

FOR IMMEDIATE RELEASE

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PRESS RELEASE

Katrina Brown and Reginald Brown, both of whom are respected elected public officials, have fully cooperated with the federal investigation, for the last two years, and provided key evidence to the government that no fraud was committed. Unlike cases where true fraud exists, no one took any money they were not entitled to. All funds were properly invested in the business. Thus, we are surprised to learn that federal prosecutors have elected to file fraud charges regarding an SBA loan that Katrina Brown and her two companies obtained, seven years ago, with great expectations of successfully operating a barbecue sauce manufacturing plant.

Councilwoman Brown was only 30 years old at the time of this loan. The government agrees that she obtained this loan with every intention of operating a successful manufacturing business. Moreover, underwriting experts for SBA, the

City, and the lender bank, reviewed her business plan, and pronounced it sound and viable. As a 30 year old with no prior experience in business, Councilwoman Brown relied on their expertise. Unfortunately, countless unexpected construction, marketing, and manufacturing delays doomed the business. Indeed, the delays were so substantial that she and her companies were required to start making loan repayments some 23 months prior to the manufacturing facility becoming operational. Few businesses can sustain mortgage payments for 23 months, without revenue from the manufacturing operation. Her business fell victim to that reality.

Federal authorities have spent some two years investigating this matter. At all times, Councilwoman Brown and Councilman Brown have fully cooperated with the federal investigation. During that investigation, the government has been made aware of compelling evidence that no fraud was committed. A person operating with fraudulent intent does so to obtain some financial gain for themselves. Quite the opposite is true here. The following factors demonstrate there was no fraud:

1. Councilwoman Brown was only 30 years old when she obtained the loan for her companies – a loan and business model that were fully investigated by professional underwriters for the City, SBA, and the lender.
2. The loan documents contain a “Use of Loan Proceeds” section, that

requires the SBA funds to be spent on equipment, inventory, and working capital (after the purchase of the building). Every penny of the SBA funds were spent on those authorized purposes – which, of course, is the opposite of fraud.

3. Councilwoman Brown and her family invested over \$365,000 of their own funds into efforts to make the operation successful – which, of course, is the opposite of fraud. No person would invest every penny of the loan in the business and \$365,000 of their own money, if they were intending to defraud the SBA.
4. During the five years of efforts to open and operate this manufacturing business, Councilwoman Brown personally received approximately \$3,000 for her efforts. That paltry \$600 per year is further evidence that Councilwoman Brown was absolutely not seeking to defraud SBA.
5. When the business failure became inevitable, due to the unforeseen construction, marketing, and operational delays, Councilwoman Brown continued to assist the SBA, including with the sale of the building, and helped the SBA obtain a \$300,000 gain in the sale of the building.

City Councilman Reggie Brown adamantly denies that he has done anything wrong, much less commit a crime. He was not signatory on any loan document

whatsoever, and merely formed two companies, which were brought into existence in order to implement the worthy goal of getting the businesses up and running. Councilman Reggie Brown has served his country with honor and distinction as a member of the United States Army for over two decades, and has brought that same zeal for public service on behalf of the citizens of Jacksonville during the time he has served on the City Council.

City Councilwoman Katrina Brown and Councilman Reginald Brown are presumed innocent and will remain so throughout the course of these proceedings. They are confident that a jury of their peers will agree that this presumption of innocence was not misplaced and, in fact, was more than a presumption. Their innocence is a reality.

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