

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

UNITED STATES OF AMERICA * CRIMINAL NO. 22-210
v. * SECTION: "A"
CHARLES J. SOUTHALL, III *
* * *

FACTUAL BASIS

The defendant, **CHARLES J. SOUTHALL, III** (hereinafter, the "defendant" or "SOUTHALL"), has agreed to plead guilty to Count One of the bill of information currently pending against him, charging **SOUTHALL** with money laundering, in violation of Title 18, United States Code, Sections 1957 and 2. Should this matter proceed to trial, both the Government and the defendant, **SOUTHALL**, do hereby stipulate and agree that the following facts set forth a sufficient factual basis for the crime to which the defendant is pleading guilty. The Government and the defendant further stipulate that the Government would have proven, through the introduction of competent testimony and admissible, tangible exhibits, the following facts beyond a reasonable doubt to support the allegations in the bill of information now pending against the defendant:

Introduction

The Government would establish that First Emanuel Baptist Church (FEBC) was a religious organization and incorporated entity established in about 1896, based in New Orleans, Louisiana, within the Eastern District of Louisiana. FEBC maintained houses of worship in New Orleans, Louisiana, and Baton Rouge, Louisiana. Additionally, FEBC owned multiple parcels of real property in New Orleans. FEBC created housing ministry entities to provide affordable

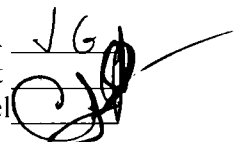
AUSA JG
Defendant
Defense Counsel

housing to low-income New Orleans residents and to receive income from renting some of the properties FEBC owned.

The Government would further establish that FEBC was ministered by a Pastor. FEBC had a fourteen-member Board of Trustees, whose members were selected for two-year terms by the full congregation. The Board of Trustees met regularly “for the purpose of discharging the duties imposed upon it.” Among the duties and responsibility of the Board of Trustees was to “be charged with the management and care of the real estate” owned and controlled by FEBC and “the general supervision of [FEBC’s] business affairs.” FEBC’s articles of incorporation stated, “The business affairs and concerns of [FEBC] shall be managed and conducted by a Board of Trustees[. . .] All receipts, disbursements and pecuniary concerns of [FEBC] or of any Charitable Society affiliated therewith and all purchases and sales of real and personal property shall receive the consideration of said Board and its action in all such matters will be necessary.” FEBC had financial accounts at Liberty Bank and JPMorgan Chase Bank, N.A. (JPMC).

The Government would further show that **SOUTHALL** was born in 1958. **SOUTHALL** resided in New Orleans, Louisiana, until about September 2005. **SOUTHALL** has resided in Baton Rouge, Louisiana, since about September 2005. Since about April 1989, **SOUTHALL** served as Executive Pastor of FEBC. In that capacity, **SOUTHALL** led and counseled the FEBC congregation. **SOUTHALL** also participated in the administration and operation of charitable organizations affiliated with FEBC, including its housing ministries. Further, **SOUTHALL** also solicited donations purportedly for specific repair, developmental, and charitable projects and tithes in support of FEBC and its mission. **SOUTHALL** received a salary in accordance with the terms of his employment contract, as well as monetary gifts from the FEBC congregation throughout the year. As Pastor, **SOUTHALL** was an *ex officio* of FEBC’s Board of Trustees,

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meaning that while he attended meetings, he did not have a voting interest in, or control over, FEBC's business affairs, including its real estate holdings.

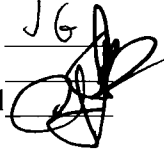
The Government would further establish that the Spirit of Excellence Academy was created by **SOUTHALL** and others in about 2010 to operate a charter school located in New Orleans, Louisiana (Edgar P. Harney Spirit of Excellence Academy). **SOUTHALL** served as the President of the Board of Directors of the Spirit of Excellence Academy. As Board President, **SOUTHALL** had signatory authority over Spirit of Excellence Academy financial accounts and the ability to hire subordinate employees.

The Government would further establish through the introduction of eyewitness testimony and documentary evidence that in or about 2013, **SOUTHALL** secured funding, in the form of a bank loan, to create an affiliated charter school in Baton Rouge, Louisiana, Spirit of Excellence Academy – Baton Rouge. Although Spirit of Excellence Academy received funding in the form of grants and bank loans to create Spirit of Excellence Academy – Baton Rouge between about 2013 and 2015, the school never opened.

The Government would further establish that according to rules promulgated by the State of Louisiana, Board Members of charter schools were prohibited from receiving compensation for providing services to the school other than for reimbursement of actual expenses. **SOUTHALL** represented, including on annual Personal Financial Disclosure Statements submitted to the State of Louisiana Board of Ethics, that he had no "personal or financial interest in any entity, contract, or business, or a personal or financial relationship" in or with the Spirit of Excellence Academy.

Spirit of Excellence Funds to Southall

The Government would further establish that in about September 2013, **SOUTHALL** hired Person A to be employed and compensated by Spirit of Excellence Academy for consulting work

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related to the creation of Spirit of Excellence Academy – Baton Rouge. **SOUTHALL** possessed and controlled several joint personal financial accounts with Person A at JPMC. Person A received regular payments from Spirit of Excellence Academy approximately biweekly into one or more of the financial accounts Person A jointly controlled with **SOUTHALL**. Between about September 2013 and September 2017, Spirit of Excellence Academy paid Person A approximately \$220,600, all of which was deposited into the jointly-controlled accounts described above.

The Government would further introduce eyewitness testimony and documentary evidence that **SOUTHALL** knowingly and intentionally diverted and caused funds to be diverted from Spirit of Excellence Academy to **SOUTHALL** and for his personal benefit under false pretenses. Specifically, **SOUTHALL** chose the amount Person A would be compensated, caused regular payments to be made to Person A from Spirit of Excellence Academy, and arranged for payments to be deposited into one of the accounts he jointly controlled with Person A. Thereafter, **SOUTHALL** regularly diverted a portion of the funds paid to Person A to **SOUTHALL'S** personal use, including by transferring some of the funds from one or more of the accounts he controlled jointly with Person A to other financial accounts under **SOUTHALL'S** control or causing the funds to be used to pay **SOUTHALL'S** personal credit card bills. The process of each financial transfer and check withdrawal and deposit caused the transmission by wire of a writing, sign, signal, and sound in interstate commerce. In total, between about September 2013 and September 2017, **SOUTHALL** improperly caused approximately \$85,351.97 of the funds paid to Person A by Spirit of Excellence Academy to be diverted to **SOUTHALL'S** personal benefit and use in the manner described above.

FEBC Tithes and Donations

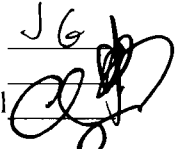
The Government would further establish that on several occasions **SOUTHALL**

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improperly diverted money he solicited from members of FEBC for his personal use. For example, **SOUTHALL** solicited a tithe from Victim A, a member of FEBC. On or about July 29, 2019, Victim A made a tithe to FEBC via a JPMC cashier's check in the amount of \$10,000. Between on or about July 29, 2019, and August 5, 2019, **SOUTHALL** diverted funds from Victim A's donation totaling \$10,000 improperly, including by transferring some of the funds into financial accounts under his personal control and by paying for his personal expenses unrelated to FEBC or its mission, without the knowledge or authorization of Victim A. Similarly, between about August 2016 and July 2020, **SOUTHALL** solicited multiple donations from Victim B, a member of FEBC, ostensibly for various charitable purposes and the improvement of FEBC's New Orleans building. Victim B agreed and made several donations to FEBC via check and wire transfer from financial accounts under Victim B's control. The process of each financial transfer and check withdrawal and deposit caused the transmission by wire of a writing, sign, signal, and sound in interstate commerce. Between about August 2016 and September 2020, **SOUTHALL** improperly diverted approximately \$106,408.38 of funds Victim B donated to FEBC to financial accounts under **SOUTHALL'S** personal control and to pay for **SOUTHALL'S** personal expenses unrelated to FEBC or its mission without the knowledge or authorization of Victim B.

Rental Income from FEBC Properties

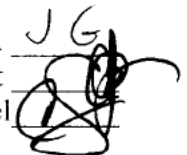
The Government would further establish that FEBC and its affiliated housing ministries owned and held title to numerous real estate properties in the New Orleans, Louisiana area. FEBC created a housing ministry entity, New Orleans Faith Based, to provide affordable housing to low-income New Orleans residents and receive income from renting some of the properties FEBC and its affiliated housing ministries owned to fund operations. Renters typically paid rent, intended for FEBC and its affiliated housing ministries, in the form of checks and money orders. The rental

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income was supposed to be used to fund operations of the housing ministries and make payments on debts accrued by housing ministries. Any additional revenue was to go to FEBC. In truth and in fact, **SOUTHALL** diverted a portion of the income that resulted in the rental of properties owned by FEBC and its affiliated housing ministries to his personal benefit without the knowledge or authorization of FEBC. The process of each financial transfer and check withdrawal and deposit caused the transmission by wire of a writing, sign, signal, and sound in interstate commerce. Between 2017 and 2021, **SOUTHALL** improperly diverted approximately \$150,000 in rental payments related to the rental of properties owned by FEBC and its affiliated housing ministries to his personal use and benefit without the knowledge or authorization of FEBC.

Sale of FEBC Properties

The Government would further establish that FEBC owned and held title to numerous real properties in the New Orleans, Louisiana area, including properties located at [REDACTED] Amelia Street, [REDACTED] Fourth Street, and [REDACTED] Baronne Street. **SOUTHALL** developed and implemented a scheme to defraud FEBC by causing real properties owned by FEBC to be sold and diverting a portion of the profit from the sale of the real properties to and for **SOUTHALL'S** personal benefit without the knowledge or authorization of FEBC or the FEBC Board of Trustees. For example, on or about March 2, 2020, **SOUTHALL** caused the real property located at [REDACTED] Fourth Street, New Orleans, Louisiana, to be sold for \$775,000, which was to result in a profit to FEBC of approximately \$671,870.40. Between about March 3, 2020, and July 2, 2020, **SOUTHALL** diverted approximately \$374,168.11 of the profit from the sale of [REDACTED] Fourth Street without the knowledge or authorization of FEBC or the FEBC Board of Trustees, to accounts located at federally insured financial institutions under **SOUTHALL'S** control or to pay, directly and indirectly, **SOUTHALL'S** personal expenses. **SOUTHALL** did so by initiating financial

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transfers and by causing checks to be issued and drawn on FEBC's financial accounts and deposited into **SOUTHALL'S** personal financial accounts. The process of each financial transfer and check withdrawal and deposit caused the transmission by wire of a writing, sign, signal, and sound in interstate commerce. In total, **SOUTHALL** improperly caused approximately \$537,805.51 of profit from the sale of FEBC-owned real properties located at [REDACTED] Amelia Street, [REDACTED] Fourth Street, and [REDACTED] Baronne Street to be diverted to **SOUTHALL'S** personal benefit without the knowledge or authorization of FEBC and the FEBC Board of Trustees.

Money Laundering

The Government would further establish that **SOUTHALL** used and caused to be used financial institutions to conduct financial transactions involving criminally derived property, that is, the improper acts detailed above, including profits from the sale of FEBC real properties **SOUTHALL** diverted to his personal benefit.¹ The transactions affected interstate and foreign commerce. Among the transactions **SOUTHALL** conducted or caused to be conducted using the proceeds of criminally derived property were the following:

1. October 10, 2019: Check number [REDACTED] drawn on the JPMC bank account of Gaskin, Southall, Gordon, & Gordon, in the amount of \$11,841, for tickets;
2. March 13, 2020: Electronic transfer of funds originating from the sale of [REDACTED] Fourth Street from a JPMC account of Charles J. Southall, III, in the amount of \$100,000, used to open and fund a JPMC individual investment account in the name of Charles J. Southall, III; and
3. March 13, 2020: Cashier's check withdrawn from the JPMC bank account of Gaskin, Southall, Gordon, & Gordon, in the amount of \$95,000, made payable to Entity A, for the purchase of a vehicle.

¹ As referenced above, the money the defendant diverted constituted the proceeds of a wire fraud scheme, in violation of Title 18, United States Code, Section 1343.

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Defendant
Defense Counsel [Signature]

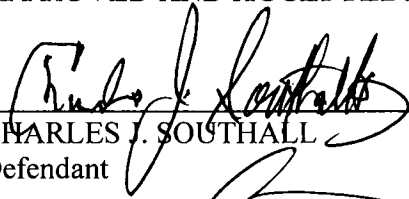
4. March 13, 2020: Cashier's check withdrawn from the JPMC bank account of Charles J. Southall, III, and his spouse, in the amount of \$10,764.11, made payable to Entity A, for the down payment of a vehicle.

Limited Nature of Factual Basis

The above facts derive from an investigation conducted by, and would be proven at trial by credible testimony from, Special Agents from the Federal Bureau of Investigation, other witnesses, and documents in the possession of the FBI.

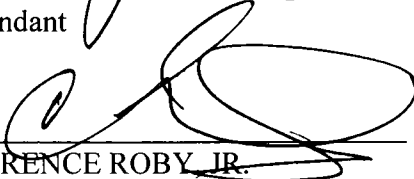
This proffer of evidence is not intended to constitute a complete statement of all facts known by **CHARLES J. SOUTHALL, III** and the Government. Rather, it is a minimum statement of facts intended to prove the necessary factual predicate for her guilty plea. The limited purpose of this proffer is to demonstrate that there exists a sufficient legal basis for the plea of guilty to the charged offense by **CHARLES J. SOUTHALL, III**.

APPROVED AND ACCEPTED:



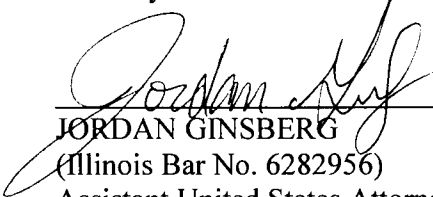
CHARLES J. SOUTHALL
Defendant

10-18-2022
Date



CLARENCE ROBY, JR.
(Louisiana Bar No. 20345)
Attorney for Defendant Southall

10/18/22
Date



JORDAN GINSBERG
(Illinois Bar No. 6282956)
Assistant United States Attorney

10-18-22
Date