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U.S. DISTRICT COURT
N.D. OF ALABAMA

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
NORTHEASTERN DIVISION

UNITED STATES OF AMERICA	)	
	)	**Case No. 5-23-CR-00087-MHH-HNJ**
v.	)	
	)	
JENNIFER CORRINE SCOGGINS	)	
and JOHN DAVID SCOGGINS	)	

PLEA AGREEMENT

The Government and the defendant, **JENNIFER CORRINE SCOGGINS**, hereby acknowledge the following plea agreement in this case:

PLEA

The defendant agrees to (i) plead guilty to **COUNT ONE (1)** of the Indictment filed in the above-numbered and -captioned matter; (ii), pay restitution as determined by the Court; and (iii) waive certain rights to direct appeal and collateral attack as outlined in section **IV** of this agreement. In exchange, the United States Attorney, acting on behalf of the Government and through the undersigned Assistant United States Attorney, agrees to (i) dismiss **COUNTS TWO (2)** through **FIVE (5)** of the Indictment as to the defendant, **JENNIFER CORRINE SCOGGINS**, and (ii) recommend the disposition specified below, subject to the conditions in section **VII**.

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TERMS OF THE AGREEMENT

I. MAXIMUM PUNISHMENT

The defendant understands that the maximum statutory punishment that may be imposed for the crime of Conspiracy to Commit Wire Fraud, in violation of Title 18, United States Code, Section 1349, as charged in Count One is:

A. Imprisonment for not more than 20 years;

B. A fine of not more than $250,000.00, or;

C. Both (a and b);

D. Supervised release of not more than three years; and

E. Special Assessment Fee of $100 per count.

II. FACTUAL BASIS FOR PLEA

The Government is prepared to prove, at a minimum, the following facts at the trial of this case:

A. Overview of the Paycheck Protection Program (PPP)

The Coronavirus Aid, Relief, and Economic Security ("CARES") Act was enacted in March 2020 and designed to provide emergency financial assistance to Americans suffering from the economic effects of the COVID-19 pandemic. Among other initiatives, the CARES Act, through the PPP, authorized up to $349 billion in potentially forgivable loans to small business for payroll, job retention, mortgage interest, and certain other applicable expenses. Each loan draw had a specific application process and requirements.

The Small Business Administration (SBA) oversaw the PPP and fully guaranteed every legitimate PPP loan. The SBA would forgive PPP loans if all employee retention criteria were met, and the funds were used for eligible expenses within a designated period as set forth in the PPP. The individual PPP loans, however, were issued by private, SBA-approved lenders who received and processed the PPP applications. Thus, the loans were made from the lenders' own funds.

To apply for a PPP loan, a qualifying business was required to submit a PPP loan application to an SBA-approved lender. In the PPP loan application (SBA Form 2483), the small business (through its authorized representative) had to verify its average monthly payroll and the total number of employees. These figures were used to calculate the amount of money the business was eligible to receive under the PPP. The maximum PPP loan amount a business could receive was 2.5 times the business's average monthly payroll costs, up to $10 million.

The borrower was required to make several affirmative certifications as part of the PPP application process, including: (1) the business was in operation on February 15, 2020 and has employees for whom it paid salaries and payroll taxes or paid independent contractors, (2) the funds would be used to retain workers and otherwise comply with the fund eligibility restrictions, and (3) the information

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provided in the application and supporting documentation was true and accurate in all material aspects.

B. Overview of the Scheme

Between approximately February and June 2021, John and Jennifer Scoggins, husband and wife, applied for and received approximately $1.14 million in fraudulent PPP loans on behalf of at least four companies, some of which were nonoperational: Scoggins Construction I LLC, Sawdust Construction, Blue Ladder Construction, and River Peach Apparel. Jennifer Scoggins attempted to receive more than $500,000 in additional fraudulent PPP loans, but the lenders denied those applications. The applications were replete with misrepresentations and supported by fraudulent bank, payroll, and tax records.

The funds were deposited into PNC Bank and Truist Bank accounts opened by the Scoggins in the names of the four companies and then moved between the accounts and into John and Jennifer Scoggins' personal bank accounts. The Scoggins used the money to purchase a home and automobiles as well as vacations, crypto currency, and various personal expenses.

C. The Fraudulent PPP Loan Applications

1. *Scoggins Construction I LLC (First Draw): $366,163*

The Scoggins submitted a first-draw PPP loan application to Ready Cap Lending on behalf of Scoggins Construction I LLC on March 29, 2021 (SBA Loan

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1482129). The application was completed in the name of Jennifer as owner and electronically signed by Jennifer listing email jennifer@blueladdercon.com. The application included a copy of Jennifer's Alabama driver's license and DocuSign confirmation sheets listing Jennifer as the electronic signatory. The application claimed the company employed 21 individuals in 2020 and an average monthly payroll (not including the owners) of nearly $150,000, both material misrepresentations. The application included fraudulent quarterly payroll reports totaling more than $400,000 per quarter. The application also included several fraudulent IRS Form 941s and 940s claiming Scoggins Construction I LLC paid more than $1.6 million to its employees in 2020. According to bank subpoena returns, the $366,163 PPP loan was deposited into the Scoggins Construction I LLC account on April 9, 2021. The bank account lists Jennifer Scoggins as signatory. Both the submission of the PPP loan application and the receipt of the funds constituted inter-state wires.

2. Scoggins Construction I LLC (Second Draw): $366,163

The Scoggins submitted a second-draw PPP loan application to Texas National Bank on behalf of Scoggins Construction I LLC on May 23, 2021 (SBA Loan # 1482129). The application was completed in Jennifer's name and contained similar fraudulent supporting tax documentation and misrepresentations on the application itself, such as Scoggins Construction I LLC employed 21 people and

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received 3Q 2019 gross receipts of nearly $900,000.[1] However, the second draw application also contained doctored bank statements attempting to show Scoggins Construction I LLC carrying a nearly $200,000 checking account balance in 2019 in an attempt to substantiate the misrepresentations about the business' alleged gross receipts and how the pandemic negatively impacted the business.

The Scoggins submitted three months of BBVA bank statements for a checking account ending 6088 in the name of Scoggins Construction I LLC showing several in-clearing checks and construction-related expenses. The BBVA bank statements submitted with the application were doctored, as the account ending 6088 was the Scoggins' personal checking account with a sustained balance of only a few hundred dollars. Both the submission of the PPP loan application and the receipt of the funds constituted inter-state wires.

3. Scoggins Construction I LLC (Second Draw): $366,163

On May 23, 2021, Jennifer Scoggins submitted a second, second-draw PPP loan application to Ready Cap lending on behalf of Scoggins Construction I LLC. Ready Cap denied this loan. The application included fraudulent tax forms, bank statements, and employee records. Jennifer used her true social security number and included copies of her driver's license. The submission of the PPP loan application

1 The SBA's second-draw application forms required applicants to list the 2020 and 2019 Q2 gross receipts to demonstrate that COVID negatively impacted their business. The first-draw applications did not include this requirement.

constituted an inter-state wire.

4. *Sawdust Construction (First Draw): $206,402*

On March 23, 2021, the Scoggins submitted a first-draw PPP loan application to Ready Cap on behalf of Sawdust Construction (SBA Loan # 1374260). The application was completed in John's name and included a copy of his driver's license. John Scoggins electronically signed the loan application. Among the misrepresentations contained in the application was the claim that Sawdust employed 10 people and received approximately $1.1 million in gross income in 2020. The application included fraudulent IRS filings and employee payroll records, such as claims Sawdust Construction paid 12 individuals a quarterly payroll of $250,000 in Q1 2020. The loan was deposited on April 22, 2021, into a BBVA business checking account in the name of Sawdust Construction. John Scoggins opened the account shortly before applying for the loan. The bank account listed John Scoggins as signatory. Both the submission of the PPP loan application and the receipt of the funds constituted inter-state wires.

5. *River Peach Apparel (First Draw): $207,543*

On February 17, 2021, Jennifer Scoggins submitted a first-draw PPP loan application to Transportation Alliance Bank on behalf of Jennifer Scoggins d/b/a River Peach Apparel. Jennifer Scoggins electronically signed the application with email account peachlife@riverpeachapparel.com. She claimed 11 employees and an average monthly payroll of $83,017. The application also contained fraudulent 2019 IRS Form 941s, employee payroll records, and order forms pre-dating the establishment of the business and with USPS tracking numbers resolving to different destinations than listed. Moreover, Jennifer Scoggins had submitted an EIDL application on behalf of River Peach Apparel in July 2020 in which she stated that as of January 1, 2020, River Peach had only one employee. The loan was deposited into the River Peach Apparel bank account on February 18, 2021. The bank account listed Jennifer Scoggins as signatory. Both the submission of the PPP loan application and the receipt of the funds constituted inter-state wires.

6. River Peach Apparel (Second Draw): $207,543

On May 28, 2021, Jennifer Scoggins submitted a second-draw PPP loan application to Texas National Bank on behalf of Jennifer Scoggins d/b/a River Peach Apparel. Jennifer Scoggins electronically signed the application with email account sales@riverpeachapparel.com. The application contained several of the same misrepresentations, but also contained several fraudulent bank statements, tax forms, and profit and loss summaries, many of which predated August 2020 when the IRS issued River Peach its EIN. Texas National Bank ultimately denied the PPP loan. The submission of the PPP loan application constituted an inter-state wire.

D. <u>Jennifer Scoggins Conspired to Commit Wire Fraud</u>

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From in or about February 2021 through in or about June 2021, Jennifer Scoggins did knowingly and intentionally combine, conspire, confederate, and agree together with her husband and co-Defendant, John Scoggins, to commit wire fraud. As outlined above, Jennifer Scoggins submitted or caused to be submitted several PPP loan applications containing material misrepresentations and fraudulent supporting documentation. Jennifer Scoggins received the PPP loan funds via interstate wire transfer into bank accounts owned and controlled by her, co-mingled the loan funds between and among the account and those owned and controlled by John Scoggins, and spent the PPP loan funds on unauthorized uses including a personal home, automobiles, family vacations, and various personal living expenses.

* * *

The parties stipulate that for the purposes of sentencing the total loss amount as to defendant Jennifer Corrine Scoggins is greater than $550,000 and less than $1,500,000. The parties further stipulate that venue is appropriate in the Northern District of Alabama.

The defendant hereby stipulates that the facts stated above are substantially correct and that the Court can use these facts in calculating the defendant's sentence. The defendant further acknowledges that these facts do not constitute all the evidence of each and every act that the defendant and/or any co-conspirators may have committed.

Jennifer Corinne Scoggins
____
JENNIFER CORRINE SCOGGINS

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III. RECOMMENDED SENTENCE

Subject to the limitations in section **VII** regarding subsequent conduct and pursuant to Fed. R. Crim. P. 11(c)(1)(B), the Government will recommend the following disposition:

A. That the defendant be awarded a two (2) level reduction in the defendant's adjusted offense level, based upon the defendant's apparent prompt recognition and affirmative acceptance of personal responsibility for the defendant's criminal conduct. The Government agrees to make a motion pursuant to USSG §3E1.1(b) for an additional one-level decrease in recognition of the defendant's prompt notification to the Government of the intention to enter a plea of guilty. The Government may oppose any adjustment for acceptance of responsibility if the defendant: (1) fails to admit each and every item in the factual stipulation; (2) denies involvement in the offense; (3) gives conflicting statements about the defendant's involvement in the offense; (4) is untruthful with the Court, the Government, or the United States Probation Officer; (5) obstructs or attempts to obstruct justice prior to sentencing; (6) engages in any criminal conduct between the date of this agreement and the date of sentencing; or (7) attempts to withdraw the defendant's plea of guilty for any reason other than those expressly enumerated in the "Waiver of Right to Appeal and Post-Conviction Relief" section of this Plea Agreement;

B. That the defendant be remanded to the custody of the Bureau of Prisons and incarcerated for a term consistent with the low end of the advisory United States Sentencing Guideline range as calculated by the Court at the time of sentencing;

C. That following said term of imprisonment, the defendant be placed on supervised release for a period to be determined by the Court, subject to the Court's standard conditions of supervised release;

D. That the defendant be required to pay restitution to all the victims of the defendant's crimes, specifically the United States Small Business Administration, in an amount not less than $1,146,271;

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E. That the defendant be required to pay a fine in accordance with the sentencing guidelines should the Court determine that the defendant has the ability to pay a fine, said amount due and owing as of the date sentence is pronounced, with any outstanding balance to be paid in full by the expiration of the term of supervised release; and,

F. That the defendant pay a special assessment of $100.00, said amount due and owing as of the date sentence is pronounced.

IV. WAIVERS

A. STATUTE OF LIMITATIONS WAIVER

In consideration of the recommended disposition of this case, I, JENNIFER CORRINE SCOGGINS, hereby understand, acknowledge, and agree that if this plea agreement is set aside for any reason, I will not assert any defense based on any applicable statute of limitations or the Speedy Trial Act, 18 U.S.C. § 3161, *et seq.*, that includes the passage of time from and including the date of this plea agreement until and including the date of entry of any order setting this plea agreement aside.

B. RIGHT TO APPEAL AND POST-CONVICTION RELIEF

In consideration of the recommended disposition of this case, I, JENNIFER CORRINE SCOGGINS, hereby waive and give up my right to appeal my conviction and/or sentence in this case, as well as any fines, restitution, and forfeiture orders, the Court might impose. Further, I waive and give up the right to challenge my conviction and/or sentence, any fines,

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restitution, forfeiture orders imposed or the manner in which my conviction and/or sentence, any fines, restitution, and forfeiture orders were determined in any post-conviction proceeding, including, but not limited to, a motion brought under 28 U.S.C. § 2255, and any argument that (1) the statute(s) to which I am pleading guilty is or are unconstitutional or (2) the admitted conduct does not fall within the scope of the statute(s).

The defendant reserves the right to contest in an appeal or post-conviction proceeding(s) the following:

1. **Any sentence imposed in excess of the applicable statutory maximum sentence(s);**

2. **Any sentence imposed in excess of the Guidelines range determined by the Court at the time sentence is imposed; and**

3. **Ineffective assistance of counsel.**

The defendant acknowledges that before giving up these rights, the defendant discussed the United States Sentencing Guidelines and their application to the defendant's case with the defendant's attorney, who explained them to the defendant's satisfaction. The defendant further acknowledges and understands that the Government retains its right to appeal where authorized by statute.

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I, JENNIFER CORRINE SCOGGINS, hereby place my signature on the line directly below to signify that I fully understand the foregoing paragraphs, and that I am knowingly and voluntarily entering into this waiver.

Jennifer Corrine Scoggins
JENNIFER CORRINE SCOGGINS

V. UNITED STATES SENTENCING GUIDELINES

The defendant's counsel has explained to the defendant, that in light of the United States Supreme Court's decision in *United States v. Booker*, the federal sentencing guidelines are **advisory** in nature. Sentencing is in the Court's discretion and is not required to be within the guideline range. The defendant agrees that, pursuant to this agreement, the Court may use facts it finds by a preponderance of the evidence to reach an advisory guideline range, and the defendant explicitly waives any right to have those facts found by a jury beyond a reasonable doubt.

VI. AGREEMENT NOT BINDING ON COURT

The defendant fully and completely understands and agrees that it is the Court's duty to impose sentence upon the defendant and that any sentence recommended by the Government is **NOT BINDING UPON THE COURT,** and that the Court is not required to accept the Government's recommendation. Further, the defendant understands that if the Court does not accept the Government's recommendation, the defendant does not have the right to withdraw the guilty plea.

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VII. VOIDING OF AGREEMENT

The defendant understands that if the defendant (a) violates any federal, state, or local law or any condition of pretrial release after entering into this plea agreement, (b) moves the Court to accept a plea of guilty in accordance with, or pursuant to, the provisions of *North Carolina v. Alford*, 400 U.S. 25 (1970), (c) tenders a plea of *nolo contendere* to the charges, (d) violates any other term of this plea agreement, and/or (e) does or says anything that is inconsistent with the acceptance of responsibility, the plea agreement will become NULL and VOID at the election of the United States, and the United States will not be bound by any of the terms, conditions, or recommendations, express or implied, which are contained herein. Further, such election will not entitle the defendant to withdraw a previously entered plea.

VIII. OTHER DISTRICTS AND JURISDICTIONS

The defendant understands and agrees that this agreement **DOES NOT BIND** any other United States Attorney in any other district, or any other state or local authority.

IX. COLLECTION OF FINANCIAL OBLIGATION

To facilitate the collection of financial obligations to be imposed in connection with this prosecution, the defendant agrees to:

- fully disclose all assets in which the defendant has any interest or over which

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the defendant exercises control, directly or indirectly, including those held by a spouse, nominee or other third party;

- promptly submit a completed financial statement to the United States Attorney's Office, in a form that it provides and as it directs;
- identify all assets over which the defendant exercises or exercised control, directly or indirectly, within the past five years, or in which the defendant has or had during that time any financial interest;
- take all steps as requested by the Government to obtain from any other parties by any lawful means any records of assets owned at any time by the defendant;
- undergo any polygraph examination the Government may choose to administer concerning such assets and to provide and/or consent to the release of the defendant's tax returns for the previous five years.

The defendant further agrees that the above information, as well as any of the defendant's financial statements and disclosures, will be complete, accurate, and truthful. Finally, the defendant expressly authorizes the United States Attorney's Office to obtain a credit report on the defendant to evaluate the defendant's ability to satisfy any financial obligation imposed by the Court.

X. AGREEMENT REGARDING RELEVANT CONDUCT AND RESTITUTION

As part of the defendant's plea agreement, the defendant admits to the above facts associated with the charges and relevant conduct for any other acts. The defendant understands and agrees that the relevant conduct contained in the factual basis will be used by the Court to determine the defendant's range of punishment under the advisory sentencing guidelines. The defendant admits that all the crimes listed in the factual basis are part of the same acts, scheme, and course of conduct. This agreement is not meant, however, to prohibit the United States Probation Office or the Court from considering any other acts and factors, which may constitute or relate to relevant conduct. Additionally, if this agreement contains any provisions providing for the dismissal of any counts, the defendant agrees to pay any appropriate restitution to each of the separate and proximate victims related to those counts should there be any and waives objection to the inclusion of that restitution in any order issued by the Court.

XI. TAX, FORFEITURE AND OTHER CIVIL/ADMINISTRATIVE PROCEEDINGS

Unless otherwise specified herein, the defendant understands and acknowledges that this agreement does not apply to or in any way limit any pending or prospective proceedings related to the defendant's **tax liabilities**, if any, or to any pending or prospective **forfeiture** or other **civil** or **administrative** proceedings.

XII. IMMIGRATION STATUS

The defendant recognizes that pleading guilty may have consequences with respect to the defendant's immigration status if the defendant is not a citizen of the United States. Under federal law, a broad range of crimes are removable offenses, including the offense(s) to which the defendant is pleading guilty. The defendant's guilty plea and conviction make it practically inevitable and a virtual certainty that the defendant will be removed or deported from the United States if the defendant is not a citizen of the United States. Removal and other immigration consequences are the subject of a separate proceeding, however; and the defendant understands that no one, including her attorney or the district court, can predict to a certainty the effect of her conviction on her immigration status. Understanding all of this, the defendant nevertheless affirms that the defendant wants to plead guilty regardless of any immigration consequences that plea may entail, even if the consequence is automatic removal from the United States.

XIII. DEFENDANT'S ACKNOWLEDGEMENT

I have read and understand the provisions of this plea agreement consisting of nineteen (19) pages. I have discussed the case and my constitutional and other rights with my lawyer. I am satisfied with my lawyer's representation in this case. I understand that by pleading guilty, I will be waiving and giving up my right to continue to plead not guilty, to a trial by jury, to the assistance of counsel at that trial, to confront, cross-examine, or compel the attendance of witnesses, to present evidence on my behalf, to maintain my privilege against self-incrimination, and to the presumption of innocence. I agree to enter my plea as indicated above on the terms and conditions set forth herein.

NO PROMISES OR REPRESENTATIONS OTHER THAN THOSE IN THE AGREEMENT HAVE BEEN MADE TO ME BY THE PROSECUTOR, OR BY ANYONE ELSE, NOR HAVE ANY THREATS BEEN MADE OR FORCE USED TO INDUCE ME TO PLEAD GUILTY.

I further state that I have not had any drugs, medication, or alcohol within the past 48 hours except as stated here:

____

I understand that this plea agreement will take effect and will be binding as to the Parties **only** after all necessary signatures have been affixed hereto.

I have personally and voluntarily placed my initials on every page of this plea agreement and have signed the signature line below to indicate that I have read, understand, and approve all the provisions of this plea agreement, both individually and as a total binding agreement.

09/28/23
DATE

Jennifer Corrine Scoggins
JENNIFER CORRINE SCOGGINS
Defendant

XIV. COUNSEL'S ACKNOWLEDGMENT

I have discussed this case with my client in detail and have advised my client of all my client's rights and all possible defenses. My client has conveyed to me that my client understands this plea agreement and consents to all its terms. I believe the plea and disposition set forth herein are appropriate under the facts of this case and are in accord with my best judgment. I concur in the entry of the plea agreement on the terms and conditions set forth herein.

9/28/23
DATE

COURTNEY MURTHA
Defendant's Counsel

XV. GOVERNMENT'S ACKNOWLEDGMENT

I have reviewed this matter and this plea agreement and concur that the plea and disposition set forth herein are appropriate and are in the interests of justice.

PRIM F. ESCALONA
United States Attorney

10/23/23
DATE

JONATHAN "JACK" HARRINGTON
Assistant United States Attorney

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