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Department of Justice

U.S. Attorney's Office

Central District of California

FOR IMMEDIATE RELEASE

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San Fernando Valley Man Charged with Fraudulently Obtaining COVID-Relief Loans for His Sham Sewing Company

LOS ANGELES – A San Fernando Valley man now believed to have fled the United States today faces federal criminal charges today for allegedly obtaining more than \$860,000 in Paycheck Protection Program (PPP) loans for a shell company and then transferring the bulk of his illicit gains to his personal bank accounts.

Arman Manukyan, 49, of Panorama City, was charged with one count of bank fraud and one count of aggravated identity theft in a criminal complaint filed Monday in United States District Court.

According to an affidavit in support of the complaint, Manukyan in June submitted two applications for PPP loans to Bank of America for \$1.7 million on behalf of two shell companies registered in his name – Argo Global, Inc., and Express Wiring.

Manukyan allegedly claimed Argo Global was a sewing business with 73 employees and submitted to Bank of America, and later the Small Business Administration, false tax documents purporting to show wages and taxes for the company. The underwriting packet also did not include a list of employees or associates for Argo Global, which listed a virtual office address in Beverly Hills as its place of business, according to the affidavit. Ultimately, an \$867,187 loan was approved for Argo Global, Inc.

Shortly after receiving the funds in Argo Global's name, Manukyan allegedly transferred most of the balance to two of his personal bank accounts. When a bank investigator contacted Manukyan after one of his accounts had been frozen because of suspicious activity, he allegedly told the bank he was going to use the PPP loan to start a limousine business, contradicting what he wrote on his loan application, the affidavit states.

In June, Manukyan also allegedly submitted to Bank of America a loan application of \$884,748 for Express Wiring, a shell company with a Glendale address. The Small Business Administration rejected the application, indicating it either had been submitted after the June 22 deadline for PPP loans or the allocated PPP funds had run out, according to the affidavit.

In July, a seizure warrant was executed on Manukyan's bank accounts, recovering \$866,019.

A search warrant executed at Manukyan's home on July 22 revealed multiple debit cards used for unemployment benefits from the California Employment Development Department (EDD) that were in the names of different people, the affidavit states. Manukyan allegedly told law enforcement that he found two of the EDD cards on the street and decided to keep them, but insisted that he never used them. Investigators recovered another \$118,474 from debit cards linked to Manukyan.

On August 9, law enforcement received information that Manukyan had boarded a flight from Mexico City inbound to Paris with a final destination of Minsk, Belarus, the affidavit states.

A complaint contains allegations that a defendant has committed a crime. Every defendant is presumed innocent until and unless proven guilty beyond a reasonable doubt.

If convicted of both charges, Manukyan would face a statutory maximum sentence of 32 years in federal prison.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was 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, Congress authorized more than \$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 1 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.

This matter was investigated by Homeland Security Investigations, the Treasury Inspector General to the Tax Administration, the Small Business Administration – Office of Inspector General, the United States Postal Inspection Service, and the Employment Development Department, Investigation Division.

This case is being prosecuted by Assistant United States Attorney Andrew G. Brown of the Major Frauds Section.

Topic(s):

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