FILED IN OPEN COURT
ON 9/20/23 BRH
Peter A. Moore, Jr., Clerk
US District Court
Eastern District of NC

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF NORTH CAROLINA
WESTERN DIVISION
NO. 5:23-CR-299-FL-RJ

UNITED STATES OF AMERICA	)	
	)	
v.	)	INDICTMENT
	)	
SONYA LENISE DAVIS	)	

The Grand Jury charges that:

GENERAL ALLEGATIONS

At all times relevant to this Indictment: LKL 9-19-2023

1. The defendant, SONYA LENISE DAVIS, resided in the Eastern District of North Carolina.

COVID-19 Pandemic and Legislation

2. On March 13, 2020, the President of the United States declared a national emergency recognizing the threat that the novel coronavirus, known as SARS-CoV-2, and COVID-19, the disease caused by SARS-Co-V-2, posed to the nation's healthcare systems. The President also determined that same day that the COVID-19 outbreak constituted an emergency, of nationwide scope, pursuant to section 501(b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), Title 42, United States Code, Section 5191(b).

3. The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020. The CARES Act was designed to provide

emergency financial assistance to millions of Americans who were suffering the economic effects caused by the pandemic. The Consolidated Appropriations Act of 2021 (CAA) was signed into law on December 27, 2020. The CAA included $900 billion in federal support for additional economic assistance and stimulus relief to address the pandemic.

4. The United States Small Business Administration ("SBA") is an executive-branch agency of the United States government that provides support to entrepreneurs and small businesses. The mission of the SBA is to maintain and strengthen the nation's economy by enabling the establishment and viability of small business and by assisting in the economic recovery of communities after disasters. As part of this effort, the SBA facilitated loans through banks, credit unions, and other lenders. These loans had government-backed guarantees. The two main types of loans facilitated by the SBA were through the Paycheck Protection Program ("PPP") and the Economic Injury Disaster Loan Program.

Defendant's Exploitation of COVID-19 Programs

5. Between approximately June 2020 and April 2021, the defendant, SONYA LENISE DAVIS, by means of false and fraudulent pretenses, obtained, and attempted to obtain, monies from one or more government-funded assistance programs related to the COVID-19 pandemic, including the PPP, as described below.

The Paycheck Protection Program

6. 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 a program referred to as the Paycheck Protection Program ("PPP"). In or around April 2020, Congress authorized over $300 billion in additional PPP funding.

7. In order to obtain a PPP loan, a qualifying business was required to submit a PPP loan application, signed by an authorized representative of the business. The PPP loan application required the business (through its authorized representative) to acknowledge the program rules and make certain affirmative certifications in order to be eligible to obtain the PPP loan. In the PPP loan application, the small business (through its authorized representative) was required to state its average monthly payroll expenses and its number of employees, among other things. These figures were used to calculate the amount of money the small business was eligible to receive under the PPP. In addition, businesses applying for a PPP loan were required to provide documentation showing their payroll expenses.

8. A PPP loan application was processed by a participating financial institution ("lender"). If a PPP loan application was approved, the participating lender would fund the loan using its own monies, which were guaranteed by the SBA. Data from the application, including information about the borrower, the total amount of the loan, and the listed number of employees, was transmitted by the lender to the SBA in the course of processing the loan.

9. PPP loan proceeds were required to be used by the business on certain permissible expenses, including payroll costs, mortgage interest, rent, and utilities. Under the applicable PPP rules and guidance, the interest and principal on the PPP

loan was eligible for forgiveness if the business was eligible for the PPP loan it received, spent the loan proceeds on these permissible expense items within a designated period of time, and used a certain portion of the loan proceeds for payroll expenses.

COUNT ONE

1. The preceding paragraphs of this Indictment are incorporated herein by reference as factual allegations.

2. From on or about April 2020, and continuing until at least on or about April 2021, both dates being approximate and inclusive, in the Eastern District of North Carolina and elsewhere, the defendant, SONYA LENISE DAVIS (hereinafter, "DAVIS") did knowingly and willfully combine, conspire, confederate, and agree with one or more persons to commit Wire Fraud, that is:

3. To knowingly devise and intend to devise a scheme and artifice to defraud and for obtaining money and property by means of materially false and fraudulent pretenses, representations, and promises, for which one or more conspirators transmitted and caused to be transmitted by means of wire communications in interstate commerce certain writings, signs, signals, pictures, and sounds, for the purpose of executing the scheme and artifice, in violation of Title 18, United States Code, Section 1343.

Purpose of the Conspiracy

4. The primary purpose of the conspiracy and the scheme and artifice was for the defendant, DAVIS, and her conspirators, to fraudulently obtain monies

through the PPP, by: (1) falsifying PPP loan applications, forms, and other documents ("fraudulent loan applications"); (2) submitting and causing to be submitted fraudulent loan applications in order to obtain funds through the PPP; and (3) receiving and obtaining PPP loan proceeds based on the fraudulent loan applications submitted.

Manner and Means

5. To carry out the scheme, it was part of the conspiracy that from on or about April 1, 2020, and continuing until at least on or about April 7, 2021, both dates being approximate and inclusive, DAVIS and her co-conspirators electronically, and in person, caused to be submitted materially false and fraudulent PPP applications. On these applications, DAVIS and her co-conspirators made false representations regarding number of employees, gross revenue, gross income, and submitted false and fraudulent supporting documentation, including, but not limited to, IRS Tax Forms 1040 and IRS Tax Form Schedule C.

6. It was further part of the conspiracy that DAVIS and her co-conspirators signed the PPP applications, and certified that the application and all information provided therein, as well as the supporting documents and forms, were true and accurate. Among other things, DAVIS and her conspirators certified that the PPP funds would be used for "payroll costs," as well as for making other permissible expenses.

7. It was further part of the conspiracy that the conspirators caused the PPP loan proceeds to be disbursed via interstate wire transmissions into Fidelity

bank accounts owned and controlled by them within the Eastern District of North Carolina, including $10,578 in PPP loan proceeds disbursed to DAVIS on February 19, 2021.

All in violation of Title 18, United States Code, Section 1349.

COUNT TWO

8. The preceding paragraphs of this Indictment are incorporated herein by reference as factual allegations.

The Scheme to Defraud

9. On February 19, 2021, in the Eastern District of North Carolina and elsewhere, the Defendant, SONYA LENISE DAVIS, devised and intended to devise a scheme to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises.

Purpose of the Scheme

10. The purpose of the scheme and artifice was for DAVIS to unjustly enrich herself by (1) falsifying the PPP application, forms, and other documents (the "fraudulent loan application"); (2) submitting and causing to be submitted the fraudulent loan application in order to obtain funds through the PPP; (3) receiving and obtaining payment from Fidelity Bank based upon the fraudulent loan application submitted (the "PPP funds"); and (4) misusing the PPP funds in furtherance of the scheme to defraud.

Manner and Means of the Scheme

11. Paragraphs 1 through 9 are re-alleged and incorporated herein as though fully set forth in this count.

12. On or about February 19, 2021, DAVIS submitted and caused to be submitted a false and fraudulent PPP application in the name of Sonya's Braiding, from Wake County, North Carolina, seeking PPP funds. DAVIS filled out the PPP application at a Wake County Fidelity Bank branch location and certified that the application and all information provided therein, was true and accurate. In fact, the application contained materially false representations, such as the number of employees and gross income. DAVIS signed a loan agreement for $10,578 on behalf of Sonya's Braiding, and certified that the funds would be used solely for payroll to alleviate the economic injury caused by the COVID-19 pandemic.

13. Based on DAVIS' material misrepresentations set forth in the fraudulent PPP application and supporting documents, on or about February 19, 2021, Fidelity Bank approved the PPP application, and that same day, Fidelity Bank disbursed approximately $10,578 in loan benefits to account number x9290, held by DAVIS at Fidelity Bank.

Use of the Wires

14. On or about the date set forth below, in the Eastern District of North Carolina and elsewhere, the Defendant, SONYA LENISE DAVIS, for the purpose of executing the scheme described above, and attempting to do so, caused to be transmitted by means of wire communication in interstate commerce the signals and

sounds described as a $10,578 wire transfer from Fidelity Bank to DAVIS' Fidelity Bank account ending in x9290 on February 19, 2021.

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FORFEITURE NOTICE

Notice is hereby given that all right, title, and interest in the property described herein is subject to forfeiture.

Upon conviction of any offense charged herein constituting "specified unlawful activity" (as defined in 18 U.S.C. §§ 1956(c)(7) and 1961(1)), or a conspiracy to commit such offense, the defendant shall forfeit to the United States, pursuant to 18 U.S.C. § 981(a)(1)(C), as made applicable by 28 U.S.C. § 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the said offense.

The forfeitable property includes, but is not limited to, the following:

Forfeiture Money Judgment:

a) A sum of money representing the gross proceeds of the offense charged herein against SONYA LENISE DAVIS.

If any of the above-described forfeitable property, as a result of any act or omission of a defendant: cannot be located upon the exercise of due diligence; has been transferred or sold to, or deposited with, a third party; has been placed beyond the jurisdiction of the court; has been substantially diminished in value; or has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of said defendant up to the value of the forfeitable property described above.

REDACTED VERSION
Pursuant to the E-Government Act and the federal rules, the unredacted version of this document has been filed under seal.

Date: 9-19-2023

MICHAEL F. EASLEY, JR.
United States Attorney

Lisa K. Labresh

BY: LISA K. LABRESH
Special Assistant United States Attorney

Date: 9/19/23