

PUBLICATION OF REDACTED VERSION
OF THE OEIG FOR THE AGENCIES UNDER THE GOVERNOR
INVESTIGATIVE REPORT

Case Number: 23-00112

Subject(s): Terrell Stovall, Jr.

Below is the redacted version of an investigative summary report issued by the Executive Inspector General for the Agencies of the Illinois Governor. Pursuant to section 20-50 of the State Officials and Employees Ethics Act (Act) (5 ILCS 430/20-50), a summary report of an investigation is required to be issued by an executive inspector general when, and only when, at the conclusion of investigation, the executive inspector general determines reasonable cause exists to believe a violation has occurred. If a complaint is not to be filed with the Executive Ethics Commission (Commission) for adjudication of the alleged violation, the Act further requires the executive inspector general to deliver to the Commission a statement setting forth the basis for the decision not to file a complaint and a copy of the summary report of the investigation and of the response from the ultimate jurisdictional authority or agency head regarding the summary report. 5 ILCS 430/20-50(c-5). The Act requires that some summary reports be made available to the public and authorizes the Commission to make others available. 5 ILCS 430/20-52. Before making them available, however, the Commission is to redact from them information that may reveal the identity of witnesses, complainants, or informants and may redact “any other information it believes should not be made public.” 5 ILCS 430/20-52(b).

Some summary reports delivered to the Commission may contain a mix of information relating to allegations with respect to which the executive inspector general did and did not determine reasonable cause existed to believe a violation occurred. In those situations, the Commission may redact information relating to those allegations with respect to which the existence of reasonable cause was not determined.

The Commission exercises its publication responsibility with great caution and seeks to balance the sometimes-competing interests of transparency and fairness to the accused and others uninvolved. To balance these interests, the Commission has redacted certain information contained in this report and identified where said redactions have taken place and inserted clarifying edits as marked. Publication of a summary report of an investigation, whether redacted or not, is made

with the understanding that the subject or subjects of the investigation may not have had the opportunity to rebut the report's factual allegations or legal conclusions before issuance of the report. Moreover, there has not been, nor will there be, an opportunity for the subject to contest or adjudicate them before the Commission. The subject merely has the opportunity to submit a response for publication with the report.

The Commission received this report and a response from the ultimate jurisdictional authority and/or agency in this matter from the Agencies of the Illinois Governor Office of Executive Inspector General ("OEIG"). The Commission, pursuant to 5 ILCS 430/20-52, redacted the OEIG's final report and responses and mailed copies of the redacted version and responses to the Attorney General, the Executive Inspector General for the Agencies of the Illinois Governor, and each subject.

The Commission reviewed all suggestions received and makes this document available pursuant to 5 ILCS 430/20-52. By publishing the below redacted summary report, the Commission neither makes nor adopts any determination of fact or conclusions of law for or against any individual or entity referenced therein.

– THE REDACTED VERSION OF THE EIG'S SUMMARY REPORT
BEGINS ON THE NEXT PAGE –

I. INTRODUCTION

Based on finding evidence of a State employee fraudulently obtaining a federal Paycheck Protection Program (PPP) loan, the OEIG conducted a larger review to determine whether State employees properly obtained PPP loans and provided notice of secondary employment. Due to the large volume of PPP loans obtained by State employees, the OEIG narrowed its review based on certain factors including those State employees who received approximately \$20,000 or more in PPP loan funds.¹

The OEIG self-initiated this investigation regarding a \$20,832 PPP loan obtained by Terrell Stovall, Jr. while employed at the Illinois Department of Human Services (DHS). During his interview with the OEIG, Mr. Stovall ultimately admitted that he submitted a PPP loan application containing false information.

II. BACKGROUND

Mr. Stovall began working for the State in March 2019 at DHS as a Mental Health Technician Trainee and promoted to be a Mental Health Technician I in January 2020.

The PPP was created by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the Small Business Administration (SBA) to provide relief to small businesses affected by the COVID-19 pandemic. PPP loans were made to eligible businesses, which included sole proprietorships and self-employed individuals, for qualifying payroll costs and business operating expenses such as insurance, rent, and utilities.² To apply for the loan, a sole proprietor or self-employed individual needed to submit certain tax filings or other payroll documentation to an SBA-approved lender, establishing their eligibility and demonstrating the qualifying payroll amount, which as of March 2021 could be based on “gross income” reported on an IRS Form 1040, Schedule C.³ PPP loans were eligible for forgiveness by the SBA if used on qualifying expenses and if at least 60% was used for payroll costs.⁴

III. INVESTIGATION

A. PPP Records for Mr. Stovall

The OEIG located public records from the SBA showing that Mr. Stovall received a \$20,832 PPP loan on April 8, 2021 for a sole proprietorship. The OEIG subpoenaed loan documents from the lender, which included a loan application for “Schedule C Filers,” signed in Mr. Stovall’s name and dated March 30, 2021. The “Sole proprietor” box was checked, the Business Legal Name was “Terrell Stovall,” the Doing Business As or Tradename was “Rells Auto

¹ From the OEIG’s review, in order to be eligible for at least \$20,000 in loan proceeds, the small business typically had approximately \$100,000 or more in yearly net profit or gross income. The OEIG will be referring to the Ultimate Jurisdictional Authority those State employees who obtained PPP loans in smaller amounts or were not investigated for other logistical reasons.

² 15 U.S.C. § 636(a)(36); SBA Interim Final Rule, 85 FR 20811 (Apr. 15, 2020).

³ SBA Interim Final Rule, 86 FR 13149 (Mar. 8, 2021) (expanded definition of “payroll costs” for sole proprietors).

⁴ *See id.*; 15 U.S.C. § 636(m).

Suddz” with establishment year 2018, and the business was categorized under a code for “Car Washes.” Mr. Stovall was identified as the sole employee. Boxes checked under “Purpose of the loan” were for payroll costs, rent/mortgage interest, utilities, covered operations expenditures, and other. The form contained various certifications, all reflecting the initials “TS,” which included a statement that the applicant “was in operation on February 15, 2020...and was either an eligible self-employed individual, independent contractor, or sole proprietorship with no employees...”; a statement that the funds would be used as authorized by PPP rules; and a statement that information provided in the application and supporting documentation was “true and accurate in all material respects.” On the application, the gross income from tax year 2019 from the “IRS Form 1040, Schedule C, line 7” was identified as \$110,000. That figure was used to calculate the loan amount of \$20,832 (intended to cover a period up to 2.5 months). Although the loan application listed gross income for 2019 as \$110,000, the application documents included a 2020 Schedule C Profit or Loss From Business form (Schedule C) listing Mr. Stovall as the proprietor and his principal business as “Car wash” that also reflects a gross income in the amount of \$110,000.

Other documents were submitted related to the loan, which included:

- a bank statement for January 23 through February 21, 2020, in Mr. Stovall’s name; and
- a copy of Mr. Stovall’s Illinois driver’s license.

A “Note” was dated April 8, 2021, and contained an electronic signature in Mr. Stovall’s name for a loan in the amount of \$20,832. A PPP loan forgiveness application was dated October 8, 2021, and contained an electronic signature consisting of the initials “TS” and the printed name “Terrell Stovall,” indicating the amount of the loan spent on payroll costs was \$20,832 and requesting forgiveness of the full amount of \$20,832. The loan forgiveness application included certifications that the borrower had complied with all requirements, including those related to eligible use of PPP loan proceeds, and that the information provided in the application was “true and correct in all material respects.” An SBA document, dated October 13, 2021, stated that the loan had been forgiven in full.

B. DHS Secondary Employment Information

The OEIG also reviewed the DHS personnel file for Mr. Stovall, for any documents related to his secondary employment. At the time the OEIG reviewed Mr. Stovall’s personnel file, it included a single DHS Report of Secondary Employment form, dated March 1, 2019, reflecting that Mr. Stovall reported not having secondary employment, including self-employment.

C. Online Research of Mr. Terrell and Rells Auto Suddz

The OEIG reviewed the Illinois Secretary of State corporate records for businesses in good standing and was unable to locate any businesses in the name of Rells Auto Suddz or Mr. Stovall. The OEIG also conducted an internet search using the search engine “Google” for Rells Auto Suddz and Mr. Stovall, as well as Mr. Stovall’s home address, email addresses, and phone number and did not locate any businesses under these searches.

D. Mr. Stovall's OEIG Interview

On January 30, 2023, the OEIG interviewed Mr. Stovall. Mr. Stovall said that in 2018 he started an auto detailing business called Rells Auto Suddz out of his home, but he did not have any customers or make any money so he closed the business in March 2022. Mr. Stovall stated that because he never had any customers, he did not have any business records for his business, and he only advertised his business by posting on social media and sending out text messages. Mr. Stovall showed the OEIG photos on his phone of a handwritten price list that he said listed the various prices and services for the business. Mr. Stovall said that he did not report Rells Auto Suddz to DHS as secondary employment, because he did not know he needed to do so and because the business did not make any money.

Mr. Stovall said that he applied for the PPP loan and completed the application documents himself, including the Schedule C form. When shown the PPP loan application dated March 30, 2021, Mr. Stovall confirmed his signature and initials on the document. When asked why he listed on the application that the gross income of Rells Auto Suddz was \$110,000, Mr. Stovall stated, "I just randomly put it in to see what I could get; I wanted to try my business again and wanted to go mobile with it." Mr. Stovall then agreed that it was fair to say that listing the gross income of the business as \$110,000 was a false statement. Mr. Stovall stated that his reporting of \$3,000 in advertising expenses on the Schedule C form was a mistake because he did not pay to advertise and thought that the amount of \$7,800 listed for supplies was self-generated on the form because supplies do not cost that much. Mr. Stovall also said that he did not recall coming up with the tentative profit of \$92,500 that is listed on the Schedule C form and admitted that he did not pay income taxes on \$92,500 and did not submit the form with his income tax return.

Mr. Stovall confirmed that he received the PPP loan in the amount of \$20,832 and it was deposited in his personal bank account. Mr. Stovall said that he used the PPP loan money to purchase business supplies, to fix both of his vehicles, and he gave his grandmother money for utilities since he runs the business out of her house where he lives.

When shown the PPP Loan Forgiveness application for his loan, Mr. Stovall said that he recognized the document and that he placed his initials on the documents affirming that the information in the document was true and correct. Mr. Stovall said that as far as he could remember, his PPP loan was not forgiven and he had made payments on the loan when he could. However, Mr. Stovall then showed the OEIG an email on his phone dated January 19 (no year visible) from the SBA reflecting that his deferment period was ending on a loan issued under a different SBA program, the SBA COVID-19 Economic Injury Disaster Loan program.⁵

IV. ANALYSIS

The DHS Rules of Employee Conduct state that an employee's "conduct while off-duty may subject the Employee to discipline up to and including discharge" when the conduct raises

⁵ The SBA COVID-19 Economic Injury Disaster Loan program provides funding for working capital and other normal operating expenses for small businesses. <https://www.sba.gov/funding-programs/loans/covid-19-relief-options/eidl> (last visited Mar. 7, 2023).

“reasonable doubt concerning the Employee’s suitability for continued state employment.”⁶ In addition, the State of Illinois Code of Personal Conduct provides that “A State Employee will conduct himself or herself...with integrity and in a manner that reflects favorably upon the State.”⁷

Mr. Stovall acknowledged that he obtained a PPP loan in 2021 and that he used the proceeds. SBA records reflect that the loan was forgiven in full by the SBA. The information in Mr. Stovall’s loan documentation, however, was false. Mr. Stovall’s loan application listed the 2019 gross income from “Car Washes” in an amount of \$110,000 and his Schedule C listed the 2020 gross income from “Car washes” in an amount of \$110,000, when Mr. Stovall admitted that the alleged business generated no money whatsoever and never had a customer. Additionally, Mr. Stovall further admitted that the expenses listed for advertising and supplies on the Schedule C form were incorrect. While Mr. Stovall claimed to have started Rells Auto Suddz in 2018, he maintained no records for the alleged business other than a handwritten price list, and reported to DHS in March 2019 that he had no secondary employment.

Mr. Stovall admitted that after being approved for the PPP loan, he spent the loan proceeds of \$20,832 in public funds on various things, including fixing his personal vehicles and giving some money to his grandmother for utilities. Mr. Stovall admitted that he initialed the forgiveness application and records show that his loan was forgiven. Thus, Mr. Stovall submitted a loan application with false information, received and spent the loan proceeds in violation of PPP rules, and accepted forgiveness in full by the federal government. Based on the evidence, there is reasonable cause to believe that Mr. Stovall violated DHS and State of Illinois policies on employee conduct.

V. [REDACTED] AND RECOMMENDATIONS

Based on the evidence detailed above, the OEIG has determined **THERE IS REASONABLE CAUSE TO BELIEVE THE FOLLOWING:**

- [REDACTED] – Mr. Stovall obtained a federal PPP loan based on falsified information in violation of DHS and State of Illinois policies on employee conduct.

Regardless of the ease of procuring these PPP funds, this was not free money for the taking. The PPP was a public program set up to provide legitimate small businesses, that met certain criteria, with public funds to assist during the pandemic. Misappropriating public funds is far from being ethical, professional, acting with integrity, or conducting oneself in a manner that reflects favorably upon the State. Accordingly, the OEIG recommends that DHS terminate Mr. Stovall.

Finally, DHS policy requires employees to complete a new Report of Secondary Employment form annually, even if no secondary employment exists. The OEIG, however, did not locate any secondary employment forms on file for Mr. Stovall after the initial one he completed when he was hired in 2019. The OEIG recommends that DHS work with its appropriate staff to ensure that managers are requiring employees to annually complete Reports of Secondary

⁶ DHS Administrative Directive 01.02.03.040.

⁷ Illinois Code of Personal Conduct, Conduct Unbecoming of a State Employee (2017 & March 17, 2021).

Employment forms pursuant to DHS policy. The OEIG also recommends that DHS work on ensuring that those forms are properly maintained.

No further investigative action is necessary, and this matter is considered closed.

Date: March 21, 2023

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JB Pritzker, Governor

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April 7, 2023

Via e-mail to Senior Paralegal Sherry Bult (at [REDACTED]@illinois.gov), on behalf of:

Susan M. Haling

Executive Inspector General

Office of the Executive Inspector General for the Agencies of the Illinois Governor

69 West Washington Street, Suite 3400

Chicago, Illinois 60602

RE: Response to the Final Reports for Complaints [REDACTED]

[REDACTED], 23-00112, [REDACTED], and [REDACTED]

Dear Executive Inspector General Haling:

This letter responds to the Final Reports for the complaints listed above. The Department of Human Services (DHS) is currently reviewing the complaints. Your office will receive an update as these matters move along. If you have any questions, please feel free to contact Robert J. Grindle, DHS' Ethics Officer.

Regards,

/s/ Grace B. Hou by /s/ Robert J. Grindle

Grace B. Hou
Secretary



JB Pritzker, Governor

Dulce M. Quintero, Secretary Designate

Office of the General Counsel

69 W. Washington St. • Ste. 901 • Chicago, IL 60602

February 29, 2024

Via e-mail to Senior Paralegal Sherry Bult (at [REDACTED]@illinois.gov) on behalf of:

Susan M. Haling

Executive Inspector General

Office of the Executive Inspector General for the Agencies of the Illinois Governor

69 West Washington Street, Suite 3400

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RE: Updated Response to the Final Report for Complaint 23-00112

Dear Executive Inspector General Haling:

This letter updates a previous response for the Final Report for Complaint Number 23-00112. That Final Report details one [REDACTED] allegation, regarding the federal Paycheck Protection Program (PPP). It makes three recommendations. These recommendations have been followed.

The Department of Human Services (DHS) initiated the disciplinary process. That process is complete, including resolution of all grievances. The individual remains discharged from State employment. In addition, DHS has recently improved the process for secondary employment form completion, review and maintenance.

With the employee's separation complete and DHS improving the secondary employment form process, DHS considers this matter closed. If you have any questions, please feel free to contact Robert J. Grindle, DHS' Ethics Officer.

Regards,

/s/ Dulce Quintero by /s/ Robert J. Grindle

Dulce Quintero
Secretary-designate