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FOR IMMEDIATE RELEASE

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Stamford Man Charged with Fraudulently Obtaining Nearly \$2.9 Million in COVID-19 Relief Funds

Moustapha Diakhate, 45, of Stamford, was arrested today on a federal criminal complaint charging him with bank fraud and wire fraud offenses related to his receipt of nearly \$2.9 million in COVID-19 relief funds guaranteed by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Today's announcement was made by Acting U.S. Attorney Leonard C Boyle, Special Agent in Charge Amaleka McCall-Brathwaite of the Small Business Administration Office of Inspector General's Eastern Region, Special Agent in Charge David Sundberg of the New Haven Division of the Federal Bureau of Investigation, and Acting Special Agent in Charge Ramsey E. Covington of IRS Criminal Investigation in New England.

Diakhate appeared this afternoon before U.S. Magistrate Judge S. Dave Vatti in Bridgeport and was ordered detained.

In March 2020, the CARES Act provided emergency financial assistance to Americans suffering the economic effects caused by the COVID-19 pandemic. One source of relief provided by the CARES Act was the authorization of forgivable loans to small businesses for job retention and certain other expenses through the Paycheck Protection Program (PPP). In April 2020, Congress authorized more than \$300 billion in additional PPP funding. The PPP allowed qualifying small businesses and other organizations to receive unsecured loans at an interest rate of 1%. PPP loan proceeds must be used by businesses on payroll costs, interest on mortgages, rent and utilities. The PPP allowed the interest and principal to be forgiven if businesses spent the proceeds on these expenses within a certain period of time of receipt and used at least a certain percentage of the amount to be forgiven for payroll.

The PPP was overseen by the Small Business Administration, which has authority over all PPP loans. Individual PPP loans, however, were issued by private approved lenders, such as Citibank, which received and processed PPP applications and supporting documentation, and then made loans using the lenders' own funds, which were guaranteed by the SBA.

As alleged in the criminal complaint, Diakhate maintained an ownership or management interest in certain small business entities, including Ansonia Developers LLC, Winsbay Inc., Buyers Association Group LLC, Washington Management LLC and Diakhate Capital, Inc. Beginning in May 2020, Diakhate provided

Citibank with false and fraudulent information during the PPP loan application process in order to obtain PPP loans for each of his five entities totaling \$2,897,100. Diakhate then used a portion of the funds for various personal expenses, including to pay off a loan he had been provided to purchase of a 2010 Porsche Panamera Turbo, and to purchase both a Mercedes and BMW. He also purchased a \$50,000 certificate of deposit with PPP funds, and disbursed funds to various and individuals unrelated to his business entities.

“Congress authorized the Paycheck Protection Program to help small businesses and their employees withstand a devastating pandemic, not so individual recipients can illegally reap a financial windfall,” said Acting U.S. Attorney Leonard C Boyle. “The Justice Department and our federal law enforcement partners are actively working to identify those who are taking advantage of COVID relief programs to line their pockets in violation of the law, and we will ensure that wrongdoers are prosecuted in federal court.”

“Making false statements to fraudulently obtain PPP funds is unacceptable,” said SBA OIG’s Eastern Region Special Agent in Charge Amaleka McCall-Brathwaite. “SBA OIG will relentlessly pursue evidence of fraud against SBA’s programs aimed at assisting the nation’s small businesses struggling with the pandemic challenges. I want to thank the U.S. Attorney’s Office for its leadership and dedication to pursuing justice.”

“I commend the diligent efforts by all involved in this significant investigation of COVID-19 relief fraud,” said FBI Special Agent in Charge David Sundberg. “This level of deceit must face the full gravity of the judicial system.”

“These charges demonstrate our continued commitment to hold accountable those who attempt to defraud pandemic-related assistance allegedly to fund their luxurious lifestyles,” said Acting Special Agent in Charge Ramsey E. Covington of the Internal Revenue Service-Criminal Investigation. “We will continue to collaborate across agency lines to combat this self-serving type of fraud to ensure that these funds are used for their stated purposes and not to enrich the greedy.”

Acting U.S. Attorney Boyle stressed that a complaint is only a charge and is not evidence of guilt. Charges are only allegations and a defendant is presumed innocent unless and until proven guilty beyond a reasonable doubt.

This matter is being investigated by the Small Business Administration Office of Inspector General, Federal Bureau of Investigation, and Internal Revenue Service – Criminal Investigation. The case is being prosecuted by Assistant U.S. Attorney Christopher W. Schmeisser.

Individuals with information about allegations of attempted fraud involving COVID-19 are encouraged to 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>.

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