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8
9 IN THE UNITED STATES DISTRICT COURT
10 EASTERN DISTRICT OF CALIFORNIA

11 UNITED STATES OF AMERICA,
12
13 Plaintiff,
14 v.
15 SCHENELLE M. FLORES,
16 Defendant.

CASE NO.
PLEA AGREEMENT

17 I. INTRODUCTION

18 A. Scope of Agreement.

19 The information in this case charges the defendant with a violation of 18 U.S.C. § 1343 – Wire
20 fraud. This document contains the complete plea agreement between the United States Attorney’s
21 Office for the Eastern District of California (the “government”) and the defendant regarding this case.
22 This plea agreement is limited to the United States Attorney’s Office for the Eastern District of
23 California and cannot bind any other federal, state, or local prosecuting, administrative, or regulatory
24 authorities.

25 B. Court Not a Party.

26 The Court is not a party to this plea agreement. Sentencing is a matter solely within the
27 discretion of the Court, and the Court may take into consideration any and all facts and circumstances
28

concerning the criminal activities of defendant, including activities which may not have been charged in the information. The Court is under no obligation to accept any recommendations made by the government, and the Court may in its discretion impose any sentence it deems appropriate up to and including the statutory maximum stated in this plea agreement.

If the Court should impose any sentence up to the maximum established by the statute, the defendant cannot, for that reason alone, withdraw her guilty plea, and she will remain bound to fulfill all of the obligations under this plea agreement. The defendant understands that neither the prosecutor, defense counsel, nor the Court can make a binding prediction or promise regarding the sentence she will receive.

II. DEFENDANT'S OBLIGATIONS

A. Guilty Plea.

The defendant will plead guilty to the sole count of the information. The defendant agrees that she is in fact guilty of that charge and that the facts set forth in the Factual Basis for Plea attached hereto as Exhibit A are accurate.

The defendant agrees that she will plead guilty on the first available date on the assigned district court judge's calendar.

The defendant agrees that this plea agreement will be filed with the Court and become a part of the record of the case. The defendant understands and agrees that she will not be allowed to withdraw her plea(s) should the Court not follow the government's sentencing recommendations.

The defendant agrees that the statements made by her in signing this Agreement, including the factual admissions set forth in the factual basis, shall be admissible and useable against the defendant by the United States in any subsequent criminal or civil proceedings, even if the defendant fails to enter a guilty plea pursuant to this Agreement. The defendant waives any rights under Fed. R. Crim. P. 11(f) and Fed. R. Evid. 410, to the extent that these rules are inconsistent with this paragraph or with this Agreement generally.

1. Waiver of Indictment:

The defendant acknowledges that under the United States Constitution she is entitled to be indicted by a grand jury on the charges to which she is pleading guilty and that pursuant to

1 Fed.R.Crim.P. 7(b) she agrees to waive any and all rights she has to being prosecuted by way of
2 indictment to the charges set forth in the information. The defendant agrees that at a time set by the
3 Court, she will sign a written waiver of prosecution by Indictment and consent to proceed by
4 Information rather than by Indictment.

5 **B. Restitution.**

6 The Mandatory Victim Restitution Act requires the Court to order restitution to the victims of
7 certain offenses. Defendant agrees that her conduct is governed by the Mandatory Restitution Act
8 pursuant to 18 U.S.C. § 3663A(c)(1)(A)(ii) and agrees to pay the full amount of restitution to all victims
9 affected by this offense, including, but not limited to, the victims covered in the factual basis and other
10 victims as a result of the defendant's conduct for the offense charged from the period of December 2017
11 through November 2018. The amount of restitution will be between approximately \$2 million and \$3
12 million dollars.

13 Defendant agrees that she shall not sell, transfer, convey, or otherwise dispose of any of her
14 assets during the pendency of this case. Defendant further agrees that she will not seek to discharge any
15 restitution obligation or any part of such obligation in any bankruptcy proceeding.

16 Payment of restitution shall be by cashier's or certified check made payable to the Clerk of the
17 Court.

18 **C. Fine.**

19 The defendant reserves the right to argue to Probation and at sentencing that she is unable to pay
20 a fine, and that no fine should be imposed. The defendant understands that it is her burden to
21 affirmatively prove that she is unable to pay a fine, and agrees to provide a financial statement under
22 penalty of perjury to the Probation Officer and the government in advance of the issuance of the draft
23 Presentence Investigation Report, along with supporting documentation. The government retains the
24 right to oppose the waiver of a fine. If the Court imposes a fine, the defendant agrees to pay such fine if
25 and as ordered by the Court, up to the statutory maximum fine for the defendant's offense[s].

26 **D. Special Assessment.**

27 The defendant agrees to pay a special assessment of \$100 at the time of sentencing by delivering
28 a check or money order payable to the United States District Court to the United States Probation Office

1 immediately before the sentencing hearing. The defendant understands that this plea agreement is
2 voidable at the option of the government if she fails to pay the assessment prior to that hearing.

3 **E. Violation of Plea Agreement by Defendant/Withdrawal of Plea(s).**

4 If the defendant, cooperating or not, violates this plea agreement in any way, fails to enter a
5 timely plea, withdraws her plea, or tries to withdraw her plea, this plea agreement is voidable at the
6 option of the government. If the government elects to void the agreement based on the defendant's
7 violation, the government will no longer be bound by its representations to the defendant concerning the
8 limits on criminal prosecution and sentencing as set forth herein. A defendant violates the plea
9 agreement by committing any crime or providing or procuring any statement or testimony which is
10 knowingly false, misleading, or materially incomplete in any litigation or sentencing process in this
11 case, or engages in any post-plea conduct constituting obstruction of justice. Varying from stipulated
12 Guidelines application or agreements regarding arguments as to 18 United States Code section 3553, as
13 set forth in this agreement, personally or through counsel, also constitutes a violation of the plea
14 agreement. The government also shall have the right (1) to prosecute the defendant on any of the counts
15 to which she pleaded guilty; (2) to reinstate any counts that may be dismissed pursuant to this plea
16 agreement; and (3) to file any new charges that would otherwise be barred by this plea agreement. The
17 defendant shall thereafter be subject to prosecution for any federal criminal violation of which the
18 government has knowledge. The decision to pursue any or all of these options is solely in the discretion
19 of the United States Attorney's Office.

20 By signing this plea agreement, the defendant agrees to waive any objections, motions, and
21 defenses that the defendant might have to the government's decision. Any prosecutions that are not
22 time-barred by the applicable statute of limitations as of the date of this plea agreement may be
23 commenced in accordance with this paragraph, notwithstanding the expiration of the statute of
24 limitations between the signing of this plea agreement and the commencement of any such prosecutions.
25 The defendant agrees not to raise any objections based on the passage of time with respect to such
26 counts including, but not limited to, any statutes of limitation or any objections based on the Speedy
27 Trial Act or the Speedy Trial Clause of the Sixth Amendment to any counts that were not time-barred as
28 of the date of this plea agreement. The determination of whether the defendant has violated the plea

1 agreement will be under a probable cause standard.

2 In addition, (1) all statements made by the defendant to the government or other designated law
3 enforcement agents, or any testimony given by the defendant before a grand jury or other tribunal,
4 whether before or after this plea agreement, shall be admissible in evidence in any criminal, civil, or
5 administrative proceedings hereafter brought against the defendant; and (2) the defendant shall assert no
6 claim under the United States Constitution, any statute, Rule 11(f) of the Federal Rules of Criminal
7 Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule, that statements made by
8 the defendant before or after this plea agreement, or any leads derived therefrom, should be suppressed.
9 By signing this plea agreement, the defendant waives any and all rights in the foregoing respects.

10 **F. Asset Disclosure.**

11 The defendant agrees to make a full and complete disclosure of her assets and financial
12 condition, and will complete the United States Attorney's Office's "Authorization to Release
13 Information" and "Financial Affidavit" within five (5) weeks from the entry of the defendant's change
14 of plea, including supporting documentation. The defendant also agrees to have the Court enter an order
15 to that effect. The defendant understands that if she fails to complete truthfully and provide the
16 described documentation to the United States Attorney's office within the allotted time, she will be
17 considered in violation of the agreement, and the government shall be entitled to the remedies set forth
18 in section II.E above, above.

19 **G. Agreement to Cooperate.**

20 The defendant agrees to cooperate fully with the government and any other federal, state, or local
21 law enforcement agency, as directed by the government. As used in this plea agreement, "cooperation"
22 requires the defendant: (1) to respond truthfully and completely to all questions, whether in interviews,
23 in correspondence, telephone conversations, before a grand jury, or at any trial or other court
24 proceeding; (2) to attend all meetings, grand jury sessions, trials, and other proceedings at which the
25 defendant's presence is requested by the government or compelled by subpoena or court order; (3) to
26 produce voluntarily any and all documents, records, or other tangible evidence requested by the
27 government; (4) not to participate in any criminal activity while cooperating with the government; and
28 (5) to disclose to the government the existence and status of all money, property, or assets, of any kind,

1 derived from or acquired as a result of, or used to facilitate the commission of, the defendant's illegal
2 activities or the illegal activities of any conspirators.

3 **III. THE GOVERNMENT'S OBLIGATIONS**

4 **A. Dismissals/Other Charges.**

5 The government agrees not to bring any other charges against the defendant arising from the
6 conduct outlined in the Factual Basis attached hereto as Exhibit A, except if this agreement is voided as
7 set forth herein, or as provided in paragraphs II.E (Violation of Plea Agreement by
8 Defendant/Withdrawal of Plea(s)), III.B.3 (Reduction of Sentence for Cooperation), VI.B (Stipulated
9 Guideline Calculation), and VII.B (Waiver of Appeal and Collateral Attack) herein.

10 **B. Recommendations.**

11 1. Incarceration Range.

12 The government will recommend that the defendant be sentenced at or below the low end of the
13 applicable guideline range as determined by the Court.

14 2. Acceptance of Responsibility.

15 The government will recommend a two-level reduction (if the offense level is less than 16) or a
16 three-level reduction (if the offense level reaches 16) in the computation of her offense level if the
17 defendant clearly demonstrates acceptance of responsibility for her conduct as defined in U.S.S.G. §
18 3E1.1. This includes the defendant meeting with and assisting the probation officer in the preparation of
19 the pre-sentence report, being truthful and candid with the probation officer, and not otherwise engaging
20 in conduct that constitutes obstruction of justice within the meaning of U.S.S.G. § 3C1.1, either in the
21 preparation of the pre-sentence report or during the sentencing proceeding.

22 3. Reduction of Sentence for Cooperation.

23 The government agrees to recommend at the time of sentencing that the defendant's sentence of
24 imprisonment be reduced by up to 50% of the applicable guideline sentence if she provides substantial
25 assistance to the government, pursuant to U.S.S.G. § 5K1.1. The defendant understands that she must
26 comply with paragraphs II.G and not violate this plea agreement as set forth in paragraph II.E herein.
27 The defendant understands that it is within the sole and exclusive discretion of the government to
28 determine whether the defendant has provided substantial assistance.

1 The defendant understands that the government may recommend a reduction in her sentence of
2 less than 50% or no reduction at all; depending upon the level of assistance the government determines
3 that the defendant has provided.

4 The defendant further understands that a motion pursuant to U.S.S.G. § 5K1.1 is only a
5 recommendation and is not binding on the Court, that this plea agreement confers no right upon the
6 defendant to require that the government make a § 5K1.1 motion, and that this plea agreement confers
7 no remedy upon the defendant in the event that the government declines to make a § 5K1.1 motion. In
8 particular, the defendant agrees not to try to file a motion to withdraw her guilty plea(s) based on the fact
9 that the government decides not to recommend a sentence reduction or recommends a sentence
10 reduction less than the defendant thinks is appropriate.

11 If the government determines that the defendant has provided further cooperation within one
12 year following sentencing, the government may move for a further reduction of her sentence pursuant to
13 Rule 35 of the Federal Rules of Criminal Procedure.

14 **C. Use of Information for Sentencing.**

15 The government is free to provide full and accurate information to the Court and Probation,
16 including answering any inquiries made by the Court and/or Probation and rebutting any inaccurate
17 statements or arguments by the defendant, her attorney, Probation, or the Court. The defendant also
18 understands and agrees that nothing in this Plea Agreement bars the government from defending on
19 appeal or collateral review any sentence that the Court may impose.

20 **IV. ELEMENTS OF THE OFFENSE**

21 At a trial, the government would have to prove beyond a reasonable doubt the following
22 elements of the offense(s) to which the defendant is pleading guilty, 18 U.S.C. § 1343 – Wire fraud:
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1. The defendant knowingly participated in a scheme or plan to defraud, or a scheme or plan for obtaining money or property by means of false or fraudulent pretenses, representations, or promises;

2. The statements made as part of the scheme were material; that is, they had a natural tendency to influence, or were capable of influencing, a person to part with money or property;

3. The defendant acted with the intent to defraud; that is, the intent to deceive and cheat; and

4. The defendant used, or caused to be used, an interstate wire communication to carry out or attempt to carry out an essential part of the scheme.

The defendant fully understands the nature and elements of the crime charged in the information to which she is pleading guilty, together with the possible defenses thereto, and has discussed them with her attorney.

V. MAXIMUM SENTENCE

A. Maximum Penalty.

The maximum sentence that the Court can impose is 20 years of incarceration, a fine of \$250,000, or twice the gross gain or gross loss, whichever is greater, a 3 year period of supervised release and a special assessment of \$100. By signing this plea agreement, the defendant also agrees that the Court can order the payment of restitution for the full loss caused by the defendant's wrongful conduct. The defendant agrees that the restitution order is not restricted to the amounts alleged in the specific count(s) to which she is pleading guilty. The defendant further agrees, as noted above, that she will not attempt to discharge in any present or future bankruptcy proceeding any restitution imposed by the Court.

B. Violations of Supervised Release.

The defendant understands that if she violates a condition of supervised release at any time during the term of supervised release, the Court may revoke the term of supervised release and require the defendant to serve up to 2 additional years imprisonment.

VI. SENTENCING DETERMINATION

A. Statutory Authority.

The defendant understands that the Court must consult the Federal Sentencing Guidelines and must take them into account when determining a final sentence. The defendant understands that the

1 Court will determine a non-binding and advisory guideline sentencing range for this case pursuant to the
 2 Sentencing Guidelines and must take them into account when determining a final sentence. The
 3 defendant further understands that the Court will consider whether there is a basis for departure from the
 4 guideline sentencing range (either above or below the guideline sentencing range) because there exists
 5 an aggravating or mitigating circumstance of a kind, or to a degree, not adequately taken into
 6 consideration by the Sentencing Commission in formulating the Guidelines. The defendant further
 7 understands that the Court, after consultation and consideration of the Sentencing Guidelines, must
 8 impose a sentence that is reasonable in light of the factors set forth in 18 U.S.C. § 3553(a).

9 **B. Stipulations Affecting Guideline Calculation:**

10 The government and the defendant agree that there is no material dispute as to the following
 11 sentencing guidelines variables and therefore stipulate to the following:

12 1. **Base Offense Level:** The base offense level for the charge to which the defendant is
 13 pleading guilty is 7. *See* U.S.S.G. § 2B1.1(a)(1).

14 2. **Specific Offense Characteristics:**

15 a. Sixteen levels are added (+16) because the loss attributable to the defendant and within
 16 the scope of her knowing involvement exceeded \$1,500,000 (total loss of approximately
 \$2.7 million). U.S.S.G. § 2B1.1(b)(1)(I).

17 b. Two levels are added (+2) because the offense involved sophisticated means and the
 18 defendant intentionally engaged in or caused the conduct constituting sophisticated means.
 U.S.S.G. § 2B1.1(b)(10)(C).

19 c. Two levels are added (+2) because the offense involved the trafficking of unauthorized
 20 access devices. U.S.S.G. § 2B1.1(b)(11)(B).

21 3. **Preliminary Offense Level:** the parties anticipate that the preliminary offense level will
 be 27.

22 4. **Chapter Three Adjustments:**

23 a. Four levels are added (+4) because the defendant was an organizer and
 24 leader of a criminal activity that involved five or more participants. U.S.S.G.
 § 3B1.1(a).

25 b. Two levels are added (+2) because the defendant abused a position of trust
 26 in a manner that significantly facilitated the commission or concealment of the
 offense. U.S.S.G. § 3B1.3.

27 5. **Adjusted Offense Level:** The parties anticipate that the adjusted offense level will be
 33.

28 6. **Acceptance of Responsibility:** See paragraph III.B.2 above

1 7. **Criminal History:** The parties estimate, but do not stipulate, that the defendant's
2 criminal history category will be I.

3 8. **Sentencing Range:** The parties estimate, but do not stipulate, that the defendant's
4 sentencing range will be **97-121 months**. (The defendant understands that if the criminal history
5 category differs from the parties' estimate, and/or of the Court does not accept one or more of the
6 Guidelines stipulations above, her Guidelines sentencing range may differ from that set forth
7 here.)

8 9. **Departures or Other Enhancements or Reductions:**

9 The parties agree that they will not seek or argue in support of any other specific offense
10 characteristics, Chapter Three adjustments (other than the decrease for "Acceptance of Responsibility"),
11 departures, or cross-references, except that the government may move for a departure or an adjustment
12 based on the defendant's cooperation (§5K1.1) or post-plea obstruction of justice (§3C1.1).

13 The defendant is free to recommend to the Court whatever sentence she believes is appropriate
14 under 18 U.S.C. § 3553(a). The government is not obligated to recommend any specific sentence but
15 may not recommend a sentence above the low end of the guideline range as determined by the Court.

16 **VII. WAIVERS**

17 **A. Waiver of Constitutional Rights.**

18 The defendant understands that by pleading guilty she is waiving the following constitutional
19 rights: (a) to plead not guilty and to persist in that plea if already made; (b) to be tried by a jury; (c) to
20 be assisted at trial by an attorney, who would be appointed if necessary; (d) to pursue any affirmative
21 defenses, Fourth Amendment or Fifth Amendment claims, constitutional challenges to the statutes of
22 conviction, and other pretrial motions that have been filed or could be filed; (e) to subpoena witnesses to
23 testify on her behalf; (f) to confront and cross-examine witnesses against her; and (g) not to be
24 compelled to incriminate herself.

25 **B. Waiver of Appeal and Collateral Attack.**

26 The defendant understands that the law gives the defendant a right to appeal her guilty plea,
27 conviction, and sentence. The defendant agrees as part of her plea(s), however, to give up the right to
28 appeal the guilty plea, conviction, and the sentence imposed in this case as long as the sentence does not
exceed [the statutory maximum(s) for the offense(s) to which she is pleading guilty] [or] [- months].
The defendant understands that this waiver includes, but is not limited to, any and all constitutional

1 and/or legal challenges to the defendant's conviction and guilty plea, including arguments that the
2 statutes to which defendant is pleading guilty are unconstitutional, and any and all claims that the
3 statement of facts attached to this agreement is insufficient to support the defendant's plea of guilty.
4 The defendant specifically gives up the right to appeal any order of restitution the Court may impose.

5 Notwithstanding the defendant's waiver of appeal, the defendant will retain the right to appeal if
6 one of the following circumstances occurs: (1) the sentence imposed by the District Court exceeds the
7 statutory maximum; and/or (2) the government appeals the sentence in the case. The defendant
8 understands that these circumstances occur infrequently and that in almost all cases this Agreement
9 constitutes a complete waiver of all appellate rights.

10 In addition, regardless of the sentence the defendant receives, the defendant also gives up any
11 right to bring a collateral attack, including a motion under 28 U.S.C. § 2255 or § 2241, challenging any
12 aspect of the guilty plea, conviction, or sentence, except for non-waivable claims.

13 Notwithstanding the government's agreements in paragraph III.A above, if the defendant ever
14 attempts to vacate her plea(s), dismiss the underlying charges, or modify or set aside her sentence on any
15 of the counts to which she is pleading guilty, the government shall have the rights set forth in Section
16 II.E herein.

17 **C. Waiver of Attorneys' Fees and Costs.**

18 The defendant agrees to waive all rights under the "Hyde Amendment," Section 617, P.L. 105-
19 119 (Nov. 26, 1997), to recover attorneys' fees or other litigation expenses in connection with the
20 investigation and prosecution of all charges in the above-captioned matter and of any related allegations
21 (including without limitation any charges to be dismissed pursuant to this plea agreement and any
22 charges previously dismissed).

23 **D. Impact of Plea on Defendant's Immigration Status.**

24 Defendant recognizes that pleading guilty may have consequences with respect to her
25 immigration status if she is not a citizen of the United States. Under federal law, a broad range of
26 crimes are removable offenses, including offense(s) to which the defendant is pleading guilty. The
27 defendant and her counsel have discussed the fact that the charge to which the defendant is pleading
28 guilty is an aggravated felony, or a crime that is likely to be determined to be an aggravated felony under

8 USC § 1101(a)(43), and that while there may be arguments that defendant can raise in immigration proceedings to avoid or delay removal, it is virtually certain that defendant will be removed if she is not a citizen of the United States. Removal and other immigration consequences are the subject of a separate proceeding, however, and defendant understands that no one, including her attorney or the district court, can predict to a certainty the effect of her conviction on her immigration status. Defendant nevertheless affirms that she wants to plead guilty regardless of any immigration consequences that her plea may entail, even if the consequence is her automatic removal from the United States.

VIII. ENTIRE PLEA AGREEMENT


Other than this plea agreement, no agreement, understanding, promise, or condition between the government and the defendant exists, nor will such agreement, understanding, promise, or condition exist unless it is committed to writing and signed by the defendant, counsel for the defendant, and counsel for the United States.

IX. APPROVALS AND SIGNATURES

A. Defense Counsel.

I have read this plea agreement and have discussed it fully with my client. The plea agreement accurately and completely sets forth the entirety of the agreement. I concur in my client's decision to plead guilty as set forth in this plea agreement.

Dated: 2/11/21


 JONATHAN M. LYNN
 Attorney for Defendant

1 **B. Defendant:**

2 I have read this plea agreement and carefully reviewed every part of it with my attorney. I
3 understand it, and I voluntarily agree to it. Further, I have consulted with my attorney and fully
4 understand my rights with respect to the provisions of the Sentencing Guidelines that may apply to my
5 case. No other promises or inducements have been made to me, other than those contained in this plea
6 agreement. In addition, no one has threatened or forced me in any way to enter into this plea agreement.
7 Finally, I am satisfied with the representation of my attorney in this case.

8 Dated: 02/01/2021

Schenelle Flores

9
10 SCHENELLE M. FLORES
Defendant

11 **C. Attorney for United States:**

12 I accept and agree to this plea agreement on behalf of the government.

13 Dated: February 1, 2021

14 MCGREGOR W. SCOTT
United States Attorney

15 *Miriam Hinnman*

16 MIRIAM R. HINMAN
17 CHRISTOPHER S. HALES
18 Assistant United States Attorneys
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EXHIBIT "A"

Factual Basis for Plea(s)

A. The Scheme

Between about December 2017 and November 2018, Schenelle Flores used her employment at the Office of AIDS (OA), within the California Department of Public Health (CDPH), to coordinate a fraud scheme to divert money from that office. The scheme involved directing a state contractor, CORPORATION 1, to make payments allegedly on behalf of the Office of AIDS, and having CORPORATION 1 charge those payments to the state pursuant to a contract between CORPORATION 1 and CDPH. Flores caused CORPORATION 1 to pay for personal expenses on its debit cards, order gift cards for personal use, and pay invoices to shell companies linked to her family and friends. The total loss attributable to this scheme was at least approximately \$2.7 million.

B. The Office of AIDS and Contract with CORPORATION 1

The Office of AIDS at the California Department of Public Health is responsible for working on behalf of the State of California to combat the HIV and AIDS epidemic, including providing supplies and services to local health jurisdictions. The Office of AIDS supports various programs aimed at preventing HIV infection in high-risk populations, as well as programs providing services to infected individuals. During the period of this scheme, CDPH had a contract with CORPORATION 1 to provide services to the Office of AIDS. Pursuant to the contract, CORPORATION 1 was supposed to distribute condoms and other harm reduction supplies. OA also used the contract as a clearinghouse contract, under which CORPORATION 1 would receive state funding to pay invoices to other contractors. The State of California paid CORPORATION 1 from the Federal Trust Fund.

Schenelle Flores was employed as a manager in the Office of AIDS in Sacramento, California. Flores was the primary contact for CORPORATION 1 within the Office of AIDS. Flores provided direction to CORPORATION 1 about the activities that it should perform and the expenses that it should incur pursuant to the state contract. Individual 6 was employed as an analyst in the Office of AIDS. Individual 6 provided administrative support for the contract with CORPORATION 1 and engaged in frequent communications with its representatives. Individual 4 and Individual 5 were executives of CORPORATION 1, which operated in Coarsegold and then Fresno, California.

C. Personal Debit Card Use

Between approximately February 2018 and November 2018, Flores used debit cards belonging to CORPORATION 1 for a variety of personal purchases. Email messages show that Individual 5 gave Flores his CORPORATION 1 debit card information so that OA could use CORPORATION 1 as a clearinghouse for purchases. Email messages also show that Flores shared the debit card information with Individual 1. Flores, Individual 1, Individual 6, and others obtained at least \$459,000 worth of items and cash for personal use with the debit cards for CORPORATION 1. Flores incurred the vast majority of these expenses. Among the personal expenses that Flores incurred were season tickets to the Sacramento Kings, suite rentals for the San Francisco Giants, a luxury suite rental for the Oakland Raiders, a boat cruise rental for Flores's daughter's birthday party, parties at restaurants, tickets to see Jennifer Lopez, tickets to Disneyland, airplane tickets and other vacation expenses, 24Hour Fitness memberships, and Venmo and Square payments to herself and her family members.

Despite their knowledge of the personal nature of many of Flores's purchases, Individual 4 and Individual 5 charged them to the state contract. Flores emailed spreadsheets to Individual 4 and Individual 5, confirming that the personal transactions should be designated as expenses under the contract for services to the Office of AIDS.

D. Payments to Shell Companies

Between approximately March 2018 and November 2018, Flores also directed CORPORATION 1, through Individual 4 and Individual 5, to make payments to companies associated with her family and friends, based on false invoices claiming that the companies were doing work for the Office of AIDS. The false invoices that Flores submitted resulted in at least \$1,476,000 in payments to the shell companies. CORPORATION 1 charged those payments to the state contract.

Individual 2, a former employee of the Office of AIDS, set up SOLE PROPRIETORSHIP 1. Flores coordinated with Individual 2 to submit invoices to CORPORATION 1, which falsely claimed that SOLE PROPRIETORSHIP 1 was providing various consulting and meeting facilitation services to the Office of AIDS. The invoices also falsely claimed to be from a "Patricia Roberts," when in fact there was no person named Patricia Roberts associated with SOLE PROPRIETORSHIP 1. The invoices directed CORPORATION 1 to make payments to a bank account for SOLE PROPRIETORSHIP 1 that was controlled by Individual 2. The bank account controlled by Individual 2 received a total of \$450,000 from CORPORATION 1 as a result of the false invoices that were submitted.

Flores coordinated with Individual 1 and Individual 3 to set up SOLE PROPRIETORSHIP 2 and submit invoices to CORPORATION 1 that falsely claimed SOLE PROPRIETORSHIP 2 was providing various website and information technology services to the Office of AIDS. Among other things, the invoices claimed that SOLE PROPRIETORSHIP 2 was doing work on the website PleasePrEPMe.Org, an online resource intended to help individuals stay HIV negative, when in fact no work was done on that website by SOLE PROPRIETORSHIP 2, Individual 1, or Individual 3. The invoices also falsely claimed to be from a "John Burke," when in fact there was no person named John Burke associated with SOLE PROPRIETORSHIP 2. The invoices directed CORPORATION 1 to make payments to a bank account for SOLE PROPRIETORSHIP 2 that was controlled by Individual 3. The bank account controlled by Individual 3 received a total of \$994,400 as a result of the false invoices that were submitted. Individual 1 endorsed checks from SOLE PROPRIETORSHIP 2 that listed website and information technology services, when Individual 1 knew that he had not provided those services. Individual 1 and an entity under his control received a total of \$577,000 in checks from SOLE PROPRIETORSHIP 2, and many of the checks were deposited into bank accounts under the control of Individual 1 and Flores.

E. Gift Card Orders

In addition, between approximately December 2017 and August 2018, Flores directed CORPORATION 1 to order large batches of Visa gift cards that she falsely represented were for Office of AIDS programs, such as for patient incentives, when in fact they were for personal use by Flores, Individual 1, and their family and friends. On several occasions, Flores directed CORPORATION 1 to provide the gift cards to Individual 1. Text messages show that Individual 1 urged Flores to obtain the gift cards from CORPORATION 1, picked up batches of the gift cards from CORPORATION 1, and coordinated with Flores to distribute some of the gift cards to family and friends. Flores and Individual 1 obtained at least 1,250 \$100 gift cards from CORPORATION 1 for personal use. CORPORATION 1 charged these gift card orders to the state contract.

F. Invoices to the State of California and Total Loss

Individual 4 submitted invoices to the Office of AIDS for amounts allegedly owed to CORPORATION 1. The invoices falsely claimed and promised that the total expense amounts listed were for HIV prevention services and that the amounts were owed to CORPORATION 1 pursuant to the contract for services to the Office of AIDS. As described above, Individual 4 and Individual 5 were actually charging numerous personal expenses for Flores and others to the state contract, including expenses that Individual 4 and Individual 5 knew were Flores's personal expenses. Flores and Individual 6 repeatedly processed the invoices from CORPORATION 1, and Flores repeatedly signed her approval of payment, despite Flores's knowledge that a substantial part of the requested state

1 funding was actually being used for her personal purposes. Based on the false invoices, the State of
2 California paid CORPORATION 1 from the Federal Trust Fund.

3 The total loss from the scheme that Flores organized was at least approximately \$2.7 million.
4 For the debit card part of the scheme, the loss from payments other than gift card purchases was at least
5 \$409,000. Flores and the other participants also used the debit cards to purchase at least 370 gift cards,
6 for a loss of \$185,000, calculated as \$500 per unauthorized access device. For the shell company part of
7 the scheme, the loss was at least \$1,476,000. For the Visa gift card part of the scheme, the loss was at
8 least \$625,000, calculated as \$500 per unauthorized access device.

9 **G. Interstate Wires**

10 Executing the scheme involved numerous interstate wire communications, including wires of
11 money and wire transmissions required for other monetary transactions, such as deposits of checks.
12 Flores requested wire transfers and received wire transfer confirmations from CORPORATION 1. With
13 respect to the count charged in the information, Flores requested that CORPORATION 1 pay \$309,400
14 to SOLE PROPRIETORSHIP 2 based on an invoice listing false hours of work that had allegedly been
15 provided. On November 9, 2018, \$309,400 was wired from CORPORATION 1's J.P. Morgan Chase
16 bank account ending #2567 to SOLE PROPRIETORSHIP 2's Wells Fargo bank account ending #2406.
17 The wire was an interstate wire operated by the FedWire service, using servers in both New Jersey and
18 Texas. From SOLE PROPRIETORSHIP 2's bank account, \$290,000 in checks were subsequently
19 deposited in an account controlled by Individual 1. Flores, Individual 1, and Individual 3 all knew that
20 the \$309,400 was ostensibly for services provided by SOLE PROPRIETORSHIP 2 but that in fact
21 SOLE PROPRIETORSHIP 2 had provided no services to the Office of AIDS or CORPORATION 1.

22 *****

23 I, Schenelle Flores, have carefully reviewed the above Exhibit A: Factual Basis for Plea with my
24 attorney. As far as my own conduct is concerned, the facts described above are true, and I adopt this
25 Factual Basis for Plea as my own true statement.

26 Dated: 02/01/2021

27 Schenelle Flores

28 SCHENELLE FLORES, Defendant