

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

CRIMINAL ACTION NO. * 21-CR-126-KKC

UNITED STATES OF AMERICA

PLAINTIFF

V.

PLEA AGREEMENT

RANDALL BLANKENSHIP, JR.

DEFENDANT

* * * * *

1. Pursuant to Federal Rule of Criminal Procedure 11(c), the Defendant will enter a guilty plea to Count 1 of the Information, charging a violation of 18 U.S.C. § 1349, conspiracy to commit wire fraud.

2. The essential elements of 18 U.S.C. § 1349 are:

(a) Two or more persons conspired, or agreed, to commit the crime of wire fraud; and

(b) The Defendant knowingly and voluntarily joined the conspiracy.

3. As to Count 1, the United States could prove the following facts that establish the essential elements of the offense beyond a reasonable doubt, and the Defendant admits these facts:

(a) At all relevant times, the Defendant was a resident of Woodford County, Kentucky and the owner and operator of a business that sold recreational vehicles (RVs). The Defendant was also the sole member of four other entities: Blankenship RV Finance Solutions LLC; RSGG Properties LLC; RSGG Holdings LLC; and RSGG Investments LLC.

(b) The CARES Act was a law enacted in March 2020 in response to the coronavirus pandemic that, among other things, provided funding for loans administered by the Small Business Administration (SBA) to business entities. One such loan was a Payroll Protection Program (PPP) loan, which was 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.

(c) The amount of PPP funding an applicant could receive was dependent on the business's payroll. The SBA required applicants to provide a IRS Form 941, or other tax forms containing similar information, to substantiate the borrower's claimed payroll expenses. The SBA had a finite pool of money for PPP loans, and consequently determined that no eligible borrower could receive more than one First Draw PPP loan.

(d) The Defendant devised a scheme to obtain fraudulent PPP loans in the names of Blankenship RV Finance Solutions LLC, RSGG Properties LLC, RSGG Holdings LLC, and RSGG Investments LLC.

(e) In furtherance of the scheme, the Defendant agreed with a certified public accountant, T.G., to create falsified IRS Form 941s for Blankenship RV Finance Solutions LLC, RSGG Properties LLC, RSGG Holdings LLC, and RSGG Investments LLC. These false IRS Form 941s misrepresented the payroll of these entities for the first quarter of 2020; for example, RSGG Properties had claimed quarterly wages of \$750,006.22, and RSGG Investments had claimed quarterly wages of \$539,941.73. Both the Defendant and T.G. knew at the time the forms were prepared that none of the entities had incurred any payroll expense in the first quarter of 2020, and that the purpose of the false forms was to obtain fraudulent PPP loans. The Defendant paid T.G. extra amounts beyond her usual rates for the false IRS Form 941s she created.

(f) Between April 16, 2020 and April 24, 2020, the Defendant submitted four fraudulent PPP loan applications to financial institutions in the Eastern District of Kentucky, specifically, Kentucky Bank and Independence Bank, seeking loans in the names of Blankenship RV Finance Solutions LLC, RSGG Properties LLC, RSGG Holdings LLC, and RSGG Investments LLC. The financial institutions, in turn, processed the applications and transmitted them by interstate wire to the SBA. Each application was accompanied by a falsified IRS Form 941 prepared by T.G.

(g) As a result of these fraudulent PPP loan applications, the Defendant's entities received the following amounts: Blankenship RV Finance Solutions LLC - \$187,500, Kentucky Bank loan #88652172-00; RSGG Properties LLC - \$625,000, Kentucky Bank loan #91353073-04; RSGG Holdings LLC - \$275,482, Independence Bank loan #15985778-05; and RSGG Investments LLC - \$235,847, Independence Bank loan #14148078-09. The Defendant used those funds for (1) his RV business, which received its own PPP loan and was ineligible to receive additional PPP funding at that time, and (2) personal use, including the purchase of real property and the payment of casino debt.

(h) The Defendant agrees that restitution of \$1,323,829 is due to victims of the offense.

4. The statutory punishment for Count 1 is imprisonment for not more than 20 years, a fine of not more than \$250,000 or twice the gross gain or loss, whichever is greater, and a term of supervised release of not more than 3 years. A mandatory special assessment of \$100 applies, and the Defendant will pay this assessment to the U.S. District Court Clerk at the time of the entry of the plea.

5. Pursuant to Rule 11(c)(1)(B), the United States and the Defendant recommend the following sentencing guidelines calculations, and they may object to or argue in favor of other calculations. This recommendation does not bind the Court.

(a) United States Sentencing Guidelines (U.S.S.G.), November 1, 2018, manual, will determine the Defendant's guidelines range.

(b) Pursuant to U.S.S.G. § 1B1.3, the Defendant's relevant conduct includes the scheme to obtain the four fraudulent PPP loans identified above in paragraph 3.

(c) Pursuant to U.S.S.G. § 2B1.1(a)(1), the base offense level is 7.

(d) Pursuant to U.S.S.G. § 2B1.1(b)(1)(H), increase the offense level by 14 levels for loss of more than \$550,000 but less than \$1,500,000.

(e) Pursuant to U.S.S.G. § 2B1.1(b)(17)(A), increase the offense level by 2 levels because the Defendant derived more than \$1,000,000 in gross receipts from one or more financial institutions as a result of the offense.

(f) Pursuant to U.S.S.G. § 3E1.1 and unless the Defendant commits another crime, obstructs justice, or violates a court order, decrease the offense level by 2 levels for the Defendant's acceptance of responsibility. If the offense level determined prior to this 2-level decrease is level 16 or greater, the United States will move at sentencing to decrease the offense level by 1 additional level based on the Defendant's timely notice of intent to plead guilty.

(g) Pursuant to U.S.S.G. § 5E1.1, restitution is \$1,323,829, and the apportioned amounts of that figure owing to Kentucky Bank, Independence Bank, and/or the SBA shall be determined at sentencing.

6. No agreement exists about the Defendant's criminal history category pursuant to U.S.S.G. Chapter 4.

7. The Defendant will not file a motion for a decrease in the offense level based on a mitigating role pursuant to U.S.S.G. § 3B1.2 or a departure motion pursuant to U.S.S.G. Chapter 5, Parts H or K.

8. The Defendant waives the right to appeal the guilty plea and conviction. The Defendant waives the right to appeal any determination made by the Court at sentencing with the sole exception that the Defendant may appeal any aspect of the sentence if the length of the term of imprisonment exceeds the advisory sentencing guidelines range as determined by the Court at sentencing. Except for claims of ineffective assistance of counsel, the Defendant also waives the right to attack collaterally the guilty plea, conviction, and sentence.

9. The United States will recommend releasing the Defendant on a personal recognizance bond with conditions, provided the Defendant does not violate the terms of the order setting conditions of release.

With The exception of unpaid liens relating to RV trade-ins,
10. Pursuant to Rule 11 (c)(1)(A), the United States Attorney's Office for the Eastern District of Kentucky will not bring additional charges against the Defendant based upon evidence in its possession at the time of the execution of this Agreement and arising out of the Defendant's conduct within the Eastern District of Kentucky, unless the Defendant breaches this Agreement. If the Defendant violates any part of this Agreement, the United States may void this Agreement and seek an indictment for any violations of federal laws, and the Defendant waives any right to challenge the initiation of additional federal charges.

11. The Defendant agrees to the imposition of a forfeiture money judgment in the amount of \$1,323,829, which represents proceeds obtained by the Defendant as a result of the offense, and will execute any documents necessary for this forfeiture.

12. The Defendant agrees to cooperate fully with the United States Attorney's Office by making a full and complete financial disclosure. Within 30 days of pleading guilty, the Defendant agrees to complete and sign a financial disclosure statement or affidavit disclosing all assets in which the Defendant has any interest or over which the Defendant exercises control, directly or indirectly, including those held by a spouse, nominee, or other third party, and disclosing any transfer of assets that has taken place within three years preceding the entry of this plea agreement. The Defendant will submit

to an examination, which may be taken under oath and may include a polygraph examination. The Defendant will not encumber, transfer, or dispose of any monies, property, or assets under the Defendant's custody or control without written approval from the United States Attorney's Office. If the Defendant is ever incarcerated in connection with this case, the Defendant will participate in the Bureau of Prisons Inmate Financial Responsibility Program, regardless of whether the Court specifically directs participation or imposes a schedule of payments. If the Defendant fails to comply with any of the provisions of this paragraph, the United States, in its discretion, may refrain from moving the Court pursuant to U.S.S.G. § 3E1.1(b) to reduce the offense level by one additional level, and may argue that the Defendant should not receive a two-level reduction for acceptance of responsibility under U.S.S.G. § 3E1.1(a).

13. The Defendant understands and agrees that, pursuant to 18 U.S.C. § 3613, whatever monetary penalties are imposed by the Court will be due and payable immediately and subject to immediate enforcement by the United States. If the Court imposes a schedule of payments, the Defendant agrees that it is merely a minimum schedule of payments and not the only method, nor a limitation on the methods, available to the United States to enforce the judgment. The Defendant waives any requirement for demand of payment on any fine, restitution, or assessment imposed by the Court and agrees that any unpaid obligations will be submitted to the United States Treasury for offset. The Defendant authorizes the United States to obtain the Defendant's credit reports at any time. The Defendant authorizes the U.S. District Court to release funds posted as security for the

Defendant's appearance bond in this case, if any, to be applied to satisfy the Defendant's financial obligations contained in the judgment of the Court.

14. If the Defendant violates any part of this Agreement, the United States may void this Agreement and seek an indictment for any violations of federal laws, and the Defendant waives any right to challenge the initiation of additional federal charges.

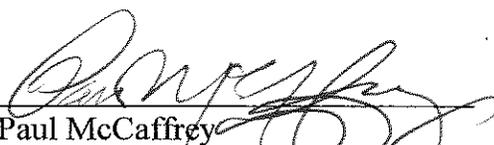
15. This document and the supplement contain the complete and only Plea Agreement between the United States Attorney for the Eastern District of Kentucky and the Defendant. The United States has not made any other promises to the Defendant.

16. This Agreement does not bind the United States Attorney's Offices in other districts, or any other federal, state, or local prosecuting authorities.

17. The Defendant and the Defendant's attorney acknowledge that the Defendant understands this Agreement, that the Defendant's attorney has fully explained this Agreement to the Defendant, and that the Defendant's entry into this Agreement is voluntary.

CARLTON S. SHIER IV
ACTING UNITED STATES ATTORNEY

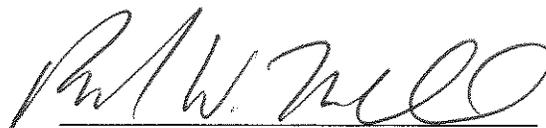
Date: 12/16/21

By: 
Paul McCaffrey
Assistant United States Attorney

Date: 12-16-21


Randall Blankenship, Jr.
Defendant

Date: 12/16/21

A handwritten signature in black ink, appearing to read "Brandon W. Marshall", written over a horizontal line.

Brandon W. Marshall
Attorney for Defendant