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IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,

Plaintiff,

v.

TERRANCE JOHN COX,

Defendant.

CASE NO. 1:22-cr-00214 NODJ-BAM

UNITED STATES' RESPONSE TO
DEFENDANT'S OBJECTIONS; AND
SENTENCING MEMORANDUM

Date: December 15, 2025
Time: 9:00 a.m.
Judge: Hon. Dale A. Drozd

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I. INTRODUCTION

The United States, by and through Eric Grant, United States Attorney, and Jeffrey A. Spivak, Assistant United States Attorney, submits this response to Defendant Terrance John Cox's objections to the presentence investigation report, and its sentencing memorandum in this case. The United States requests the Court deny the Defendant's objections as set forth herein. The United States further requests the Court sentence the Defendant to 41 months of imprisonment, a 2-year term of supervised release, and \$100,000 in restitution. Such sentence is sufficient but greater than necessary to meet the objectives of Section 3553(a).

II. BACKGROUND

Terrence John "TJ" Cox served as a Member of Congress in the United States House of Representatives from January 2019 to January 2021 representing the 21st Congressional District in California. Prior to his joining Congress, Cox worked on multiple business ventures, including three primary businesses¹. Presentence Investigation Report ("PSR") at ¶ 5. First, Cox and two partners operated a company, Central Valley New Markets Tax Credits Fund LLC ("CVNMTC" or the "Tax Credit Company"), that helped local companies obtain financing for development projects utilizing tax credits. PSR ¶ 6. Second, Cox was a partner in an almond processing business, California Custom Processing LLC. PSR ¶ 7. Third, Cox was a co-director of Central Valley Community Sports Foundation ("CVCSF" or the "Sports Foundation"), a nonprofit that operated an outdoor recreation facility in Fresno called Granite Park and an ice skating/hockey rink called Gateway Ice Center.

Many of Cox's dealings overlapped across his business entities. For example, Cox caused the Tax Credit Company to make purported loans to the Almond Processing Company. Cox used the Tax Credit Company's name and assets to guarantee a construction loan to the Sports Foundation. He encouraged one Tax Credit Company client to invest in or purchase the Gateway

¹ In addition to these three businesses, Cox was involved or was previously involved in numerous other business ventures, such as gold mining, self-storage, and a senior living facility. PSR ¶ 5. Several of these ventures struggled financially and involved claims of financial mismanagement by Cox. For example, his senior living facility partners learned that Cox had taken roughly \$30,000 to \$50,000 from the business.

1 Ice Rink from the Sports Foundation. He obtained a fraudulent mortgage loan to purchase a home
2 from one of his business partners in the Almond Processing Company involving a fraudulent lease
3 agreement in the name of an employee of the Sports Foundation's Gateway Ice Center. Cox also
4 solicited and received congressional campaign donations in the name of business associates affiliated
5 with the Tax Credit Company, the Almond Processing Company, and the Sports Foundation.

6 In August 2018, the City of Fresno launched an audit of the Sports Foundation. PSR ¶ 9.
7 The audit identified a "lack of standard operating policies and procedures, financial management,
8 and internal controls." *See* Audit, attached hereto as Exhibit A. The audit identified that Cox had
9 given promissory notes to the Sports Foundation that were backed up by questionable
10 documentation. The audit also learned that Cox had loaned money to the Sports Foundation from the
11 Tax Credit Company, but later had the Sports Foundation pay him back personally. *See* Audit at
12 page 10–12. In one transaction on May 18, 2018, for example, the Sports Foundation received a
13 check for \$50,000 from the Tax Credit Company made as a "loan." PSR ¶ 9. That same day, the
14 Sports Foundation wired \$50,000 to Cox personally noting the payment as "Treasurer – Note
15 Payable." PSR ¶ 9. When the City asked for the reason for the transaction, Cox provided the
16 following nonsensical answer:

17 "There was no income and or expense that occurred on the [profit and loss] and
18 does not pertain to any income and or expense. It is recognized as a balance sheet
19 transaction. Money injected into the nonprofit is recognized as the Corporate
Officer, money taken out is recognized as the Corporate Officer."

20 *See* Audit page 11–12; PSR ¶ 9.

21 The City referred the matter to the Federal Bureau of Investigation, who opened an
22 investigation. PSR ¶ 10. The investigation would later identify the scope of Cox's financial
23 misdeeds.

A. The Tax Credit Company Diversion and Embezzlement Scheme

In approximately 2010, two Central Valley business leaders created Central Valley New Markets Tax Credit Fund, LLC (“CVNMTC” or the “Tax Credit Company”). Cox was brought on as a partner in the venture. The Tax Credit Company was created to operate as a facilitator for real estate development projects in predominately disadvantaged areas that could qualify for federal funding through a US Treasury Department program called the New Markets Tax Credits program. The New Markets Tax Credits program helps economically distressed communities attract private capital by providing investors with a Federal tax credit.² Entities called Community Development Entities (CDEs) help facilitate these transactions. The Tax Credit Company operated as a CDE for the New Markets Tax Credit program. From 2010 to 2019, the Tax Credit Company (as a CDE) helped fund over a dozen local projects, including a movie theater near Fresno State University, multiple health clinics, a downtown Fresno day care center, and the expansion of a community college. *See* PSR ¶ 16.

While the Tax Credit Company helped facilitate the development of projects in the Fresno area, Cox began skimming money from the company. On December 17, 2013, and without the knowledge of his partners, Cox opened an off-the-books bank account at California Bank & Trust (x8631), deceptively titled as MJTJ, LLC “dba CV NMTC Fund.” PSR ¶ 16. By adding that fictitious business name “dba CV NMTC Fund” he was able to divert checks and wire transfers payable to the Tax Credit Company to this off-the-books account that only he controlled and which was unknown to his business partners.

As an example, on/about December 17, 2013, Cox deposited a check from a Tax Credit Company borrower, Biorem 1, made out to the Tax Credit Company for \$40,000, which constituted an earnest money for participation in the NMTC program. Rather than deposit that check into the Tax Credit Company’s legitimate business account, he instead diverted that check to his off-the-books account, and then transferred that money to himself and to another one of his companies, CMSS Management. PSR ¶ 16–17.

² <https://www.cdfifund.gov/sites/cdfi/files/documents/nmtc-fact-sheet-english-16sept2020-final.pdf>

In total he diverted over \$1 million from his partners in the Tax Credit Company business:

Date	Amount	CVNMTC Client
12/17/2013	\$40,000.00	Biorem 1, LLC
05/21/2014	\$30,000.00	The Heritage Campus Pointe Co.
08/04/2014	\$130,000.00	The Heritage Campus Pointe Co.
11/14/2014	\$30,000.00	The Heritage Campus Pointe Co.
12/12/2014	\$97,500.00	Fresno County for West Hills Community College District
12/12/2014	\$10,000.00	Fresno County for West Hills Community College District
05/15/2015	-\$30,000.00	The Heritage Campus Pointe Co.
12/10/2015	\$120,000.00	North Fork Community Power
01/04/2016	\$324,000.00	United Health Centers
01/05/2016	\$72,393.28	Fresno County for West Hills Community College District
03/09/2016	\$30,000.00	North Fork Community Power
09/30/2016	\$20,000.00	The Children's Museum of the Sequoias
03/31/2017	\$30,000.00	Darling Ingredients
12/20/2017	\$6,443.50	Innovative Development & Living Solutions of CA
08/30/2018	\$30,000.00	Omni Family Health
09/06/2018	\$75,000.00	United Health Centers
10/09/2018	\$120,000.00	Omni Family Health (Count 3)
12/21/2018	-\$75,000	United Health Centers
Net Diversion Amount		\$1,060,336.78

PSR ¶ 16.

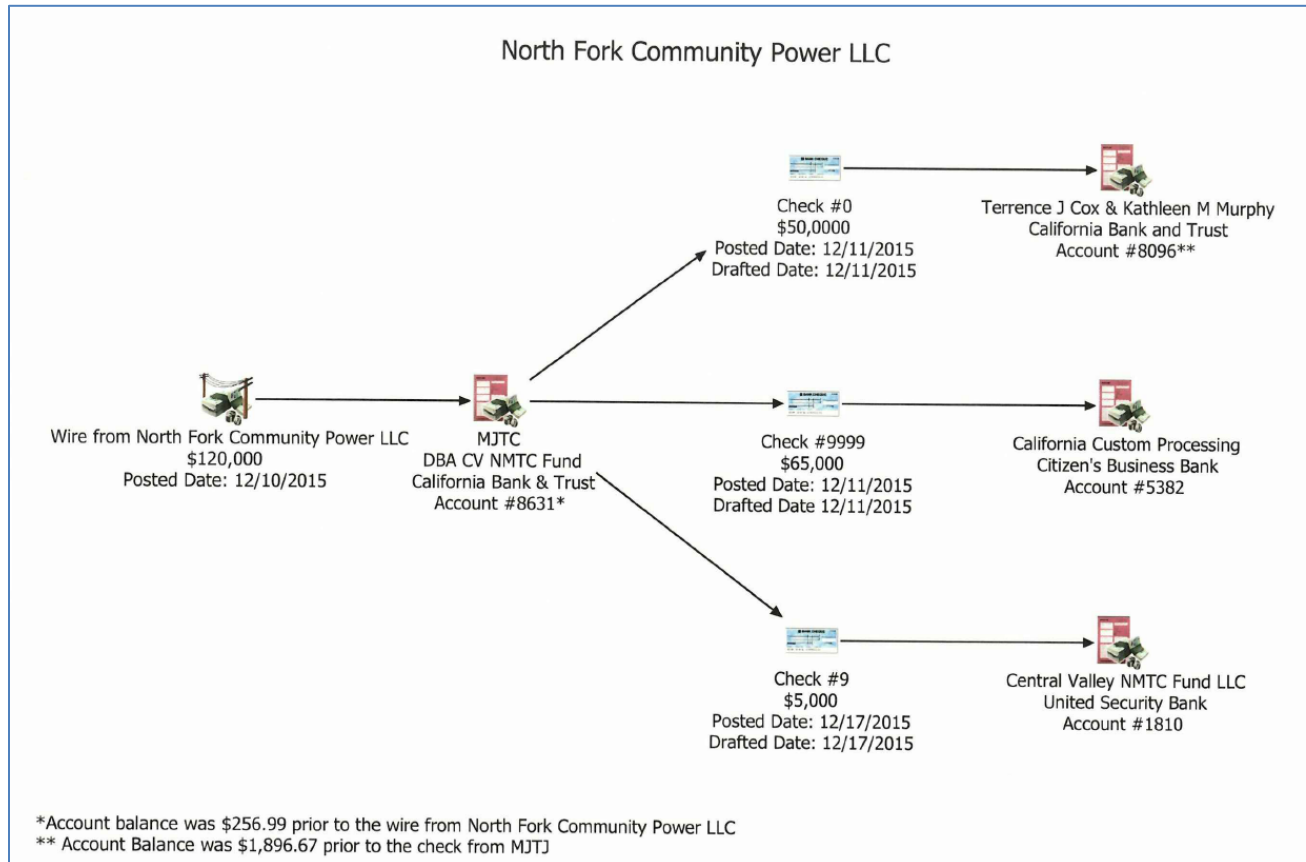
This sentencing memorandum provides an overview of a few of those transactions.

The Heritage Campus Pointe diversion

In 2014, borrower Heritage Campus Pointe, a group that developed an entertainment and retail complex across from Fresno State University, sent two \$30,000 checks and a \$130,000 wire transfer to the Tax Credit Company. PSR ¶ 16. Cox diverted all of that money to his off-the-books account and without the knowledge of his business partners. In May 2015, Heritage was due for reimbursement of \$30,000. To cover his tracks, Cox paid back \$20,000 of the stolen money from his personal bank account and “borrowed” \$10,000 from another business he managed (the senior living center, Sierra Meadows/Bella Vista).

The North Fork Community Power diversion

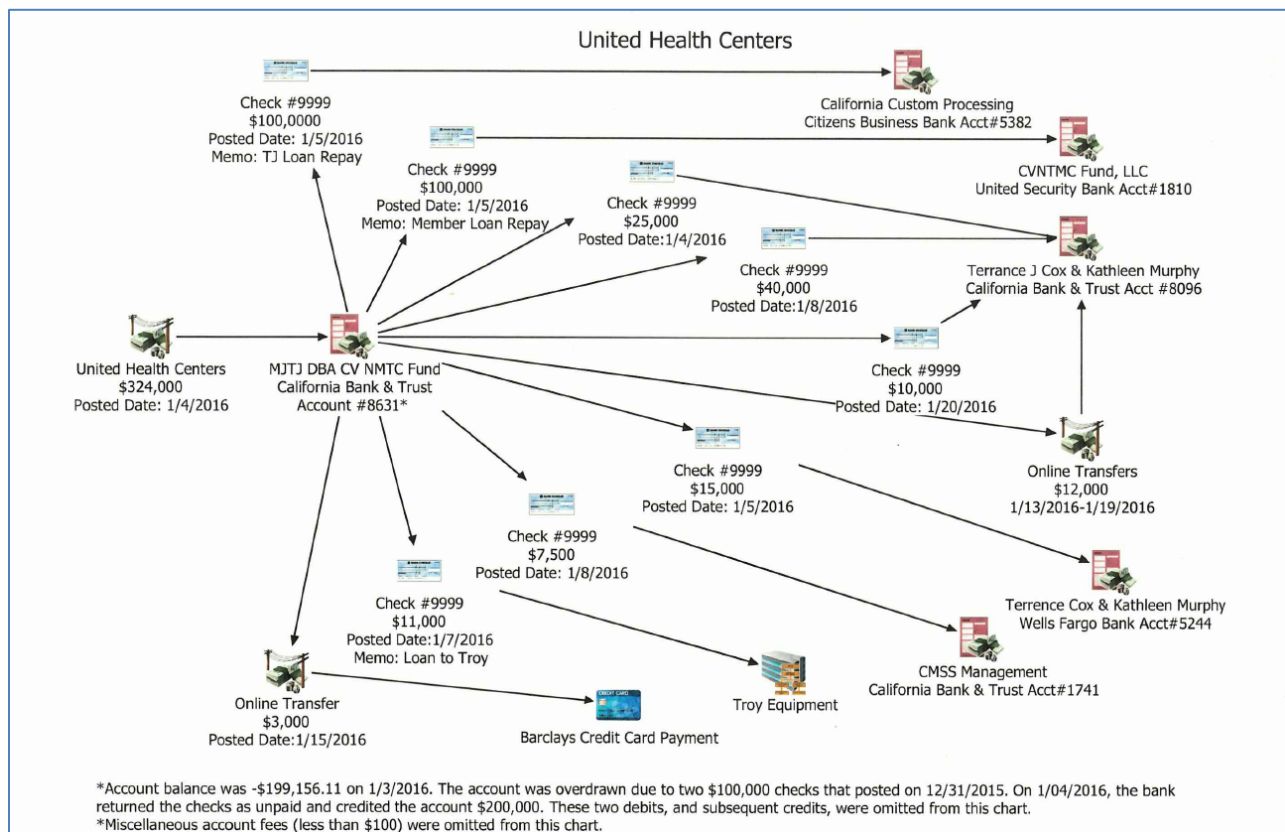
In 2015, Cox diverted all but \$5,000 of a \$120,000 wire transfer from North Fork Community Power³. He did not tell North Fork Community Power or his business partners that he was taking \$115,000 of that \$120,000 and sending it to the Almond Processing business, himself and his wife.



³ North Fork Community Power is a 2.33MW wood biomass-fueled electrical generating station. The Project was conceived to help mitigate wildfire risk in its surrounding communities through the consumption of dead and high-risk forestry waste products (“biomass”) from the areas adjacent to North Fork, California. <https://northforkcommunitypower.com/>

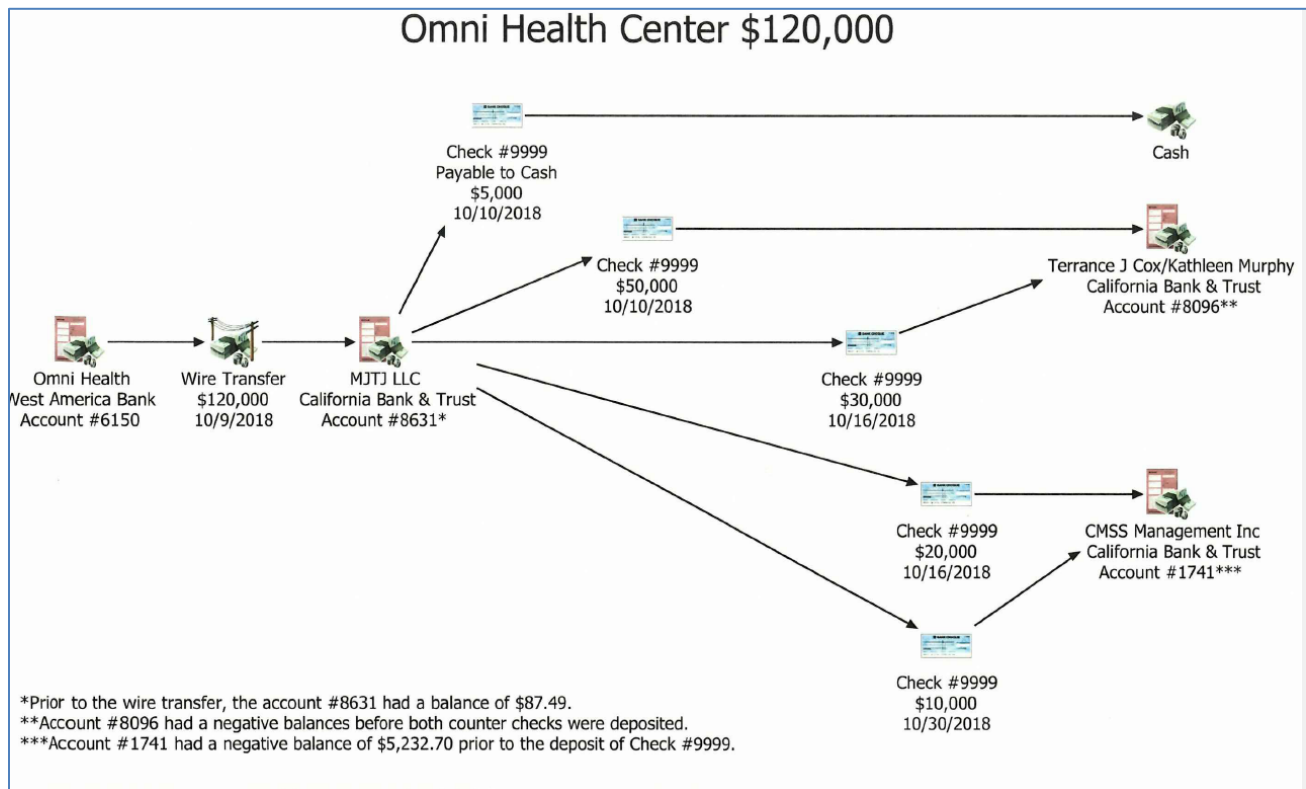
The United Heath Center diversion

In another representative transaction, on January 4, 2016 Cox took \$324,000 from the Tax Credit Company by asking the borrower United Health Centers to send its wire transfer to Cox's off-the-books account, rather than to the Tax Credit Company's actual bank account. Cox then wrote a \$100,000 check to the Tax Credit Company and a \$100,000 check to the Almond Processing Company and stated that he was paying off a prior loan. He also used \$7,500 towards his gold mine, and sent about \$75,000 to himself. See the chart below:



The Omni Health diversion (Count 3)

In another representative transaction, on October 9, 2018, Cox diverted \$120,000 from the Tax Credit Company by asking borrower Omni Health to send its wire transfer to Cox's off-the-books account, rather than to the Tax Credit Company's actual bank account. At the time, his personal account was overdrawn. He withdrew \$5,000 in cash, sent \$80,000 to himself, and \$30,000 to one of his related businesses, CMSS Management.



After Cox became a Congressman, he continued to work on business transactions with Omni, including attempting to guide Omni to do business with the Sports Foundation and Cox's partner in the Sports Foundation. In September 2019, a month after the Sports Foundation defaulted on its \$1.5 million construction loan (discussed below), Cox tried to facilitate Omni buying the Gateway Ice Center and its property from the Sports Foundation and another owner. *See Exhibit B.* In 2020, Cox tried to steer Omni towards developing a health center on one of two parcels owned by Cox's partner in the Sports Foundation. During this time, Omni was seeking pandemic relief from the Federal government, and Cox was soliciting campaign contributions from Omni's CEO and CFO.

The December 2019 Discovery of Cox's diversions

Cox left the Tax Credit Company following his election to Congress in 2019. In September 2019, the Sports Foundation defaulted on its \$1.5 million construction loan (discussed below), and the Tax Credit Company learned that Cox had caused the Tax Credit Company to guarantee the loan without their knowledge or consent. PSR ¶ 14.

Then in December 2019, another bombshell dropped—the Tax Credit Company learned that Cox had been diverting money paid to the company by depositing it into an off-the-books bank account. A Tax Credit Company client, West Hills Community College District, began the exit process which included a reconciliation by a certified public accounting firm. PSR ¶ 15. The firm discovered two missing payments totaling approximately \$107,500. PSR ¶ 15. West Hills provided proof that the payment was made to an account at California Bank & Trust account ending x8631 (Cox's off the books account). This was news to the Tax Credit Company, as evidenced in the email below:

Re: Sub III Expense Agreement

From: Oliver Baines <[REDACTED]@cvnmtc.com>
To: "Chesmore, Joseph" <[REDACTED]@whccd.edu>
Cc: Lilliand Weiland <[REDACTED]@cvnmtc.com>, Laura Baron <[REDACTED]@sdsgroup.com>
Date: Tue, 24 Dec 2019 12:55:26 -0800

CAUTION: This email originated from outside the organization. Do not click links or open attachments unless you validate the sender and know the content is safe!

Hello Josph,

Yes we did receive the payment, to the California Bank & Trust. That was an account I was unfamiliar with. I'm so sorry for the confusion.

Oliver L. Baines, III | President/CEO | Central Valley NMTC Fund, LLC

Email: [REDACTED]@cvnmtc.com | Website: www.cvnmtc.com

559 [REDACTED] office | 559 [REDACTED] direct | 559.549.9739 fax

MAILING ADDRESS | Post Office Box 16136 | Fresno, CA 93755-6136

PHYSICAL OFFICE | 1401 Fulton St., Ste. 610 | Fresno, CA 93721

The Tax Credit Company's long time office manager/employee confirmed that when the new CEO learned of this, he was "shocked." The Tax Credit Company hired an accountancy firm to look into the account.

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B. The Almond Processing Company Theft

Cox used a similar off-the-books account to defraud his business partners in the Almond Processing Company, California Custom Processing (CCP). PSR ¶ 20. Cox joined the business in approximately 2012. He brought in investors and helped the company raise money. However, like with the Tax Credit Company, Cox opened an off-the-books account and diverted money to himself that was intended for the company.

The Almond Processing Company's primary operating accounts were held at Fresno First Bank and Citizens Business Bank. In 2015, Cox opened an account under the name California Custom Processing at Wells Fargo Bank x9696, which was not known to his business partners and which was not disclosed to the business' accountants. PSR ¶ 20. Cox began to use that account to divert money he stole from the Almond Processing Company.

The earliest diversion of money intended for CCP appears to have been in April 2017. Cox persuaded Laurence T. and Theresa T., former investors in Cox's prior senior living facility, Sierra Meadows/Bella Vista, to invest \$100,000 in CCP. They believed their \$100,000 was going towards expanding CCP's operations. On April 27, 2017, Cox deposited their two checks totaling \$100,000 into his personal bank account (which had a balance of only \$3,000). He then spent over \$30,000 on personal expenses, including private school tuition, credit card payments, mortgage payments and a \$7,000 payment to Cox's private political consultant:

- On 04/29/2017, \$500 to Occidental College
- On 05/01/2017, \$2,500 cash withdrawal
- On 05/01/2017, \$7,000 D Amico Strategy and Communications
- On 05/03/2017, a \$10,000 check was written to Cox
- On 05/05/2017, a \$5,593.00 payment to the Bloomberg School of Public Health in Baltimore, MD
- On 05/09/2017, a \$4,458.52 payment to Uabarik Home Mortgage

See Bank Statements, Attached as Exhibit C.

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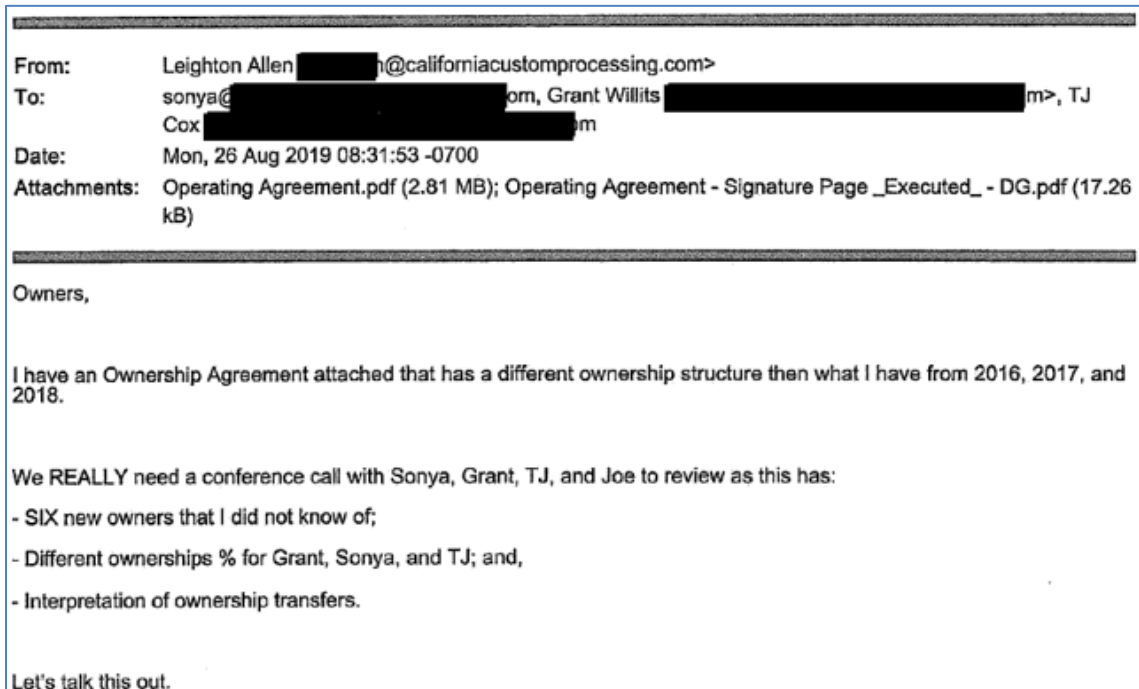
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Over the course of the next year, Cox diverted hundreds of thousands of dollars from other Almond Processing Company investors as indicated in the chart below⁴:

<u>Date</u>	<u>Amount</u>	<u>Lender/ Investor</u>
9/28/2017	\$50,000	Carol R.
9/28/2017	\$50,000	Warren L.
1/24/2018	\$100,000	Richard and Laurie H
2/13/2018	\$200,000	Michel N
2/21/2018	\$100,000	Edward M
2/26/2018	\$150,000	Jeffrey S
2/26/2018	\$100,000	Drew G

In 2019, three of the new investors showed up at CCP to view the business operations. The investors thought they had purchased ownership stakes in the company. Cox's other partners, however, had no knowledge that Cox had brought on new owners, and had no knowledge that Cox had diverted the investors' funds to his off-the-books account as reflected in the below email:

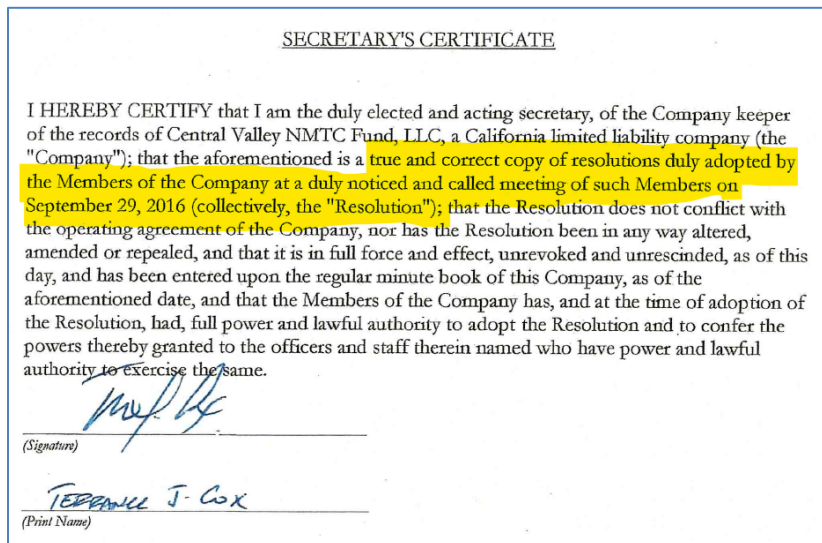


⁴The United States will submit a supplemental filing with this Sentencing Memorandum that outlines Cox's diversions of these CCP investments.

During this time period, CCP also learned that Cox had financed a truck for his gold mining operation in CCP's name and without the knowledge of Cox's partners at CCP. When Cox and the gold mining venture defaulted on the truck's loan, CCP paid tens of thousands of dollars to pay off the loan.

C. Granite Park Loan Fraud

In 2016, the Sports Foundation applied to Clearinghouse CDFI ("Clearinghouse") for a \$1.5 million construction loan for Granite Park. PSR ¶ 31. Cox was the primary point of contact for the application for the loan. In order to approve the loan, Clearinghouse required the Sports Foundation to provide a guarantee to back the loan. Cox offered the Tax Credit Company as the guarantor. The lender noticed that the Tax Credit Company's operating agreement required the members of the LLC to approve the loan. Cox then submitted a fraudulent secretary's certificate and corporate resolution that falsely indicated that the company's owners had met and agreed to guarantee the \$1.5 million loan to the Sports Foundation:



NOW, THEREFORE, the Members of the Company hereby take the following actions:

RESOLVED, that the Members authorize CVNMTC to act as Guarantor and further authorizes CVNMTC, acting by and through TJ Cox, its Managing Member, to take such actions and execute all documents as are necessary and appropriate for CVNMTC to carry out its duties as Guarantor in connection with the financing, and further ratifies all actions by TJ Cox taken on behalf of CVNMTC in its capacity as Guarantor to do all that is necessary to effect and assist in completing the contemplated financing, all with such modifications as counsel may deem appropriate, with the purpose of carrying out the above stated purposes.

1 This document was completely fabricated. There had been no meeting and the other owners
2 of the Tax Credit Company had no idea that Cox had obligated the company to guarantee the loan.
3 The loan later went into default in August 2019, and the lender called in the guarantee. One of
4 Cox's other partners in the Tax Credit Company decided to honor the fraudulent commitment and
5 make the lender whole.

6 Like with Sierra Meadows/Bella Vista, the Tax Credit Company, and CCP, Cox used the
7 Sports Foundation money as his own. According to Cox's manager at the Gateway Ice Center, Cox
8 frequently borrowed money from the entity's bank account, which resulted in the account being
9 overdrawn. An accountant later brought on to work on the foundation's financials located numerous
10 transactions between the foundation and Cox, which could not be reconciled.

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D. Cox's Mortgage Fraud

In 2017, Cox's long time business partner at CCP was leaving Fresno. Cox's other partner at CCP was looking for a place to live. However, the second business partner did not qualify for a mortgage on the loan. Cox offered to buy the house from the first partner and rent it to the second partner. Cox obtained a \$300,000 mortgage loan. In the loan application he made at least five material misrepresentations to the lender:

1. Cox told the lender that the house was going to be his primary residence, which was not true.
2. Cox submitted fabricated bank statements to the lender showing he had the money he needed to close the transaction which he did not. One of the bank statements was altered to show an additional \$50,000 in the account. See below:

SUMMARY OF ACCOUNT BALANCE				
Account Type	Account Number	Checking/Savings	Ending Balance	Outstanding Balances Owed
Business Essentials Checking	1380428631		\$52,554.67	
BUSINESS ESSENTIALS CHECKING 1380428631				104 0
Previous Balance	Deposits/Credits	Charges/Debits	Checks Processed	Ending Balance
52,554.67	0.00	0.00	0.00	52,554.67

SUMMARY OF ACCOUNT BALANCE				
Account Type	Account Number	Checking/Savings	Ending Balance	Outstanding Balances Owed
Business Essentials Checking	1380428631		\$2,554.67	
BUSINESS ESSENTIALS CHECKING 1380428631				104 0
Previous Balance	Deposits/Credits	Charges/Debits	Checks Processed	Ending Balance
2,554.67	0.00	0.00	0.00	2,554.67

3. Cox falsely represented to the lender that he would be renting out his primary residence. He provided the lender with a fabricated lease agreement between himself and an employee at the Sports Foundation's Gateway Ice Center, which contained a forged signature for the employee.
4. Cox had a side agreement to pay the business partner an additional \$200,000 to buy the

house. This loan was not disclosed to the lender.

5. Cox needed just over \$40,000 to close the transaction. He did not have the money. Cox took money the Tax Credit Company had been paid by the Fresno Rescue Mission to purchase a \$43,000 cashier's check. He falsely characterized the transaction as a "Loan to CCP" which was not true. Cox then used the cashier's check to close the mortgage loan, as seen below:

Amount: \$43,000.00	
Received From:	Terrance J. Cox
Memo:	Cash from Buyer
Type of Funds Received: Cashier Check	
Bank Drawn On: United Security Bank	From Check Number: 227334
ABA Routing Number: 121141495	Account Number:

ved the above funds: ****CASH DEPOSIT VERIFIED**

Date: 12-29-17 By: [Signature] By: _____
Kris Green

The parties to this escrow acknowledge that the maintenance of escrow accounts with some depository institutions may result in Escrow Holder or its affiliates being provided with bank services, accommodations or other benefits by the depository institution. Escrow Holder or its affiliates also may elect to enter into other business transactions with or obtain loans for investment or other purposes from the depository institution. All such services, accommodations and other benefits shall accrue to Escrow Holder or its affiliates, and Escrow Holder or its affiliates shall have no obligation to account to the parties to the escrow for the value of such services, accommodations or other benefits.

THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD TO LIGHT TO VIEW

United Security Bank
855 "M" Street, Suite 130 • Fresno, CA 93721

227334
90-4149/1211

REMITTER
CENTRAL VALLEY NMTC FUND LLC

12/29/17

***FIDELITY NATIONAL TITLE CO.**
PAY TO THE ORDER OF ***FFOM-2011705183-KG*** \$ ***43,000.00***

FORTY THREE THOUSAND and 00/100USDollars DOLLARS

Cashier's Check

[Signature] AUTHORIZED SIGNATURE MP

See PSR ¶ 31.

When the FBI interviewed Cox about the loan in September 2021, Cox commented, "with all the major crime going on . . . like people getting ripped off for millions . . . isn't this kind of small potatoes?"

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1 E. Campaign Finance Violations

2 In 2017, as Cox prepared his run for Congress, Cox used family members and business
3 associates as conduits through which funds originating from Cox would be funneled to his campaign
4 under the guise of lawful campaign contributions.

5 On September 21, 2017, Cox withdrew \$20,000 from his off-the-books CCP account
6 ending in 9696 held in CCP's name and deposited the funds in a family member's account. PSR
7 ¶ 34. Then, on July 25, 2017, the money was used to fund three maximum campaign contributions
8 (\$5,400) in the names of three different family members.

9 In another instance, on November 28, 2017, Cox wrote a \$8,500 check to a Sports
10 Foundation employee. That same day the employee wrote a check to "TJ Cox for Congress" for
11 \$5,400, the maximum contribution. That employee also wrote a check to a second Sports Foundation
12 employee for \$2,800 (the same employee who was Cox's purported tenant on the fraudulent lease
13 discussed above). That second employee then wrote a check to "TJ Cox for Congress" for \$2,700.

14 III. RESPONSE TO OBJECTIONS

15 **Objection #1 (Paragraphs 16 & 18).** The PSR's "Net Diversion Amount" of \$1,060,336.78 should
16 be reduced by one-third (\$353,445.59) for Mr. Cox's one-third ownership interest in CVNMTC, as
17 one-third of any diversions were his property. As a result, the "Net Diversion Amount" should be
18 \$706,891.19.

19 USA Response: CVNMTC is a Limited Liability Company (LLC). A limited liability
20 company is a distinct legal entity and is the victim. The defendant has cited to no provision in the
21 Guidelines authorizing an offset for defendant's ownership stake in such a victim entity.

22 **Objection #2 (Paragraph 17).** As fully explained above, the Terry/Biorem deposit became
23 contractually non-refundable due to the sponsor's failure to obtain leverage financing and was fully
24 earned by CVNMTC. The Terry/Biorem deposit should not be considered a loss and Terry/Biorem is
25 not a victim.

26 USA Response: Regardless of the terms of the transaction, the funds were diverted by Cox
27 upon receipt and never made it to CVNMTC's books or records. The objection should be overruled.
28

Objection #3 (Paragraphs 21 & 22). The record shows that investors received both equity and fixed-rate returns. All investor advances were ratified by CCP's manager and CFO. No investor claims loss and several have submitted supporting letters. All loans referenced in Paragraph 22 were paid in full, either by CCP, by Mr. Cox personally, or through CMSS refinance.

USA Response: Defendant misapplies the “credits against loss” provision of the Guidelines. See U.S.S.G. § 2B1.1, n.3D (providing that money returned to the victim before the offense was detected by a victim or government agency shall be deducted from the loss amount and that “any actions taken after discovery of the fraud are not deducted from the loss amount.”)(emphasis added). CCP discovered the fraud soon after August 2, 2019 when three individuals arrived at CCP to tour the plant in regard to their equity investment in CCP. As set forth in the chart below, each investor was paid off well after that date:

Date	Amount	Investor	Payoff Date
09/28/2017	\$50,000.00	Warren L	August 2021
09/28/2017	\$50,000.00	Carol R	August 2021
01/24/2018	\$100,000.00	Richard & Laurie H	February 24, 2020 & September 28, 2020
02/13/2018	\$200,000.00	Michel N	Deceased
02/21/2018	\$100,000.00	Edward M	Early 2021
02/26/2018	\$150,000.00	Jeffrey S	2021
02/26/2018	\$100,000.00	Drew G	2021

The other CCP members decided to pay off the investors/lenders (other than Michel N) using company funds. Cox assumed the responsibility for paying off Michel N. CCP Chief Financial Officer stated that “when [the two other CCP owners] finally found out about the new investors and their’ promise of shares by Cox, they decided to honor Cox’s arrangement even though they were not consulted.”

Objection #4 (Paragraph 23). The PSR incorrectly implies Mr. Cox diluted partner shares. No partner's share was diluted, only Mr. Cox's shares were adjusted by agreement. Emails demonstrate Mr. Cox informed partners about plant tours and negotiations. Mr. Cox surrendered his 16% interest in CCP, valued at \$960,000, to satisfy obligations and make investors whole. CCP received substantial credits from funds paid to vendors, the surrender of Mr. Cox's equity, and the loss by Mr. Cox of more than \$1,400,000 in personal equity and investment contributions.

1 USA Response: The United States does not oppose the Court striking the last sentence in paragraph
2 23. However the United States believes the paragraph is otherwise correct.

3 The CCP owners were aware that Cox was borrowing money from individuals to finance
4 operations and facility expansion. But Cox represented those individuals as lenders, not equity
5 partners. Further, and more importantly, the CCP owners had no idea that Cox had diverted investor
6 funds to himself through his off-the-books account.

7 **Objection #5 (Paragraphs 22 & 24).** As fully explained above, the PSR incorrectly treats the
8 Noblat loan as CCP-related and unpaid. Mr. Cox has made all required payments to date. The Noblat
9 loan should not be considered a loss and the Noblat family are not victims.

10 USA Response: This objection should be overruled. A copy of the promissory note and
11 checks paid to CCP are attached as Exhibit D. Noblat wrote the check to CCP and Cox diverted it.

12 **Objection #6 (Paragraph 25).** The PSR omits Mr. Cox's extensive payment history regarding the
13 Teresa T loan. As fully explained above, Mr. Cox did not attempt to discharge this loan in
14 bankruptcy and remains committed to repayment.

15 USA Response: The United States takes no position on this objection.

16 **Objection #7 (Paragraphs 26-30).** The PSR omits that CVNMTC's full membership ratified the
17 loan guarantee prior to any investigation. This ratification appears in CVNMTC's audited financial
18 statements (2018-2023) and the Novogradac appraisal. The Novogradac appraisal in 2018 confirms
19 this position. As more fully explained above, Land Value Management is not a victim. It purchased
20 the Granite Park note at full value. It remains fully secured and does not claim a loss.

21 USA Response: This objection should be overruled. CVNMTC's later ratification of the loan
22 is irrelevant to the fact that defendant Cox obtained a loan by making material misrepresentations to
23 the lender, which ultimately caused loss to CVNMTC.

24 **Objection #8 (Paragraphs 31-36).** These paragraphs should be struck because the matters
25 described do not constitute relevant conduct.

26 USA Response: This objection should be overruled. Section 1B1.3 of the Guidelines
27 provides that loss shall be determined on the basis of ...“all acts and omissions committed, aided,
28

1 abetted, counseled, commanded, induced, procured, or willfully caused by the defendant.” His
2 financial affairs during this time period were completely intertwined as described above.

3 **Objection #9 (Paragraphs 38 & 51).** Even though CVNMTC is currently claiming they are not a
4 victim and that they sustained no loss, Defendant has agreed to a guideline’s calculation based upon
5 a loss of over \$550,000. The only “loss amount” attributed to Mr. Cox should be the CVNMTC
6 figure of \$706,891.19, as calculated above based on his one-third ownership of CVNMTC. Even
7 then, Mr. Cox’s share of the appraised value of CVNMTC was reduced by \$1,000,000, essentially
8 repaying the amount diverted. This puts the loss in the guideline range of \$500,000 to \$1,500,000
9 and conforms to the plea agreement range.

10 USA Response: This statement does not appear to be an objection.

11 **Objection #10 (Paragraph 40).** For the reasons stated above, Terry/Biorem should not be
12 considered a victim and should not be entitled to restitution. As stated above, Mr. Cox is committed
13 to repaying his obligation to Teresa T. Although CVNMTC and CCP could theoretically qualify as
14 victims, neither consider themselves victims nor make no claims for restitution. Land Value
15 Management is not a victim and makes no claim for restitution.

16 USA Response: We do not oppose striking Terry/Biorem from the restitution award in this
17 case. Cox has provided documents that show that the money paid from Terry/Biorem to CVNMTC
18 was non-refundable if the transaction did not close which it did not.

19 **Objection #11 (Paragraph 112).** The plea agreement caps restitution at \$3.5 million but is
20 otherwise silent as to the amount and method for determining the same. For its part, the PSR
21 recommends that the Court order \$140,000 in restitution. However, the Sixth Amendment requires
22 that any restitution amount must be set forth in the indictment and proved to a jury beyond a
23 reasonable doubt by a jury, and Mr. Cox has not expressly waived those requirements.

24 USA Response: This objection should be overruled. Cox expressly agreed to pay restitution
25 in his plea agreement. Furthermore, the Ninth Circuit has held that *Apprendi* concerns do not apply
26 in the restitution context. *See United States v. Alvarez*, 835 F.3d 1180, 1185 (9th Cir. 2016) (As we
27 stated in *Green*, the Ninth Circuit “has categorically held that *Apprendi* and its progeny ... don't
28 apply to restitution.” (citation omitted)).

IV. SENTENCING POSITION

TJ Cox told the public that he was focused on “putting people first.” In reality, he always put himself and his financial interests first. He put himself first when he embezzled \$2 million dollars from Tax Credit Company borrowers and CCP investors. He put himself first when he paid off debts with other people’s money and claimed it as his own. He put himself first when he forged documents and lied to financial institutions so he could get money that he needed.

Some of Cox’s actions did provide benefit to the community. But Cox’s endeavors were not about philanthropy; they were about money. Cox formed a venture to mine for gold in the Yukon. He tried his hand as a self-storage business owner and a senior living facility operator. He joined an almond processing venture. Even the Tax Credit Company was a profit-seeking enterprise as noted in its CEO’s letter to the Court touting the company’s current multi-million dollar market value.

In each of those endeavors, Cox put his financial needs first. He took out tens of thousands of dollars from the senior living facility’s bank accounts, which caused the company to struggle to make payroll. He bought a truck for the gold mine on CCP’s credit, then defaulted on the truck, and left the CCP owners to foot the bill. He stole and embezzled money from the Tax Credit Company, CCP, and the Sports Foundation. He lied to get loans and he made campaign contributions in the

1 names of his business associates. Perhaps all “small potatoes” in Cox’s mind.

2 Cox paints himself as a well-intentioned business person who faced bad luck and unforeseen
3 financial challenges in his businesses. He describes a person who was well intentioned and who
4 made difficult decisions in order to plug financial holes and keep his businesses afloat. But the
5 reality is that Cox’s refusal to play by the rules limited his and his businesses’ chances of success.
6 By constantly skimming off the top and diverting/”loaning” money to himself, he dug himself and
7 the businesses into a hole out of which they could not climb. When Cox left the business world in
8 2019 to enter Congress, his financial house of cards came crashing down, and his former business
9 partners were left to pick up the pieces.

10 On balance, the United States believes that a low-end Guidelines sentence of 41 months⁵ is
11 appropriate in this case. This sentence is appropriate because of the nature and circumstances of the
12 offense and the history and characteristics of the defendant, to promote respect for the law, and to
13 afford adequate deterrence to criminal conduct. This sentence properly holds Cox accountable for
14 the full scope of his criminal conduct, recognizing the length of time Cox committed these offenses
15 and the numerous ways that he violated the law over a five-year period. Cox did not experience a
16 temporary lapse of judgment. He abandoned the rules and thought he could operate above the law.

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25 ⁵ The United States believes that the loss amount in this case is between \$3,487,935.78 (+16 pursuant
26 to 2B1.1(b)(1)(I))). This is \$75,000 less than the loss amount of \$3,562,935.78 (+18 pursuant to
27 2B1.1(b)(1)(J)) calculated by Probation, and represents a credit for a \$75,000 repayment by the Tax
28 Credit Company to United Health Centers on December 21, 2018. See PSR ¶¶ 16 (at last line) and
38. Accordingly, the United States requests that the Court find the total offense level in this case to
be 22, Cox’s Criminal History Category to be I, resulting in a Guidelines range of 41-51 months.

V. CONCLUSION

The United States requests the Court sentence the Defendant Terrance John Cox to 41 months imprisonment, a 2-year term of supervised release, \$100,000 in restitution. Such sentence is sufficient but not greater than necessary to meet the objectives of Section 3553(a).

Dated: December 8, 2025

ERIC GRANT
United States Attorney

/s/ JEFFREY A. SPIVAK
JEFFREY A. SPIVAK
Assistant United States Attorney