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United States Courts
Southern District of Texas
FILED

December 08, 2021

Nathan Ochsner, Clerk of Court

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

UNITED STATES OF AMERICA

V.

SCOTT JACKSON DAVIS

§
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§

CRIMINAL NO. 21-577

UNDER SEAL

INDICTMENT

THE GRAND JURY CHARGES:

Background

At times relevant to this Indictment:

The Defendant

1. **SCOTT JACKSON DAVIS (“DAVIS”)** was a resident of Harris County, Texas who claimed to represent business entities named Skilled Trade Investments, LP (“STILP”), Skilled Trade Staffing, LLC (“STS”), and Skilled Trade Investments GP, LLC (“STIGP”). On April 5, 2017, **DAVIS** pleaded guilty to a felony charge of wire fraud, in violation of 18 U.S.C. § 1343, in the United States District Court for the Southern District of Texas.

The Small Business Administration

2. 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 this effort, the SBA enabled and provided for

loans through banks, credit unions, and other lenders. These loans had government-backed guarantees.

The Paycheck Protection Program

3. The Coronavirus Aid, Relief, and Economic Security (“CARES”) Act was a federal law enacted in or around March 2020 and designed to provide emergency financial assistance to the millions of Americans who were suffering the economic effects caused by the COVID-19 pandemic.

4. The CARES Act authorized up to \$349 billion in forgivable loans to small businesses for payroll, mortgage interest, rent/lease, and utilities, through a program referred to as the Paycheck Protection Program (“PPP”). In April 2020, Congress authorized up to \$310 billion in additional PPP funding.

5. The PPP allowed qualifying small businesses and other organizations to receive PPP loans. Businesses were required to use PPP loan proceeds on payroll costs, interest on mortgages, rent, and utilities. The PPP allowed the interest and principal on the PPP loan to be entirely forgiven if the business spent the loan proceeds on these expense items within a designated period of time and used a certain percentage of the PPP loan proceeds on payroll expenses.

6. In order to obtain a PPP loan, a qualifying business was required to submit a PPP loan application, which was 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) had to state, among other things, its: (a) average monthly payroll expenses; and (b) number of employees. 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 had to provide documentation showing their payroll expenses.

7. A PPP loan application was required to be processed by a participating lender. If a PPP loan application was approved, the participating lender funded the PPP loan using its own monies, which were 100% 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.

Relevant Entities

8. Financial Institution 1, based in Salt Lake City, Utah, was a federally insured bank and an approved PPP lender. Financial Institution 1 was a financial institution within the meaning of 18 U.S.C. § 20.

9. Financial Institution 2, headquartered in Charlotte, North Carolina, was a federally insured bank, with retail branches throughout the United States, and an approved PPP lender. Financial Institution 2 was a financial institution within the meaning of 18 U.S.C. § 20.

10. Company 1 was a financial services company based in Redwood City, California, that served as a loan processor for some of the PPP loans disbursed by Financial Institution 1.

The Scheme to Defraud

Overview of the Scheme

11. From in or about April 2020 through the present, **DAVIS** knowingly and intentionally devised and executed a scheme and artifice to defraud the SBA, Financial Institution 1, Financial Institution 2, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, as further described below.

Purpose of the Scheme

12. The purpose of the scheme was for **DAVIS** to (a) unlawfully enrich himself and others by fraudulently obtaining and misappropriating PPP loan proceeds and (b) conceal his misappropriation of PPP loan proceeds from Financial Institution 1, Financial Institution 2, Company 1, and the SBA.

Manner and Means of the Scheme

13. As part of the scheme to defraud, from in or around April 2020 through in around May 2020, **DAVIS** submitted, and caused to be submitted, three materially false and fraudulent PPP loan applications to Financial Institution 1, either directly or through Company 1, in the names of STILP, STS, and STIGP, respectively.

14. As a further part of the scheme, **DAVIS** electronically signed PPP Borrower Application Forms on or about April 30, 2020 for STILP; May 2, 2020 for STS; and May 2, 2020 for STIGP. On these loan applications, **DAVIS** falsely certified to the following representations:

- a. The Applicant business was in operation on February 15, 2020 and had employees for whom it paid salaries and payroll taxes or paid independent contractors, as reported on Form(s) 1099-MISC;
- b. The funds will be used to retain workers and maintain payroll or make mortgage interest payments, lease payments, and utility payments; and
- c. The information provided in the application and the information provided in all supporting documents and forms is true and accurate in all material respects.

15. As a further part of the scheme, on all three applications, **DAVIS** falsely stated the business entities seeking the loans had numerous employees and significant payroll expenses,

when in truth and fact the business entities, STILP, STS, and STIGP, had few if any employees and little to no payroll.

16. As a further part of the scheme, on the loan applications, **DAVIS** falsely stated that he had not been convicted of or pleaded guilty to a felony in the 5 years prior to the date of the applications.

17. As a further part of the scheme, **DAVIS** submitted to Financial Institution 1, either directly or through Company 1, falsified IRS Form 941s for STILP, STS, and STIGP to corroborate the falsified number of employees and the amount of payroll stated on the loan applications.

18. As a further part of the scheme, based on the fraudulent and false loan applications submitted by **DAVIS**, in or around May 2020, Financial Institution 1 disbursed PPP loan funds to bank accounts under **DAVIS**'s control in the following manner and in approximately the following amounts: \$583,673 to a bank account ending in 7506 in the name of STILP at Financial Institution 2; \$967,500 to a bank account ending in 6400 in the name of STS at Financial Institution 2; and \$1,795,640 to a bank account ending in 3432 in the name of STIGP at Financial Institution 2.

19. As a further part of the scheme, before the disbursements of the loan proceeds from Financial Institution 1, **DAVIS** submitted three other applications for PPP loans in the name of STIGP to Financial Institution 2, identifying himself as an owner of STIGP and falsely stating that he had never been convicted of a felony in the last 5 years. Davis applied for the following loans through Financial Institution 2:

- a. On April 3, 2020, Davis requested a \$223,165 loan and falsely represented that STIGP had a monthly payroll of \$89,266 and 8 employees.

- b. On April 28, 2020, Davis requested a \$1,793,320 loan and falsely represented that STIGP had a monthly payroll of \$717,329 and 121 employees.
- c. On May 1, 2020, Davis requested a \$1,795,340 loan and falsely represented that STIGP had a monthly payroll of \$718,256 and 138 employees.

20. As a further part of the scheme, after the PPP loan proceeds from Financial Institution 1 were deposited in the STILP, STS, and STIGP accounts at Financial Institution 2, **DAVIS** misappropriated the majority of the proceeds for personal purposes, such as buying real estate, luxury vehicles, and private jet travel.

COUNTS 1 THROUGH 3
Wire Fraud – 18 U.S.C. § 1343

21. The Grand Jury re-alleges and incorporates by reference the factual allegations contained in paragraphs 1 through 20 of this Indictment as if fully set forth herein.

22. Beginning on or around April 2020 through the present, in the Houston Division of the Southern District of Texas, and elsewhere, the Defendant, **SCOTT JACKSON DAVIS**, did knowingly execute and attempt to execute a scheme and artifice to defraud and to obtain money by means of materially false and fraudulent pretenses, representations, and promises including the concealment of material facts.

23. On or about the dates listed below, in the Houston Division of the Southern District of Texas and elsewhere, the Defendant, **SCOTT JACKSON DAVIS**, for the purpose of executing the aforesaid scheme to defraud, and attempting to do so, did knowingly transmit and caused to be transmitted, by means of wire communications in interstate and foreign commerce, certain

writings, signs, signals, pictures, and sounds as more particularly described below with each execution constituting a separate count:

COUNT	DATE	INTERSTATE WIRE COMMUNICATION
1	May 4, 2020	Electronic transfer of \$583,673 representing PPP loan disbursement for STILP from Financial Institution 1 to Financial Institution 2 account x7506
2	May 5, 2020	Electronic transfer of \$1,795,640 representing PPP loan disbursement for STIGP from Financial Institution 1 to Financial Institution 2 account x3432
3	May 7, 2020	Electronic transfer of \$967,500.00 representing loan disbursement for STS from Financial Institution 1 to Financial Institution 2 account x6400

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNTS 4 THROUGH 6
Bank Fraud – 18 U.S.C. § 1344

24. The Grand Jury re-alleges and incorporates by reference the factual allegations contained in paragraphs 1 through 20 of this Indictment as if fully set forth herein.

25. Beginning on or around April 2020 through the present, in the Houston Division of the Southern District of Texas and elsewhere, the Defendant, **SCOTT JACKSON DAVIS**, did knowingly execute and attempt to execute a scheme and artifice to defraud Financial Institution 1 and to obtain money, funds, and credit owned by and under the custody and control of Financial Institution 1 by means of materially false and fraudulent pretenses, representations and promises including the concealment of material facts.

26. On or about the dates listed below, in the Houston Division of the Southern District of Texas and elsewhere, the Defendant, **SCOTT JACKSON DAVIS**, knowingly executed the above-described scheme, each execution constituting a separate count:

COUNT	DATE	DESCRIPTION OF EXECUTION
4	April 30, 2020	Submission of signed loan application for STILP to Company 1, acting on behalf of Financial Institution 1

COUNT	DATE	DESCRIPTION OF EXECUTION
5	May 2, 2020	Submission of signed loan application for STS to Financial Institution 1
6	May 2, 2020	Submission of signed loan application for STIGP to Company 1, acting on behalf of Financial Institution 1

All in violation of Title 18, United States Code Sections 1344 and 2.

COUNTS 7 THROUGH 9

Engaging in a Monetary Transaction with Criminally Derived Property
(18 U.S.C. § 1957)

27. The Grand Jury re-alleges and incorporates by reference the factual allegations contained in paragraphs 1 through 20 of this Indictment as if fully set forth therein.

28. On or about the dates listed below, in the Houston Division of the Southern District of Texas and elsewhere, the Defendant, **SCOTT JACKSON DAVIS**, did knowingly engage and attempt to engage in the following monetary transactions, by, through, and to a financial institution affecting interstate commerce, in criminally derived property of a value greater than \$10,000, such property being derived from a specified unlawful activity, that is, wire fraud, in violation of 18 U.S.C. § 1343, and bank fraud in violation of 18 U.S.C. § 1344.

COUNT	APPROXIMATE DATE	AMOUNT	FINANCIAL TRANSACTION
7	May 8, 2020	\$69,000	Issuance of cashier's check drawn on Financial Institution 2 account x8991 for purchase of 2020 Cadillac Escalade
8	May 26, 2020	\$709,910.22	Issuance of cashier's check drawn on Financial Institution 2 account x8991 for purchase of real estate
9	May 28, 2020	\$17,500	Electronic transfer of funds from Financial Institution 2 account x3432 to private jet company

All in violation of Title 18, United States Code, Section 1957.

NOTICE OF FORFEITURE
(18 U.S.C. §§ 981(a)(1)(C) & 982(a)(1))

29. Pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), the United States gives notice that upon the Defendant's conviction of a wire fraud or bank fraud offense as charged in Counts 1 through 6 of this Indictment, the United States will seek forfeiture of all property, real or personal, which constitutes or is derived from proceeds traceable to such offense.

30. Pursuant to Title 18, United States Code, Section 982(a)(1), the United States gives notice that upon the Defendant's conviction of the offense of engaging in a monetary transaction with criminally derived property as charged in Counts 7 through 9 of this Indictment, the United States will seek forfeiture of all property, real or personal, involved in such offense or traceable to such property.

NOTICE OF CRIMINAL FORFEITURE

(Title 18, United States Code, Section 1957)

31. The allegations contained in Counts 7 through 9 of this Indictment are hereby realleged and incorporated by reference for the purpose of alleging forfeitures pursuant to Title 19, United States Code, Section 982(a)(1).

32. Pursuant to Title 18, United States Code, Section 982(a)(1), upon conviction of an offense in violation of Title 18, United States Code, Section 1957, the defendant,

SCOTT JACKSON DAVIS

shall forfeit to the United States of America any property, real or personal, involved in such offense, and any property traceable to such property.

NOTICE OF CRIMINAL FORFEITURE

(Title 18, United States Code, Section 1343 and 1344)

33. The allegations contained in Counts 1 through 6 of this Indictment are hereby realleged and incorporated by reference for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Section 982(a)(2)(A).

34. Upon conviction of the offense in violation of Title 18, United States Code, Section 1343 and/or 1344 set forth in Counts 1 through 6 of this Indictment, the defendant,

SCOTT JACKSON DAVIS

shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 982(a)(2)(A), any property constituting, or derived from, proceeds obtained, directly or indirectly, as a result of such violation.

PROPERTY TO BE SEIZED

35. The property to be forfeited includes, but is not limited to, the following:

Vehicles:

- A. 2020 Cadillac Escalade, VIN #1GYS3KKJ9LR213301, Texas License Plate SR717;
- B. 2021 GMC Sierra, VIN #3GTU9FET5MG229059, Texas License Plate STA01.

Jewelry

- A. A 5.58 Carat diamond, and the piece of jewelry it may be attached to, purchased for approximately \$30,000;
- B. A 2.60 Carat diamond, and the piece of jewelry it may be attached to, purchased

for approximately \$6,500.

Real Property

A. 3019 Linkwood Drive, Houston, TX 77025 with a legal description of:

Lot Eight (8), In Block Ten (10), of Knollwood Village, Section Seven, a Subdivision in Harris County, Texas, according to the map or plat thereof, recorded in volume 40, page 55 of the map records of Harris County, Texas.

B. 23226 Oak Hollow Lane, Tomball, TX 77377 with a legal description of:

Situated in the City of Tomball, County of Harris, and State of Texas:

All that certain tract or parcel containing 5.593 acres of land in the J.H. Edwards Survey, A-20, Harris County, Texas, being a portion of a 32.0467 acre tract which was conveyed from E. Wheeler Coe, Jr. Trustee, to John R. Frey, Trustee, by an instrument of record in File No. F991833 of the Official Public Records of Real Property of Harris County, Texas (HCOPRRP), said 5.593 acres being more particularly described as follows, to Wit:

Commencing for Reference at a 2" iron pipe found marking the southeast corner of the aforementioned 32.0467 acre tract, also being the most easterly northeast corner of a 132.7706 acre tract conveyed from Thomas A. Glazier, et al, to John R. Fray Properties, Inc. by an instrument of record in File No. F853837, HCOPRR;

Thence N 0 degrees 0145' E, 511.48 feet along the east line of said 32.0467 acre tract to a 1/2" iron rod found at the angle point;

Thence N 0 degrees 18'43" E, 1027.25 feet along the east line of said 32.0467 acre tract to a 5/8" iron rod set for the southeast comer and Place OF BEGINNING of the tract herein described;

Thence N89 degrees 29'09" W, 266.26 feet along the center line of a 45 foot road to a point for Southwest corner;

Thence N 0 degrees 30'51 E, at 22.50 feet pass a 5/8" iron rod set for reference in the north line of said 46 foot road, at 825.81 feet pass a 5/8" iron rod set for reference, and continuing for a distance in all of 860.81 feet to a point for northwest corner in the center line of Spring Creek;

Thence S 88 degrees 31'30" E, 47.79 feet along the center line of Spring Creek to an angle point;

Thence N 55 degrees 57'01" E, 260.99 feet along the center line of Spring Creek to a point for northeast corner also being the northeast corner of the aforementioned 32.0467 acre tract;

Thence S 0 degrees 18'43" W, along the east lien of said 32.0487 acre tract at 985.59 feet pass a 5/8" iron rod set for reference in the north line of said 45 foot road, and continuing for a distance in all of 1008.09 feet to the Place of Beginning and containing 5.593 acres of land.

MONEY JUDGEMENT

36. Defendant is notified that upon conviction, the United States intends to seek a money judgement.

SUBSTITUTE ASSETS

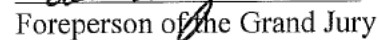
37. If any of the property described above, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;

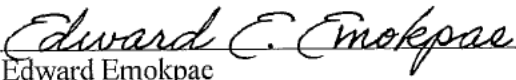
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty,

the United States of America shall be entitled to forfeiture of substitute property pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1) and Title 28, United States Code, Section 2461(c).

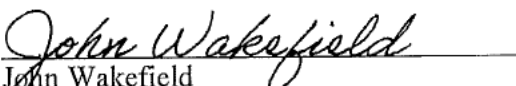
A True Bill


Foreperson of the Grand Jury

JOSEPH BEEMSTERBOER
Acting Chief, Fraud Section
U.S. Department of Justice

By: 
Edward Emokpae
Trial Attorney, Fraud Section

JENNIFER B. LOWERY
Acting United States Attorney
Southern District of Texas

By: 
John Wakefield
Assistant United States Attorney