

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA

Richmond Division

UNITED STATES OF AMERICA)	
)	
v.)	Criminal No. 3:17cr83
)	
VICTOR M. DANDRIDGE, III,)	
)	
Defendant.)	

STATEMENT OF FACTS

The United States and the defendant, VICTOR M. DANDRIDGE, III, agree that the allegations in Counts One, Two, and Three of the Criminal Information and the following facts are true and correct, and that had this matter proceeded to trial, the United States would have proven each of them beyond a reasonable doubt.

1. At all times pertinent to the Information, DANDRIDGE was an individual residing in the Western District of Virginia.

**Count 1
(Wire Fraud)**

2. From in or around January 2006 to in or about April 2016, within the Eastern District of Virginia and elsewhere, the defendant, VICTOR M. DANDRIDGE, III, knowingly devised and intended to devise a scheme and artifice to defraud, and for obtaining money and property by means of materially false and fraudulent pretenses, representations, and promises to Victim #1, did knowingly and unlawfully transmit and cause to be transmitted by means of wire

communication in interstate or foreign commerce, writings, signs, and signals for the purpose of executing the scheme and artifice, in violation of 18 U.S.C. § 1343.

3. From at least 2005 until in or about June 2012, DANDRIDGE was self-employed as a part-time portfolio manager. He managed investments for friends and family.

4. In or about June 2012, DANDRIDGE joined an independent investment management firm located in the Eastern District of Virginia.

5. DANDRIDGE has never been a registered investment advisor. Until 2012, DANDRIDGE did not hold any professional licenses, including securities licenses.

6. DANDRIDGE had known John Doe since childhood in the 1970s and they were very close friends. In or about 1982, DANDRIDGE became acquainted with Victim #1, who later married John Doe and settled in the Eastern District of Virginia.

7. On December 31, 2005, John Doe suddenly died, leaving Victim #1 a widow with two minor children.

8. Thereafter, DANDRIDGE approached Victim #1 and offered to handle her finances and assist with settling John Doe's estate. In or about January 2006, Victim #1 agreed.

Scheme and Artifice to Defraud

9. In or about January 2006, Victim #1 told DANDRIDGE that she wanted her money placed in conservative, low-risk investments. Most, if not all, of the money that John Doe and Victim #1 previously invested was held at one large financial institution. DANDRIDGE agreed that he would take a cautious approach with her money and proposed primarily traditional mutual fund investments.

10. In truth and fact, DANDRIDGE subsequently diverted most of Victim #1's money to bank accounts for entities that he owned and controlled.

11. DANDRIDGE told Victim #1 that he would not take any management fees or compensation for his assistance.

12. In truth and fact, DANDRIDGE used most of Victim #1's money for his personal expenditures and to prop up his other failing businesses.

13. In 2006, DANDRIDGE sent Victim #1 statements of her investments. Sometime thereafter, DANDRIDGE stopped sending Victim #1 statements because he had misappropriated her money. Throughout the scheme, when Victim #1 asked DANDRIDGE how her investments were doing, DANDRIDGE told her that they were doing well.

15. In or about 2015, Victim #1 received a statement from her IRA showing that DANDRIDGE had taken a distribution and, as a result, Victim #1 owed taxes and penalties. Victim #1 became suspicious and asked DANDRIDGE for a complete accounting in or about April 2016.

16. DANDRIDGE was not able to answer Victim #1's questions. After Victim #1 retained counsel, she learned that most of her money was gone.

17. During the scheme, DANDRIDGE would tell Victim #1 to authorize wire transfers to other investments without explaining the risks associated with the new investment or explain where the money was coming from. In many instances, Victim #1—acting from the Eastern District of Virginia—caused her bank to wire transfer funds from her account to accounts controlled by DANDRIDGE. For example:

- a. On or about April 1, 2013, Victim #1 wire transferred \$100,000 from her Union First Market Bank account No. #####4646 to Bank of America Account #####7707, which was controlled by DANDRIDGE.
- b. On or about August 21, 2013, Victim #1 wire transferred \$356,000 from her

Union First Market Bank account No. #####4646 to Bank of America Account #####7707, which was controlled by DANDRIDGE.

- c. On or about May 13, 2014, Victim #1 wire transferred \$70,000 from her Union First Market Bank account No. #####4646 to Bank of America Account #####7710, which was controlled by DANDRIDGE.

18. In reliance on DANDRIDGE's fraudulent misrepresentations and omissions, Victim #1 gave DANDRIDGE \$3,819,746.61 to invest. During the scheme, Victim #1 withdrew \$625,952.90, leaving a net loss of \$3,193,793.71 to Victim #1 today.

**Count 2
(Bank Fraud)**

18. From at least on or about May 15, 2015, until on or about October 15, 2016, in the Western District of Virginia, the defendant, VICTOR M. DANDRIDGE, III, did knowingly and unlawfully execute a scheme and artifice to defraud and obtain moneys, assets, and property owned by and under the custody and control of Blue Ridge Bank, a financial institution the deposits of which were insured by the Federal Deposit Insurance Corporation, by means of materially false and fraudulent pretenses, in violation of 18 U.S.C. § 1344.

19. On or about May 15, 2013, DANDRIDGE applied for a \$300,000 extension of credit from Blue Ridge Bank, a bank headquartered in Luray, Virginia, within the Western District of Virginia. As part of the loan, DANDRIDGE signed a commercial pledge and security agreement, giving Blue Ridge Bank a security interest in his brokerage account, ###527, as collateral. Blue Ridge Bank required DANDRIDGE to provide account statements.

20. Blue Ridge Bank renewed the note in or about June 2014.

Scheme and Artifice to Defraud

21. On or about May 15, 2015, Blue Ridge Bank renewed the loan and DANDRIDGE executed a new promissory note. DANDRIDGE also signed a new commercial pledge and security agreement, again giving Blue Ridge Bank a security interest in his brokerage account, ###527, as collateral.

22. DANDRIDGE knowingly and intentionally failed to disclose to Blue Ridge Bank that his brokerage account, ###527, had been depleted by a setoff of a second margin account at the same brokerage, ###154. For example, in April 2015, DANDRIDGE gave Blue Ridge Bank an account statement that reflected his ###527 account as having a value of \$872,999.30. In truth and fact, as he well knew, DANDRIDGE's second account, ###154, had a value of -\$730,345.77.

23. DANDRIDGE knew this information was material to Blue Ridge Bank and took measures to conceal the existence of this second margin account. He repeatedly falsified statements to Blue Ridge Bank to remove references to this account. For example, DANDRIDGE altered a December 2015 statement for his ###527 account to Blue Ridge Bank. The statement originally listed:

Cash Balance	-2.00
Margin Balance	1,623,530.91

24. DANDRIDGE edited the statement to remove the term "Margin Balance" and replace it with "Money Market Balance." On or about February 8, 2016, DANDRIDGE mailed the fabricated account statement to Blue Ridge Bank.

25. In addition, DANDRIDGE failed to disclose to Blue Ridge Bank that in December 2015, his second account, ###154, had a value of -\$1,806,389.08.

26. On or about May 15, 2016, DANDRIDGE paid off the existing loan and executed a new Promissory Note from Blue Ridge Bank for \$300,000. Once again, DANDRIDGE knowingly and intentionally failed to disclose to Blue Ridge Bank that his brokerage account, ###527, had been depleted by a setoff of a second margin account at the same brokerage, ###154.

27. When that Promissory Note came due on July 15, 2016, Blue Ridge Bank renewed the loan with a maturity date of October 15, 2016. DANDRIDGE continued to knowingly and intentionally fail to disclose to Blue Ridge Bank that his brokerage account, ###527, had been depleted by a setoff of a second margin account at the same brokerage, ###154.

28. DANDRIDGE has failed to pay the balance on that last note, which is at least \$303,289.27.

**Count 3
(Wire Fraud)**

29. In or about April 2014, within the Western District of Virginia and elsewhere, the defendant, VICTOR M. DANDRIDGE, III, knowingly devised and intended to devise a scheme and artifice to defraud, and for obtaining money and property by means of materially false and fraudulent pretenses, representations, and promises from Virginia Omicron Chapter House Association, did knowingly and unlawfully transmit and cause to be transmitted by means of wire communication in interstate or foreign commerce, writings, signs, and signals for the purpose of executing the scheme and artifice, in violation of 18 U.S.C. § 1343.

30. During April 2014, DANDRIDGE served as the president of the Virginia Omicron Chapter House Association, associated with the Sigma Alpha Epsilon fraternity. The

Virginia Omicron Chapter House Association owned a house at 1XX Madison Lane, Charlottesville, Virginia, within the Western District of Virginia.

31. In or about April 2014, DANDRIDGE facilitated a refinancing of the mortgage on the Madison Lane house.

Scheme and Artifice to Defraud

32. DANDRIDGE knowingly and intentionally obtained a new loan for \$330,000, even though the remaining balance on the existing mortgage was approximately \$204,000.

33. By email dated April 21, 2014, DANDRIDGE directed the closing agent to wire the \$118,527.19 in excess loan proceeds into a StellarOne Bank account.

34. On or about April 25, 2014, the refinance on the Virginia Omicron Chapter House Association house closed.

35. Prior to that date, DANDRIDGE had opened a bank account at StellarOne Bank in the name of the Virginia Omicron Chapter House Association in order to deposit the excess proceeds.

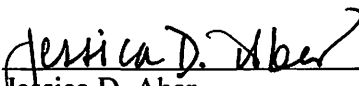
36. On or about April 28, 2014, DANDRIDGE caused StellarOne Bank to wire transfer \$100,000 from the StellarOne Bank account to Bank of America account #####7710, which was controlled by DANDRIDGE.

37. DANDRIDGE used the loan proceeds for his personal expenditures and to prop up his other failing businesses.

38. DANDRIDGE did not tell any of the Virginia Omicron Chapter House Association board of directors about his embezzlement of the excess loan proceeds, nor did anyone from the Virginia Omicron Chapter House Association authorize him to do so.

39. DANDRIDGE committed all of the offenses herein knowingly, voluntarily, and without mistake or accident.


DANA J. BOENTE
UNITED STATES ATTORNEY

By: 
Jessica D. Aber
Assistant United States Attorney

After consulting with my attorney and pursuant to the plea agreement entered into this day between the defendant, VICTOR M. DANDRIDGE, III, and the United States, I hereby stipulate that the above Statement of Facts is true and accurate, and that had the matter proceeded to trial, the United States would have proved the same beyond a reasonable doubt.


VICTOR M. DANDRIDGE, III
Defendant

I am VICTOR M. DANDRIDGE, III's attorney. I have carefully reviewed the above Statement of Facts with him. To my knowledge, his decision to stipulate to these facts is an informed and voluntary one.


Francis McQ. Lawrence, Esq.
Attorney for VICTOR M. DANDRIDGE, III