



THE UNITED STATES

## Department of Justice

Office of Public Affairs

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### **Four Members of Los Angeles-Based Fraud Ring Indicted for COVID-Relief Fraud**

Four individuals were charged in an indictment for their alleged participation in a scheme to submit at least 35 fraudulent loan applications seeking over \$5.6 million in COVID-19 relief guaranteed by the Small Business Administration (SBA) through the Economic Injury Disaster Loan (EIDL) and the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief and Economic Security (CARES) Act.

Acting Assistant Attorney General Brian C. Rabbitt of the Justice Department's Criminal Division, and U.S. Attorney Nicola T. Hanna of the U.S. Attorney's Office for the Central District of California made the announcement.

Richard Ayvazyan, 42, Marietta Terabelian, 36, Artur Ayvazyan, 40, and Tamara Dadyan, 39, all of Encino, California, were charged in an indictment filed in the Central District of California with one count of conspiracy to commit bank and wire fraud, four counts of bank fraud, and six counts of wire fraud. Richard Ayvazyan was also charged with one count of aggravated identity theft.

According to the indictment, the defendants conspired together, and with others, as part of a disaster relief loan fraud ring based in and around Los Angeles, California. The defendants used fake, stolen, or synthetic identities, including "Iuliia Zhadko" and "Viktoria Kauichko," to submit fraudulent EIDL and PPP loan applications to the SBA and federally-insured financial institutions. The defendants also submitted fraudulent EIDL and PPP loan applications in their own names, using fake or fictitious businesses. The defendants also submitted false and fictitious documents in support of some of the EIDL and PPP loan applications, including fake identity documents, tax documents and payroll records.

The indictment further alleges that once the SBA and federally-insured financial institutions approved the fraudulent EIDL and PPP loans, the defendants directed them to deposit the loan proceeds into bank accounts that the defendants controlled. The defendants then used the fraudulently obtained loan proceeds for their own personal benefit, including to purchase luxury homes. Among other things, the defendants used disaster relief loan funds as down payments on two residential properties purchased for \$1,000,000 and \$3,250,000, respectively. Use of disaster relief loan proceeds for such purposes is expressly prohibited under the PPP and EIDL program.

The CARES Act is a federal law enacted March 29. It is designed to provide emergency financial assistance to millions of Americans who are suffering the economic effects resulting from the COVID-19 pandemic. One source of relief provided by the CARES Act is the authorization of up to \$349 billion in forgivable loans to small businesses for job retention and certain other expenses through the PPP. In April 2020, Congress authorized over \$300 billion in additional PPP funding.

The PPP allows qualifying small businesses and other organizations to receive loans with a maturity of two years and an interest rate of one percent. Businesses must use PPP loan proceeds for payroll costs, interest on mortgages, rent and utilities. The PPP allows the interest and principal to be forgiven if businesses spend the proceeds on these expenses within a set time period and use at least a certain percentage of the loan towards payroll expenses.

The EIDL program is designed to provide economic relief to small businesses that are currently experiencing a temporary loss of revenue. EIDL proceeds can be used to cover a wide array of working capital and normal operating

expenses, such as continuation of health care benefits, rent, utilities and fixed debt payments. If an applicant also obtains a loan under the PPP, the EIDL funds cannot be used for the same purpose as the PPP funds.

An indictment is merely an allegation and all defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

This case was investigated by the FBI, IRS – Criminal Investigation, and SBA – Office of Inspector General. Trial Attorney Christopher Fenton of the Criminal Division’s Fraud Section and Assistant U.S. Attorney Julian L. André of the Central District of California are prosecuting the case.

Anyone with information about allegations of attempted fraud involving COVID-19 can report it by calling the Department of Justice’s National Center for Disaster Fraud Hotline at 866-720-5721 or via the NCDF Web Complaint Form at: <https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form>.

The year 2020 marks the 150th anniversary of the Department of Justice. Learn more about the history of our agency at [www.Justice.gov/Celebrating150Years](http://www.Justice.gov/Celebrating150Years).

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**Topic(s):**

Coronavirus  
Disaster Fraud

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[Criminal Division](#)  
[Criminal - Criminal Fraud Section](#)  
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