



THE UNITED STATES

## Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Tuesday, February 15, 2022

### **Three Men Sentenced for \$2.7 Million COVID-19 Relief Fraud Scheme**

Three men were sentenced yesterday in the Middle District of North Carolina for fraudulently seeking over \$2.7 million in Paycheck Protection Program (PPP) loans and Economic Injury Disaster Loans (EIDLs) guaranteed by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act.

Joseph Marsell Cartlidge, 30, of Greensboro, North Carolina, was sentenced to 72 months in prison; David Christopher Redfern, 32, of Trinity, North Carolina, was sentenced to 60 months in prison; and Eric Alexander McMiller, 30, of Chicago, Illinois, was sentenced to 66 months in prison. Each defendant was also ordered to pay \$498,657 in restitution.

According to court documents, Cartlidge, Redfern and McMiller joined a scheme led by James Stote, who with others, recruited the defendants to apply for fraudulent PPP loans for registered businesses, with the understanding and agreement they would provide a portion of the PPP loan proceeds to their recruiter. Between May and June 2020, the defendants submitted fraudulent PPP loan applications misrepresenting the number of employees and the average monthly payroll expenses of the defendants' various businesses. The defendants submitted false tax and bank records in support of their loan applications. The defendants also independently applied for fraudulent EIDLs and misrepresented the number of employees, gross revenues, and costs of goods sold for each business. In total, the defendants sought over \$2.7 million in PPP loans and EIDL funds. The defendants then used the loan proceeds for their own personal benefits, including for luxury purchases and cash withdrawals.

Stote pleaded guilty on Dec. 15, 2021, to conspiracy to commit wire fraud in the Northern District of Ohio.

Assistant Attorney General Kenneth A. Polite Jr. of the Justice Department's Criminal Division; U.S. Attorney Sandra J. Hairston of the Middle District of North Carolina; Acting Special Agent in Charge Mona Passmore of the IRS-Criminal Investigation (IRS-CI) Charlotte Field Office; Special Agent in Charge Kyle Myles of the FDIC-OIG Atlanta Region; Special Agent in Charge Mark Morini of the U.S. Treasury Inspector General for Tax Administration (TIGTA) Southeast Field Division; and Special Agent in Charge Amaleka McCall-Brathwaite of the SBA's Office of Inspector General (SBA-OIG) Eastern Region made the announcement.

TIGTA, FDIC-OIG, and IRS-CI investigated the case. The Justice Department thanks SBA-OIG for their support and assistance.

Trial Attorneys Jennifer Bilinkas and Jessee Alexander-Hoepfner of the Criminal Division's Fraud Section and Assistant U.S. Attorneys Nicole Dupre for the Middle District of North Carolina and Meredith Ruggles, formerly of the U.S. Attorney's Office for the Middle District of North Carolina, prosecuted the case.

In May 2021, the Attorney General established the COVID-19 Fraud Enforcement Task Force to marshal the resources of the Department of Justice in partnership with agencies across government to enhance efforts to combat and prevent pandemic-related fraud. The Task Force bolsters efforts to investigate and prosecute the most culpable domestic and international criminal actors and assists agencies tasked with administering relief programs to prevent fraud by, among

other methods, augmenting and incorporating existing coordination mechanisms, identifying resources and techniques to uncover fraudulent actors and their schemes and sharing and harnessing information and insights gained from prior enforcement efforts. For more information on the department's response to the pandemic, please visit <https://www.justice.gov/coronavirus>.

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>.

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**Component(s):**

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