

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF KENTUCKY
CENTRAL DIVISION
LEXINGTON

Eastern District of Kentucky
FILED
DEC 16 2021
AT LEXINGTON
ROBERT R. CARR
CLERK U.S. DISTRICT COURT

UNITED STATES OF AMERICA

V.

INFORMATION NO. 21-CR-120-KKC
18 U.S.C. § 1349

RANDALL BLANKENSHIP, JR.

* * * * *

THE UNITED STATES ATTORNEY CHARGES:

At all relevant times:

1. The United States Small Business Administration (SBA) was an executive-branch agency of the United States government that provided support to entrepreneurs and small businesses. The mission of the SBA was to maintain and strengthen the nation's economy by enabling the establishment and viability of small businesses and by assisting in the economic recovery of communities after disasters.

2. As part of this effort, the SBA enabled and provided for loans through banks, credit unions and other lenders. These loans had government-backed guarantees. In addition to traditional SBA funding programs, The CARES Act, which was signed into law in March 2020, established several new temporary programs and provided for the expansion of others to address the COVID-19 outbreak.

3. One of these new programs was the SBA Paycheck Protection Program (PPP), which was a loan designed to provide a direct incentive for small businesses to

keep their workers on the payroll. Under this program, the SBA would forgive all or part of loans if all employees were kept on the payroll for eight weeks and borrowers submitted documentation confirming that the loan proceeds were used for payroll, rent, mortgage interest, or utilities. Interested applicants applied through an existing SBA lender or any other participating federally insured financial institution.

4. The PPP application process required applicants to submit a Borrower Application Form through an SBA-approved financial entity. The application contained information as to the purpose of the loan, average monthly payroll, number of employees and background of the business and its owner. Kentucky Bank and Independence Bank were federally insured financial institutions approved by the SBA to process PPP loan applications.

5. Applicants for a PPP loan were also required to make good faith certifications, including that (1) economic uncertainties necessitated their loan requests for continued business operations and that they intended to use loan proceeds only for the authorized and not any duplicative purposes, (2) the information provided in the application and all supporting documents was true and accurate, and that knowingly making a false statement to obtain a loan from the SBA constituted a criminal offense, and (3) the applicant understood that the lender would calculate the loan amount using tax documents the applicant submitted, and that these tax documents were identical to those submitted to the Internal Revenue Service.

6. **RANDALL BLANKENSHIP, JR.**, a resident of Woodford County, Kentucky, was the sole member of Blankenship RV Finance Solutions LLC, RSGG

Properties LLC, RSGG Holdings LLC, and RSGG Investments LLC.

COUNT 1
18 U.S.C. § 1349 – Wire Fraud Conspiracy

7. Beginning on or about a date unknown, but not later than April 16, 2020, and continuing through at least May 26, 2020, in the Eastern District of Kentucky and elsewhere, the Defendant,

RANDALL BLANKENSHIP, JR.

did knowingly, intentionally, and willfully combine, conspire, confederate, and agree with T.G. and others, known and unknown, to commit wire fraud, that is, knowingly, willfully, and with the intent to defraud, having devised and intending to devise a scheme or artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, to transmit and cause to be transmitted by means of wire, radio, and television communication, writings, signs, signals, pictures, and sounds in interstate and foreign commerce for the purpose of executing such scheme and artifice, in violation of 18 U.S.C. § 1343.

Purpose of the Conspiracy

8. It was a purpose of the conspiracy for **RANDALL BLANKENSHIP, JR.** and T.G. to unlawfully enrich both themselves and businesses operated by **BLANKENSHIP** by submitting false and fraudulent applications for PPP loans to the SBA.

Manner and Means of the Conspiracy

9. In furtherance of the conspiracy and to accomplish its object and purpose,

on or about April 16, 2020, **RANDALL BLANKENSHIP, JR.** signed and submitted a PPP loan application to Kentucky Bank for the purpose of obtaining a loan for Blankenship RV Finance Solutions LLC. This application contained material misrepresentations about the entity's average monthly payroll and the intended purpose of the loan proceeds. Kentucky Bank processed the application and transmitted it, via interstate wire, to the SBA. As a result of this fraudulent loan application, on or about April 30, 2020, \$187,500 was deposited to account *9088 at Kentucky Bank, held in the name of Kentucky Bluegrass RV and Camping, and controlled by **BLANKENSHIP**.

10. On or about April 24, 2020, **RANDALL BLANKENSHIP, JR.** signed and submitted a PPP loan application to Kentucky Bank for the purpose of obtaining a loan for RSGG Properties LLC. This application also contained material misrepresentations about the entity's average monthly payroll and the intended purpose of the loan proceeds. Kentucky Bank processed the application and transmitted it, via interstate wire, to the SBA. As a result of this fraudulent loan application, on or about May 8, 2020, \$625,000 was deposited to account *9150 at Kentucky Bank, held in the name of RSGG Properties LLC, and controlled by **BLANKENSHIP**.

11. On or about April 24, 2020, **RANDALL BLANKENSHIP, JR.** signed and submitted a PPP loan application to Independence Bank for the purpose of obtaining a loan for RSGG Holdings LLC. This application also contained material misrepresentations about the entity's average monthly payroll and the intended purpose of the loan proceeds. Independence Bank processed the application and transmitted it, via interstate wire, to the SBA. As a result of this fraudulent loan application, on or about

May 27, 2020, \$275,482 was deposited to account *7713 at Independence Bank, held in the name of RSGG Holdings LLC, and controlled by **BLANKENSHIP**.

12. On or about April 24, 2020, **RANDALL BLANKENSHIP, JR.** signed and submitted a PPP loan application to Independence Bank for the purpose of obtaining a loan for RSGG Investments LLC. This application also contained material misrepresentations about the entity's average monthly payroll and the intended purpose of the loan proceeds. Independence Bank processed the application and transmitted it, via interstate wire, to the SBA. As a result of this fraudulent loan application, on or about May 27, 2020, \$235,847 was deposited to account *5725 at Independence Bank, held in the name of RSGG Investments LLC, and controlled by **BLANKENSHIP**.

13. As part of the loan applications described above, and in furtherance of the scheme to obtain PPP loans under false pretenses, **RANDALL BLANKENSHIP, JR.** submitted to Kentucky Bank and Independence Bank falsified IRS Forms 941, misrepresenting the payroll of Blankenship RV Finance Solutions LLC, RSGG Investments LLC, RSGG Holdings LLC, and RSGG Properties LLC for the first quarter of 2020. In truth and in fact, none of those entities incurred any payroll expense during that time period, and did not file any IRS Forms 941 for the first quarter of 2020 with the Internal Revenue Service. The false forms were prepared by T.G., a Certified Public Accountant in Jessamine County, Kentucky, at **BLANKENSHIP'S** request in exchange for payments specifically negotiated between **BLANKENSHIP** and T.G. for the fraudulent work. T.G. knew at the time she prepared the forms that the payroll information included therein was false and that the purpose of the false forms was to

obtain fraudulent PPP loans.

All in violation of Title 18, United States Code, Section 1349.

FORFEITURE ALLEGATION

18 U.S.C. § 982(a)(2)(A)

18 U.S.C. § 981(a)(1)(C)

28 U.S.C. § 2461(c)

In committing the felony offense alleged in Count 1 of this Information, punishable by imprisonment for more than one year, **RANDALL BLANKENSHIP, JR.** shall forfeit to the United States, pursuant to 18 U.S.C. § 921(a)(2)(A), 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the commission of wire fraud.

The property to be forfeited includes, but is not limited to, the following:

MONEY JUDGMENT:

\$1,323,829, representing the approximate amount of proceeds derived from the conspiracy to commit wire fraud.

If any of the property described above, as a result of any act or omission of **RANDALL BLANKENSHIP, JR.:**

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty,

the United States of America shall be entitled to forfeiture of substitute property pursuant to 21 U.S.C. § 853(p), as incorporated by 18 U.S.C. § 982(b)(1) and 28 U.S.C. § 2461(c).

A handwritten signature in black ink, appearing to read "Carlton S. Shier, IV". The signature is fluid and cursive, with a horizontal line extending from the end of the name.

CARLTON S. SHIER, IV
ACTING UNITED STATES ATTORNEY

PENALTIES

Not more than 20 years' imprisonment, a \$250,000 fine or twice the gross gain or loss, whichever is greater, and not more than 3 years of supervised release.

PLUS: Mandatory special assessment of \$100.

PLUS: Restitution, if applicable.

PLUS: Forfeiture, as alleged.