

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

UNITED STATES OF AMERICA)

v.)

JASMINE JOHNSON CLIFTON)
_____)

DOCKET NO. 3:21-cr-46

FACTUAL BASIS

NOW COMES the United States of America, by and through William T. Stetzer, Acting United States Attorney for the Western District of North Carolina, and hereby files this Factual Basis in support of the plea agreement filed simultaneously in this matter.

This Factual Basis is filed pursuant to Local Criminal Rule 11.2 and does not attempt to set forth all of the facts known to the United States at this time. By their signatures below, the parties expressly agree that there is a factual basis for the guilty plea(s) that the defendant will tender pursuant to the plea agreement, and that the facts set forth in this Factual Basis are sufficient to establish all of the elements of the crime(s). The parties agree not to object to or otherwise contradict the facts set forth in this Factual Basis.

Upon acceptance of the plea, the United States will submit to the Probation Office a "Statement of Relevant Conduct" pursuant to Local Criminal Rule 32.4. The defendant may submit (but is not required to submit) a response to the Government's "Statement of Relevant Conduct" within seven days of its submission. The parties understand and agree that this Factual Basis does not necessarily represent all conduct relevant to sentencing. The parties agree that they have the right to object to facts set forth in the presentence report that are not contained in this Factual Basis. Either party may present to the Court additional relevant facts that do not contradict facts set forth in this Factual Basis.

1. Defendant Jasmine Johnson Clifton ("CLIFTON") submitted and caused to be submitted a fraudulent loan application to the United States Small Business Administration ("SBA") for Jazzy Jas LLC, a company that was dissolved at the time of the loan application. As a result of the fraudulent application, which included false information about revenues and a fraudulent tax document, CLIFTON obtained \$149,900 in disaster relief funds that were intended to be provided to an existing business harmed by the COVID-19 pandemic.
2. In 2019, CLIFTON created Jazzy Jas, an online retail clothing sales business. As a legal entity, Jazzy Jas LLC existed in North Carolina for approximately eight months.
3. On or about February 1, 2019, CLIFTON filed Articles of Organization with the North Carolina Secretary of State to form a limited liability company (LLC) named Clifton Holdings LLC. In the organization articles, CLIFTON was listed as the only

member of the LLC and the address for the business was the same as CLIFTON's home address. On or about April 1, 2019, CLIFTON officially filed papers to amend the Articles of Organization for Clifton Holdings LLC and changed its name to Jazzy Jas LLC. On or about January 24, 2020, CLIFTON signed a document to dissolve Jazzy Jas LLC. The Articles of Dissolution were filed with the North Carolina Secretary of State on March 5, 2020, with a retroactive effective date of September 30, 2019.

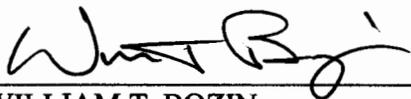
4. On March 27, 2020, the President of the United States signed into law the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, which was designed to provide emergency financial assistance to the millions of Americans who were suffering the economic effects caused by the COVID-19 pandemic.
5. One of the programs expanded by the CARES Act was the Economic Injury Disaster Loan ("EIDL") program, which is a SBA program that provides low-interest financing to small businesses, renters, and homeowners in regions affected by declared disasters. EIDL proceeds may only be used for working capital to alleviate economic injury caused by a disaster, including COVID-19.
6. EIDL funds are issued directly from the United States Treasury, and an applicant applies through the SBA via an online portal. In the electronic application, the applicant certifies that all of the information in the application is true and correct to the best of the applicant's knowledge and is warned that any false statement or misrepresentation to the SBA or any misapplication of loan proceeds may result in sanctions, including criminal penalties. The application also states that the SBA relies upon the self-certifications in the EIDL application in determining whether the applicant is eligible for an EIDL.
7. CLIFTON devised a scheme and artifice to defraud the United States, specifically the SBA, by: (1) preparing and causing to be prepared false and fraudulent EIDL loan documents, including an application and other forms; (2) submitting and causing to be submitted the false and fraudulent loan application to the SBA in order to obtain funds through the EIDL program; and (3) receiving and obtaining payments and benefits based on the fraudulent loan application.
8. On or about July 24, 2020, CLIFTON electronically submitted and caused to be submitted an application for an EIDL in the name of Jazzy Jas LLC to the SBA ("EIDL Application -8460").¹
9. Within EIDL Application -8460, CLIFTON falsely affirmed the following

¹ Based on the IP address used, CLIFTON submitted the EIDL application electronically from within the Western District of North Carolina. SBA servers are located in Iowa. Therefore the EIDL application was transmitted by wire communication in interstate commerce.

information to the SBA:

- a. that Jazzy Jas LLC was to be the recipient of the loan; and
 - b. that Jazzy Jas LLC had \$350,000 in gross revenues for the 12 months prior to the disaster.
10. In addition, within the EIDL Application -8460, CLIFTON provided a fraudulent Schedule C tax form to the SBA as a supplement document.
 11. On or about August 8, 2020, CLIFTON electronically signed the Loan Authorization and Agreement in connection with SBA Loan -8204 for Jazzy Jas LLC. In the loan agreement, CLIFTON certified that all of the representations in EIDL Application -8460 were true, correct and complete and were offered to induce SBA to make the loan. CLIFTON specifically agreed to use the loan proceeds for Jazzy Jas LLC "solely as working capital to alleviate economic injury caused by disaster occurring in the month of January 31, 2020."
 12. In fact, Jazzy Jas LLC no longer existed at the time of CLIFTON's loan application and agreement. CLIFTON nonetheless used the prior existence of Jazzy Jas LLC as a means to exploit a federal loan program and obtain a substantial cash sum.
 13. On or about August 8, 2020, EIDL Application -8460 was approved for an EIDL in the amount of \$150,000.00, less a \$100.00 fee ("SBA Loan -8204").
 14. On or about August 11, 2020, in connection with SBA Loan -8204, EIDL funds totaling \$149,900.00 were deposited into CLIFTON's State Employee Credit Union (SECU) account.
 15. After the fraudulent loan proceeds were deposited into CLIFTON's SECU bank account, CLIFTON diverted and caused to be diverted the fraudulently-obtained funds for personal and unauthorized purposes.

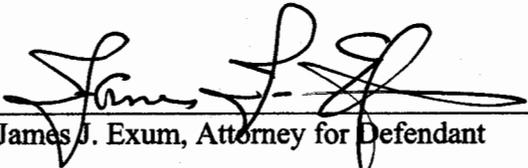
WILLIAM T. STETZER
ACTING UNITED STATES ATTORNEY



WILLIAM T. BOZIN
ASSISTANT UNITED STATES ATTORNEY

Defendant's Counsel's Signature and Acknowledgment

I have read this Factual Basis, the Bill of Indictment, and the plea agreement in this case, and have discussed them with the defendant. Based on those discussions, I am satisfied that the defendant understands the Factual Basis, the Bill of Indictment, and the plea agreement. I hereby certify that the defendant does not dispute this Factual Basis.


James J. Exum, Attorney for Defendant

DATED: 5/19/21