



THE UNITED STATES ATTORNEY'S OFFICE
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Department of Justice

U.S. Attorney's Office

Central District of California

FOR IMMEDIATE RELEASE

Friday, May 7, 2021

Irvine Man Arrested on Federal Grand Jury Indictment Alleging He Fraudulently Obtained \$5 Million in COVID-Relief PPP Loans

SANTA ANA, California – An Orange County man was arrested today on federal charges alleging he fraudulently obtained approximately \$5 million in Paycheck Protection Program (PPP) loans for his sham businesses, then used the money on himself, including purchasing Ferrari, Bentley and Lamborghini sports cars.

Mustafa Qadiri, 38, of Irvine, was named in a federal grand jury indictment returned Wednesday charging him with four counts of bank fraud, four counts of wire fraud, one count of aggravated identity theft, and six counts of money laundering.

Qadiri surrendered to law enforcement this morning and is expected to make his initial appearance this afternoon in United States District Court in Santa Ana.

According to the indictment, Qadiri claimed to have operated four Newport Beach-based companies, none of which are currently in operation: All American Lending, Inc., All American Capital Holdings, Inc., RadMediaLab, Inc., and Ad Blot, Inc.

In May and June of 2020, Qadiri allegedly submitted false and fraudulent PPP loan applications to three banks on behalf of those companies. The false information allegedly included the number of employees to whom the companies paid wages, altered bank account records with inflated balances, and fictitious quarterly federal tax return forms. Qadiri allegedly also used someone else's name, Social Security number and signature to fraudulently apply for one of the loans.

Relying on this false information, the banks funded the PPP loan applications and transferred approximately \$5 million to accounts Qadiri controlled, according to the indictment. Qadiri allegedly used the fraudulently obtained PPP loan proceeds for his own personal benefit, including for expenses prohibited under the requirements of the PPP program, such as the purchase of luxury vehicles, lavish vacations, and the payment of his personal expenses.

Federal agents have seized the Ferrari, Bentley and Lamborghini cars that Qadiri allegedly purchased with the fraudulently obtained PPP loans, along with \$2 million in alleged ill-gotten gains from his bank account.

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.

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

Homeland Security Investigations, the Small Business Administration Office of Inspector General, the FBI and IRS Criminal Investigation investigated this matter as part of the El Camino Real Financial Crimes Task Force.

Assistant United States Attorney Jennifer L. Waier of the Santa Ana Branch Office is prosecuting this case.

Topic(s):

Coronavirus

Financial Fraud

Component(s):USAO - California, Central**Contact:**

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