

NONPRECEDENTIAL DISPOSITION

To be cited only in accordance with FED. R. APP. P. 32.1

United States Court of Appeals

For the Seventh Circuit

Chicago, Illinois 60604

Submitted December 16, 2025

Decided December 31, 2025

Before

MICHAEL B. BRENNAN, *Chief Judge*

DIANE S. SYKES, *Circuit Judge*

REBECCA TAIBLESON, *Circuit Judge*

No. 25-1313

UNITED STATES OF AMERICA,
Plaintiff-Appellee,

v.

FEROZ JALAL,
Defendant-Appellant.

Appeal from the United States District
Court for the Northern District of
Illinois, Eastern Division.

No. 1:23-CR-00369(1)

John F. Kness,
Judge.

ORDER

Feroz Jalal pleaded guilty to bank fraud and money laundering and was sentenced to 62 months' imprisonment. *See* 18 U.S.C. §§ 1344, 1956(a)(1)(B)(i). On appeal, Jalal challenges his sentence, arguing that the district judge erred by misapplying the manager role enhancement, failing to consider sentencing disparities, and deferring to the guidelines range. Because the judge did not err in sentencing Jalal to a below-guidelines sentence, we affirm.

Background

During the COVID-19 pandemic, Jalal coordinated with several other individuals to submit fraudulent applications for loans from the Paycheck Protection Program (“PPP”). PPP loans were available to provide emergency financial assistance to small businesses under the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020, Pub. L. No. 116-136 § 1102, 134 Stat. 281, 286–94 (Mar. 27, 2020). To obtain a PPP loan, an authorized representative for a business was required to apply to a participating financial institution and provide information such as the number of employees for the business and the average monthly payroll.

In March 2021, Jalal sought a PPP loan for \$136,064 to support Bellezza Salon and Spa. He represented that Bellezza employed seven people and had an average monthly payroll of over \$50,000. But in reality, Bellezza was not an operating business. Based on his false representations, the PPP loan was approved. Jalal spent the funds for his personal benefit.

Jalal also helped prepare and submit fraudulent applications for PPP loans for others in exchange for a portion of the loan proceeds. For example, Jalal procured false IRS forms for a business that he knew had been dissolved: He represented that the business paid its employees over \$700,000 in 2020 and fabricated a spreadsheet with itemized payroll over several pay periods. Based on this information, the PPP loan was approved. Jalal received approximately 2.5% of the loan proceeds.

Jalal recruited Nafees Usmani into the scheme to procure fraudulent PPP loans. Usmani told Jalal he used to own a corporation but it had since been dissolved. Jalal arranged for an associate to drive Usmani to the Illinois Secretary of State’s Office to reinstate the corporation, instructed Usmani to open bank accounts for the corporation and share the account information with Jalal, and directed Usmani to sign tax forms for the corporation to be submitted with the PPP loan application. When the loan was approved, Jalal advised Usmani to write checks from the corporation’s bank account to his friends and family with the word “payroll” in the memo line and to give Jalal 10 blank checks from that account for Jalal’s share of the loan proceeds. Jalal received 33% of the loan proceeds for his role in obtaining the loan, and he used some of those proceedings to pay other individuals who had been involved in completing the loan applications.

Jalal used others to hide his involvement in the fraudulent loan scheme. He often asked the recipients of the fraudulent PPP funds to issue checks to others, including at

least one individual who worked for him. Those individuals then deposited the checks and withdrew the same amount in cash for Jalal.

In all, Jalal participated in submitting at least 11 PPP loan applications with fraudulent information. Based on the false information in those applications, approximately \$1.644 million was improperly distributed by banks to Jalal and his co-schemers.

Jalal was indicted by a grand jury in 2023. The superseding indictment charged him with five counts of bank fraud in violation of 18 U.S.C. § 1344, and five counts of money laundering in violation of 18 U.S.C. §§ 1956(a)(1)(B)(i), 1957. Jalal pleaded guilty to one count of bank fraud and one count of money laundering.

During the sentencing hearing, the district judge heard argument on Jalal's role in the fraudulent scheme. The government argued that Jalal acted as a manager or a supervisor of the scheme, which carries a three-level increase to his offense level. *See* U.S.S.G. § 3B1.1(b). Jalal disagreed. The judge determined that there was sufficient evidence that Jalal acted as a manager or supervisor. He considered that Jalal exercised decision-making authority and recruited accomplices, two factors that determine a person's role in a criminal scheme. *See* § 3B1.1 cmt. n.4. Jalal's instructions to Usmani, his use of his employees to disguise and distribute the proceeds of the PPP loans, and his "fingerprints" all over the scheme—ensuring that the fraud happened and that the money was paid—all contributed to the judge's finding that Jalal acted in the role of a manager or supervisor.

The district judge calculated Jalal's guidelines range. Based on an offense level of 27 and a criminal history category of I, Jalal's guidelines range was 70 to 87 months' imprisonment. During argument about the factors under 18 U.S.C. § 3553(a), Jalal contended that a sentence below the guidelines range would avoid disparities between Jalal's offense and other similar offenses. He provided examples of defendants who also committed PPP loan fraud and were sentenced to probation or sentences below his guidelines range.

The judge considered the § 3553(a) factors in determining Jalal's sentence. He emphasized the vulnerable time in which the PPP loans were distributed and stated that the need to provide punishment was a principal factor in his sentencing decision because of the "particularly galling" offense and Jalal's intent to obtain \$2 million "purely out of greed." The judge also discussed the "strong deterrent message" needed to deter not just Jalal, but also white-collar fraud in general. He explained that the

Guidelines serve as a tool to avoid sentencing disparities because the guidelines ranges are calculated based on data from previously imposed sentences. The judge also considered mitigating factors. He highlighted Jalal's attempts to start paying restitution, 40 pages of letters that were sent on Jalal's behalf by his friends and family, and Jalal's ongoing health issues.

Before pronouncing the sentence, the judge asked both parties whether he had addressed their principal arguments. Jalal raised an argument that the judge had not discussed, and the judge briefly addressed it. Jalal then agreed that the judge had addressed all his arguments.

Having considered both parties' arguments, and based on the considerations under § 3553(a), the judge sentenced Jalal to a below-guidelines sentence of 62 months' imprisonment.

Analysis

On appeal, Jalal argues that the district judge committed three errors in deciding Jalal's sentence. He asserts that the judge: (1) erred in applying the manager or supervisor offense-level increase to Jalal's conduct; (2) failed to meaningfully consider sentencing disparities between Jalal and other defendants who committed PPP loan fraud; and (3) improperly relied on the guidelines range when sentencing Jalal.

Jalal first argues that the district judge should not have applied the three-level increase based on his role as a manager or supervisor in the scheme to obtain fraudulent PPP loans. He relies on the Application Notes to assert that the increase requires finding that the "participants" over whom Jalal exercised authority had knowledge that they were assisting in committing the offense. When imposing the § 3B1.1 sentencing enhancement, Jalal also submits the district court erred in relying on the admissions in a co-defendant's plea agreement.

We review *de novo* whether the manager or supervisor increase applies, and review for clear error the underlying factual findings made by the district judge. *United States v. Pugh*, 147 F.4th 801, 808 (7th Cir. 2025). Factual findings at sentencing must be supported only by a preponderance of the evidence, and we accord "great deference" to those findings. *Id.* (citation omitted).

To begin, Jalal overemphasizes the Application Notes to § 3B1.1. Jalal insists that because he did not exercise authority over knowing participants—people with

knowledge of the fraud—he did not act as a manager or supervisor. But the Application Notes list “the exercise of decision making authority” as only one factor to consider among many, § 3B1.1 cmt. n.4, and we have explained that “none of the factors, individually, is a prerequisite to the application of a § 3B1.1 enhancement,” *United States v. House*, 883 F.3d 720, 724 (7th Cir. 2018). Moreover, we have rejected the argument that the increase for a manager or supervisor applies only when there is an explicit finding that the defendant exercised direct control or authority over a participant. *Id.* at 724–25 (affirming three-level increase for defendant who used his business as cover for obtaining loans, was instrumental in designing the scheme, provided falsified information to secure loans, and distributed proceeds). The manager or supervisor inquiry is more permissive: It requires a “commonsense judgment” about Jalal’s relative culpability in the scheme. *Id.* at 724 (citation omitted); *see also United States v. Grigsby*, 692 F.3d 778, 790 (7th Cir. 2012) (“[A] manager or supervisor should be straightforwardly understood as simply someone who helps manage or supervise a criminal scheme.”).

In his brief on appeal, Jalal states that he “played a central role in the operation” to obtain fraudulent PPP loans. This certainly aligns with the evidence. Jalal admitted in his plea agreement that he assisted in preparing and submitting fraudulent PPP loan applications in exchange for a portion of the loan proceeds. He procured fabricated documentation to support the fraudulent loan applications and coordinated with others involved in the scheme to monitor the bank accounts they opened for the loan proceeds. Jalal attempted to disguise his share of the loan proceeds by using his employees and others to deposit checks and then withdraw the money in cash for him. The district judge also determined that Jalal recruited Usmani to submit fraudulent PPP loans and instructed him on how to do so. And Jalal’s contention that the judge erroneously relied on a co-defendant’s admissions falls short. While Jalal claims the judge erred by looking to his co-defendant’s plea agreement to find these facts, the undisputed portions of Jalal’s own presentence investigation report support the judge’s findings.

Given Jalal’s role and conduct in the scheme to obtain fraudulent PPP loans, the district judge did not err in applying the three-level increase. Jalal recruited Usmani, which is an action of a manager or supervisor. *See United States v. Curb*, 626 F.3d 921, 925–26 (7th Cir. 2010). And he played an active role in organizing and carrying out the scheme. Jalal’s relative culpability in the scheme supports the judge’s determination that Jalal acted as a manager or supervisor. *See House*, 883 F.3d at 724–25.

Jalal next argues that the judge did not sufficiently address his argument that his sentence created disparities with others who committed PPP loan fraud. Jalal identified 22 other cases of PPP loan fraud to show that similar defendants often received sentences below his guidelines range.

But Jalal waived this argument. Jalal's challenge is procedural, not substantive, and therefore can be waived. *Cf. United States v. Bridgewater*, 950 F.3d 928, 934 (7th Cir. 2020) (arguments about the substantive reasonableness of a sentence, including that the sentence resulted in sentencing disparities, are not waived by affirming that the judge addressed that factor). Before announcing Jalal's sentence, the judge asked the parties if he adequately considered their principal arguments. *See United States v. Garcia-Segura*, 717 F.3d 566, 569 (7th Cir. 2013). Jalal did not respond that the judge failed to consider his argument about sentencing disparities. This waived Jalal's argument on appeal that the judge's consideration of sentencing disparities was insufficient. *See United States v. Patel*, 921 F.3d 663, 671 n.4 (7th Cir. 2019).

Regardless, Jalal's argument also fails on the merits. We have explained that "the Sentencing Guidelines are themselves an anti-disparity formula." *United States v. Blagojevich*, 854 F.3d 918, 921 (7th Cir. 2017) (citing *Gall v. United States*, 552 U.S. 38, 54 (2007)). Jalal's sentence was below his guidelines range; his argument for a lower sentence is a request for a more significant disparity in his favor. *Cf. United States v. Bartlett*, 567 F.3d 901, 908 (7th Cir. 2009) ("The best way to curtail 'unwarranted' disparities is to follow the Guidelines, which are designed to treat similar offenses and offenders similarly."). He offered examples of other defendants who were convicted of PPP loan fraud and were sentenced to below his guidelines range, but he did not establish that those defendants had guidelines ranges similar to his. That other defendants who committed similar offenses received sentences below Jalal's guidelines range does not override the Guidelines or their application to the facts of Jalal's case.

Here, the district judge sufficiently considered Jalal's argument about sentencing disparities. The judge recognized the Guidelines' role in reducing sentencing disparities and expressed concern that the defendants in the other PPP loan fraud cases were often sentenced to probation. The judge also emphasized the need for a strong deterrent to white-collar fraud: "I think it's important that sentences in cases like this, with a seven-figure loss and with repeated bald-faced conduct to defraud the people of this country, the people of this district, then I think a strong deterrent message needs to be sent." A judge must address a defendant's arguments in mitigation, but his explanation need not be extensive. *United States v. Tounisi*, 900 F.3d 982, 987 (7th Cir. 2018). The

judge's consideration of Jalal's sentencing-disparity argument more than cleared that bar. *See Patel*, 921 F.3d at 670–71 (“It is clear from the sentencing transcript that [the defendant] made the disparity argument, the government had the opportunity to respond, and the court addressed it on the record. We do not require more than that from sentencing courts.”).

Finally, Jalal argues that the district judge improperly relied on the guidelines range in sentencing Jalal at the expense of a case-specific assessment. But this argument is a nonstarter. First, the judge correctly understood the role of the Guidelines in the sentencing consideration: “[J]udges have to calculate the [Guidelines] range correctly, and then they need to consider it seriously. But they may not presume it’s accurate. But if they do vary from the Guidelines range, either below or above, the farther the variance goes, the judge must provide more compelling reasons.” *See United States v. Vasquez-Abarca*, 946 F.3d 990, 994 (7th Cir. 2020) (instruction for sentencing judges on consideration of the Guidelines). And second, the judge supported his sentencing decision with reference to many factors specific to Jalal’s case. The judge discussed Jalal’s “particularly galling” offense and the need to deter his conduct as aggravating factors and Jalal’s health concerns and attempts to begin restitution payments as mitigating factors. This explanation was sufficient to justify Jalal’s below-guidelines sentence. *See United States v. Saldana-Gonzalez*, 70 F.4th 981, 986 (7th Cir. 2023).

AFFIRMED