UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF WEST VIRGINIA
CHARLESTON GRAND JURY 2023
JUNE 25, 2024 SESSION

UNITED STATES OF AMERICA

v. CRIMINAL NO. 5:24-cr-00105
18 U.S.C. § 641
18 U.S.C. § 1957

ROSS JAY BAILEY

I N D I C T M E N T

The Grand Jury Charges:

Background

1. The United States Small Business Administration ("SBA") was an agency of the executive branch 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. The Economic Injury Disaster Loan Program ("EIDL") was an SBA program that provided low-interest financing to small businesses, renters, and homeowners in regions affected by declared disasters.

3. The Coronavirus Aid, Relief, and Economic Security Act

("CARES Act") authorized the SBA to provide EIDL loans of up to $2 million to eligible small businesses experiencing substantial financial disruption due to the COVID-19 pandemic.

4. To obtain an EIDL loan, a qualifying business applied to the SBA and provided information about the business's operations, such as the number of employees, gross revenues for the 12-month period preceding the disaster, and cost of goods sold in the 12-month period preceding the disaster. In the case of EIDL loan funds for COVID-19 relief issued pursuant to the CARES Act, the 12-month period was from January 31, 2019, to January 31, 2020. EIDL loan funds authorized pursuant to the CARES Act were restricted to working capital usage for businesses to alleviate economic injury caused by the disaster and were not to be used for other purposes. The applicant was also required to certify that all of the information submitted in the EIDL loan application was true and correct to the best of the applicant's knowledge.

5. EIDL loan applications were submitted directly to the SBA and processed by the agency with support from a government contractor. If the application was approved, the amount of the loan was based, in part, on the information provided by the applicant about employment, revenue, and cost of goods sold. Any funds issued

under an EIDL loan were issued directly by the SBA.

Background of defendant ROSS JAY BAILEY

At all relevant times:

6. Defendant ROSS JAY BAILEY was a resident of Beckley, Raleigh County, West Virginia, and within the Southern District of West Virginia. Defendant ROSS JAY BAILEY owned a business located in Beckley called R&R Delivery Service, Inc., an S corporation ("R&R Delivery") incorporated in 2005 with the West Virginia Secretary of State's Office. Defendant ROSS JAY BAILEY was the President and sole owner of R&R Delivery from at least 2005 through at least 2023.

Bank Accounts controlled by defendant ROSS JAY BAILEY

7. Defendant ROSS JAY BAILEY maintained bank accounts at First Community Bank ("FCB"), a financial corporation located in Bluefield, Virginia that had numerous bank branches throughout West Virginia and Virginia. FCB was a financial institution as defined by 18 U.S.C. § 20.

8. Defendant ROSS JAY BAILEY was an authorized signer on each of the FCB accounts listed below:

a. Business Account in the name of R&R Delivery, account number XXX2660 ("R&R Delivery's Business Account");

b. Personal Account in the name of defendant ROSS JAY BAILEY, J.B., and S.K., account number XXX2781 ("Personal Account").

9. Defendant ROSS JAY BAILEY was the authorized signer on

Ally Investment Securities personal brokerage account, account number XXX-XXXXX-XX RR A34 ("Ally").

10. Defendant ROSS JAY BAILEY was the authorized signer of Apex Clearing Corporation, account number XXX-XXXXX-XX RR A34 ("Apex Clearing"). Additionally, Apex Clearing Corporation and Ally Invest Securities are associated financial entities.

The EIDL obtained by defendant ROSS JAY BAILEY

11. On or about June 30, 2020, defendant ROSS JAY BAILEY obtained an EIDL loan (SBA Loan #XXXXXX8002) from the SBA in the amount of $150,000.00, to be used for working capital to alleviate economic injury caused by the pandemic occurring in the month of March 2020, and continuing thereafter. In August 2021, defendant ROSS JAY BAILEY sought a modification of the amount of the original EIDL loan through an Amended Loan Authorization and Agreement ("LA&A"). This modification was approved on or about August 31, 2021, and the amount of the loan was increased from $150,000.00 to $500,000.00.

12. On or about February 25, 2022, defendant ROSS JAY BAILEY sought an additional modification of the EIDL loan through another LA&A. As a requirement of the SBA's Amended LA&A, defendant ROSS JAY BAILEY signed and certified as the Owner/Officer of R&R Delivery on February 25, 2022, that the "Borrower will use all the proceeds of this loan solely as working capital to alleviate economic injury

caused by disaster occurring in the month of January 31, 2020, and continuing thereafter . . . ."

13. The certifications made by defendant ROSS JAY BAILEY or on his behalf and at his request, induced the SBA to modify the loan amount from $500,000.00 to $2,000,000.00 (SBA Loan #XXXXXX8002), a loan modification of $1,500,000.00.

14. Proceeds of the $1,500,000.00 loan modification were deposited by electronic transfer into R&R Delivery's Business Account on or about March 1, 2022.

The Scheme to Defraud

15. From on or about March 1, 2022, through on or about May 31, 2022, defendant ROSS JAY BAILEY fraudulently used an amount of not less than $1,400,000.00 of the EIDL loan proceeds described above for his personal benefit by transferring EIDL funds from the R&R Delivery Business Account to his Personal Account. After these funds were transferred to defendant ROSS JAY BAILEY'S Personal Account XXX2781, he transferred a substantial portion of the EIDL loan proceeds to his Ally account and used the monies for his personal enrichment.

Specific Offense Conduct

16. The following checks, interbank transfers and account withdraws detail the approximate $1,400,000.00 theft as noted above:

DATE	AMOUNT	PAYEE / DESCRIPTION
3/8/22	$700,000.00	Transfer to defendant ROSS JAY BAILEY's Personal Account XXX2781
4/1/22	$700,000.00	Transfer to defendant ROSS JAY BAILEY's Personal Account XXX2781

17. After defendant ROSS JAY BAILEY transferred the $1,400,000.00 to his Personal Account, he then made multiple transfers from his Personal Account to his Ally account. These transfers were for defendant ROSS JAY BAILEY's personal enrichment. Once there, defendant ROSS JAY BAILEY converted these funds into purchases of stock and cryptocurrency.

18. On or about December 30, 2022, $1,600,000.00 was transferred to defendant ROSS JAY BAILEY from the Ally account to his Personal Account.

a. On or about December 30, 2022, defendant ROSS JAY BAILEY transferred $1,600,000.00 from his Personal Account to his R&R Delivery Business Account.

b. On or about January 6, 2023, defendant ROSS JAY BAILEY transferred $1,500,000.00 from his R&R Delivery Business Account to his Personal Account.

c. On or about January 10, 2023, defendant ROSS JAY BAILEY transferred $600,000.00 from his R&R Delivery Business

Account to his Personal Account.

d. On or about January 11, 2023, defendant ROSS JAY BAILEY transferred $200,000.00 from his R&R Delivery Business Account to his Personal Account.

e. On or about January 11, 2023, defendant ROSS JAY BAILEY transferred $2,000,000.00 from his Personal Account to his Ally account.

19. Defendant ROSS JAY BAILEY knew that he was not entitled to receive, withdraw, and convert to his own use monies received in the bank account from the SBA Loan #XXXXXX8002 because the EIDL loan program issued pursuant to the CARES ACT limited the use of his EIDL loan monies to R&R Delivery's working capital for COVID relief.

20. From March 2022 to May 31, 2022, at or near Beckley, Raleigh County and within the Southern District of West Virginia and elsewhere, defendant ROSS JAY BAILEY did knowingly and willfully steal and convert to his own use government monies, that is, EIDL loan monies from the SBA, having a total value of approximately $1,400,000.00. Defendant did this by transferring $700,000.00 on March 8, 2022 from the R&R Delivery Account (XXX2660) to the Defendant's Personal Account (XXX2781); and by transferring $700,000.00 on April 1, 2022 from the R&R Delivery Account (XXX2660) to the Defendant's Personal Account (XXX2781).

21. On or about March 8, 2022, defendant ROSS JAY BAILEY did knowingly and willfully steal and convert to his own use EIDL loan monies from the SBA having a total value of approximately $700,000.00.

22. On or about April 1, 2022, defendant ROSS JAY BAILEY did knowingly and willfully steal and convert to his own use EIDL loan monies from the SBA having a total value of approximately $700,000.00.

Count	Date	From Account Number	Name	To Account Number	Name	Amount
1	3/8/22	XXX2660	SBA	XXX2781	Defendant ROSS JAY BAILEY's Personal Account	$700,000.00
2	4/1/22	XXX2660	SBA	XXX2781	Defendant ROSS JAY BAILEY's Personal Account	$700,000.00

In violation of Title 18, United States Code, Section 641.

COUNTS THREE THROUGH THIRTY-ONE

23. The Grand Jury realleges and incorporates by reference Paragraphs 1 through 22 of this Indictment as though fully set forth herein.

24. On or about March 1, 2022, to on or about June 1, 2022, in the Southern District of West Virginia and elsewhere, defendant ROSS JAY BAILEY, knowingly engaged in monetary transactions by and through a financial institution, affecting interstate commerce, involving criminally derived property of a value greater than $10,000.00, which property was derived from specified unlawful activity (Theft of Government Funds), namely the following transactions:

Count	Date	From Account Number	Name	To Account Number	Name	Amount
3	3/9/22	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	XXX-XXXXX-XX RR A34	Ally	$30,000.00
4	3/11/22	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	XXX-XXXXX-XX RR A34	Ally	$30,000.00
5	3/14/22	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	XXX-XXXXX-XX RR A34	Ally	$30,000.00

6	3/15/22	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	XXX-XXXXX-XX RR A34	Ally	$30,000.00
7	3/17/22	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	XXX-XXXXX-XX RR A34	Ally	$30,000.00
8	3/18/22	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	XXX-XXXXX-XX RR A34	Ally	$30,000.00
9	3/23/22	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	XXX-XXXXX-XX RR A34	Ally	$30,000.00
10	3/24/22	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	XXX-XXXXX-XX RR A34	Ally	$30,000.00
11	3/25/22	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	XXX-XXXXX-XX RR A34	Ally	$30,000.00
12	3/29/22	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	XXX-XXXXX-XX RR A34	Ally	$30,000.00
13	3/30/22	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	XXX-XXXXX-XX RR A34	Ally	$30,000.00
14	4/5/22	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	XXX-XXXXX-XX RR A34	Ally	$700,000.00

15	4/22/22	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	XXX-XXXXX-XX RR A34	Ally	$30,000.00
16	4/27/22	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	XXX-XXXXX-XX RR A34	Ally	$30,000.00
17	4/29/22	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	XXX-XXXXX-XX RR A34	Ally	$30,000.00
18	5/6/22	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	XXX-XXXXX-XX RR A34	Ally	$30,000.00
19	5/10/22	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	XXX-XXXXX-XX RR A34	Ally	$30,000.00
20	5/13/22	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	XXX-XXXXX-XX RR A34	Ally	$30,000.00
21	5/18/22	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	XXX-XXXXX-XX RR A34	Ally	$30,000.00
22	5/19/22	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	XXX-XXXXX-XX RR A34	Ally	$30,000.00
23	5/24/22	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	XXX-XXXXX-XX RR A34	Ally	$30,000.00

24	5/27/22	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	XXX-XXXXX-XX RR A34	Ally	$30,000.00
25	5/31/22	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	XXX-XXXXX-XX RR A34	Ally	$30,000.00
26	12/30/22	XXX-XXXXX-XX RR A34	Ally	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	$1,600,000.00
27	12/30/22	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	XXX2660	R&R Delivery Inc.	$1,600,000.00
28	1/6/23	XXX2660	R&R Delivery Inc.	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	$1,500,000.00
29	1/10/23	XXX2660	R&R Delivery Inc.	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	$600,000.00
30	1/11/23	XXX2660	R&R Delivery Inc.	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	$200,000.00
31	1/11/23	XXX2781	J.B., defendant ROSS JAY BAILEY, and S.K.	XXX-XXXXX-XX RR A34	Apex Clearing	$2,000,000.00

25. Defendant ROSS JAY BAILEY conducted money laundering transactions totaling approximately $8,860,000.00.

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

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Notice of Forfeiture

1. The allegations contained in this Indictment are hereby realleged and incorporated by reference for the purpose of giving notice of forfeiture pursuant to 18 U.S.C. §§ 981, 982 and 28 U.S.C. § 2461(c).

2. Pursuant to 18 U.S.C. §§ 981(a)(1)(C), 982(a)(1), 28 U.S.C. § 2461(c) and Rule 32.2 of the Federal Rules of Criminal Procedure, and premised upon conviction of defendant ROSS JAY BAILEY of the offenses in violation of 18 U.S.C. § 641, as charged in Counts 1 and 2 of this Indictment, or 18 U.S.C. § 1957, as charge in Counts 3 through 31 of this Indictment, defendant ROSS JAY BAILEY shall forfeit to the United States of America any property real or personal which constituting, or derived from, any proceeds traceable to the violations charged herein, and any property involved in or used in the offense(s).

3. Under Section 2461(c), criminal forfeiture is applicable to any offenses for which forfeiture is authorized by any other statute, including, but not limited to 18 U.S.C. §§ 981, 982 and all specified unlawful activities listed or referenced in 18 U.S.C. § 1957, which are incorporated as to proceeds by Section 982(a)(1). The following property is subject to forfeiture in accordance with Section 982 and/or 2461(c):

a. All property which constitutes or is derived from proceeds of the violations set forth in this Indictment;

b. All property involved in such violations or traceable to property involved in such violations; and

c. If, as set forth in 21 U.S.C. § 853(p), any property described in (a) or (b) cannot be located upon the exercise of due diligence, has been transferred or sold to, or deposited with, a third party, has been placed beyond the jurisdiction of the court, has been substantially diminished in value, or has been commingled with other property which cannot be divided without difficulty, all other property of the defendant's to the extent of the value of the property described in (a) and (b).

The following property is subject to forfeiture on one or more grounds stated above:

1. $168,849.42 from First Community Bank account no. XXX2781;

2. $299,604.40 from First Community Bank account no. XXX2600;

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3. $2,333,832.28 from Ally Investment Securities account no. XXX-XXXXX-XX RR A34;
4. $45,000.00 from Ally Investment Securities account no. XXX-XXXXX-XX RR A34;
5. a forfeiture money judgment in the amount of approximately $6,012,713.90, such amount constituting the proceeds of the violations set forth in this Indictment and including such relevant conduct that is included in this Indictment.

WILLIAM S. THOMPSON
United States Attorney

By: Erik S. Goes
ERIK S. GOES
Assistant United States Attorney