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DEPARTMENT of JUSTICE

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Seven Members of Los Angeles-Based Fraud Ring Sentenced for Multimillion-Dollar COVID-19 Relief Scheme

Leader Sentenced to 17 Years in Prison

WASHINGTON – Seven members of a Los Angeles-based fraud ring were sentenced for a scheme to fraudulently obtain more than \$20 million in Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL) COVID-19 relief funds.

On Nov. 15, Judge Stephen V. Wilson of the U.S. District Court for the Central District of California sentenced Richard Ayvazyan, 43, to 17 years in prison; Marietta Terabelian, 37, to six years in prison; and Artur Ayvazyan, 41, to five years in prison, all of Encino, for engaging in the scheme.

Previously, Judge Wilson sentenced Manuk Grigoryan, 28, of Sun Valley, to six years in prison on Oct. 25; Edvard Paronyan, 41, of Granada Hills, to 30 months in prison on Sept. 27; Vahe Dadyan, 42, of Glendale, to 12 months and one day in prison on Oct. 18; and Arman Hayrapetyan, 39, of Glendale, to 10 months of probation on Oct. 18. Tamara Dadyan, 42, of Encino, is scheduled to be sentenced on Dec. 6.

According to court documents and evidence presented at a June 2021 trial, the defendants used dozens of fake, stolen, or synthetic identities — including names belonging to elderly or deceased people and foreign exchange students who briefly visited the United States years ago and never returned — to submit fraudulent applications for approximately 150 PPP and EIDL loans. In support of the fraudulent loan applications, the defendants also submitted false and fictitious documents to lenders and the Small Business Administration (SBA), including fake identity documents, tax documents, and payroll records. The defendants then used the fraudulently obtained funds as down payments on luxury homes in Tarzana, Glendale, and Palm Desert. They also used the funds to buy gold coins, diamonds, jewelry, luxury watches, fine imported furnishings, designer handbags, clothing, and a Harley-Davidson motorcycle. The conspirators sought to fraudulently obtain more than \$20 million in COVID-19 relief funds.

“The defendants engaged in a scheme to steal critical relief funds intended to assist small businesses during the pandemic,” said Assistant Attorney General Kenneth A. Polite Jr. of the Justice Department’s Criminal Division. “This case, involving an egregious example of pandemic relief fraud, was the first in the country to go to trial. The Department of Justice, along with our law enforcement partners, will continue to use every available tool to combat and prevent criminals from exploiting national emergencies for their personal benefit.”

“The defendants used the COVID-19 crisis to steal millions of dollars in much-needed government aid intended for people and businesses suffering from the economic effects of the worst pandemic in a century,” said Acting U.S. Attorney Tracy L. Wilkison for the Central District of California. “Today’s sentences reflect our office’s determination to root out and punish wrongdoers who use national emergencies to defraud the government and the American taxpayer.”

“The defendants in today's case flagrantly defrauded government aid programs at the expense of struggling small businesses, and then used the illicit funds on luxuries for themselves,” said Acting Assistant Director Jay Greenberg of the FBI’s Criminal Investigative Division. “Today's sentencing demonstrates the steadfast work of the FBI and our partners in bringing to justice individuals who use national emergencies as an opportunity for criminal activity.”

“Conspiring to rob victims of their identities and subsequently, taxpayer funds vital to the survival of the nation’s small businesses will be met with justice,” said SBA Inspector General Hannibal “Mike” Ware. “OIG will work tirelessly with its law enforcement partners to unmask those responsible. I want to thank the Department of Justice and our law enforcement partners for their dedication and pursuit of justice.”

“This criminal syndicate pilfered millions of dollars in COVID-19 relief funds that were intended to aid small businesses during this unprecedented pandemic,” said Special Agent in Charge Ryan L. Korner of the IRS-Criminal Investigation, Los Angeles Field Office. “When our nation was at its most vulnerable, these individuals thought only about lining their own pockets. Today’s sentences reflect the seriousness of these crime. The IRS and our law enforcement partners will continue to pursue these deplorable frauds and put the perpetrators in prison where they belong.”

“The Office of Inspector General is proud to work with our partners in law enforcement to prevent, detect, and deter attempts to perpetrate fraud in the Federal Home Loan Bank System and steal the assistance intended for small business owners and employees under this important part of the CARES Act,” said Special Agent in Charge Jay N. Johnson of the Federal Housing Finance Agency, Office of Inspector General’s Western Region. “The fact that the team was able to investigate this case during the height of the pandemic, at great risk to themselves and their loved ones, is a testament to their commitment to this country and federal service.”

Defendants Richard Ayvazyan, Terabelian, Artur Ayvazyan, and Vahe Dadyan were [convicted](#) after a jury trial on June 25. Prior to the verdict, Grigoryan pleaded guilty on June 7 to one count of bank fraud and one count of aggravated identity theft; Paronyan pleaded guilty on June 11 to one count of wire fraud; and Hayrapetyan pleaded guilty on June 21 to one count of conspiracy to commit money laundering. Tamara Dadyan pleaded guilty on June 14 to one count of conspiracy to commit wire fraud and bank fraud, one count of conspiracy to commit money laundering, and one count of aggravated identity theft but has since moved to withdraw her plea. That motion is still pending.

Richard Ayvazyan and Terabelian absconded prior to sentencing and were sentenced by Judge Wilson in absentia. They remain fugitives. The FBI is offering a reward of up to \$20,000 for information leading to the arrest of [Ayvazyan](#) and [Terabelian](#).

Trial Attorney Christopher Fenton of the Justice Department’s Fraud Section and Assistant U.S. Attorneys Scott Paetty, Brian Faerstein, and Catherine Ahn of the Central District of California are prosecuting the case. Assistant U.S. Attorney Dan Boyle of the Central District of California is handling forfeiture.

The Fraud Section leads the Criminal Division’s prosecution of fraud schemes that exploit the PPP. Since the inception of the CARES Act, the Fraud Section has prosecuted over 150 defendants in more than 95 criminal cases and has seized over \$75 million in cash proceeds derived from fraudulently obtained PPP 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/ppp-fraud>.

On May 17, 2021, the Attorney General established the COVID-19 Fraud Enforcement Task Force to marshal the resources of the Department of Justice in partnership with agencies across government to enhance efforts to combat and prevent pandemic-related fraud. The Task Force bolsters efforts to investigate and prosecute the most culpable domestic and international criminal actors and assists agencies tasked with administering relief programs to prevent fraud by, among other methods, augmenting and incorporating existing coordination mechanisms, identifying resources and techniques to uncover fraudulent actors and their schemes, and sharing

and harnessing information and insights gained from prior enforcement efforts. For more information on the department's response to the pandemic, please visit <https://www.justice.gov/coronavirus>.

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 (NCDF) 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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