S P&G) and on which said application **SCAIFE** falsely and fraudulently stated and caused to be stated, among other things, that BEE'S P&G was formed in 2016, had 10 employees and had gross revenues of \$27,698. The IP address used for **SCAIFE's** EIDL application was traced to the BDTS office. Based on this fraudulent information, **SCAIFE's** EIDL application for BEE'S P&G was funded by the SBA and \$13,900 in loan disbursements was wired to the bank account listed on SCAIFE's EIDL application.
- D. Research was conducted into any IRS tax filings associated with **SCAIFE's** EIN and/or SSN for tax years 2018 and 2019 in efforts to locate any supporting evidence of the information used in **SCAIFE's** EIDL Application for BEE'S P&G. No IRS information exists to support the business name, gross revenue, or employee numbers used in **SCAIFE's** EIDL application.
- E. Between April 1, 2020, and June 17, 2020, one or more of the Conspirators submitted approximately 59 EIDL applications to the SBA which said applications contained false and fraudulent representations. The IP addresses used in all these applications were confirmed to be associated with the BDTS office at 1391 N. Hollywood St, Memphis, Tennessee, 38108. No IRS information was found to support any of the business' names, gross revenue, or employee numbers used in any of the 59 EIDL applications. The total amount of money disbursed due to these 59 EIDL applications was \$745,000.
- F. Of the 59 funded EIDL applications, one was submitted by **CARPENTER** for BETTER DAYS TAX SERVICE using the address of 1391 N Hollywood St, Memphis, TN, 38108. While BDTS is an actual business and appears on **CARPENTER's** 2018 and 2019 Forms 1040 Schedule C, the Schedule C gross revenues and wages amounts do not match the gross revenue and number of employee amounts used on **CARPENTER's** BDTS EIDL application. Another application was submitted in the name of a relative of **CARPENTER**.
- G. Of these 59 funded EIDL applications, one was submitted by **JANISHA JONES** and another was submitted by a relative of **JONES**.

- H. Including the 59 EIDL applications described above, SBA has identified 401 submitted EIDL applications that are associated with BDTS. IP address, SSN, EIN, address, telephone number, among other data was used by the SBA to associate these 401 applications with BDTS. Of the total 401 EIDL applications, 75 applications have been funded by the SBA at this time, (which includes the 59 discussed above). The total amount of SBA funding that was distributed relating to these 75 applications was \$1,107,600. These distributions were divided up into two parts, grant advances and loan proceeds. \$531,000 of this total amount was disbursed as grant advances, and the remaining \$486,600 was disbursed as loans. Many EIDL applications received both grant and loan money, although some applications may have only received either one or the other at this time. The 326 additional related EIDL applications that have not been funded were either denied funding or are still waiting to be processed and potentially funded by the SBA.
- I. Of the 401 EIDL applications, 46 applications can be directly associated with **CARPENTER, JONES and SCAIFE** using the following characteristics: name, address, EIN, SSN, associated address, name of known associates, phone number, email address, bank account. Not all 46 of these EIDL applications have been funded, but they were all submitted to the SBA in efforts to receive funding.

14. All aforementioned conduct committed in violation of Title 18, United States Code, Section 371.

15. Beginning in or around April, 2020, and continuing until in or around June 2020, the defendants **SHARIKA LAVONTE CARPENTER, JANISHA LATOYA JONES AND BRANDY DENISE SCAIFE** being aided, abetted, counseled and induced by each other and by other persons known and unknown, devised and intended to devise the scheme and artifice described above in paragraph 6, to defraud the SBA and to obtain money and property from the SBA by means of materially false and fraudulent pretenses, representations and promises.

16. On or about the dates set forth below, the defendant named below, did for the purpose of executing the aforesaid scheme and artifice and in furtherance thereof, knowingly transmit and cause to be transmitted in interstate commerce from the SBA in Colorado to the bank account described below in the Western District of Tennessee, by means of wire communications certain writings and signals for the purpose of executing the scheme described above, as set forth below, the said violations being committed in relation to a presidentially declared major disaster and emergency, all in violation of Title 18, United States Code, Sections 1343 and 2.

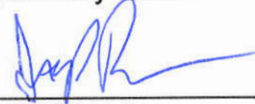
COUNT	DATE	DEFENDANT	DESCRIPTION
2	April 28, 2020	SHARIKA LAVONTE CARPENTER	Wire transfer \$4,000 to Bank Of America Account XXXXXXXX8275
3	June 9, 2020	BRANDY DENISE SCAIFE	Wire transfer \$13,900 to Bank Of America Account XXXXXXXX5615
4	June 16, 2020	JANISHA LATOYA JONES	Wire transfer of \$14,300 to Green Dot Bank Account XXXXXXXX3001

17. On October 6, 2020, IRS agents executed a search warrant at BDTs at 1391 N. Hollywood St. Memphis, Tennessee 38108. During the search, agents recovered documents related to the fraudulent submission of federal loan applications. That same date, agents interviewed SCAIFE, who confessed to conspiring with CARPENTER and JONES to submit fraudulent EIDLs as described above.

CONCLUSION

Based on my investigation, I believe that there is probable cause to believe that SHARIKA CARPENTER, JANISHA JONES and BRANDY SCAIFE violated the crimes as set forth in this criminal complaint and respectfully request that the Court issue an arrest warrant.

Respectfully Submitted,



JAY THOMAS
Special Agent
Internal Revenue Service

Pursuant to Federal Rule of Criminal Procedure 41(d)(3), the undersigned judicial officer has on this date considered information communicated by telephone, in reviewing and deciding whether to issue an arrest warrant. In doing so, this judicial officer has placed the affiant under oath and has confirmed by speaking personally with the affiant on the telephone that the signatures on the complaint and affidavit are those of the affiant, the documents received by the judicial officer are a correct and complete copy of the documents submitted by the affiant, and the information contained in the complaint and affidavit are true and correct to the best of the affiant's knowledge.

Sworn to and subscribed before me by telephone this 6th day of October 2020.

s/ Annie T. Christoff
ANNIE T. CHRISTOFF
U. S. MAGISTRATE JUDGE
WESTERN DISTRICT OF TENNESSEE