UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF WISCONSIN

In re:

Green Box NA Green Bay, LLC — Case No. 16-24179-beh
Chapter 11

Debtor.

DEBTOR'S RESPONSE TO WEDC'S
BRIEF IN SUPPORT OF MOTION TO CONVERT

Contrary to the Wisconsin Economic Development Corporation's (WEDC) assertions, rank speculation is no more a basis to convert this case to Chapter 7 than conspiracy theories are a basis to disbelieve the 1969 lunar landing. Both may sound superficially convincing until we look at the details. The essence of WEDC's arguments remains the same as it was at the preliminary hearing on this Motion: speculation. WEDC's burden is to prove that, more likely than not, there is cause to convert the case and continue expending time and resources. Innuendo piled upon prior speculation does not suffice.

1. WEDC's arguments are speculation.

None of WEDC's three arguments provide a reason to believe that there is any possibility for a Chapter 7 trustee to find assets for the benefit of the estate. All of them are mere speculation that rely on information nearly three years old and bare allegations of amorphous claims.

a. Found-Asset Theory

WEDC's first theory relies on three dubious bases.

The first basis is that there may be undisclosed assets that a Chapter 7 trustee could liquidate based on a balance sheet dated June 30, 2014. This proposition is unconvincing for three reasons. First, as the Court pointed out at the preliminary hearing, the Plan vested all the property of the estate in the Debtor upon confirmation. As a result, these assets most likely are not property of the estate.

Drafted by:
Nicholas Hahn
Steinhilber Swanson LLP
107 Church Ave, PO Box 617
Oshkosh, WI 54903-0617
Tel: 920-235-6690 / Fax: 920-426-5530
nhahn@oshkoshlawyers.com

Even if they were property of the estate, or a further Court order made them property of the estate, there is a second reason this proposition is unconvincing: the information is over three years old. The Court has no reason to believe the Debtor owned any of the assets when this case was filed or that there was any value in these assets, unencumbered or otherwise.

This is especially true considering WEDC's brief and the third reason to question WEDC's position: Ron Van Den Heuvel managed the Debtor and probably had a hand in preparing the balance sheet. Now that it is clear Van Den Heuvel had been engaged in criminal acts and, likely, fraud, there is even less reason to lend credence to pre-petition assertions of value. One need only read Van Den Heuvel's guilty plea, attached to WEDC's brief, to disbelieve anything he said or wrote.

WEDC's second basis is a flow chart allegedly showing that the Debtor owned 60% of a company called PCDI and 60% of Patriot Tissue. It appears that almost all the "assets" listed in the flow chart are agreements or licensed technologies—hardly the stuff a Chapter 7 trustee could liquidate.

WEDC's third basis is a purported Patriot Tissue, LLC balance sheet, now almost three years old. Besides the age and Van Den Heuvel's apparent propensity for dishonesty, the balance sheet suggests that there would likely be no equity in the equipment. According to the balance sheet, much of the equipment is subject to security interests of various creditors, likely in excess of the stated balances on the balance sheet. Indeed, the first page of the balance sheet states:

> LEIN [*sic*] RIGHTS CAN BE GIVEN TO SECURE OTHER COMPANIES [*sic*] NOTES

Tellingly, it states that Clifton Equities is owed "$0." Yet Clifton Equity's proof of claim reflects a debt of over $4.2 million. If WEDC is persuaded by that balance sheet, it may be interested in purchasing a certain bridge in New York City.

b. Alter Ego Theory

WEDC's alter ego theory is even less convincing than its found-asset theory. The key reason is that WEDC has not articulated a legal basis to conclude that the property of 10 allegedly related

companies would legally be property of the estate. Even if there were a basis to read a piercing theory into section 541(a), companies are presumed separate from their owners. WEDC's conclusory statements do not suffice to rebut that presumption.

Even if the Debtor were an alter ego of another entity and 541(a) included a piercing component, the most likely conclusion is not that those other companies' property is property of the estate. Rather, their property would be property of Van Den Heuvel. In fact, in the criminal indictment the United States filed in the Eastern District of Wisconsin District Court, the allegations suggest Van Den Heuvel used the companies to defraud WEDC.[1] If there was fraud, it is likely that Van Den Heuvel used many companies, including the Debtor, to defraud creditors before this case was filed. Therefore, under a piercing theory, a court would disregard the Debtor and other related companies. Van Den Heuvel is not in bankruptcy, so whatever property those companies own now would not become property of the estate.

Like its piercing theory, WEDC's reliance on *Baxter v. Palmigiano*[2] is similarly misplaced. Van Den Heuvel is not a party to this case, and this case is unrelated to the issues in *Baxter*. The issues in *Baxter* mostly concerned the Fifth Amendment, not the burden of proof on, or the merits of, a motion to convert.

c. Cloud Theory

This theory's logic is that Ron Van Den Heuvel was a bad guy; we do not have a lot of information about what happened before bankruptcy because he was a bad guy; a Chapter 7 trustee may be inclined to do some investigation; therefore, there is cause to convert the case. That is speculation. Not only are the Debtor's current management and the Debtor's attorney unable to determine the full extent

[1] *United States of America v. Ronald H. Van Den Heuvel*, 17-cr-160 (E.D. Wis.), dkt 1. Attached as Exhibit A.

[2] 425 U.S. 308 (1976).

of what occurred pre-petition, but apparently no one else, other than Van Den Heuvel, is able to discern the complete story. And he isn't talking.

Before bankruptcy, the Debtor was in a receivership. Mike Polsky, one of the most prominent and successful receivers in Wisconsin, was unable to discover hidden assets. Why, then, should the Court believe that a Chapter 7 panel trustee would best Mike Polsky, who had virtually complete control over the company and an incentive to find assets? Van Den Heuvel has already shown his reluctance to testify. It is unlikely a Chapter 7 trustee's investigation will yield more information now that he has (1) plead guilty to fraud and (2) must deal with another pending criminal case.

2. WEDC has not carried its burden.

The moving party has the burden to prove by a preponderance of the evidence that the case should be converted, and that conversion is in the best interests of the estate and creditors.[3] Far from proving that conversion is in the best interests of the estate, all WEDC has proven is that it there is no credible reason to conclude that creditors will receive anything if the case were converted. The estate will most likely remain insolvent. Ifs and maybes and hopes and prayers are not cause.

3. Continuing this case would be a waste of time and resources.

Converting this case will entail significant time and expense. Conversion schedules will be necessary, there will be at least one 341 meeting, and perhaps—although doubtful—even more discovery. Why? Because WEDC has an old flow chart and some old spreadsheets presumably drafted and produced by an admitted fraud? WEDC's suspicions do not justify prolonging this case and consuming the time of a Chapter 7 trustee.

Assuming Debtor's counsel and management continue to represent the Debtor, they will continue to go unpaid. In other words, conversion is not in the best interests of at least one creditor: Debtor's counsel. The Court should keep in mind that Debtor's counsel holds a significant administrative

[3] 11 U.S.C. § 1112(b)(1); *In re Draiman*, 450 B.R. 777, 826 (Bankr. N.D. Ill. 2011).

claim—a claim that will be paid before WEDC's. As a result, not only has WEDC failed to show that there will be any likelihood of a return to unsecured claimants in a Chapter 7, it has failed to show that any general unsecured claimants would receive anything after Chapter 7 and Chapter 11 administrative expenses are paid.

In the holiday spirit, the Debtor is willing to make a gift to WEDC by way of requesting dismissal. If the Court dismisses this case, WEDC and the State of Wisconsin will be free to pursue any claims it has from anyone it believes is liable to them. It will then be paid before Debtor's counsel and other administrative expenses. In other words, if WEDC believes there are significant assets or claims, it is free to use its own resources. If its hunches are correct, it will benefit by being paid before all other creditors. Such a result would benefit WEDC and Wisconsin's tax payers.

But it is doubtful WEDC even believes there are any assets available for creditors. All the investigatory powers available to a Chapter 7 trustee are available to creditors of the estate.[4] For the duration of this case, WEDC has been privy to all the information it believes justifies conversion. Yet it waited until now to make a showing? If it believed there were viable claims or undisclosed assets, it could have found them or otherwise investigated. Outsourcing investigation to a Chapter 7 trustee should not be a valid reason to convert a case when every creditor in the case is highly sophisticated, represented by sophisticated counsel, and incentivized to find assets to satisfy their claims. If the US Trustee and a cadre of some of the best insolvency attorneys in Wisconsin from some of the largest firms could not find hidden assets or any value, what reason is there to conclude a Chapter 7 trustee would?

Conclusion

In sum, the unfortunate truth is there is no value in this case. When the United States filed criminal charges against Van Den Heuvel, investor interest disappeared. The roll-up plan failed for

[4] *See* Fed. R. Bankr. P. 2004.

reasons outside interested parties' control. The Debtor and creditors did their best to make the best of a bad situation. Converting this case will not magically make an insolvent estate solvent. WEDC's position is conjecture. If the United States' allegations are true, WEDC's frustration is understandable. It, along with Van Den Heuvel's personal acquaintances, an institutional investor, and, apparently, even Chinese investors hoping to receive visas, were defrauded. However, WEDC's position remains at the level of speculation, and does not justify continued administration and the resulting waste of resources.

Dated this November 29, 2017.

STEINHILBER SWANSON LLP

By: */s/ Paul G. Swanson*

Paul G. Swanson
Attorney for the Debtor
107 Church Avenue, P.O. Box 617
Oshkosh, WI 54903-0617
Tel: (920) 426-0456; Fax: (920) 426-5530

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WISCONSIN

UNITED STATES OF AMERICA,

Plaintiff,

v.

RONALD H. VAN DEN HEUVEL,

Defendant.

GREEN BAY DIVISION

Case No. 17-CR-160

Title 18, United States Code
Sections 2, 1343, 1349, and 1957

INDICTMENT

THE GRAND JURY CHARGES:

1. Beginning at least by March 8, 2011, and continuing at least through August 2015 in the State and Eastern District of Wisconsin and elsewhere,

RONALD H. VAN DEN HEUVEL

knowingly devised and participated in a scheme to defraud lenders and investors, and to obtain money from lenders and investors by means of materially false and fraudulent pretenses, representations, and promises related to his "Green Box" business plan, which scheme is more fully described below.

2. As a result of his scheme, Van Den Heuvel fraudulently obtained more than $9,000,000 from a range of lenders and investors, including individual acquaintances, the Wisconsin Economic Development Corporation ("WEDC"), a Canadian institutional investor, and Chinese investors who participated in the EB-5 immigrant investor program.

Background

3. At all times material to this indictment:

a. Defendant Ronald H. Van Den Heuvel purported to be a businessman in De Pere, Wisconsin. Earlier in his career, Van Den Heuvel had some success in the recycling and paper-making industry. By the end of 2010, however, Van Den Heuvel did not own or control any facilities that generated any significant revenue. Around then, Van Den Heuvel began promoting his "Green Box" business plan to obtain funds in the scheme.

b. As represented by Van Den Heuvel, the Green Box business plan was to purchase the equipment and facilities necessary to employ proprietary processes that could convert solid waste into consumer products and energy, without any wastewater discharge or landfilling of byproducts.

c. As part of his scheme, Van Den Heuvel formed and controlled numerous business entities, including the ones identified below, that he used interchangeably for business and personal purposes.

d. Environmental Advanced Reclamation Technology HQ, LLC ("EARTH") was the operating name of Everett Advanced Reclamation Technology HQ, LLC, which Van Den Heuvel formed as a Wisconsin limited liability corporation. Van Den Heuvel represented EARTH as the holding company for his other entities.

e. Green Box NA, LLC ("Green Box NA") is a Wisconsin limited liability corporation that Van Den Heuvel formed and controlled.

f. Green Box NA Green Bay, LLC ("Green Box-Green Bay") was a Wisconsin limited liability corporation that Van Den Heuvel formed and represented as pursuing the Green Box business plan in De Pere, Wisconsin.

g. Green Box NA Detroit, LLC ("Green Box-Detroit") was a Michigan limited liability corporation that Van Den Heuvel formed and represented as pursuing a Green Box operation in Detroit, Michigan, that would sort waste and create fuel products.

The Scheme

Van Den Heuvel's scheme was essentially as follows:

4. Beginning by at least March 8, 2011, and continuing through at least August 2015, Van Den Heuvel obtained funds from lenders and investors under materially false pretenses, representations, and promises, including the following:

a. Van Den Heuvel represented and promised that he would use, and had used, the lenders' and investors' funds to advance the Green Box operations. In many instances, Van Den Heuvel entered into agreements with lenders and investors that dictated specific uses for the funds, such as the purchase of particular equipment.

b. Van Den Heuvel produced false financial statements that grossly inflated his personal wealth and his companies' assets, including its intellectual property.

c. Van Den Heuvel promised potential investors or lenders that their funding would allow him to acquire critical equipment and begin full-time Green Box operations quickly.

d. Van Den Heuvel falsely claimed to have entered into agreements with major companies when, in truth, Van Den Heuvel never had such agreements or they had been terminated.

e. Van Den Heuvel falsely represented that particular business entities had title and control of property where Green Box operations would occur when, in fact, those entities lacked title and control of the property.

f. Van Den Heuvel provided security interests in the same equipment to multiple investors and lenders, misleading them about the existence and value of their security interests.

5. Soon after receiving funds from lenders or investors, Van Den Heuvel diverted significant portions of the funds to purposes that did not advance the Green Box business plan, let alone the specific uses dictated in funding agreements. In the course of diverting the funding, and to conceal the diversion:

a. Van Den Heuvel opened numerous bank accounts at different financial institutions and in different business entities' names.

b. Van Den Heuvel made multiple transfers of the funds between the bank accounts.

c. Van Den Heuvel converted large amounts of investors' and lenders' funds to cash.

d. Van Den Heuvel used significant amounts of the lenders and investors' funds to pay personal expenses, creditors, and legal obligations that were unrelated to the Green Box business plan.

e. Van Den Heuvel also used substantial amounts of the lenders' and investors' funds to further promote the scheme. For example, Van Den Heuvel paid employees and consultants to prepare Green Box promotional materials, valuations, and financial statements that were based upon misleading assumptions Van Den Heuvel provided. Van Den Heuvel used those materials to obtain additional loans and investments.

6. As part of the scheme, Van Den Heuvel took steps to conceal how he had misused lenders' and investors' funds, lull lenders and investors into a false sense of security, and deter them from taking action to recoup their funds. Such steps included the following:

a. Van Den Heuvel claimed that new investments of tens and hundreds of millions of dollars were imminent, and that he would use those new investments to pay earlier lenders and investors.

b. Van Den Heuvel falsely represented to lenders and investors that their funds had been used for the intended purposes.

c. When lenders or investors questioned why the Green Box operations were not proceeding, Van Den Heuvel provided false excuses and did not reveal that he had diverted much of the funding.

Investor M.A.

7. As part of his scheme, Van Den Heuvel defrauded investor M.A.:

a. In early 2011, Van Den Heuvel made false representations to induce M.A., an acquaintance in the Green Bay area, to invest $600,000 in Green Box-Green Bay. Van Den Heuvel assured M.A. that he would use the funds to pursue the Green Box-Green Bay business plan.

b. Relying on Van Den Heuvel's assurances, M.A. executed an Agreement to Issue Stock and Provide Collateral (the "Agreement") on or about April 4, 2011. M.A. sent the $600,000 to Green Box-Green Bay by wire transfer on or about the same day. Under the Agreement, M.A. received 600,000 "membership units" in Green Box-Green Bay, a guaranteed annual return of 10% to be paid in quarterly installments, and certain security interests.

c. Van Den Heuvel quickly spent the majority of M.A.'s investment on purposes unrelated to Green Box-Green Bay, including paying over $19,000 for Packers tickets in club seats and over $57,000 in court-ordered support to his ex-wife.

d. Van Den Heuvel failed to pay M.A. quarterly interest payments required by the Agreement. Throughout 2011 and 2012, Van Den Heuvel assured M.A. that significant funding for Green Box-Green Bay was imminent and that M.A. would receive payments.

e. To deter M.A. from filing a civil lawsuit, Van Den Heuvel agreed to refund M.A.'s investment as soon as Green Box-Green Bay received significant funding that Van Den Heuvel promised was imminent. On September 25, 2012, Van Den Heuvel emailed M.A. to say he "should have the $600,000 within 10 days," and forwarded an email from what appeared to be a potential investor. On October 31, 2012, Van Den Heuvel emailed M.A. again, saying that a "hurricane hitting the East Coast and specifically New York has slowed the process." Van Den Heuvel's emails delayed M.A. from filing suit by holding out the potential of repayment.

WEDC

8. As part of his scheme, Van Den Heuvel defrauded the WEDC:

a. On or about March 8, 2011, Van Den Heuvel submitted a proposal to the Wisconsin Department of Commerce, the predecessor to the WEDC, seeking funding. The proposal and subsequent submissions included false representations and inflated financial statements that portrayed Van Den Heuvel and his business entities as creditworthy. Van Den Heuvel represented that WEDC's funding would allow the company to start full-time operations and create 116 new jobs at the EcoFibre facility at 500 Fortune Ave., De Pere, Wisconsin.

b. On or about September 14, 2011, Van Den Heuvel executed a loan agreement with the WEDC to obtain a loan of $1,116,000. The loan agreement provided that Green Box-Green Bay would use the WEDC funds to purchase and install equipment that would produce marketable pulp, fuel pellets, synthetic fuel, and tissue and cup products. The loan agreement further stated that, prior to the disbursement of any funds, Green Box-Green Bay had to deliver to the WEDC: (i) documentation that Green Box-Green had acquired the EcoFibre facility; (ii) a mortgage on the EcoFibre facility; (iii) documentation that Green Box-Green Bay would purchase all the equipment necessary to produce marketable pulp, baled and sorted waste paper, fuel pellets, and synthetic fuel; and (iv) documentation that VHC, Inc. (a company controlled by Van Den Heuvel's brothers) had contributed $5,500,000 of equity to the project.

c. On or about September 30, 2011, Van Den Heuvel submitted a request to the WEDC for the full loan of $1,116,000. In the draw request, Van Den Heuvel submitted documentation that gave the false impression that VHC, Inc. had contributed $5.5 million to assist Green Box-Green Bay in acquiring the EcoFibre facility. The documentation included a mortgage that Van Den Heuvel executed in the name of Green Box-Green Bay in favor of the WEDC. In truth, VHC, Inc. contributed funds to refinance a mortgage on the EcoFibre facility for its own benefit, not for the benefit of Green Box-Green Bay. Green Box-Green Bay never acquired the EcoFibre facility, and the mortgage that Van Den Heuvel gave the WEDC was worthless.

d. In the draw request, Van Den Heuvel represented that he planned to expend the funds to purchase specific pulping, sorting, liquefaction, shredding, and pellet-making equipment from particular vendors.

e. Based upon those representations, the WEDC disbursed the $1,116,000 to Green Box-Green Bay on or about October 21, 2011.

f. Although Van Den Heuvel used WEDC funds to make some partial payments for equipment identified in the draw request, Van Den Heuvel diverted most of the funds to purposes not permitted by the loan agreement.

g. Thereafter, Van Den Heuvel concealed his misuse of WEDC funds in communications with the WEDC. For example, on or about March 31, 2014 and April 14, 2015, Van Den Heuvel submitted Schedules of Expenditures to the WEDC in which he falsely certified that Green Box-Green Bay had expended all loan funds in accordance with the loan agreement's terms.

h. On or about January 4, 2012, the WEDC also awarded Green Box-Green Bay a grant of up to $95,500 to reimburse the costs of training employees in waste sorting, fuel pellet production, and liquefaction manufacturing.

i. To draw the grant funds, on or about December 9, 2013, March 5, 2014, and November 20, 2014, Van Den Heuvel submitted requests for payment to the WEDC. The requests included fraudulent records that represented particular individuals had received training during particular periods. As Van Den Heuvel knew, that training never occurred. These false records caused the WEDC to disburse the full grant amount of $95,500.

Investor D.W.

9. As part of his scheme, in September 2012 and December 2012, Van Den Heuvel induced D.W. to invest a total of $40,000 in Green Box-Green Bay in exchange for 200,000 "membership units" in Green Box-Green Bay and a promise of repayment. Van Den Heuvel

falsely represented to D.W. that he would use much of the funds for patent and legal fees. Van Den Heuvel converted D.W.'s investment to cash and never repaid him.

Cliffton Equities

10. As part of his scheme, Van Den Heuvel defrauded Cliffton Equities:

a. Van Den Heuvel made material false representations to Cliffton Equities, a private investment firm located in Montreal, Canada, that caused it to invest funds in Green Box-Green Bay.

b. On or about September 21, 2012, Cliffton Equities entered into a Loan and Investment Agreement (the "Agreement") with Green Box-Green Bay and EARTH to provide $2 million in funds. According to the Agreement, as well as oral assurances Van Den Heuvel gave to Cliffton Equities, Green Box-Green Bay would use the funds "solely for the purposes of purchasing and installing the sorting and liquefaction Equipment . . . at Green Box's facility" and for "working capital to operate sorting, liquefaction and pulping equipment." Van Den Heuvel further represented to Cliffton Equities that its funds would be used to purchase a liquefaction unit from RGEN Systems, and that the unit would be suitable for the Green Box-Green Bay business plan.

c. Relying on Van Den Heuvel's and the Agreement's representations, Cliffton Equities wired $1 million to EARTH on or about September 21, 2012. Cliffton Equities wired an additional $1 million to EARTH on or about September 28, 2012.

d. After receiving Cliffton Equities' funds, Van Den Heuvel paid RGEN Systems only part of the price for the liquefaction unit, which was never completed.

e. Van Den Heuvel instead diverted much of Cliffton Equities' funds to purposes not permitted by the Agreement. For example, Van Den Heuvel used the funds to pay $25,000 to an acquaintance as reimbursement for Green Bay Packers tickets;

$33,000 for his spouse's dental work; $89,000 towards the purchase of a new Cadillac Escalade; and $16,570 to the Wisconsin International School where his children attended.

f. Van Den Heuvel concealed his misuse of Cliffton Equities' funds by falsely representing to Cliffton Equities that its funds were being used to purchase and install the needed equipment.

g. Sometime in 2013, Van Den Heuvel falsely represented to Cliffton Equities that the RGEN liquefaction equipment could not be completed because of design problems. Van Den Heuvel persuaded Cliffton Equities to provide additional funds to purchase two pyrolysis units from a different manufacturer, Kool Manufacturing Company.

h. On June 19, 2014, Cliffton Equities entered into an Amended Loan and Investment Agreement with Green Box-Green Bay and EARTH. This Agreement provided that Cliffton Equities would provide additional funds solely for the purposes of "purchasing and installing" the two Kool Units and for "restarting the EcoFibre, Inc. facility and providing working capital funds for such facility's operation."

i. Van Den Heuvel thereafter requested payments from Cliffton Equities, representing that the payments were needed to purchase and install the two Kool Units. Based upon Van Den Heuvel's representations, Cliffton Equities sent to Green Box-Green Bay and Green Box NA the following amounts totaling approximately $1,149,000: (i) $300,000 on or about June 19, 2014; (ii) $99,980 on or about August 29, 2014; (iii) $379,980 on or about November 6, 2014; (iv) $299,980 on or about November 13, 2014; and (v) $70,000 on or about December 2, 2014.

j. Van Den Heuvel again diverted large amounts of Cliffton Equities' additional funds to purposes not permitted by the Amended Loan and Investment

Agreement, including personal expenditures and business expenses unrelated to purchasing the Kool Units or restarting the EcoFibre facility.

k. Van Den Heuvel used only part of Cliffton Equities' funds to make payments for Kool Units. Van Den Heuvel induced other entities to provide funds based upon representations that their funds were also being used to purchase Kool Units without disclosing that he had also pledged to use other entities' funds for Kool Units.

EB-5 Investments

11. As part of his scheme, Van Den Heuvel defrauded foreign investors who made investments through the EB-5 program as follows:

a. The EB-5 program is administered by the United States Citizenship and Immigration Services (USCIS). The program provides a route for immigrant investors to become lawful permanent residents by investing at least $500,000 in a project sponsored by an USCIS-approved regional center. The program requires that the entire $500,000 investment be expended on job-creating activities.

b. Green Detroit Regional Center, LLC (GDRC) is an USCIS-approved regional center managed and controlled by S.A., an attorney in Georgia. GDRC sponsors individual projects that aim to direct EB-5 investments to environmentally friendly, job-creating entities in the Detroit, Michigan, area.

c. Van Den Heuvel persuaded GDRC to sponsor a project called SMS Investment Group VI ("SMS 6") to direct EB-5 investments to Green Box-Detroit, which Van Den Heuvel promised would pursue the Green Box business plan in Detroit, Michigan.

d. On or about December 21, 2012, Van Den Heuvel entered into a Master Loan Agreement on behalf of EARTH and Green Box-Detroit with GDRC and SMS 6.

Pursuant to the agreement, GBRC would raise up to $35 million from up to 70 different EB-5 investors and direct the funds to SMS 6. SMS 6 would then lend the EB-5 investment funds to Green Box-Detroit.

e. Van Den Heuvel represented to GBRC and SMS 6 that he would use the EB-5 investment funds solely to pursue the Green Box-Detroit project. As represented by Van Den Heuvel, the Green Box-Detroit project would purchase and operate a facility and the equipment necessary to sort waste streams, bale recovered paper, and produce gas to operate the facility and synthetic fuel to sell.

f. Van Den Heuvel made materially false representations regarding the Green Box-Detroit project to SMS 6, knowing that it would be used to promote the project to potential EB-5 investors. These materially false representations included (i) that the funds would be used for the Green Box-Detroit project; (ii) that EARTH and Green Box-Detroit had agreements with Cargill, Inc. when, in truth, Cargill, Inc. had terminated the agreements; (iii) that the Michigan Economic Development Corporation (MEDC) had approved Green Box NA Michigan, LLC, an entity Van Den Heuvel had formed, for a tax-exempt bond offering even after MEDC notified Van Den Heuvel that it had discovered multiple liens, tax warrants, judgments, and civil lawsuits against Van Den Heuvel's companies; and (iv) that Green Box-Detroit had acquired certain equipment that it had not acquired.

g. Based upon Van Den Heuvel's misrepresentations, approximately nine EB-5 investors from China invested approximately $4,475,000 in SMS 6 from September 2014 through August 2015. Pursuant to the Master Loan Agreement, SMS 6, in turn, wired those funds to Green Box-Detroit.

h. Van Den Heuvel diverted large amounts of the EB-5 investments to purposes other than the Green Box-Detroit business plan. Van Den Heuvel never actually acquired the Green Box-Detroit facility nor located any equipment there, let alone began any operations there. To date, none of the EB-5 investors has obtained USCIS approval for their investments.

12. As part of his scheme, Van Den Heuvel similarly induced other individuals and entities to invest and loan funds based upon the false pretense that their funds would be used to advance the Green Box business plan, when in reality, Van Den Heuvel used their funds for other purposes.

13. As a result of his scheme, Van Den Heuvel fraudulently obtained more than $5 million from lenders and investors for a Green Box operation in De Pere, Wisconsin. As a further result of his scheme, Van Den Heuvel fraudulently obtained approximately $4,475,000 million from EB-5 investors for a Green Box operation in Michigan.

COUNTS 1 THROUGH 10
(Wire Fraud)

THE GRAND JURY FURTHER CHARGES:

14. Paragraphs 1 through 13 of this Indictment are realleged and incorporated here as constituting the scheme to defraud and to obtain money by means of materially false and fraudulent pretenses, representations, and promises, and the following is further alleged.

15. On or about the dates listed below, in the State and Eastern District of Wisconsin,

RONALD H. VAN DEN HEUVEL,

for the purpose of executing and carrying out the above scheme and attempting to do so, caused wire communications and electronic fund transfers to be transmitted in interstate commerce, as follows:

Count	Date	Description
1	Sept. 21, 2012	$1,000,000 wire transfer by Cliffton Equities from Toronto, Canada, through JPMorgan Chase Bank in New York, New York, to U.S. Bank account no. -9590 in Manitowoc, Wisconsin.
2	Sept. 25, 2012	Email from Van Den Heuvel (ron.vdh@tissuetechnology.net) to investor M.A. (XX@hotmail.com) regarding repayments.
3	Sept. 28, 2012	$1,000,000 wire transfer by Cliffton Equities from Toronto, Canada, through JPMorgan Chase bank in New York, New York, to U.S. Bank account no. -9590 in Manitowoc, Wisconsin.
4	Oct. 31, 2012	Email from Van Den Heuvel (ron.vdh@tissuetechnology.net) to investor M.A. (XX@hotmail.com) regarding repayments.
5	Dec. 9, 2013	Email from Van Den Heuvel (rvdh@greenboxna.com) to WEDC employee B.L. (XX@wedc.org) submitting request for payment of training grant.
6	Mar. 17, 2014	Email from employee P.R. (XX@greenboxna.com) to WEDC employee J.B. (XX@wedc.org) submitting request for payment of training grant.

7	Mar. 31, 2014	Email from employee P.R. (XX@greenboxna.com) to WEDC Reporting (reporting@wedc.org) transmitting Schedule of Expenditures.
8	Aug. 29, 2014	$99,980 wire transfer by investor Cliffton Equities through JPMorgan Chase bank in New York, New York, to Baylake Bank account no. -8881 in Sturgeon Bay, Wisconsin.
9	Nov. 21, 2014	Email from employee P.R. (XX@greenboxna.com) to WEDC employee J.B. (XX@wedc.org) submitting request for payment of training grant.
10	Apr. 14, 2015	Email from employee P.R. (XX@greenboxna.com) to WEDC Reporting (reporting@wedc.org) transmitting Schedule of Expenditures.

Each in violation of Title 18, United States Code, Sections 1343, 1349, and 2.

COUNTS 11 THROUGH 14
(Unlawful Financial Transactions)

THE GRAND JURY FURTHER CHARGES:

16. Paragraphs 1 through 15 of the Indictment are realleged and incorporated here as constituting the scheme to defraud and to obtain money by means of materially false and fraudulent pretenses, representations, and promises, and the following is further alleged.

17. On or about the listed dates, in the State and Eastern District of Wisconsin,

RONALD H. VAN DEN HEUVEL

did knowingly engage in the below-listed monetary transactions, in or affecting interstate or foreign commerce, in criminally derived property of a value greater than $10,000.

18. Van Den Heuvel knew that each transaction involved criminally derived property.

19. The funds used in the below-listed monetary transactions were derived from the specified unlawful activity of wire fraud in violation of Title 18, United States Code, Section 1343, as previously described.

Count	Date	Description
11	Sept. 24, 2012	Withdrawal of $25,000 from U.S. Bank account no. –7932, by check paid to the order of "OSGB" as reimbursement for Green Bay Packers tickets.
12	Sept. 28, 2012	Withdrawal of $33,000 from U.S. Bank account no. –7999, deposited into U.S. Bank account no. -3065 for the benefit of Petrungaro Periodontics and Aesthetic Implantology LLC.
13	Oct. 1, 2012	Withdrawal of $84,000 from U.S. Bank account no. –7999, by cashier's check paid to the order of "Bergstrom [Cadillac]."
14	Oct. 10, 2012	Withdrawal of $16,570 from U.S. Bank account no. –7999 by check paid to the order of "WIS" [Wisconsin International School].

Each in violation of Title 18, United States Code, Sections 1957 and 2.

FORFEITURE NOTICE

24. Upon conviction of one or more of the wire fraud offenses, in violation of Title 18, United States Code, Section 1343 and 1349, set forth in Counts One through Ten of this Indictment, the defendant shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the wire fraud offense or offenses of conviction. The property to be forfeited includes, but is not limited to, a sum of money equal to the proceeds derived from the wire fraud offense or offenses of conviction.

25. Upon conviction of one or more of the money laundering offenses, in violation of Title 18, United States Code, Section 1957, set forth in Counts Eleven through Fourteen of this Indictment, the defendant shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 982(a)(1), any property, real or personal, involved in the money laundering offense or offenses of conviction, and any property traceable to such property, including, but not limited to a sum of money equal to the value of the property involved in the money laundering offense or offenses of conviction.

26. If any of the property described above, as a result of any act or omission by a defendant: cannot be located upon the exercise of due diligence; has been transferred or sold to, or deposited with, a third person; 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 subdivided without difficulty, the United States of America shall be entitled to forfeiture of

substitute property, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

A TRUE BILL:

[redacted]

FOREPERSON

Dated: 9-19-17

GREGORY J. HAANSTAD
United States Attorney