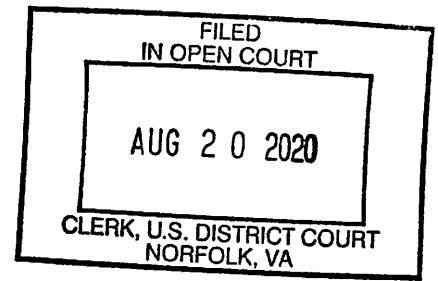


IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
NORFOLK DIVISION



UNITED STATES OF AMERICA	)	<u>UNDER SEAL</u>
)	
v.	)	CRIMINAL NO. 2:20cr 69
)	
RONALD A. SMITH	)	18 U.S.C. § 1343
(Counts 1-13)	)	Wire Fraud
	)	(Counts 1-9)
and)	
	)	18 U.S.C. § 1957
TERRI BETH MILLER,	)	Engaging in Monetary Transactions in
(Counts 1-12, 14)	)	Criminally Derived Property
	)	(Counts 10-12)
Defendants.)	
	)	18 U.S.C. § 1040
	)	Fraud in Connection with Emergency
	)	Benefits
	)	(Counts 13-14)

INDICTMENT

AUGUST TERM – at Norfolk, Virginia

COUNTS ONE THROUGH NINE

THE GRAND JURY CHARGES THAT:

During the period from in or about August 2012 through February 2018, in the Eastern District of Virginia and elsewhere, RONALD A. SMITH and TERRI BETH MILLER, the defendants, did devise and intend to devise a scheme and artifice to defraud customers and potential customers of Business Development Group ("BDG"), also known as Business Development Specialists Group, SBA Loan Easy and Business Loan Easy, a business owned and operated by the defendants, and for obtaining money from said customers and potential

customers of said business by means of materially false and fraudulent pretenses, representations and promises, which scheme and artifice to defraud and for obtaining money was in substance as follows:

1. The object of the scheme and artifice devised by the defendants was to solicit customers for BDG and to receive monies from them on the basis of materially false, fraudulent and misleading statements and representations made and caused to be made by the defendants.

2. The defendants owned and operated BDG, an Internet-based business with offices in Virginia Beach, Virginia. BDG offered, in exchange for payment of an advance fee, to assist individuals in preparing loan packages, including applications, financial statements and business plans, to obtain loans whose payment was guaranteed by the United States Small Business Administration ("SBA").

3. It was a part of said scheme and artifice that the defendants knowingly made and caused to be made materially false, fraudulent and misleading statements and representations to potential customers of BDG. Among said materially false, fraudulent and misleading statements and representations, which the defendants knew to be untrue, were that:

- a. BDG was a large, multi-state company;
- b. BDG was headquartered at the Trump Building in New York City, New York, with additional offices in Las Vegas, Nevada;
- c. BDG had assisted certain named companies in obtaining SBA loans;
- d. BDG was a business established in 2005 or earlier;
- e. BDG was affiliated with the SBA;

f. BDG had relationships with banks across the nation that allowed it to facilitate the loan approval process with SBA lenders in a customer's area by utilizing a "Lender Linker" made up of the most preferred SBA lenders in the country;

g. BDG had a program that included a "Powerful Online Grant Writer Interface Service" that was directly connected to the federal government and "handled everything from A to Z in Finding, Writing, Submitting and Securing Grants;"

h. BDG offered a money back guarantee;

i. BDG won the 2016 Best of Manhattan Business Award for Business Development Software and Services.

4. It was a further part of said scheme and artifice that the defendants represented to customers and potential customers that BDG held positive ratings with the Better Business Bureau and Dun and Bradstreet, and provided links to these third-party businesses on the BDG website. In fact, the defendants had supplied fraudulent information to these third-party businesses in order to obtain positive ratings.

5. As a result of the aforesaid scheme and artifice, the defendants solicited numerous customers for BDG and received fees from each of them ranging from approximately \$249.00 to \$996.00, often paid in installments. Most of the customers did not receive the SBA guaranteed loans as anticipated.

6. The defendants employed various fraudulent methods to deny refunds to customers of BDG. It was the pattern and practice of BDG to dissuade customers from seeking a refund by having a misleading refund policy and by placing administrative hurdles in the way of customers seeking refunds. Although BDG offered a "Full Money Back Performance

Guarantee,” this guarantee only applied if a customer completed forms to BDG’s satisfaction and the customer’s loan application was rejected by three banks selected by BDG. Among other deceptive practices designed to prevent refunding fees to customers, BDG regularly prevented customers from submitting loan applications to banks by routinely finding minor problems with their paperwork and requiring them to resubmit their loan package several times, waiting weeks or longer between each submission before advising a customer of the need for another submission. After several rounds and months of trying to complete the process, many customers simply gave up, at which point, because they had not technically completed BDG’s process, they were told they were ineligible for a refund. Additionally, customers were given questionnaires to answer regarding why they were seeking a refund and some customers were later asked to reconfirm answers they had already submitted. Some customers seeking refunds were simply ignored for months at a time and many simply gave up. Other customers seeking refunds were threatened with legal action. For example, after customer D.B. requested a refund, he received a Cease and Desist e-mail from a purported BDG employee known as Adolph P. Krenzler, Senior Investigator, Criminal Investigations Department. D.B. was informed that by requesting a refund and suggesting that he would retain counsel, he had violated federal law. In fact, BDG had no Criminal Investigations Department, Adolph P. Krenzler was not an actual person, and the assertion that D.B. had violated federal law was false.

7. On or about the dates set forth below, in the Eastern District of Virginia, for the purpose of executing the aforesaid scheme and artifice, RONALD A. SMITH and TERRI BETH MILLER did cause to be transmitted by means of wire communication in interstate commerce, certain signs, signals, pictures and sounds as set forth below, each wire transmission being a

separate count of this indictment as indicated:

COUNT	DATE OF WIRE	DESCRIPTION
1	09/03/2015	Electronic transfer of funds in the amount of \$260.00 from credit card processing company to bank account controlled by defendants, representing payment of fee by M.M.
2	09/06/2015	Electronic transfer of funds in the amount of \$175.00 from credit card processing company to bank account controlled by defendants, representing payment of fee by K.M.
3	09/13/2015	Electronic transfer of funds in the amount of \$175.00 from credit card processing company to bank account controlled by defendants, representing payment of fee by R.R.
4	02/08/2016	Electronic transfer of funds in the amount of \$360.00 from credit card processing company to bank account controlled by defendants, representing payment of fee by L.K.
5	11/25/2016	Electronic transfer of funds in the amount of \$498.00 from credit card processing company to bank account controlled by defendants, representing payment of fee by M.S.
6	12/09/2016	Electronic transfer of funds in the amount of \$299.00 from credit card processing company to bank account controlled by defendants, representing payment of fee by H.C.
7	06/09/2017	Electronic transfer of funds in the amount of \$498.00 from credit card processing company to bank account controlled by defendants, representing payment of fee by J.W.

COUNT	DATE OF WIRE	DESCRIPTION
8	06/30/2017	Electronic transfer of funds in the amount of \$498.00 from credit card processing company to bank account controlled by defendants, representing payment of fee by F.W.
9	12/04/2017	Electronic transfer of funds in the amount of \$976.00 from credit card processing company to bank account controlled by defendants, representing payment of fee by J.S.

(In violation of Title 18, United States Code, Section 1343.)

COUNT TEN

THE GRAND JURY FURTHER CHARGES THAT:

On or about June 6, 2017, in the Eastern District of Virginia, the defendants, RONALD A. SMITH and TERRI BETH MILLER, did knowingly engage and attempt to engage in a monetary transaction in criminally derived property of a value greater than \$10,000.00, in and affecting interstate commerce, that is, the transfer of funds by a check drawn on the account of GS Software Solutions, doing business as Business Development Group, in the amount of \$32,000.00 payable to Terri Beth Miller, such property having been derived from a specified unlawful activity, namely, Wire Fraud in violation of Title 18, United States Code, Section 1343.

(In violation of Title 18, United States Code, Section 1957.)

COUNT ELEVEN

THE GRAND JURY FURTHER CHARGES THAT:

On or about September 21, 2017, in the Eastern District of Virginia, the defendants, RONALD A. SMITH and TERRI BETH MILLER, did knowingly engage and attempt to engage in a monetary transaction in criminally derived property of a value greater than \$10,000.00, in and affecting interstate commerce, that is, the transfer of funds by a check drawn on the account of GS Software Solutions, doing business as Business Development Group, in the amount of \$16,000.00, payable to Dorothy Kerr, such property having been derived from a specified unlawful activity, namely, Wire Fraud in violation of Title 18, United States Code, Section 1343.

(In violation of Title 18, United States Code, Section 1957.)

COUNT TWELVE

THE GRAND JURY FURTHER CHARGES THAT:

On or about March 7, 2018, in the Eastern District of Virginia, the defendants, RONALD A. SMITH and TERRI BETH MILLER, did knowingly engage and attempt to engage in a monetary transaction in criminally derived property of a value greater than \$10,000.00, in and affecting interstate commerce, that is, the withdrawal of funds to purchase a cashier's check in the amount of \$16,906.44, payable to GS Software Solutions, such property having been derived from a specified unlawful activity, namely, Wire Fraud in violation of Title 18, United States Code, Section 1343.

(In violation of Title 18, United States Code, Section 1957.)

COUNT THIRTEEN

THE GRAND JURY FURTHER CHARGES THAT:

On or about April 2, 2020, in the Eastern District of Virginia, the defendant, RONALD A. SMITH, knowingly made a materially false, fictitious and fraudulent statement and representation, in that:

1. The defendant applied with the Virginia Employment Commission for unemployment insurance benefits, including an additional \$600.00 per week in federal pandemic unemployment compensation authorized under the Coronavirus Aid, Relief and Economic Security Act ("CARES").

2. In his application, the defendant was asked: "Are you self-employed, or the owner, or operator of a business or farm." The defendant answered: "No." In truth and fact, as the defendant well knew, he was an owner and operator of GS Software Solutions.

3. The defendant was also asked: "Have you received any income from any other source?" The defendant answered: "No." In truth and fact, as the defendant well knew, he was receiving income from GS Software Solutions.

4. The defendant was also asked: "Within the last 12 months, have you received a notice of termination or layoff from your job or received documentation that you are separating from military service?" The defendant answered: "Yes, I have recently received a notice of termination or military separation." In truth and fact, as the defendant well knew, he had not received a notice of termination or military termination.

5. The defendant's false statements were material in that his application would have been denied if he had answered the aforesaid questions truthfully.

6. The aforesaid false statements were made in connection with a benefit, that is, a record, voucher, payment, money or thing of value, good or service, right, or privilege provided by the United States, a State or local government, or other entity, that was authorized, transported, transmitted, transferred, disbursed and paid in connection with an emergency declaration under Section 501 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

7. The authorization, transportation, transmission, transfer, disbursement and payment of the of the above-described benefit was in and affected interstate commerce.

8. As a result of the defendant's false statements, he received approximately \$9,600.00 in federal pandemic unemployment compensation to which he was not entitled.

(In violation of Title 18, United States Code, Section 1040.)

COUNT FOURTEEN

THE GRAND JURY FURTHER CHARGES THAT:

On or about April 2, 2020, in the Eastern District of Virginia, the defendant, TERRI BETH MILLER, knowingly made a materially false, fictitious and fraudulent statement and representation, in that:

1. The defendant applied with the Virginia Employment Commission for unemployment insurance benefits, including an additional \$600.00 per week in federal pandemic unemployment compensation authorized under the Coronavirus Aid, Relief and Economic Security Act ("CARES").

2. In her application, the defendant was asked: "Are you self-employed, or the owner, or operator of a business or farm." The defendant answered: "No." In truth and fact, as the

defendant well knew, she was an owner and operator of GS Software Solutions.

3. The defendant was also asked: “Have you received any income from any other source?” The defendant answered: “No.” In truth and fact, as the defendant well knew, she was receiving income from GS Software Solutions.

4. The defendant was also asked: “Within the last 12 months, have you received a notice of termination or layoff from your job or received documentation that you are separating from military service?” The defendant answered: “Yes, I have recently received a notice of termination or military separation.” In truth and fact, as the defendant well knew, she had not received a notice of termination or military termination.

5. The defendant’s false statements were material in that her application would have been denied if she had answered the aforesaid questions truthfully.

6. The aforesaid false statements were made in connection with a benefit, that is, a record, voucher, payment, money or thing of value, good or service, right, or privilege provided by the United States, a State or local government, or other entity, that was authorized, transported, transmitted, transferred, disbursed and paid in connection with an emergency declaration under Section 501 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

7. The authorization, transportation, transmission, transfer, disbursement and payment of the of the above-described benefit was in and affected interstate commerce.

8. As a result of the defendant’s false statements, she received approximately \$9,600.00 in federal pandemic unemployment compensation to which she was not entitled.

(In violation of Title 18, United States Code, Section 1040.)

FORFEITURE

THE GRAND JURY FURTHER FINDS PROBABLE CAUSE THAT:

1. The defendants, RONALD A. SMITH and TERRI BETH MILLER, if convicted of one or more of the violations alleged in Counts 1-9 of this indictment, shall forfeit to the United States, as part of the sentencing pursuant to Federal Rule of Criminal Procedure 32.2, any property, real or personal, which constitutes or is derived from proceeds traceable to the violation.

2. The defendants, RONALD A. SMITH and TERRI BETH MILLER, if convicted of one or more of the violations alleged in Counts 10-12 of this indictment, shall forfeit to the United States, as part of the sentencing pursuant to Federal Rule of Criminal Procedure 32.2, any property, real or personal, involved in the violation, or any property traceable to that property.

3. If any property that is subject to forfeiture above is not available, it is the intention of the United States to seek an order forfeiting substitute assets pursuant to Title 21, United States Code, Section 853(p) and Federal Rule of Criminal Procedure 32.2(e).

4. The property subject to forfeiture includes, but is not limited to a monetary judgment in the amount of not less than \$1,287,000.00.

(In accordance with Title 18, United States Code, Sections 981(a)(1)(C) and 982(a)(1); and Title 28, United States Code, Section 2461(c).)

United States v. Ronald A. Smith and Terri Beth Miller
Criminal No. 2:20cr 69

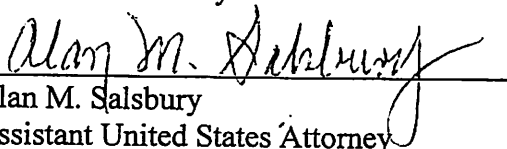
Compared to the In-Government Act,
the [redacted] has been filed
under seal in the Clerk's Office.

A TRUE BILL:


FOREPERSON

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United States Attorney

By:


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