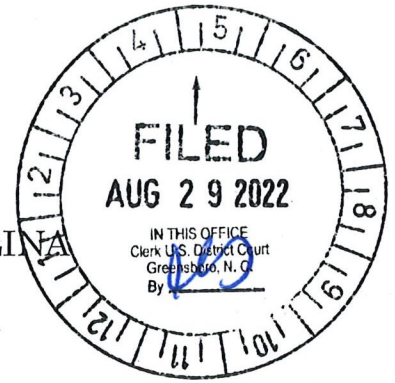


IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA



UNITED STATES OF AMERICA :

v. :

1:22CR 252-1

DERWIN LAMAR MONTGOMERY :

The Grand Jury charges:

BACKGROUND ALLEGATIONS

At all times relevant herein:

1. The Bethesda Center for the Homeless (BCH) was a non-profit agency located in Winston-Salem, North Carolina, and organized under Section 501(c)(3) of the Internal Revenue Code that provided services to people without housing in and around Winston-Salem.

2. BCH received, in the one-year period between January 1, 2020 and December 31, 2020, benefits in excess of \$10,000 under a Federal program involving a grant, contract, subsidy, loan, guarantee, insurance, or other form of Federal assistance, that is, funds provided by the Small Business Administration.

3. From in or about 2015 until on or about December 2020, DERWIN LAMAR MONTGOMERY held the position of Executive Director of BCH.

4. From in or about 2009 until 2018, DERWIN LAMAR MONTGOMERY held the position of Councilman for the City of Winston-Salem.

5. During DERWIN LAMAR MONTGOMERY's tenure as BCH Executive Director, BCH's internal policies provided the following:

- a. Regarding expenses: all expenses exceeding \$5,000 required approval from a member of the BCH Board of Directors, conditioned upon presentation of the associated expense receipts and justifications.
- b. Regarding employee conflicts of interest: employees were prohibited from "hav[ing] employment with any person, firm, contractor, or other organization that receives monies or other remuneration from BCH" and "[a]ll materials, goods and services produced by an employee during the course of her or his employment with BCH [we]re the property of the organization."

6. During DERWIN LAMAR MONTGOMERY's tenure as BCH Executive Director, BCH had a contract with the Winston-Salem Journal for print advertising.

7. During DERWIN LAMAR MONTGOMERY's tenure as BCH Executive Director, BCH Board Member-1 had a business that provided marketing, audio/video contracting, and other media services free of charge to BCH as a charitable donation.

8. During DERWIN LAMAR MONTGOMERY's tenure as BCH Executive Director, he was the registered agent for Uplift Media, LLC, an organization registered with the North Carolina Secretary of State.

THE SCHEME TO DEFRAUD

9. From in or around 2018, through in or around 2020, the exact dates unknown, in the Middle District of North Carolina, and elsewhere, DERWIN LAMAR MONTGOMERY did devise, and intend to devise, a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations, and promises that were material, and for the purpose of executing such scheme and artifice, and attempting to do so, knowingly caused to be transmitted by means of wire, radio, and television communication any writings, signs, signals, pictures, and sounds in interstate and foreign commerce.

MANNER AND MEANS

10. Among the manner and means by which DERWIN LAMAR MONTGOMERY carried out the scheme to defraud were the following:

11. First, DERWIN LAMAR MONTGOMERY charged BHC for certain expenses that he represented were incurred in the course of BHC business, all the while knowing that they were personal in nature, as set forth below in paragraphs twelve through fourteen:

12. DERWIN LAMAR MONTGOMERY charged BHC for travel, lodging, and expenses associated with his role as a Councilman for the Winston-Salem City Council by representing to BHC that the expenses related to “staff training.”

13. DERWIN LAMAR MONTGOMERY charged BHC for travel, lodging, and expenses that were personal in nature by representing to BHC that the expenses related to “staff training.” These personal expenses included but were not limited to the following:

- a. A vacation to Cancun, Mexico with a romantic partner;
- b. Stays at luxury hotels in Los Angeles, California; Charleston, South Carolina; and Washington, D.C., among other cities; and
- c. Expenses incurred at a “gentlemen’s club” in Nevada.

14. DERWIN LAMAR MONTGOMERY charged BHC for the personal use of a 2020 GMC Yukon Denali, valued in total at \$54,865.75, by representing to BHC that the vehicle was being used for “shelter operations.”

15. Second, DERWIN LAMAR MONTGOMERY charged BHC for approximately \$23,000 related to marketing, audio/video contracting, and other media services purportedly performed by Uplift Media, LLC in contravention of the BHC conflict of interest policy and despite the fact that BHC already received such services free of charge as a charitable donation. In many instances, either no services were actually provided or the charges associated with the services were grossly out of proportion to the value of the work performed.

16. Further, in charging BHC for the services referenced above in paragraph seventeen, DERWIN LAMAR MONTGOMERY ensured that each individual expense amounted to less than \$5,000, the threshold amount that required approval by a member of the BHC Board of Directors.

COUNTS ONE through FOURTEEN

1. Paragraph 1 through Paragraph 16 of the Indictment are realleged and reincorporated herein as if fully set forth.

2. On or about each of the dates set forth below, in the Middle District of North Carolina, and elsewhere, DERWIN LAMAR MONTGOMERY, for the purpose of executing the above-described scheme to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, transmitted and caused to be transmitted by means of wire communications in interstate commerce, the following writings, signals, and sounds, each transmission constituting a separate offense:

| COUNT | DATE (on or about) | DESCRIPTION OF THE WIRE TRANSMISSION |
|-------|-----------------------|--|
| 1 | June 28, 2018 | Charge to BHC's Truist ¹ credit card of \$1,666.24 for airfare from Charlotte, North Carolina to Cancun, Mexico |
| 2 | July 27, 2018 | Charge to BHC's Truist credit card of \$360.00 for airfare from Charlotte, North Carolina to Seattle, Washington |
| 3 | November 6, 2018 | Charge to BHC's Truist credit card of \$828.01 for airfare from Charlotte, North Carolina to Los Angeles, California |
| 4 | November 10, 2018 | Charge to BHC's Truist credit card of \$1,076.00 for luxury hotel in Los Angeles, California |
| 5 | March 15, 2019 | Charge to BHC's Truist credit card of \$260.00 at Sapphire Las Vegas Gentlemen's Club |
| 6 | March 17, 2020 | Request for payment of \$2,500.00 related to Uplift Media, LLC, causing check 5230 from BHC's Wells Fargo account to be issued |

¹ Then doing business as Branch Banking & Trust

| COUNT | DATE (on or about) | DESCRIPTION OF THE WIRE TRANSMISSION |
|--------------|-------------------------------|--|
| 7 | March 25, 2020 | Request for payment of \$2,000.00 related to Uplift Media, LLC, causing check 5244 from BHC's Wells Fargo account to be issued |
| 8 | April 29, 2020 | Request for payment of \$1,500.00 related to Uplift Media, LLC, causing check 5288 from BHC's Wells Fargo account to be issued |
| 9 | June 4, 2020 | Request for payment of \$1,200.00 related to Uplift Media, LLC, causing check 5347 from BHC's Wells Fargo account to be issued |
| 10 | June 29, 2020 | Request for payment of \$1,200.00 related to Uplift Media, LLC, causing check 5374 from BHC's Wells Fargo account to be issued |
| 11 | July 21, 2020 | Request for payment of \$2,000.00 related to Uplift Media, LLC, causing check 5416 from BHC's Wells Fargo account to be issued |
| 12 | September 30, 2020 | Request for payment of \$4,250.00 related to Uplift Media, LLC, causing check 5485 from BHC's Wells Fargo account to be issued |
| 13 | October 29, 2020 | Request for payment of \$2,500.00 related to Uplift Media, LLC, causing check 5525 from BHC's Wells Fargo account to be issued |
| 14 | November 18, 2020 | Request for payment of \$2,600.00 related to Uplift Media, LLC, causing check 5552 from BHC's Wells Fargo account to be issued |

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

COUNT FIFTEEN
(Program Fraud)

1. Paragraph 1 through Paragraph 16 of the Indictment are realleged and reincorporated herein as if fully set forth.

2. From in or about January 2020, continuing up to and including in or about December 2020, the exact dates unknown, in the County of Forsyth, in the Middle District of North Carolina, DERWIN LAMAR MONTGOMERY, then being an agent of the Bethesda Center for the Homeless, an organization which received during 2020 benefits in excess of \$10,000 under a Federal program involving a grant, contract, subsidy, loan, guarantee, insurance, and other form of Federal assistance, that is, the Federal Emergency Management Agency COVID-19 Relief Fund, did embezzle, steal, obtain by fraud, and otherwise knowingly convert to the use of any person other than the rightful owner and intentionally misapply property valued at \$5,000 or more, such property having been owned by, and under the care, custody, and control of

such organization, that is, \$26,299.57 in Bethesda Center for the Homeless funds; in violation of Title 18, United States Code, Section 666(a)(1)(A).

DATED: August 29, 2022

SANDRA J. HAIRSTON
United States Attorney


BY: JOANNA G. MCFADDEN
Assistant United States Attorney

A TRUE BILL


FOREPERSON