

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WISCONSIN

U.S. DISTRICT COURT
EASTERN DISTRICT-WI
FILED

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UNITED STATES OF AMERICA,

Plaintiff,

v.

RONALD H. VAN DEN HEUVEL,

Defendant.

GREEN BAY DIVISION

STEPHEN C. DRIES
CLERK

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 Clifton 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:

<u>Count</u>	<u>Date</u>	<u>Description</u>
1	Sept. 21, 2012	\$1,000,000 wire transfer by Clifton 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 Clifton 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.

<u>Count</u>	<u>Date</u>	<u>Description</u>
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.

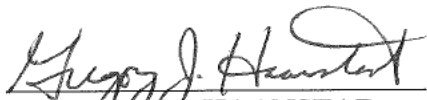
26. If any of the property described above, as a result of any act or omission by a defendant: cannot be located upon the exercise of due diligence; has been transferred or sold to, or deposited with, a third person; has been placed beyond the jurisdiction of the Court; has been substantially diminished 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:


FOREPERSON *J*

Dated: 9-19-17


GREGORY J. HAANSTAD
United States Attorney