

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA**

UNITED STATES OF AMERICA	*	CRIMINAL NO. 22-38
v.	*	SECTION: "A"
STACY V. SANTEMORE, SR.	*	
	*	*
	*	*

FACTUAL BASIS

The defendant, **STACY V. SANTEMORE, SR.** ("**SANTEMORE**"), has agreed to plead guilty as charged to Counts One and Two of the Bill of Information, that is, False Statements, in violation of Title 18, United States Code, Section 1001, and Theft of Government Funds, in violation of Title 18, United States Code, Section 641, currently pending against him. This Factual Basis does not attempt to set forth all of the facts known to the United States at this time. The limited purpose of this Factual Basis is to demonstrate that there exists a sufficient legal basis for **SANTEMORE**'s guilty plea. The United States and **SANTEMORE** do hereby stipulate and agree that the allegations in the Bill of Information and the following facts, which include relevant conduct beyond what is charged, are true and correct and that, should this matter have proceeded to trial, the government would have proven them beyond a reasonable doubt through the introduction of competent testimony and admissible tangible and documentary exhibits.

Parties, Lenders, and Federal Programs

At all times material herein, **SANTEMORE** was a resident of Orleans Parish, Louisiana, within the Eastern District of Louisiana, and he was employed by the National Railroad Passenger Corporation, doing business as Amtrak ("**Amtrak**"), which Congress created as a private, for-profit Government corporation, pursuant to the passage of the Rail Passenger Service Act of 1970, to operate a nationwide system of passenger rail transportation.

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Anna Mae Construction, LLC (“Anna Mae Construction”) was a Louisiana corporation formed in or around May 12, 2020. Anna Mae Construction purportedly operated as a construction business. **SANTEMORE** was the registered agent and sole beneficial owner of Anna Mae Construction.

Lender 1 (Kabbage, Inc.) was a financial institution headquartered in Atlanta, Georgia. Lender 2 (Capital Plus Financial, LLC – Managed by Blueacorn) was a financial institution headquartered in Bedford, Texas. Bank 1 (Regions Bank) was a financial institution headquartered in Birmingham, Alabama, where its servers for electronic communications are also located. **SANTEMORE** maintained multiple accounts at Bank 1, to include account number ending in [REDACTED]. In addition, Anna Mae Construction maintained an account at Bank 1, with an account number ending in [REDACTED]. Bank 2 (Navy Federal Credit Union) was a financial institution headquartered in Vienna, Virginia. **SANTEMORE** maintained an account at Bank 2, to include account number ending in [REDACTED].

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 of communities after disasters. As part of its efforts, the SBA provided business loans through banks, credit unions, and other lenders. Those loans had government backed guarantees. The SBA maintained servers for electronic communications in Sterling, Virginia.




The CARES Act

The Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) was a federal law enacted in or about March 2020. The CARES Act provided emergency financial assistance to

the millions of Americans suffering the economic effects of the COVID-19 pandemic. One source of relief provided by the CARES Act was the authorization of forgivable loans to small businesses for job retention and certain other expenses, through a program referred to as the Paycheck Protection Program (“PPP”).

The PPP was overseen by the SBA, which had authority over all PPP loans. Individual PPP loans, however, were issued by approved private lenders, who received and processed PPP loan applications and supporting documentation and, following SBA approval, made loans using the lenders’ own funds. To obtain a PPP loan, a qualifying 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 authorized representative, to acknowledge the program rules and to make affirmative certifications to be eligible for the PPP loan. For example, in the PPP loan application (SBA Form 2483), the business, through its authorized representative, had to state its average monthly payroll expenses and number of employees. In addition, businesses had to provide documentation showing their payroll expenses, as part of the PPP loan application process. These figures were used to calculate the amount of money the small business was eligible to receive under the PPP.

Among the type of businesses eligible for a PPP loan were individuals who operated under a “sole proprietorship” business structure. In order to be eligible to receive such a PPP loan, individuals had to report and document their income and expenses from the sole proprietorship, as typically reported to the Internal Revenue Service (“IRS”) on Form 1040, Schedule C, for a given year. The lending institution or loan processor used this information and documents to calculate the amount of money the individual was entitled to receive under PPP.

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Once a qualifying business completed a PPP application, a participating lender processed the application. If a PPP loan was approved, the participating lender funded the PPP loan using its own monies, which the SBA guaranteed. In the course of processing the PPP loan, the lender transmitted data from the loan application to the SBA, including information about the borrower, the total amount of the loan, and the identified number of employees. Lender 1 and Lender 2 were participating lenders in the PPP.

Proceeds from a PPP loan were legally required to be used only for certain permissible business 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 spent the loan proceeds on permissible items within a designated period of time and used a certain portion of the loan toward payroll expenses.

The Economic Injury Disaster Loan Program

The Economic Injury Disaster Loan (“EIDL”) program was an SBA program that provided low-interest financing to small businesses, renters, and homeowners in regions affected by declared disasters. The CARES Act provided funding for EIDL loans for business affected by the COVID-19 pandemic. In contrast to the PPP, EIDL loan amounts were determined based on the recipient businesses’ historical revenue and disbursed directly to the recipient by the SBA.

CARES Act Funded Unemployment Insurance Program

Unemployment Insurance (UI) is a state-federal program that provides monetary benefits to eligible lawful workers. Although State Workforce Agencies (“SWAs”) administer their respective UI programs, they must do so in accordance with federal laws and regulations. UI payments (“benefits”) are intended to provide temporary financial assistance to lawful workers who are unemployed through no fault of their own. Each state sets its own additional requirements

for eligibility, benefit amounts, and length of time benefits can be paid. Generally, UI weekly benefit amounts are based on a percentage of your earnings over a base period.

In the State of Louisiana, the Louisiana Workforce Commission (“LWC”) administers the UI program. On March 13, 2020, the President declared the ongoing COVID-19 pandemic of sufficient severity and magnitude to warrant an emergency declaration for all states, tribes, territories, and the District of Columbia pursuant to section 501 (b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121-5207 (the “Stafford Act”). On March 18, 2020, the President signed the Families First Coronavirus Response Act (“FFCRA”) into law. The FFCRA provides additional flexibility for state UI agencies and additional administrative funding to respond to the COVID-19 pandemic. The CARES Act was signed into law on March 27, 2020. It expanded states’ ability to provide UI for many workers impacted by COVID-19, including for workers who are not ordinarily eligible for UI benefits. The CARES Act provided for three new UI programs: Pandemic Unemployment Assistance (“PUA”); Federal Pandemic Unemployment Compensation (“FPUC”); and Pandemic Emergency Unemployment Compensation (“PEUC”).

In Louisiana, a UI claim can be filed online on the LWC website. When an individual files a UI claim, the LWC automatically maintains certain information regarding the filing of the claim. This information includes the date and time the claim was submitted, the name of the person for whom the claim was filed, and the IP address of the computer, or ISP account, that was used to file the claim. UI claimants must answer various questions to establish their eligibility for UI benefits. Claimants must provide their name, Social Security Number, and mailing address. The claimants must also identify a qualifying occupational status and/or COVID-19 related reason for being out of work. After LWC accepts a UI claim, LWC typically deposits UI funds every two

weeks in one of three ways selected by the claimant, e.g., Electronic Bill Payment (“EBP”) debit card, direct deposit to the claimant checking or saving account, or physical check to be mailed via U.S. Mail.

When receiving regular UI benefits, claimants must complete a rectification every two weeks, under penalty of perjury, that they remain unemployed or otherwise eligible to receive UI benefits. In addition, any wages earned by the claimant must be reported during this recertification process.

Count One and Relevant Conduct

On or about July 3, 2020, **SANTEMORE** caused a false and misleading EIDL application to be submitted to the SBA in the name of **SANTEMORE**’s company, Anne Mae Construction, as 100% owner and sole guarantor, Social Security Number ending in [REDACTED] seeking approximately \$10,000 in EIDL funds. The SBA EIDL Application contained purported yearly gross earnings, monthly sales earnings, and the number of company employees employed by **SANTEMORE**, that, if true and accurate, would of have supported a net gross advance loan request of \$10,000.

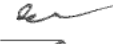


Documents and evidence would show that **SANTEMORE**’s SBA EIDL application falsely represented having ten employees, \$75,000 in actual 2019 gross revenues, \$75,000 in actual 2019 cost of goods sold, and \$6,250 in monthly sales. In truth, the figures and Internal Revenue Service (“IRS”) wage documents in **SANTEMORE**’s SBA EIDL application were falsified in order to obtain the loan. **SANTEMORE** electronically submitted the SBA EIDL Application and falsely certified that both the application and the information provided in the supporting documents were true and accurate.

After receipt of the information, the SBA EIDL Application was approved. On or about July 7, 2020, the SBA distributed \$10,000 through a wire/direct deposit transfer sent to SANTEMORE's Account ending [REDACTED] at Bank 1. On or about July 7, 2020, and various dates thereafter, SANTEMORE, after receiving \$10,000 through a wire/direct deposit transfer, caused SBA EIDL proceeds from the Account ending [REDACTED] at Bank 1 to be transferred and used for personal and unauthorized expenses.

Santemore's PPP Loans

On or about July 11, 2020, SANTEMORE caused another false and misleading PPP loan application to be submitted to Lender 1 in the name of Anna Mae Construction seeking approximately \$89,583 in PPP funds. Documents and evidence would show that SANTEMORE's PPP loan application for Anna Mae Construction falsely represented having twelve employees, and \$35,834 average monthly payroll. Documents and evidence would show that SANTEMORE's PPP loan application for Anna Mae Construction included a 2019 Internal Revenue Service W-3 Transmittal of Wage and Tax Statements form claiming \$430,000 in wages, tips, other compensation; however, the W-3 Form was fictitious in that no earnings were ever grossed. SANTEMORE electronically signed the Lender 1 PPP Application and falsely certified that both the application and the information provided in the supporting documents were true and accurate.

The Lender 1 PPP Application was approved and on or about July 14, 2020, Lender 1 distributed approximately \$89,583 through a wire/direct deposit transfer sent to SANTEMORE's Account ending [REDACTED] at Bank 1. On or about July 14, 2020, and various dates thereafter, SANTEMORE, after receiving \$89,538 through a wire/direct deposit transfer, caused PPP loan

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proceeds from the Account ending [REDACTED] at Bank 1 to be transferred and used for personal and unauthorized expenses.¹

On or about April 19, 2021, **SANTEMORE** caused a second false and misleading PPP loan application to be submitted to Lender 2, in the name of “Stacy Santemore, Sole Proprietorship (unregistered)” seeking approximately \$20,287 in PPP funds. The Lender 2 PPP Application contained 2019 purported gross earnings, that, if true and accurate, would of have supported a loan request of \$20,287. Documents and evidence would show that **SANTEMORE** electronically signed the Lender 2 PPP Application and falsely certified that both the application and the information provided in the supporting documents were true and accurate. Documents and evidence would show that the IRS 2019 Schedule C Form 1040 or 1040-SR Profit or Loss From Business (Sole Proprietorship) appended to the application by **SANTEMORE** falsely represented \$97,385 in gross receipts or sales for “Stacy Santemore Sr., Sole Proprietorship,” a purported construction business or profession; however, the Schedule C form was fictitious in that no earnings were ever grossed.



The Lender 2 PPP Application was approved and on or about April 19, 2021, Lender 2 distributed \$20,287 through a wire/direct deposit transfer sent to **SANTEMORE**’s Account ending [REDACTED] at Bank 2. On or about April 19, 2021 and various dates thereafter, **SANTEMORE**, after receiving \$20,287 through a wire/direct deposit transfer sent to the Account ending [REDACTED] at Bank 2, caused PPP loan proceeds from the Account ending [REDACTED] at Bank 2 to be transferred and used for personal and unauthorized expenses.

¹ Kabbage, Inc/Lender 1 subsequently found problems with the loan application and clawed back \$54,995.36 before **SANTEMORE** could spend it.

Count Two

On or about April 3, 2020, in the Eastern District of Louisiana and elsewhere, **SANTEMORE**, knowingly made a materially false and fraudulent statement and representation in a LWC UI claim filed in the name of “Stacy Santemore,” in connection with a CARES Act benefit provided by the United States described above, which was authorized and paid in connection with a major disaster declaration and emergency declaration and was a thing of value of the United States in the form of wages. Specifically, **SANTEMORE** falsely affirmed that he was unemployed or otherwise eligible for UI benefits from the LWC because of the COVID-19 pandemic when in truth, the defendant was fully employed by Amtrak. As a result of the UI application, LWC paid a total \$22,725 over a forty-eight week time period via direct deposit to **SANTEMORE**’s Account ending [REDACTED] at Bank 2. During the course of the forty weeks, **SANTEMORE** was required and completed twenty-four (24) bi-weekly re-certifications that he was unemployed under penalty of perjury to remain eligible for UI funds from the LWC. The statements on the twenty-four (24) bi-weekly re-certifications by the defendant were false in that **SANTEMORE** remained fully employed by Amtrak during the relevant time period.

Additional evidence, including fraudulent SBA submissions, bank records, records from Lenders, the Louisiana Secretary of State, and the IRS and other documents, would be introduced at trial to prove the facts as set forth above. In addition, the testimony of employees and agents of

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Amtrak – OIG and the Department of Labor - OIG, and other competent witnesses would be introduced at trial to prove the facts set forth above.

APPROVED AND AGREED TO:



EDWARD J. RIVERA
Assistant United States Attorney

4/27/22
Date



ROGER JORDAN, JR.
Attorney for Defendant

4/26/22
Date



STACY V. SANTEMORE, SR.
Defendant

4-26-22
Date