

Department of Justice
U.S. Attorney's Office
Eastern District of Virginia

FOR IMMEDIATE RELEASE

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Man Sentenced for Defrauding Nearly 1,700 Victims in \$1 Million Small Business Loan Scam

NORFOLK, Va. – A Virginia Beach man was sentenced today to 10 years in prison for his role in an internet-based loan scam that defrauded nearly 1,700 owners and prospective owners of small businesses out of \$1,076,000, and for fraudulently collecting unemployment benefits during the COVID-19 pandemic.

According to court documents, Ronald A. Smith, 60, and his co-defendant and wife, Terri Beth Miller, 53, set up an internet-based company, Business Development Group, that offered, in exchange for an advance fee, assistance to individuals in preparing applications to obtain loans guaranteed by the Small Business Administration. From August 2012 through February 2018, Smith and Miller solicited potential customers on the basis of false, fraudulent, and misleading statements and representations, including that the company was headquartered at the Trump Building in New York City with additional offices in Las Vegas, that it was affiliated with the SBA, that it had favorable relationships with banks across the nation, and had assisted well-known large companies in obtaining SBA loans. They offered a money-back guarantee, but in fact employed various fraudulent methods to deny refunds.

“Smith’s brazen scheme resulted in over a million dollars in losses and inflicted serious financial and emotional hardship to many of his nearly 1,700 victims,” said Raj Parekh, Acting U.S. Attorney for the Eastern District of Virginia. “For those who seek to deprive our hardworking community members from receiving crucial financial assistance, you will be held accountable in EDVA and brought to justice.”

“This kind of fraud reaches deep into the community by striking at struggling businesses and people trying to hold onto their livelihoods. It is unconscionable that anyone would attempt to steal from the community using the SBA loan program to line their own pockets,” said Brian Dugan, Special Agent in Charge of the FBI’s Norfolk Field Office. “The FBI is committed to rooting out this kind of fraud. Anyone with information on SBA loan program and other COVID-19 related fraud is asked to submit a tip to the FBI at tips.fbi.gov.”

“Ronald A. Smith submitted a fraudulent unemployment insurance claim with the Virginia Employment Commission, thereby stealing federal pandemic unemployment compensation benefits intended to help unemployed workers,” said Derek Pickle, Special Agent in Charge of the Washington, DC Regional Office of the U.S. Department of Labor, Office of Inspector General. “Today’s sentence demonstrates the Office of Inspector General’s commitment to combating fraud against the unemployment insurance program. We will continue to work with our law enforcement and state workforce agency partners to hold accountable those who seek to exploit unemployment insurance benefit programs to unlawfully enrich themselves.”

“Defrauding small business owners who are trying to launch, expand, or support their businesses is unacceptable,” said Amaleka McCall-Brathwaite, Special Agent in Charge of the Small Business Administration, Office of Inspector General’s Eastern Region. “Our Office will remain relentless in the pursuit of fraudsters who seek to exploit SBA’s vital economic programs. I want to thank the U.S. Attorney’s Office and our law enforcement partners for their dedication and commitment to seeing justice served.”

Smith and Miller solicited 1,669 customers, who paid an aggregate sum of about \$1,076,000 in advance fees. Most of these customers did not receive an SBA-guaranteed loan.

Smith was prosecuted in the Eastern District of Virginia for nearly the identical advance-fee scam in 2006 and received a seven-year prison sentence.

As part of the current case, Smith also committed fraud in connection with emergency benefits by submitting a fraudulent application with the Virginia Employment Commission for unemployment compensation, including \$600 per week in federal pandemic unemployment compensation authorized under the CARES Act. As a result, Smith obtained \$9,600 in federal pandemic unemployment compensation to which he was not entitled.

On October 9, 2020, Smith pleaded guilty to wire fraud, engaging in monetary transactions in criminally derived property, and fraud in connection with emergency benefits. Miller pleaded guilty on October 23, 2020 to wire fraud and engaging in monetary transactions in criminally derived property, and she will be sentenced on April 16, 2021.

Raj Parekh, Acting U.S. Attorney for the Eastern District of Virginia; Brian Dugan, Special Agent in Charge of the FBI's Norfolk Field Office; Derek Pickle, Special Agent in Charge of the Washington, DC Regional Office of the U.S. Department of Labor, Office of Inspector General; Amaleka McCall-Brathwaite, Special Agent in Charge of the SBA's Office of Inspector General, Eastern Region, made the announcement after sentencing by U.S. District Judge John A. Gibney, Jr.

The investigation was jointly conducted by the FBI, the U.S. Postal Inspection Service, the Small Business Administration, and the Department of Labor Office of Inspector General.

Assistant U.S. Attorney Alan M. Salsbury prosecuted the case.

A copy of this press release is located on the website of the [U.S. Attorney's Office](#) for the Eastern District of Virginia. Related court documents and information are located on the website of the [District Court](#) for the Eastern District of Virginia or on [PACER](#) by searching for Case No. 2:20-cr-69.

Topic(s):
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