

Department of Justice
U.S. Attorney's Office
Western District of Tennessee

FOR IMMEDIATE RELEASE

Thursday, October 13, 2022

Four Defendants Sentenced for COVID-19 Relief Fraud

Memphis, TN – Four defendants have been sentenced for conspiracy to defraud the Small Business Administration's Economic Injury Disaster Loan (EIDL) program. The EIDL program provided grants and low-interest loans to small businesses affected by the COVID-19 pandemic, among other disasters. Between April 2020 and June 2020, the defendants submitted more than 400 fraudulent EIDL applications and attempted to get over \$7 million in funding. Kevin G. Ritz, United States Attorney, announced the sentences today.

United States Attorney Ritz commented: "These aid programs were meant to lift hardworking citizens and small businesses. But these individuals illicitly used the funds for their own benefit. I thank our federal law enforcement partners for uncovering and investigating these crimes. We will continue to prosecute those who abuse and misuse COVID-19 relief funds."

"During a global pandemic, the defendants took advantage of aid programs intended to provide critical relief for hardworking members of our communities impacted by the COVID-19 outbreak," said

Donald "Trey" Eakins, Special Agent in Charge of the Internal Revenue Service – Criminal Investigation (IRS-CI) Memphis Field Office. "We will continue to prioritize COVID-19 fraud investigations on those who fraudulently take intended funds for struggling businesses that truly needed assistance."

"Conspiring to fraudulently obtain federal funds that are meant to provide assistance to nation's small businesses is unacceptable," said SBA Office of Inspector General's Special Agent in Charge Amaleka McCall-Brathwaite. "Our office will aggressively pursue evidence of wrongdoing and bring those responsible to justice. I want to thank the U.S. Attorney's Office and our law enforcement partners for their dedication and commitment to seeing justice served."

Sharika L. Carpenter, 43, of Memphis, Tennessee, pled guilty on January 13, 2022, to one count of conspiracy to defraud the EIDL program, one count of wire fraud, two counts

of theft of government property, and one count of preparing a false tax return. According to information presented in court, Carpenter owned a tax-preparation business, Better Days Tax Services, in Memphis, Tennessee. She recruited and trained at least five people to work for her preparing fraudulent tax returns and fraudulent applications to COVID-19 relief programs for clients. Operating out of that business in 2020, Carpenter and her co-conspirators obtained more than \$745,000 in fraudulent EIDL funds. Carpenter charged her clients up to 50 percent of the fraudulent EIDL proceeds, and she also submitted fraudulent EIDL applications in her own name. She

paid her employees a flat fee for each fraudulent EIDL application that received funding. In addition to the EIDL fraud, Carpenter prepared false income tax returns for clients, resulting in fraudulent tax refunds and lost tax revenue. Carpenter also defrauded the Small Business Administration's (SBA) Paycheck Protection Program (PPP) by obtaining a fraudulent PPP loan of \$3,548. And Carpenter defrauded the Department of Labor's Pandemic Unemployment Assistance

program by claiming more than \$33,000 in unemployment- assistance payments to which she was not entitled.

On October 5, 2022, United States District Judge Thomas L. Parker sentenced Carpenter to a total of four years in federal prison, to be followed by three years of supervised release. Carpenter may not own or operate a tax preparation business or engage in tax preparation services during her supervised release. Carpenter also was ordered to pay restitution of \$38,756 and a fine of \$20,000. There is no parole in the federal system.

Co-defendant Kevin Maclin, 45, of Memphis, Tennessee, pled guilty on January 18, 2022, to one count of conspiracy to defraud the EIDL program for his role in the fraud scheme. Maclin recruited additional clients to Better Days Tax Services, where Carpenter and her employees submitted fraudulent EIDL applications on the recruits' behalf. Maclin received a percentage of those clients' EIDL funds. Carpenter also prepared fraudulent EIDL applications for Maclin, for which Maclin received \$31,000 in his own name. On May 16, 2022, United States District Judge Thomas L. Parker sentenced Maclin to 18 months in federal prison, to be followed by two years of supervised release. Maclin also was ordered to pay restitution of \$31,000 and a fine of \$10,000.

Co-defendants Brandy D. Scaife, 44, and Stephanie Johnson, 43, both of Memphis, Tennessee, each pled guilty on January 12, 2022, to one count of conspiracy to defraud the EIDL program for their roles in the fraud scheme. Scaife and Johnson both worked for Carpenter preparing fraudulent EIDL applications for Better Days Tax Services clients. Carpenter paid Scaife and Johnson a flat fee for each fraudulent application that received funding. Scaife also obtained a fraudulent EIDL loan in her own name. On April 29, 2022, United States District Judge Thomas L. Parker sentenced Scaife to time served, to be followed by one year of supervised release, and ordered her to pay restitution of \$17,900. On May 18, 2022, United States District Judge Thomas L. Parker sentenced Johnson to two years of federal probation.

This case was investigated by IRS-CI, the Treasury Inspector General for Tax Administration, the SBA Office of Inspector General, and the Department of Labor Office of Inspector General. Assistant United States Attorney Murre Foster prosecuted this case on behalf of the government.

Anyone with information about allegations of attempted fraud involving COVID-19 can report it by calling the Department of Justice's National Center for Disaster Fraud Hotline at 866-720-5721 or via the NCDF Web Complaint Form at: <https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form>.

For more information, please contact Public Information Officer Cherri Green at (901) 544-4231 or cherri.green@usdoj.gov. Follow @WDTNNews on Twitter for office news and updates.