

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

UNITED STATES OF AMERICA)
)
 v.)
)
 WENDELL LYNN SMALLWOOD JR.,)
)
 Defendant.)

Criminal Action No. 24- 106-VNA

FILED

INFORMATION

The United States Attorney for the District of Delaware charges that:

OCT 28 2024

GENERAL ALLEGATIONS

U.S. DISTRICT COURT DISTRICT OF DELAWARE

At all times relevant to this Information:

The Small Business Administration and the CARES Act

1. The United States Small Business Administration (“SBA”) was an agency of the executive branch of the United States. 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 provided direct loans. The SBA also enabled and provided for loans through banks, credit unions, and other lenders that had government-backed guarantees.

3. In or around March 2020, the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act was enacted to provide emergency financial assistance to the millions of Americans suffering negative economic effects caused by the COVID-19 pandemic. The CARES Act established several new programs and provided for the expansion of others, including programs created and/or administered by the SBA.

Economic Injury Disaster Loan Program

4. The Economic Injury Disaster Loan (“EIDL”) program was an SBA program that provided low-interest financing to small businesses, renters, and homeowners in regions affected by declared disasters.

5. The CARES Act authorized the SBA to provide EIDLs to eligible small businesses experiencing substantial financial disruptions due to the COVID-19 pandemic. These loans were designed for working capital needs, defined broadly as short-term business expenses accounts payable and interest of fixed debts.

6. In order to obtain an EIDL, a qualifying business was required to submit an application to the SBA and provide information about its operations, such as the number of employees, gross revenue 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 EIDLs for COVID-19 relief, the 12-month period was that preceding January 31, 2020. The applicant was also required to certify that all of the information in the application was true and correct to the best of the applicant’s knowledge.

7. EIDL applications were submitted directly to the SBA. The amount of the loan, if the application is approved, was determined based, in part, on the information provided by the application about the number of employees, gross revenue, and cost of goods, as described above. Any funds issued under an EIDL were issued directly by the SBA. EIDL funds could be used for payroll expenses, sick leave, production costs, and business obligations, such as debts, rent, and mortgage payments.

Paycheck Protection Program

8. Another form of relief under the CARES Act was the authorization to fund forgivable loans to small businesses through a program referred to as the Paycheck Protection Program (“PPP”). PPP loan funds were required to be spent on payroll, mortgage interest and rent, and utilities.

9. In order to obtain a PPP loan, a qualifying business was required to submit a PPP loan application, which was signed by an authorized representative of the business. Initially, eligible small businesses were required to be in operation on February 15, 2020, have fewer than 500 employees, and monthly payroll expenses. In the PPP loan application, the small business (through its authorized representative) was required to state, among other things, its: (a) average monthly payroll expenses; and (b) number of employees. These figures were to calculate the amount of money the small business was eligible to receive under the PPP. In addition, businesses applying for a PPP loan were required to provide documentation showing their payroll expenses.

10. The Economic Aid Act, enacted on December 27, 2020, permitted self-employed sole proprietors without any payroll expenses to receive PPP funding. The loan amount for a sole proprietor seeking PPP funds was calculated based on Gross Income as reported on the sole proprietor’s Form 1040 U.S. Individual Income Tax Return (“Form 1040”) Schedule C “Profit or Loss from Business” (“Form Schedule C”). The maximum PPP loan for a sole proprietor with no employees was set at \$20,833 based on Gross Income capped at \$100,000.

11. A PPP loan applicant was required to certify that all of the information in the application and supporting documentation was true and accurate in all material respects.

Relevant Individuals and Entities

12. **WENDELL LYNN SMALLWOOD JR.** was a resident of Mullica Hill, New

Jersey.

13. **WENDELL LYNN SMALLWOOD JR.** was a professional football player in the National Football League beginning on or about May 4, 2016 through January 9, 2022, who played for various teams including the Philadelphia Eagles, Washington Redskins, Pittsburgh Steelers, Jacksonville Jaguars, and Washington Football Team.

14. **WENDELL LYNN SMALLWOOD JR.** was the registered agent and sole member of Taste Buds by Smallwood's LLC ("Taste Buds"), a limited liability company incorporated in Delaware on or about November 5, 2018. The registered business address for Taste Buds was a residential address in Wilmington, Delaware.

15. **WENDELL LYNN SMALLWOOD JR.** was the registered agent and sole member of Smallwood Sports Management ("Smallwood Sports"), a limited liability company incorporated in Delaware on or about April 28, 2017. The registered business address for Smallwood Sports was a commercial property in Wilmington, Delaware unaffiliated with Smallwood Sports.

16. **WENDELL LYNN SMALLWOOD JR.** was the sole member of Smallwood Enterprise Properties LLC ("Smallwood Properties"), a limited liability company incorporated in Delaware on or about July 22, 2020.

17. Company A was a Delaware limited liability company with its principal place of business in Wilmington, Delaware. Individual 1 was the registered agent and sole member of Company A.

18. Financial Institution 1 was a federally insured institution based in New Jersey. Financial Institution 1 was an SBA Preferred Lender and participated as a PPP lender to eligible borrowers.

19. Financial Institution 2 was a federally insured institution based in Massachusetts with branches throughout the Northeast, including Delaware.

20. Financial Institution 3 was a federally insured institution based in Pennsylvania with branches throughout the United States, including Delaware.

The EIDL Scheme

21. From in or about May 2020 to in or about June 2021, **WENDELL LYNN SMALLWOOD JR.** devised and intended to devise a scheme to defraud by submitting and causing to be submitted false and fraudulent loan applications to the SBA in order to obtain funds through the EIDL program.

Purpose of the EIDL Scheme

22. It was the purpose of the EIDL scheme for **WENDELL LYNN SMALLWOOD JR.** to unjustly enrich himself by, among other things, (a) submitting false and fraudulent EIDL applications to the SBA and (b) diverting EIDL fraud proceeds for his personal use.

Manner and Means of the EIDL Scheme

23. **WENDELL LYNN SMALLWOOD JR.** utilized defunct or recently registered businesses and claimed false business operations in submitting false and fraudulent EIDL applications to the SBA.

24. **WENDELL LYNN SMALLWOOD JR.** utilized or attempted to utilize bank accounts at Financial Institutions 2 and 3 that were opened for the purpose of, among other things, receiving fraudulent loan proceeds.

25. Between on or about May 14, 2020, and on or about June 27, 2021, **WENDELL LYNN SMALLWOOD JR.** electronically submitted fraudulent EIDL applications to the SBA, through the use of interstate wire communications, in the names of small businesses, including

Smallwood Sports, Taste Buds, and Smallwood Properties. These applications contained material misrepresentations regarding, among other things, business open date, amount of gross revenues, costs of goods, and number of employees. Based on these false and fraudulent EIDL applications, the SBA approved two EIDLs in the name of Smallwood Sports and Taste Buds and disbursed approximately \$46,400 in loan proceeds to bank accounts under **WENDELL LYNN SMALLWOOD JR.**'s ownership or control.

26. On or about May 14, 2020, **WENDELL LYNN SMALLWOOD JR.** electronically submitted a fraudulent EIDL application in the name of Smallwood Sports. In the application, **WENDELL LYNN SMALLWOOD JR.** falsely claimed \$100,000 in gross revenues and \$65,000 in cost of goods sold for 2019. Based on these false and fraudulent representations, the SBA approved an EIDL for Smallwood Sports in the amount of \$15,500.

27. On or about June 26, 2020, **WENDELL LYNN SMALLWOOD JR.** opened a business checking account in the name of Smallwood Sports at Financial Institution 2, over which he had sole signatory authority, for the purpose of receiving the fraudulent proceeds ("Smallwood Sports Account").

28. On or about July 14, 2020, the SBA disbursed \$15,500 in EIDL funds to the Smallwood Sports Account. The EIDL funds were not used for allowable business expenses, but rather were diverted for the personal use of **WENDELL LYNN SMALLWOOD JR.** Within days, **WENDELL LYNN SMALLWOOD JR.** withdrew a majority of the fraud proceeds in cash from ATMs in Delaware, Pennsylvania, and New Jersey, and used the fraud proceeds to fund an \$8,000 check.

29. On or about July 26, 2020, **WENDELL LYNN SMALLWOOD JR.** electronically submitted a fraudulent EIDL application in the name of Taste Buds. In the

application, **WENDELL LYNN SMALLWOOD JR.** falsely claimed \$97,000 in gross revenues, \$35,000 in cost of goods sold, and 11 employees for 2019. Based on these false and fraudulent representations, the SBA approved an EIDL for Taste Buds in the amount of \$30,900.

30. On or about July 27, 2020, **WENDELL LYNN SMALLWOOD JR.** opened a business checking account in the name of Taste Buds at Financial Institution 2, over which he had sole signatory authority, for the purpose of receiving the fraudulent proceeds (“Taste Buds Account”).

31. On or about August 10, 2020, the SBA disbursed \$30,900 in EIDL funds to the Taste Buds Account. The EIDL funds were not used for allowable business expenses. Within four days of the EIDL funds being deposited, **WENDELL LYNN SMALLWOOD JR.** transferred the entirety of the fraud proceeds to a personal checking account at Financial Institution 2, over which he had sole signatory authority.

32. Between September 10, 2020 and June 27, 2021, **WENDELL LYNN SMALLWOOD JR.** submitted five fraudulent EIDL applications in the name of Smallwood Properties. These EIDL applications contained inconsistent information and falsely claimed business operations during some or all of the 12-month period preceding the disaster, despite not being in existence at that time.

33. In or around September 2020, **WENDELL LYNN SMALLWOOD JR.** opened a business checking account at Financial Institution 3 in the name of Smallwood Properties, over which he had sole signatory authority, for the purpose of receiving the fraudulent proceeds (“Smallwood Properties Account”).

34. The SBA denied all five applications in the name of Smallwood Sports.

The PPP Conspiracy and Scheme

35. From in or around March 2021 to in or around May 2021, **WENDELL LYNN SMALLWOOD JR.**, Individual 1, and others known and unknown, did conspire with each other to commit a scheme to defraud by submitting and causing to be submitted false and fraudulent loan applications to Financial Institution 1 in order to obtain funds through the PPP.

Purpose of the PPP Conspiracy and Scheme

36. The purpose of the PPP conspiracy and scheme was for the **WENDELL LYNN SMALLWOOD JR.** and his co-conspirators to unlawfully enrich themselves by, among other things: (a) submitting, and causing to be submitted, false and fraudulent PPP loan applications to Financial Institution 1; (b) offering, paying, and receiving kickbacks in return for the submission of false and fraudulent PPP loan applications; and (c) diverting PPP fraud proceeds for their personal use.

Manner and Means of the PPP Conspiracy and Scheme

37. **WENDELL LYNN SMALLWOOD JR.**, Individual 1, and other persons known and unknown, agreed to participate in a scheme to fraudulently obtain PPP loan funds.

38. **WENDELL LYNN SMALLWOOD JR.**, Individual 1, and others known and unknown, recruited borrowers in Delaware and elsewhere interested in obtaining PPP loans and gathered information and documents from those borrowers for use in the fraudulent PPP applications.

39. **WENDELL LYNN SMALLWOOD JR.** electronically submitted fraudulent PPP loan applications in the names of at least thirteen sole proprietor borrowers to Financial Institution 1. These applications falsely stated either the existence of a sole proprietorship in the 12 months

prior to the pandemic or substantially inflated the sole proprietorship's business operations during 2019 or 2020.

40. **WENDELL LYNN SMALLWOOD JR.** created fictitious documents—including Forms Schedule C—in the names of sole proprietor borrowers that were submitted in support of the PPP applications. These Forms Schedule C included false statements of income and expenses attributed to the sole proprietorship in tax years 2019 or 2020. In particular, the Forms Schedule C for each sole proprietorship falsely claimed gross receipts in excess of \$100,000 and were designed to yield the maximum PPP loan for an eligible sole proprietor borrower.

41. **WENDELL LYNN SMALLWOOD JR.**, upon submitting each PPP application, falsely and fraudulently certified that all of the information in the application and supporting documentation was true and accurate in all material respects.

42. Based on these false and fraudulent PPP applications in the names of sole proprietor borrowers, Financial Institution 1 approved thirteen PPP loans and disbursed approximately \$269,150 in loan proceeds. Each loan was disbursed to a bank account under the sole proprietor borrower's ownership or control. Eleven of the thirteen sole proprietor borrowers received the maximum PPP loan in the amount of \$20,833.

43. **WENDELL LYNN SMALLWOOD JR.**, Individual 1, and others arranged for the sole proprietor borrowers to pay a portion of PPP loan as a fee or kickback for obtaining the loan. In return for preparing and submitting PPP loan applications, **WENDELL LYNN SMALLWOOD JR.** received kickback payments ranging from approximately \$4,000 to \$12,000, including by means of cash payments or cashier's checks made payable to Taste Buds and Smallwood Sports. Individual 1 also received kickback payments from PPP loan recipients, including by means of cashier's checks made payable to Company A.

44. **WENDELL LYNN SMALLWOOD JR.**, Individual 1, and other co-conspirators coordinated their efforts, including obtaining information from borrowers and submitting fraudulent PPP loan applications, through the use of interstate wire communications.

The Conspiracy and Scheme to Defraud the IRS

45. At all times relevant to the Information, the Internal Revenue Service (“IRS”) was an agency of the United States responsible for collecting taxes and administering the Internal Revenue Code.

46. From in or around May 2020 through in or around June 2021, **WENDELL LYNN SMALLWOOD JR.** and others known and unknown did conspire with each other to commit a scheme to defraud by submitting and causing to be submitted false and fraudulent tax returns to the IRS in order to obtain tax refunds to which they were not entitled.

Purpose of Conspiracy and Scheme to Defraud the IRS

47. The purpose of the conspiracy was for **WENDELL LYNN SMALLWOOD JR.** and his co-conspirators to unlawfully enrich themselves by, among other things: (a) submitting, and causing to be submitted, false and fraudulent tax returns in order to obtain tax refunds from the IRS to which they knew they were not entitled; and (b) offering, paying, and receiving kickbacks in return for the submission of false and fraudulent tax returns.

Manner and Means of Conspiracy and Scheme to Defraud the IRS

48. **WENDELL LYNN SMALLWOOD JR.** and other persons known and unknown, agreed to participate in a scheme to obtain payment of false claims for refunds from the IRS by filing in their own names or in the names of others, and by causing others to file, false 2021 and 2022 federal income tax returns claiming refunds to which they knew they were not entitled.

49. It was part of the conspiracy that **WENDELL LYNN SMALLWOOD JR.** recruited individual tax filers into the scheme, from Delaware and elsewhere, and gathered information and documents from those tax filers for the purpose of filing false Forms 1040.

50. It was further part of the conspiracy that individual tax filers provided bank routing information to **WENDELL LYNN SMALLWOOD JR.** for the purpose of receiving fraudulent tax refunds.

51. It was further part of the conspiracy that **WENDELL LYNN SMALLWOOD JR.** prepared at least ten false Forms 1040 in the names of individual tax filers and on their behalf, for tax years 2021 and 2022, each of which included the following types of false information or documents:

- a. False statements concerning income;
- b. False W-2 Forms from employers who did not employ the tax filer on behalf of whom the false Form 1040 was filed;
- c. False information about income tax purportedly withheld from income;
and
- d. False claims for refunds.

52. It was further part of the conspiracy that **WENDELL LYNN SMALLWOOD JR.** electronically filed these false Forms 1040 and supporting documentation on behalf of individual tax filers from his residence in Mullica Hill, New Jersey to an IRS service center.

53. It was further part of the conspiracy that these false Forms 1040 filed by **WENDELL LYNN SMALLWOOD JR.** claimed a total of at least \$221,950 due from the IRS in tax refunds. As a result of these returns, the IRS processed these false returns as if they were legitimate and issued actual refunds of at least \$110,196.

Count One
(Wire Fraud – EIDL Scheme)

54. The allegations set forth in paragraphs 1 through 7 and 12 through 34 of this Information are re-alleged as if fully set forth herein.

55. From in or around May 2020 through in or around June 2021, in the State and District of New Jersey and elsewhere, the defendant, **WENDELL LYNN SMALLWOOD JR.**, having devised and intending to device a scheme and artifice to defraud and obtain money and property by means of materially false and fraudulent pretenses, representations and promises, as described in paragraphs 21 through 34 above, incorporated herein by reference, and for the purposes of executing such scheme, did knowingly transmit and cause to be transmitted by means of a wire communication in interstate commerce, the following:

- a. On or about August 10, 2020, a wire transfer of \$30,900 that the SBA, in Colorado, caused to be routed in interstate commerce to a business checking account in the name of Taste Buds at Financial Institution 2.

All in violation of Title 18, United States Code, Sections 1343 and 2.

Count Two
(Conspiracy to Commit Wire Fraud – PPP Scheme)

56. The allegations set forth in paragraphs 1 through 3, 8 through 20, and 35 through 44 of this Information are re-alleged as if fully set forth herein.

57. From at least January 2019 and continuing thereafter through in or around March 2022, in the State and District of Delaware and elsewhere, the defendant, **WENDELL LYNN SMALLWOOD JR.**, did knowingly and willfully conspire, combine, and agree with Individual 1 and other persons known and unknown, to commit wire fraud, in violation of 18 U.S.C. § 1343,

by devising a scheme or artifice to defraud as to a material matter or to obtain money by means of materially false and fraudulent representations.

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

Count Three
(Conspiracy to Defraud the IRS)

58. The allegations set forth in paragraphs 1 through 3 and 45 through 53 of this Information are re-alleged as if fully set forth herein.

59. From at least July 2022 and continuing thereafter through in or around September 2023, in the State and District of Delaware and elsewhere, the defendant, **WENDELL LYNN SMALLWOOD JR.**, did knowingly and willfully conspire, combine, and agree with other persons known and unknown, to defraud the Internal Revenue Service (“IRS”), an agency of the United States, by obtaining and aiding to obtain the payment and allowance of false, fictitious, and fraudulent claims.

All in violation of 18 U.S.C. § 286.

NOTICE OF FORFEITURE

60. Upon conviction of the offenses charged in Counts One and Two of this Information, the defendant **WENDELL LYNN SMALLWOOD JR.** shall forfeit to the United States, pursuant to 18 U.S.C. § 982(a)(2)(A) and 28 U.S.C. § 2461(c), any property, real or personal, that constitutes or is derived, directly or indirectly, from proceeds traceable to the offenses charged in Counts One and Two.

If the above-described forfeitable property, as a result of any act or omission of the defendant:

- (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 28 U.S.C. § 2461(c).

DAVID C. WEISS
United States Attorney

BY: /s/ Jennifer K. Welsh
Meredith C. Ruggles
Jennifer K. Welsh
Assistant United States Attorneys

Dated: October 28, 2024

DEFENDANT INFORMATION SHEET

CR 24-106-UNA

TO: Clerk, U.S. District Court Felony Class A Misdemeanor

DEFENDANT: Wendell Smallwood, Jr. Indictment Information

DOB (Year Only) 1994 **COUNTY OF OFFENSE:** New Castle

OFFENSE(S) & CITATION(S):

MAXIMUM PENALTIES:

Count One: wire fraud In Violation Of 18 USC 1343	20 years of imprisonment; a \$250,000 fine or twice the gross gain or loss from the offense, whichever is greater; 3 years of supervised release; restitution; and a \$100 special assessment.
Count Two: conspiracy to commit wire fraud In Violation Of 18 USC 1349	20 years of imprisonment; a \$250,000 fine or twice the gross gain or loss from the offense, whichever is greater; 3 years of supervised release; restitution; and a \$100 special assessment.
Count Three: conspiracy to defraud the IRS In Violation of 18 USC 286	10 years of imprisonment; a \$250,000 fine or twice the gross gain or loss from the offense, whichever is greater; 3 years of supervised release; restitution; and a \$100 special assessment.

INSTRUCTIONS

Order to Produce for Arraignment on: _____ at 1:00 p.m.

Issue Arrest Warrant upon signing of Order _____

Issue Summons for Initial Appearance on: _____ at _____ FILED

Interpreter Needed _____ Language _____ OCT 28 2024

DEFENDANT INFORMATION

U.S. DISTRICT COURT DISTRICT OF DELAWARE

Defendant's Address: _____

City: _____ **County:** _____ **State:** _____ **Zip:** _____

Date of Arrest: _____ **Date of 1st Appearance in this District** _____

Bail Set: _____ **Date Made:** _____ **Remains in Federal Custody**

/s/ Jennifer K. Welsh
Assistant United States Attorney