

Attorneys for Plaintiff  
United States of America

**FILED**

OCT 31 2019

CLERK, U.S. DISTRICT COURT  
EASTERN DISTRICT OF CALIFORNIA

**DEPUTY CLERK**

IN THE UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF CALIFORNIA

11 | UNITED STATES OF AMERICA.

CASE NO. 1:19-CR-00230-DAD-BAM

Plaintiff,

13 v.  
14 KENNETH SHANE PATTERSON

18 U.S.C. § 1343—FRAUD BY WIRE, RADIO, OR  
TELEVISION (6 COUNTS); 18 U.S.C. § 1344—  
BANK FRAUD (1 COUNT); 26 U.S.C. § 7201—  
ATTEMPT TO EVADE OR DEFEAT TAX (1  
COUNT); 18 U.S.C. §§ 981(A)(1)(C), 982(A)(2)(A),  
AND 28 U.S.C. § 2461(C)—CRIMINAL  
FORFEITURE

## Defendants.

## INDICTMENT

## INTRODUCTION

At all times relevant to this indictment:

1. Defendant KENNETH SHANE PATTERSON resided in Fresno, California, in the State and Eastern District of California, and elsewhere. The defendant committed the acts alleged in this Indictment personally and through others.

2. PATTERSON was the President and Director of The SBA Pros, Inc. ("SBA PROS").

PATTERSON incorporated SBA PROS, a Nevada corporation, in 2014.

3. PATERSON was the President, Treasurer, and Director of SBA Elite, Inc. ("SBA ELITE"). PATERSON incorporated SBA ELITE, a Nevada corporation, in 2015.

4. PATTERSON maintained primary control over the finances and operations of SBA

1 PROS and SBA ELITE.

2 COUNTS ONE THROUGH SIX: [18 U.S.C. § 1343—Fraud by Wire, Radio, or Television]

3 The Grand Jury further charges:

4 KENNETH SHANE PATTERSON,

5 defendant herein, as follows:

6 **I. INTRODUCTION**

7 5. Paragraphs 1 through 4 are incorporated by reference as though fully set forth herein.

8 6. H.Q. was a resident of Monterey Park, California and was a trustee of N.H.Q.A.B.L.T., a  
9 living trust (hereinafter “the living trust”). The living trust owned Q.S.C., a California corporation  
10 whose primary business is the operation of a Chevron service station in Los Angeles, California. H.Q.  
11 was the Chief Executive Officer and Director of Q.S.C.

12 7. PATTERSON was an authorized signer on a Bank of America bank account ending in  
13 7654 in the name of The SBA Pros, Inc. (SBA PROS BANK ACCOUNT 1).

14 8. PATTERSON was an authorized signer on a Bank of America bank account ending in  
15 1579 in the name of The SBA Pros, Inc. (SBA PROS BANK ACCOUNT 2).

16 **II. SCHEME TO DEFRAUD**

17 9. From on or about February 3, 2015 until on or about August 8, 2017, within the State and  
18 Eastern District of California and elsewhere, defendant KENNETH SHANE PATTERSON knowingly  
19 devised, intended to devise, participated in, and executed a material scheme and artifice to defraud  
20 individuals of their money and property, and to obtain money and property from individuals by means of  
21 materially false and fraudulent pretenses, representations, and promises.

22 **III. MANNER AND MEANS**

23 10. The scheme to defraud was carried out, in substance, generally in the following manner:

24 11. Defendant PATTERSON induced H.Q. to provide him with funds based on materially  
25 false and fraudulent representations that PATTERSON was in the process of acquiring a specific skilled  
26 nursing facility in Pasadena, California, that PATTERSON needed funds from H.Q. to complete the  
27 transaction, and that PATTERSON would sell the skilled nursing facility to H.Q. after he acquired it.

1 H.Q. believed that the transaction would benefit both H.Q. and PATTERSON because it would enable  
2 H.Q. to pursue H.Q.'s interest in entering the nursing home business and would enable PATTERSON to  
3 resell the facility to H.Q. at a profit.

4 12. On or about February 5, 2015, H.Q. entered into a written agreement with PATTERSON.  
5 The agreement falsely stated that PATTERSON was "on the verge of acquiring [the skilled nursing  
6 facility]" and that, upon PATTERSON's acquisition of the facility, PATTERSON would sell the facility  
7 to H.Q. for \$4,000,000.

8 13. Beginning in or around February 2015, PATTERSON falsely and fraudulently  
9 represented to H.Q., at various times, that he needed funds in order to acquire the skilled nursing facility.  
10 Among the false and fraudulent representations PATTERSON made to H.Q., he falsely and fraudulently  
11 represented to H.Q. that he needed funds to clear up liens on the facility, to pay amounts due to the State  
12 of California Employment Development Department, to pay amounts owed for workers compensation,  
13 and for other expenses.

14 14. Based on defendant PATTERSON's false and fraudulent pretenses, representations, and  
15 promises, between on or about February 2015 and on or about August 2017, H.Q. made a number of  
16 payments by check and wire transfer from bank accounts held by Q.S.C. and H.Q.'s living trust.

17 15. PATTERSON's representations to H.Q. that he was in the process of acquiring the  
18 skilled nursing facility were false. Moreover, PATTERSON did not intend to, and did not, use the funds  
19 H.Q. gave him for the purpose of acquiring the skilled nursing facility. PATTERSON instead used the  
20 money for his personal expenses, including gambling expenses, and to pay business expenses unrelated  
21 to the skilled nursing facility.

22 16. In some instances, when PATTERSON received checks from H.Q., he caused them to be  
23 deposited into SBA PROS BANK ACCOUNT 1 and SBA PROS BANK ACCOUNT 2 at various Bank  
24 of America locations in Fresno County, California. Certain of the checks deposited at Bank of America  
25 cleared via interstate wire transmissions sent through various locations outside the State of California.  
26 The acquisition of monies in furtherance of defendant PATTERSON's scheme depended on the success  
27 of these interstate wire transmissions. During the course of the scheme, PATTERSON defrauded H.Q.  
28 of more than \$900,000 based on his material false and fraudulent pretenses, representations, and

1 promises.

2 17. At all times, in carrying out the scheme, defendant PATTERSON acted with intent to  
3 defraud.

4 **IV. USE OF WIRE TRANSMISSIONS**

5 18. On or about the dates set forth below, in the State and Eastern District of California and  
6 elsewhere, for the purpose of executing the aforementioned scheme and artifice to defraud, defendant  
7 KENNETH SHANE PATTERSON knowingly transmitted and caused to be transmitted by means of  
8 wire and radio communication in interstate and foreign commerce, the following writings, signs, signals, signals,  
9 pictures, and sounds:

COUNT	APPROXIMATE DATE OF WIRE	DESCRIPTION
One	5/29/15	Wire transmission of check by Q.S.C. in the amount of \$50,000 deposited into Bank of America account 7654 in Fresno, California and processed through Richmond, Virginia
Two	9/30/15	Wire transmission of check written by Q.S.C. in the amount of \$65,000 deposited into Bank of America account 7654 in Fresno, California and processed through Kansas City, Missouri
Three	4/5/16	Wire transmission of check by Q.S.C. in the amount of \$90,000 deposited into Bank of America account 1579 in Fresno, California and processed through Richardson, Texas
Four	9/22/16	Wire transmission of check by Q.S.C. in the amount of \$50,000 deposited into Bank of America account 1579 in Fresno, California and processed through Richmond, Virginia
Five	2/2/17	Wire transmission of check by N.H.Q.A.B.L.T. in the amount of \$200,000 deposited into Bank of America account 1579 in Fresno, California and processed through Richmond, Virginia
Six	3/13/17	Wire transmission of check by N.H.Q.A.B.L.T. in the amount of \$100,000 deposited into Bank of America account 1579 in Fresno, California and processed through Richmond, Virginia

26 All in violation of 18, United States Code, Section 1343.

27 COUNT SEVEN: [18 U.S.C. § 1344—Bank Fraud]

The Grand Jury further charges:

KENNETH SHANE PATTERSON,

defendant herein, as follows:

## **I. INTRODUCTION**

19. Paragraphs 1 through 8 and 10 through 18 are incorporated by reference as though fully set forth herein.

20. PATERSON was an authorized signer on a Bank of America bank account ending in 9931 in the name of SBA PROS (SBA PROS BANK ACCOUNT 3).

21. PATERSON was an authorized signer on a JPMorgan Chase Bank bank account ending in 5263 in the name of SBA ELITE (the "SBA ELITE BANK ACCOUNT").

22. A.A. was a business associate of PATTERSON.

23. A.A. was an authorized signer on a Bank of America bank account ending in 2400 in the name of A.A.

## II. SCHEME TO DEFRAUD

24. Between on or about March 29, 2017 and on or about March 31, 2017, in the County of Fresno, State and Eastern District of California and elsewhere, KENNETH SHANE PATTERSON did knowingly execute and attempt to execute a scheme and artifice to defraud a federally insured financial institution, specifically Bank of America, and to obtain moneys and funds owned by and under the custody and control of a financial institution by means of materially false pretenses, representations, and promises, all in violation of 18 U.S.C. § 1344.

### III. MANNER AND MEANS

25. The scheme to defraud was carried out, in substance, generally in the following manner:

26. Between on or about March 29, 2017 and on or about March 30, 2017, PATTERSON conducted a series of banking transactions done with the intent and for the purpose of defrauding Bank of America. The transactions included writing checks from one account to another, conducting online transfers of funds, making cash withdrawals, and causing cash withdrawals to be made by others.

27. On or about March 29, 2017, PATTERSON fraudulently deposited check number 4210, written and signed by PATTERSON from the SBA ELITE BANK ACCOUNT, into SBA PROS

1 ACCOUNT 2. The amount of the check was \$90,000. PATTERSON made the deposit in person at a  
2 Bank of America branch in Fresno, California. At the time PATTERSON made the deposit, the SBA  
3 ELITE BANK ACCOUNT had insufficient funds to cover the check. At the time or shortly after  
4 PATTERSON made the deposit, Bank of America credited the funds to SBA PROS BANK ACCOUNT  
5 2.

6 28. On or about March 30, 2017, PATTERSON fraudulently deposited check number 4209,  
7 written and signed by PATTERSON from the SBA ELITE BANK ACCOUNT, into SBA PROS BANK  
8 ACCOUNT 2. The amount of the check was \$140,000. PATTERSON made the deposit in person at a  
9 Bank of America branch in Fresno, California. At the time PATTERSON made the deposit, the SBA  
10 ELITE BANK ACCOUNT had insufficient funds to cover the check. At the time or shortly after  
11 PATTERSON made the deposit, Bank of America credited the funds to SBA PROS BANK ACCOUNT  
12 2.

13 29. After depositing check numbers 4210 and 4209, PATTERSON executed and caused to be  
14 executed a series of transfers, withdrawals, and other transactions of the funds deposited by Bank of  
15 America based on PATTERSON's fraudulently deposited checks with the intent and purpose of  
16 defrauding Bank of America. These transfers and withdrawals included the following:

17 a) On or about March 30, 2017, after depositing check number 4209, PATTERSON  
18 transferred \$100,000 of the deposited funds via online transfer from SBA PROS BANK  
19 ACCOUNT 2 to SBA PROS BANK ACCOUNT 3. Also on March 30, 2017, PATTERSON  
20 made a second, \$9,000 online transfer of the deposited funds from SBA PROS BANK  
21 ACCOUNT 2 to SBA PROS BANK ACCOUNT 3.

22 b) On or about March 30, 2017, after making these online transfers, PATTERSON  
23 transferred \$95,000 of the deposited funds from SBA PROS BANK ACCOUNT 3 to the Bank of  
24 America bank account ending in 2400 in the name of A.A.

25 c) On or about March 30, 2017, PATTERSON instructed A.A. to withdraw funds  
26 that PATTERSON had transferred to A.A. To execute these instructions, A.A. traveled to  
27 multiple Bank of America locations making cash withdrawals. As a result of PATTERSON's  
28 instructions, A.A. made total cash withdrawals of approximately \$25,000.

d) Between March 29, 2017 and March 31, 2017, PATTERSON withdrew approximately \$163,000, which included deposited funds, from SBA PROS BANK ACCOUNT 2 at 500 Club Casino in Clovis, California.

30. PATERSON executed these banking transactions to defraud a federally insured financial institution, specifically Bank of America, and to obtain moneys and funds owned by and under the custody and control of a financial institution by means of materially false pretenses, representations, and promises, all in violation of 18 U.S.C. § 1344.

31. As a result of PATTERSON's actions, Bank of America sustained a loss of at least \$150,000.

All in violation of 18, United States Code Section 1344.

COUNT EIGHT: [26 U.S.C. § 7201 – Attempt to Evade or Defeat Tax]

The Grand Jury further charges:

KENNETH SHANE PATTERSON,

defendant herein, as follows:

32. The allegations in paragraphs 1 through 8, 10 through 23, and 25 through 31 are re-alleged and incorporated by reference.

33. A Substitute for Return (“SFR”) is an assessment by the IRS of an individual’s tax due. The IRS creates SFRs when an individual fails to file an income tax return. To create SFRs, the IRS relies, in part, on documents from third parties reflecting the taxpayer’s income, including IRS Forms 1099 and W-2.

34. Between on or about January 1, 2003 and on or about September 28, 2016, defendant KENNETH SHANE PATTERSON received income from various sources, including investors, employers, and clients of SBA PROS and SBA ELITE.

35. PATERSON failed to file personal income tax returns with the IRS for calendar years 2003, 2004, 2005, and 2007. In 2009, the IRS examined PATERSON's income for those years and issued SFRs for those years. The SFRs reflected additional tax due and owing by PATERSON. As of at least on or about September 28, 2016, PATERSON had not paid those amounts.

1       36.    PATTERSON filed personal federal income tax returns with the IRS for calendar years  
2 2008-2010 and 2014-2015. PATTERSON's tax returns reflected additional tax due and owing by  
3 PATTERSON. As of at least on or about September 28, 2016, PATTERSON had not paid those  
4 amounts.

5       37.    As of September 28, 2016, additional taxes of at least \$350,000 were due and owing by  
6 PATTERSON to the IRS.

7       38.    From in or about January 2014 through in or about September 2016, in the State and  
8 Eastern District of California and elsewhere, defendant KENNETH SHANE PATTERSON, a resident  
9 of Fresno, California, willfully attempted to evade and defeat the payment of income tax due and owing  
10 by him to the United States of America, for the calendar years 2003, 2004, 2005, 2007, 2008, 2009,  
11 2010, 2013, 2014, and 2015 by committing the following affirmative acts, among others:

12       a)    From in or about January 2015 and continuing to September 28, 2016,  
13 PATTERSON held no personal bank accounts and conducted checking activity primarily  
14 through the business bank accounts of SBA PROS and SBA ELITE. PATTERSON willfully  
15 structured his finances in this manner with the intent of avoiding the IRS identifying and seizing  
16 or otherwise claiming an interest in his assets.

17       b)    From in or about January 2015 and continuing to September 28, 2016,  
18 PATTERSON incurred personal expenses using a credit card ending in 4239, issued by Golden  
19 One Credit Union to E.B. PATTERSON typically paid the balance due on the card in cash,  
20 sometimes by withdrawing funds from accounts in the names of SBA PROS and SBA ELITE.  
21 PATTERSON willfully structured his finances in this manner with the intent of avoiding the IRS  
22 identifying and seizing or otherwise claiming an interest in his assets to satisfy taxes due and  
23 owing.

24       c)    From in or about January 2014 and continuing to September 28, 2016,  
25 PATTERSON paid for a large volume of personal and business expenses with cash withdrawn  
26 from bank accounts in the names of SBA PROS and SBA ELITE. These expenses included rent  
27 and utilities for PATTERSON's personal residences and money for gambling at various casinos.  
28 PATTERSON willfully structured his finances in this manner with the intent of avoiding the IRS

1 identifying and seizing or otherwise claiming an interest in his assets.

2 All in violation of Title 26, United States Code, Section 7201.

3 FORFEITURE ALLEGATION: [18 U.S.C. §§ 981(a)(1)(C), 982(a)(2)(A),

4 and 28 U.S.C. § 2461(c) – Criminal Forfeiture]

5 1. Upon conviction of one or more of the offenses alleged in Counts One through Six of this  
6 Indictment, defendant KENNETH SHANE PATTERSON shall forfeit to the United States, pursuant to  
7 18 U.S.C. § 982(a)(2)(A), any property constituting, or derived from, proceeds obtained directly or  
8 indirectly, as a result of said violations, including but not limited to the following:

9 a. A sum of money equal to the amount of proceeds obtained directly or indirectly, as a  
10 result of such offenses, for which defendant is convicted.

11 2. Upon conviction of the offense alleged in Count Seven of this Indictment, defendant  
12 KENNETH SHANE PATTERSON shall forfeit to the United States, pursuant to 18 U.S.C. §  
13 981(a)(1)(C) and 28 U.S.C. § 2461(c), any property, real or personal, which constitutes or is derived  
14 from proceeds traceable to such violation, including but not limited to the following:

15 a. A sum of money equal to the amount of proceeds obtained directly or indirectly, as a  
16 result of such offenses, for which defendant is convicted.

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3. If any property subject to forfeiture as a result of the offenses alleged in Counts One through Seven of this Indictment, for which the defendant is convicted:

- 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;

A TRUE BILL.

/s/ Signature on file w/AUSA

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**FOREPERSON**

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McGREGOR W. SCOTT

United States Attorney

**KIRKE E. SHERIFF**

KIRK E. SHERRIFF

**Assistant United States Attorney**

### Chief, Fresno Office

No. \_\_\_\_\_

1:19 CR 00230 DAD BAM

UNITED STATES DISTRICT COURT

Eastern District of California

Criminal Division

FILED

OCT 31 2019

CLERK, U.S. DISTRICT COURT  
EASTERN DISTRICT OF CALIFORNIA  
BY *SMG*  
DEPUTY CLERK

THE UNITED STATES OF AMERICA

vs.

KENNETH SHANE PATTERSON

INDICTMENT

VIOLATION(S): 18 U.S.C. § 1343—FRAUD BY WIRE, RADIO, OR TELEVISION (6 COUNTS); 18 U.S.C. § 1344—BANK FRAUD (1 COUNT); 26 U.S.C. § 7201—ATTEMPT TO EVADE OR DEFEAT TAX (1 COUNT); 18 U.S.C. §§ 981(A)(1)(C), 982(A)(2)(A), AND 28 U.S.C. § 2461(C)—CRIMINAL FORFEITURE

A true bill,

*JS*  
Foreman.

Filed in open court this \_\_\_\_\_ day

of \_\_\_\_\_, A.D. 20 \_\_\_\_

Clerk.

Bail, \$ \_\_\_\_\_

NO BAIL WARRANT

## DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION -- IN U.S. DISTRICT COURT

BY  COMPLAINT  INFORMATION  INDICTMENT  
 SUPERSEDING: Case No.OFFENSE CHARGED  
SEE INDICTMENT
 Petty  
 Minor  
 Misdemeanor  
 Felony
Place of offense  
FRESNO COUNTYU.S.C. Citation  
See Indictment

## PROCEEDING

Name of Complainant Agency, or Person (&amp; Title, if any)

TINA ZWIEFELHOFER-FDIC

person is awaiting trial in another Federal or State Court, give name of court

this person/proceeding is transferred from another district per FRCrP  20  21  40. Show District

this is a reprocution of charges previously dismissed which were dismissed on motion of:  
 U.S. Att'y  Defense

this prosecution relates to a pending case involving this same defendant

prior proceedings or appearance(s) before U.S. Magistrate Judge regarding this defendant were recorded under

SHOW  
DOCKET NO.MAGISTRATE  
JUDGE CASE NO.

Name and Office of Person Furnishing Information on

THIS FORM

NORA A. McBRIDE

 U.S. Att'y  Other U.S. Agency

Name of Asst. U.S. Att'y (if assigned)

VINCENTE A. TENNERELLI

Name of District Court, and/or Judge/Magistrate Judge Location (City)  
UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF CALIFORNIADEFENDANT -- U.S. vs.  
J KENNETH SHANE PATTERSON

Address

19 CR 00230 DAD BAM

Birth Date

 Male Alien Female

(if applicable)

(Optional unless a juvenile)

## DEFENDANT

## IS NOT IN CUSTODY

1)  Has not been arrested, pending outcome of this proceeding  
If not detained, give date any prior summons was served on above charges

2)  Is a Fugitive

3)  Is on Bail or Release from (show District)

## IS IN CUSTODY

4)  On this charge

5)  On another conviction

6)  Awaiting trial on other charges }  Fed'l  State  
If answer to (6) is "Yes," show name of institution

Has detainer  
been filed?

Yes      If "Yes,"  
 No      give date  
Mo.      filed  
Day      Year

DATE OF  
ARREST

Or ... if Arresting Agency &amp; Warrant were not Federal

Mo. Day Year

DATE TRANSFERRED  
TO U.S. CUSTODY This report amends AO 257 previously submitted

## ADDITIONAL INFORMATION OR COMMENTS

 ADD FORFEITURE UNIT (Check if Forfeiture Allegation)

ISSUE NO BAIL WARRANT

**United States v. KENNETH SHANE PATTERSON**  
**Penalties for Indictment**

## Defendants

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**KENNETH SHANE PATTERSON**

7-19 CR: 00230 DAD BAM

## COUNTS 1-6

**VIOLATION:** 18 U.S.C. § 1343—Fraud by Wire, Radio, or Television

**PENALTIES:** Maximum of up to 20 years in prison; or  
Fine of up to \$250,000; or both fine and imprisonment  
Supervised release of up to 3 years

SPECIAL ASSESSMENT: \$100 (mandatory on each count)

## COUNT 7

**VIOLATION:** 18 U.S.C. § 1344—Bank Fraud

**PENALTIES:** Maximum of up to 30 years in prison; or  
Fine of up to \$1,000,000; or both fine and imprisonment  
Supervised release of up to 5 years

SPECIAL ASSESSMENT: \$100 (mandatory on each count)

## COUNT 8

**VIOLATION:** 26 U.S.C. § 7201—Attempt to Evade or Defeat Tax

PENALTIES: Maximum of up to five years in prison; or  
Fine of up to \$100,000; or both fine and imprisonment  
Supervised release of up to 2 years

SPECIAL ASSESSMENT: \$100 (mandatory on each count)

#### **FORFEITURE ALLEGATION:**

**VIOLATION:** 18 U.S.C. §§ 981(a)(1)(C), 982(a)(2)(A), and 28 U.S.C. § 2461(c)—  
Criminal Forfeiture

PENALTIES: As stated in the charging document