



**U.S. Department of Justice**

*United States Attorney  
District of Maryland*

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March 18, 2014

Michael Lawlor, Esq.  
Lawlor & Englert, PA  
6305 Ivy Lane  
Suite 608  
Greenbelt, MD 20770

Re: United States v. Georgia E. Smith,  
Crim. No. PWG-13-0322

Dear Mr. Lawlor:

This letter, together with the Sealed Supplement, confirms the plea agreement which has been offered to the Defendant, Georgia E. Smith, by the United States Attorney's Office for the District of Maryland ("this Office"). If the Defendant accepts this offer, please have her execute it in the spaces provided below. If this offer has not been accepted by close of business on Friday, March 28, 2014 it will be deemed withdrawn. The terms of the agreement are as follows:

Offense of Conviction

1. The Defendant agrees to plead guilty to Count One, which charges her with Conspiracy to defraud the United States, in violation of 18 U.S.C. § 371, of the Indictment now pending against her. The Defendant admits that she is, in fact, guilty of this offense and will so advise the Court. The remaining counts will be dismissed in satisfaction at sentencing.

Elements of the Offense

2. The elements of 18 U.S.C. § 371, to which the Defendant has agreed to plead guilty, and which this Office would prove if the case went to trial, are as follows:

- (1) First, the existence of an agreement by two or more persons to commit an offense against the United States or defraud the United States;
- (2) Second, the Defendant's knowing and voluntary participation in the conspiracy;  
and
- (3) Third, the commission of an overt act in furtherance of the conspiracy.

### Penalties

3. The maximum sentences provided by statute for the offense to which the Defendant is pleading guilty are as follows: five years of imprisonment, a fine of not more than \$250,000 or both, and three years of supervised release. In addition, the Defendant must pay \$100 as a special assessment pursuant to 18 U.S.C. § 3013, which will be due and should be paid at or before the time of sentencing. This Court may also order her to make restitution pursuant to 18 U.S.C. § § 3663, 3663A, and 3664.<sup>1</sup> If a fine or restitution is imposed, it shall be payable immediately, unless, pursuant to 18 U.S.C. § 3572(d), the Court orders otherwise. The Defendant understands that if she serves a term of imprisonment, is release on supervised release, and the violates the conditions of her supervised release, her supervised release could be revoked-even on the last day of the term-and the Defendant could be returned to custody to serve another period of incarceration and a new term of supervised release. The Defendant understands that the Bureau of Prisons has sole discretion in designating the institution at which the Defendant will serve any term of imprisonment imposed.

### Waiver of Rights

4. The Defendant understands that by entering into this agreement, she surrenders certain rights as outlined below:

a. If the Defendant had pled not guilty, she would have had the right to a speedy jury trial with the close assistance of competent counsel. The trial could be conducted by a judge, without a jury, if the Defendant, this Office and the Court all agreed.

b. If the Defendant elected a jury trial, the jury would be composed of twelve individuals selected from the community. Counsel and the defendant would have the opportunity to challenge prospective jurors who demonstrated bias or who were otherwise unqualified, and would have the opportunity to strike a certain number of jurors peremptorily. All twelve jurors would have to agree unanimously before the Defendant could be found guilty of any count. The jury would be instructed that the Defendant was presumed to be innocent, and that presumption could be overcome only by proof beyond a reasonable doubt.

c. If the Defendant went to trial, the government would have the burden of proving the defendant guilty beyond a reasonable doubt. The Defendant would have the right to confront and cross-examine the government's witnesses. The Defendant would not have to present any defense witnesses or evidence whatsoever. If the Defendant wanted to call witnesses in her defense, however, she would have the subpoena power of the Court to compel the witnesses to attend.

d. The Defendant would have the right to testify in her own defense if she so chose, and she would have the right to refuse to testify. If she chose not to testify, the Court

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<sup>1</sup> Pursuant to 18 U.S.C. § 3612, if the Court imposes a fine in excess of \$2,500 that remains unpaid 15 days after it is imposed, the Defendant shall be charged interest in that fine, unless the Court modifies the interest payment in accordance with 18 U.S.C § 3612(f)(3).

could instruct the jury that they could not draw any adverse inference from her decision not to testify.

e. If the Defendant were found guilty after a trial, she would have the right to appeal the verdict and the Court's pretrial and trial decisions on the admissibility of evidence to see if any errors were committed which would require a new trial or dismissal of the charges against him. By pleading guilty, the Defendant knowingly gives up the right to appeal the verdict and the Court's decisions.

f. By pleading guilty, the Defendant will be giving up all of these rights, except the right, under the limited circumstances set forth in the "Waiver of Appeal" paragraph below, to appeal the sentence. By pleading guilty, the Defendant understands that she may have to answer the Court's questions both about the rights she is giving up and about the facts of her case. Any statements the Defendant makes during such a hearing would not be admissible against her during a trial except in a criminal proceeding for perjury or false statement.

g. If the Court accepts the Defendant's plea of guilty, there will be no further trial or proceeding of any kind, and the Court will find her guilty.

h. By pleading guilty, the Defendant will also be giving up certain valuable civil rights and may be subject to deportation or other loss of immigration status. The Defendant recognizes that if she is not a citizen of the United States, pleading guilty may have consequences with respect to her immigration status. Under federal law, conviction for a broad range of crimes can lead to adverse immigration consequences, including automatic removal from the United States. Removal and other immigration consequences are the subject of a separate proceeding, however, and the Defendant understands that no one, including her attorney or the Court, can predict with certainty the effect of a conviction on immigration status. The Defendant nevertheless affirms that she wants to plead guilty regardless of any potential immigration consequences.

#### Advisory Sentencing Guidelines Apply

5. The Defendant understands that the Court will determine a sentencing guidelines range for this case (henceforth the "advisory guidelines range") pursuant to the Sentencing Reform Act of 1984 at 18 U.S.C. §§ 3551-3742 (excepting 18 U.S.C. §§ 3553(b)(1) and 3742(e)) and 28 U.S.C. §§ 991 through 998. The Defendant further understands that the Court will impose a sentence pursuant to the Sentencing Reform Act, as excised, and must take into account the advisory guidelines range in establishing a reasonable sentence.

### Factual and Advisory Guidelines Stipulation

6. This Office and the Defendant understand, agree and stipulate to the Statement of Facts set forth in Attachment A hereto which this Office would prove beyond a reasonable doubt, and to the following applicable sentencing guideline factors:

a. Pursuant to U.S.S.G. § 2X1.1(a), U.S.S.G. § 2T1.9(a)(1), and U.S.S.G. § 2T4.1(H), the base offense level for this offense is **20**;

b. This Office does not oppose a two-level reduction in the Defendant's adjusted offense level, based upon the Defendant's apparent prompt recognition and affirmative acceptance of personal responsibility for her criminal conduct. This Office agrees to make a motion pursuant to U.S.S.G. § 3E1.1(b) for an additional one-level decrease in recognition of the Defendant's timely notification of her intention to plead guilty. This Office may oppose any adjustment for acceptance of responsibility if the Defendant (a) fails to admit each and every item in the factual stipulation; (b) denies involvement in the offense; (c) gives conflicting statements about her involvement in the offense; (d) is untruthful with the Court, this Office, or the United States Probation Office; (e) obstructs or attempts to obstruct justice prior to sentencing; (f) engages in any criminal conduct between the date of this agreement and the date of sentencing; or (g) attempts to withdraw her plea of guilty. **Therefore, assuming the Defendant qualifies for acceptance of responsibility, the final adjusted advisory guideline level for Count One after the adjustment for acceptance of responsibility is 17.**

7. The Defendant understands that there is no agreement as to her criminal history or criminal history category, and that her criminal history could alter her offense level if she is a career offender or if the instant offense was a part of a pattern of criminal conduct from which she derived a substantial portion of her income.

8. This Office and the Defendant agree that with respect to the calculation of the advisory guidelines range, no other offense characteristics, sentencing guidelines factors, potential departures or adjustments set forth in the United States Sentencing Guidelines will be raised or are in dispute. If the Defendant wishes to argue for any factor that could take the sentence outside of the advisory guidelines range, she will notify the Court, the United States Probation Officer and government counsel at least 14 days in advance of sentencing of the facts or issues she intends to raise.

### Obligations of the United States Attorney's Office

9. At the time of sentencing, this Office will recommend a sentence within the final advisory guidelines range, restitution in the amount of \$839,016 for conspiracy to defraud the government (IRS). After the imposition of sentence, this Office will move to dismiss any outstanding counts.

10. The parties reserve the right to bring to the Court's attention at the time of sentencing, and the Court will be entitled to consider, all relevant information concerning the Defendant's background, character and conduct, including the conduct that is the subject of the counts of the Indictment that this Office has agreed to dismiss at sentencing.

#### Restitution

11. The Defendant agrees to the entry of a Restitution Order in the amount of \$839,016 for conspiracy to defraud the government (IRS). The Defendant agrees that, pursuant to 18 U.S.C. §§ 3663, 3663A(a)(3), 3563(b)(2), and 3583(d), the Court will order restitution of the full amount of the actual, total loss caused by the offense conduct. The Defendant further agrees that she will fully disclose to the probation officer and to the Court, subject to the penalty of perjury, all information, including but not limited to copies of all relevant bank and financial records, regarding the current location and prior disposition of all funds obtained as a result of the criminal conduct set forth in the factual stipulation. The Defendant further agrees to take all reasonable steps to retrieve or repatriate any such funds and to make them available for restitution. If the Defendant does not fulfill this provision, it will be considered a material breach of this plea agreement, and this Office may seek to be relieved of its obligations under this agreement.

#### Waiver of Appeal

12. In exchange for the concessions made by this Office and the Defendant in this plea agreement, this Office and the Defendant waive their rights to appeal as follows:

a. The Defendant knowingly waives all right, pursuant to 28 U.S.C. § 1291 or otherwise, to appeal the defendant's conviction;

b. The Defendant and this Office knowingly waive all right, pursuant to 18 U.S.C. § 3742 or otherwise, to appeal whatever sentence is imposed (including the right to appeal any issues that relate to the establishment of the advisory guidelines range, the determination of the Defendant's criminal history, the weighing of the sentencing factors, and the decision whether to impose and the calculation of any term of imprisonment, fine, order of forfeiture, order of restitution, and term or condition of supervised release), except as follows: (i) the Defendant reserves the right to appeal any term of imprisonment to the extent that it exceeds the aggregate sentence resulting from a sentence within the advisory guidelines range for offense level 17; and (ii) this Office reserves the right to appeal any term of imprisonment to the extent that it is below the aggregate sentence resulting from a sentence within the advisory guidelines range for offense level 17.

c. Nothing in this agreement shall be construed to prevent either the Defendant or this Office from invoking the provisions of Federal Rule of Criminal Procedure 35(a), or appealing from any decision thereunder, should a sentence be imposed that resulted from arithmetical, technical or other clear error.

b. The Defendant waives any and all rights under the Freedom of Information Act relating to the investigation and prosecution of the above-captioned matter and agrees not to file any request for documents from this Office or any investigating agency.

#### Forfeiture

13. The Defendant understands that the court will, upon acceptance of her guilty plea, enter an order of forfeiture as part of her sentence, and that the order of forfeiture may include assets directly traceable to her offense, substitute assets and/or a money judgment equal to the value of the property derived from, or otherwise involved in, the offense. Specifically, the court will order the forfeiture of “any property used to commit or to facilitate the commission of the offense” or “all property involved in the offense.”

14. The Defendant agrees to consent to the entry of orders of forfeiture for such property and waives the requirements of Federal Rules of Criminal Procedure 11(b)(1)(J), 32.2 and 43(a) regarding notice of the forfeiture in the charging instrument, advice regarding the forfeiture at the change-of-plea hearing, announcement of the forfeiture at sentencing, and incorporation of the forfeiture in the judgment.

#### Assisting the Government with Regard to the Forfeiture

15. The Defendant agrees to assist fully in the forfeiture of the foregoing assets. The Defendant agrees to disclose all of her assets and sources of income to the United States, and to take all steps necessary to pass clear title to the forfeited assets to the United States, including but not limited to executing any and all documents necessary to transfer such title, assisting in bringing any assets located outside of the United States within the jurisdiction of the United States, and taking whatever steps are necessary to ensure that assets subject to forfeiture are not sold, disbursed, wasted, hidden or otherwise made unavailable for forfeiture. The Defendant further agrees that she will not assist any third party in asserting a claim to the forfeited assets in an ancillary proceeding and that she will testify truthfully in any such proceeding.

#### Waiver of Further Review of Forfeiture

16. The Defendant further agrees to waive all constitutional, legal and equitable challenges (including direct appeal, habeas corpus, or any other means) to any forfeiture carried out in accordance with this Plea Agreement on any grounds, including that the forfeiture constitutes an excessive fine or punishment. The Defendant also agrees not to challenge or seek review of any civil or administrative forfeiture of any property subject to forfeiture under this agreement, and will not assist any third party with regard to such challenge or review or with regard to the filing of a petition for remission of forfeiture.

### Obstruction or Other Violations of Law

17. The Defendant agrees that she will not commit any offense in violation of federal, state or local law between the date of this agreement and his sentencing in this case. In the event that the Defendant (i) engages in conduct after the date of this agreement which would justify a finding of obstruction of justice under U.S.S.G. § 3C1.1, or (ii) fails to accept personal responsibility for her conduct by failing to acknowledge her guilt to the probation officer who prepares the Presentence Report, (iii) moves to withdraw her guilty plea, or (iv) commits any offense in violation of federal, state or local law, then this Office will be relieved of its obligations to the Defendant as reflected in this agreement. Specifically, this Office will be free to argue sentencing guidelines factors other than those stipulated in this agreement, and it will also be free to make sentencing recommendations other than those set out in this agreement. As with any alleged breach of this agreement, this Office will bear the burden of convincing the Court of the Defendant's obstructive or unlawful behavior and/or failure to acknowledge personal responsibility by a preponderance of the evidence. The Defendant acknowledges that she may not withdraw his guilty plea because this Office is relieved of its obligations under the agreement pursuant to this paragraph.

### Court Not a Party

18. The Defendant expressly understands that the Court is not a party to this agreement. In the federal system, the sentence to be imposed is within the sole discretion of the Court. In particular, the Defendant understands that neither the United States Probation Office nor the Court is bound by the stipulation set forth above, and that the Court will, with the aid of the Presentence Report, determine the facts relevant to sentencing. The Defendant understands that the Court cannot rely exclusively upon the stipulation in ascertaining the factors relevant to the determination of sentence. Rather, in determining the factual basis for the sentence, the Court will consider the stipulation, together with the results of the presentence investigation, and any other relevant information. The Defendant understands that the Court is under no obligation to accept this Office's recommendations, and the Court has the power to impose a sentence up to and including the statutory maximum stated above. The Defendant understands that if the Court ascertains factors different from those contained in the stipulation set forth above, or if the Court should impose any sentence up to the maximum established by statute, the Defendant cannot, for that reason alone, withdraw her guilty plea, and will remain bound to fulfill all of her obligations under this agreement. The Defendant understands that neither the prosecutor, her counsel, nor the Court can make a binding prediction, promise, or representation as to what guidelines range or sentence the Defendant will receive. The Defendant agrees that no one has made such a binding prediction or promise.

Entire Agreement

19. This letter supersedes any prior understandings, promises, or conditions between this Office and the Defendant and, together with the Sealed Supplement, constitutes the complete plea agreement in this case. The Defendant acknowledges that there are no other agreements, promises, undertakings or understandings between the Defendant and this Office other than those set forth in this letter and the Sealed Supplement and none will be entered into unless in writing and signed by all parties. If the Defendant fully accepts each and every term and condition of this agreement, please sign and have the Defendant sign the original and return it to me promptly.

Very truly yours,

Rod J. Rosenstein  
United States Attorney

By: \_\_\_\_\_  
Gregory R. Bockin  
Assistant United States Attorney

I have read this agreement, including the Sealed Supplement, and carefully reviewed every part of it with my attorney Michael Lawlor, Esq. I understand it, and I voluntarily agree to it. Specifically, I have reviewed the Factual and Advisory Guidelines Stipulation with my attorney, and I do not wish to change any part of it. I am completely satisfied with the representation of my attorney.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Georgia Smith

I am Michael Lawlor, attorney for Georgia Smith. I have carefully reviewed every part of this agreement, including the Sealed Supplement, with her. She advises me that she understands and accepts its terms. To my knowledge, her decision to enter into this agreement is an informed and voluntary one.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Michael Lawlor, Esq.  
Attorney for Georgia Smith

## ATTACHMENT A: STATEMENT OF FACTS – GEORGIA E. SMITH

*If the case had proceeded to trial, the Government would have proven the following facts beyond a reasonable doubt. This statement of facts does not constitute all of the facts provable by the Government.*

As described in greater detail below, from in or about October 2004 through in or about January 2011, in the District of Maryland and elsewhere, **GEORGIA E. SMITH** (“**GEORGIA SMITH**”), a resident of Edgewater, Maryland, conspired with others to defraud the Internal Revenue Service (“IRS”) for the purpose of impeding, impairing, obstructing, and defeating the lawful government functions of the IRS of the United States Department of the Treasury in the ascertainment, computation, assessment, and collection of the revenue: that is, the federal individual income taxes of **GEORGIA SMITH** and her husband, Vernon J. Smith, III (“Vernon Smith”) and the federal corporation income taxes of Capitol Contractors, Inc. (“Capitol Contractors”).

Vernon Smith was the president and sole owner of Capitol Contractors since 2002. Capitol Contractors was a Maryland corporation with its headquarters in Capitol Heights, Maryland and later Edgewater, Maryland. Capitol Contractors had provided roofing and construction services but was largely dormant after 2002.

In 1999, Vernon Smith caused a new roofing and construction company, Platinum One Contracting, Inc. (“Platinum”) to be incorporated in Maryland. Although Vernon Smith installed two individuals to be the nominee owners and officers of Platinum, Vernon Smith exercised complete and undisclosed control over Platinum’s business operations. **GEORGIA SMITH** was in charge of Platinum’s accounting, and acted as the de facto Controller for the company.

**GEORGIA SMITH** and Vernon Smith transferred millions of dollars from Platinum to bank accounts in their own names, to casinos on their own behalf, to Capitol Contracting and another company owned by Vernon Smith, and to credit card companies to pay for personal expenses that **GEORGIA SMITH** and Vernon Smith charged to Platinum’s corporate credit cards, including extensive dental work, veterinary visits for personal pets, lavish vacations, a Royal Caribbean cruise, limousine transportation to casinos in Atlantic City, N.J., funeral expenses for a family relative, fencing for their personal residence, among others. **GEORGIA SMITH** also mischaracterized numerous payments to casinos as subcontractor expenses.

On the following dates, **GEORGIA SMITH** and Vernon Smith caused Platinum to transfer funds from Platinum’s bank accounts to the bank accounts of Capitol Contractors.

<b>Date of Transfer</b>	<b>Approximate \$ Amount</b>
10/12/2004	\$100,000
8/16/2005	\$500,000
3/23/2006	\$223,490
6/14/2007	\$136,000
11/3/2008	\$118,846
2/26/2009	\$101,368
10/21/2009	\$105,515

5/3/2010	\$114,408
7/16/2010	\$101,984
1/13/2011	\$300,000

On the dates listed below, **GEORGIA SMITH** and Vernon Smith caused Platinum to transfer funds by online bill payment from Platinum's bank accounts in Maryland to American Express, where they are processed in Arizona:

<b>Date of Transfer</b>	<b>Approximate \$ Amount</b>
6/26/2008	\$15,677
8/20/2008	\$14,888
3/9/2009	\$16,226
5/28/2009	\$18,174
9/26/2009	\$56,882
2/11/2010	\$5,482

**GEORGIA SMITH** participated in the preparation of false U.S. Corporation Income Tax Returns, (Forms 1120) for Capitol Contractors for the periods January 1, 2005 through June 30, 2005 and for July 1, 2005 through June 30, 2006. The return for the period January 1, 2005 through June 30, 2005, which **GEORGIA SMITH** helped prepare, was filed on or about November 30, 2005, reported cost of goods sold of \$890,922, including \$812,957 paid to subcontractors. The return for the period July 1, 2005 through June 30, 2006, which **GEORGIA SMITH** helped prepare, was filed on or about February 23, 2007, listed cost of goods sold of \$1,259,885, including \$1,168,766 paid to subcontractors. At the time that she assisted in the preparation of these returns, **GEORGIA SMITH** knew that the cost of goods sold and payments to subcontractors reported on the returns were false since almost all of that money was paid to, and for the benefit of, **GEORGIA SMITH** and Vernon Smith at casinos, rather than to subcontractors.

**GEORGIA SMITH** also signed false U.S. Individual Income Tax Returns (Forms 1040) for the years 2005 and 2006. The 2005 return, which **GEORGIA SMITH** and Vernon Smith signed on April 16, 2006, reported total income of \$6,529,493. The 2006 return, which **GEORGIA SMITH** and Vernon Smith signed on April 16, 2007, reported total income of \$5,784,256. At the time that she signed the returns, **GEORGIA SMITH** knew that these returns were false because she had intentionally omitted hundreds of thousands of dollars that Capitol Contractors had paid to, and for the benefit of, **GEORGIA SMITH** and Vernon Smith.

**GEORGIA SMITH** agreed with others to defraud the United States, she knowingly and voluntarily participated in the conspiracy to defraud the Internal Revenue Service by impeding, impairing, obstructing and defeating the collection of revenue, and she committed overt acts in furtherance of the conspiracy, including using corporate credit card to pay for personal expenses and mischaracterizing payments to casinos as subcontractor expenses. As a result of the aforementioned illegal conduct, **GEORGIA SMITH** and Vernon Smith had additional tax due and owing on their individual income tax returns of \$189,195 in 2005, and \$74,910 in 2006.

Likewise, because of **GEORGIA SMITH's** and Vernon Smith's illegal conduct, Capitol Contractors had additional tax due and owing of \$211,953 in 2005, and \$362,958 in 2006.

The total tax loss to the government resulting from **GEORGIA SMITH's** conspiracy to defraud the United States is \$839,016.00.

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I have read this statement of facts, and carefully reviewed it with my attorney. I acknowledge that it is true and correct.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Georgia E. Smith

I am Georgia E. Smith's attorney. I have carefully reviewed that statement of facts with him.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Michael Lawlor, Esq.