

Department of Justice

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Four Additional Members of Los Angeles-Based Fraud Ring Indicted for Exploiting COVID-Relief Programs

A federal grand jury in Los Angeles returned a superseding indictment, unsealed Thursday, charging four additional individuals for their alleged participation in a scheme to submit over 150 fraudulent loan applications seeking over \$21.9 million in COVID-19 relief funds guaranteed by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Manuk Grigoryan, 27, of Sun Valley, California; Arman Hayrapetyan, 38, of Glendale, California; Edvard Paronyan, 40, of Granada Hills, California; and Vahe Dadyan, 41, of Glendale, were each charged in a superseding indictment filed in the Central District of California with one count of conspiracy to commit wire fraud and bank fraud and one count of conspiracy to commit money laundering.

Grigoryan, Hayrapetyan, and Paronyan were each also charged with 11 counts of wire fraud and eight counts of bank fraud. In addition, Grigoryan and Hayrapetyan were each charged with one count of aggravated identity theft. Vahe Dadyan was charged with six counts of wire fraud, three counts of bank fraud, and one count of money laundering.

Grigoryan, Paronyan, and Vahe Dadyan made their initial court appearances before U.S. Magistrate Judge Maria A. Audero of the U.S. District Court for the Central District of California. If convicted, each defendant faces a maximum penalty of 30 years in prison. A federal district court judge will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors.

The superseding indictment adds charges to [previously charged co-defendants Richard Ayvazyan, Marietta Terabelian, Artur Ayvazyan, and Tamara Dadyan](#) for wire fraud, bank fraud, conspiracy to commit money laundering, and aggravated identity theft.

According to the superseding indictment, the defendants conspired together, and with others, as part of a disaster-relief loan fraud ring based in and around Los Angeles, California, and used the fraudulently obtained funds as down payments on luxury homes and to buy gold coins, diamonds, jewelry, luxury watches, fine imported furnishings, designer handbags and clothing, cryptocurrency, and securities.

Richard Ayvazyan and Tamara Dadyan are also charged with committing crimes while they were released on bond awaiting trial. Richard Ayvazyan is charged with five counts of money laundering, and Tamara Dadyan is charged with one count of attempted bank fraud. The superseding indictment alleges that Richard Ayvazyan continued to use his alias "Iuliia Zhadko" to launder the proceeds of the scheme, including by using the money to buy cryptocurrency and securities. As alleged, Tamara Dadyan repeatedly lied to a bank as part of a scheme to unlawfully obtain disaster-relief funds that had been frozen in an account that she had fraudulently opened using a stolen identity.

Acting Assistant Attorney General Nicholas L. McQuaid of the Justice Department's Criminal Division; Acting U.S. Attorney Tracy L. Wilkison of the U.S. Attorney's Office for the Central District of California; Special Agent in Charge Kristi Johnson of the FBI's Los Angeles Field Office; Special Agent in Charge Ryan L. Korner of the IRS Criminal Investigation (IRS-CI) Los Angeles Field Office; Special Agent in Charge Weston King of the Small Business Administration's Office of Inspector General (SBA-OIG) Western Region; and Special Agent in Charge Jay N. Johnson of the Federal Housing Finance Agency – Office of Inspector General (FHFA-OIG) Western Region made the announcement.

The FBI, IRS-CI, SBA-OIG, and FHFA-OIG are investigating the case.

Trial Attorney Christopher Fenton of the Justice Department's Fraud Section and Assistant U.S. Attorneys Brian Faerstein and Scott Paetty of the U.S. Attorney's Office for the Central District of California are prosecuting the case.

The CARES Act is a federal law enacted on March 29, 2020, designed to provide emergency financial assistance to the millions of Americans who are suffering the economic effects caused by the COVID-19 pandemic. One source of relief provided by the CARES Act was the authorization of up to \$349 billion in forgivable loans to small businesses for job retention and certain other expenses through the PPP, and \$10 billion in low-interest loans to small businesses through the EIDL program. In April 2020, Congress authorized over \$300 billion in additional PPP funding and \$10 billion in additional EIDL funding, and in December 2020, Congress authorized another \$284 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%. PPP loan proceeds must be used by businesses 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.

The Fraud Section leads the Department of Justice's prosecution of fraud schemes that exploit the CARES Act. In the months since the CARES Act was passed, Fraud Section attorneys have prosecuted more than 100 defendants in more than 70 criminal cases. The Fraud Section has also seized more than \$65 million in cash proceeds derived from fraudulently obtained PPP and EIDL funds, as well as numerous real-estate properties and luxury items purchased with such proceeds. More information can be found at: <https://www.justice.gov/criminal-fraud/cares-act-fraud>.

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>.

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

Attachment(s):
[Download Ayvazyan superseding indictment](#)

Component(s):
[Criminal Division](#)
[Criminal – Criminal Fraud Section](#)
[USAO – California, Central](#)

Topic(s):
Coronavirus
Disaster Fraud
Financial Fraud

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