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8 UNITED STATES DISTRICT COURT
9 FOR THE CENTRAL DISTRICT OF CALIFORNIA

10 March 2022 Grand Jury

11 UNITED STATES OF AMERICA,

12 Plaintiff,

13 v.

14 ARTUR CHANCHIKYAN,

15 Defendant.

CR 2:22-cr-00153-DMG

16 I N D I C T M E N T

[18 U.S.C. § 1343: Wire Fraud;
18 U.S.C. § 641: Theft of
Government Property; 18 U.S.C.
§ 1956(a) (1) (B) (i): Concealment
Money Laundering; 18 U.S.C.
§§ 981 and 982 and 28 U.S.C.
§ 2461(c): Criminal Forfeiture]

17
18 The Grand Jury charges:

19 COUNTS ONE THROUGH THREE

20 [18 U.S.C. § 1343]

21 A. INTRODUCTORY ALLEGATIONS

22 At times relevant to this Indictment:

23 The Defendant and Relevant Entities

24 1. Defendant ARTUR CHANCHIKYAN was a resident of Los
25 Angeles, California.
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1 2. Gentle Touch Home Health Care, Inc. ("Gentle Touch"),
2 was a corporation registered in California with a business
3 address in North Hollywood, California. Gentle Touch purported
4 to be a home health company. Gentle Touch had a checking
5 account with Bank of America in Los Angeles County (the "Gentle
6 Touch Account"). Defendant CHANCHIKYAN caused Gentle Touch to
7 cease its operations following the suspension of Gentle Touch's
8 Medicare payments on or about December 27, 2019, by CMS, through
9 a Unified Program Integrity Contractor, based on "allegations of
10 fraud."

11 3. A-1 Landing, Inc. ("A-1 Landing"), was a corporation
12 registered in California with a business address in North
13 Hollywood, California. A-1 Landing had a checking account with
14 Bank of America in Los Angeles County (the "A-1 Landing
15 Account").

16 4. The MV Family Trust ("MV Trust") was formed in the
17 State of California with a listed address in Porter Ranch,
18 California and purported to be a trust. MV Trust had a checking
19 account with Bank of America in Los Angeles County (the "MV
20 Trust Account").

21 5. Defendant CHANCHIKYAN owned and controlled Gentle
22 Touch and A-1 Landing and was a trustee of the MV Trust.

23 6. Defendant CHANCHIKYAN was a signatory on the Gentle
24 Touch Account, the A-1 Landing Account, and the MV Trust
25 Account.

26 7. An individual ("Individual 1") was a resident of Los
27 Angeles, California, and a trustee of the MV Trust. Individual
28 1 was a signatory on the MV Trust Account.

1 The Medicare Program

2 8. The Medicare Program ("Medicare") was a federal health
3 care benefit program, affecting commerce, that provided benefits
4 to individuals who were 65 years and older or disabled.
5 Medicare was administered by the Centers for Medicare and
6 Medicaid Services ("CMS"), a federal agency under the United
7 States Department of Health and Human Services ("HHS").
8 Medicare was a "health care benefit program" as defined by Title
9 18, United States Code, Section 24(b) in that it was a public
10 plan or contract affecting commerce, and a "Federal health care
11 program" as defined by 42 U.S.C. § 1320a-7b(f).

12 9. Medicare was divided into different program "parts":
13 Part A (hospital services), Part B (physician services), Part C
14 (Medicare Advantage), and Part D (prescription drug coverage).

15 The CARES Act

16 10. In March 2020, Congress passed the Coronavirus Aid,
17 Relief, and Economic Security ("CARES") Act, which was designed
18 to provide emergency financial assistance to the millions of
19 Americans suffering due to the COVID-19 pandemic.

20 11. The CARES Act established several new temporary
21 programs and provided for expansion of others, including
22 programs created and/or administered by HHS and the United
23 States Small Business Administration ("SBA").

24 The Provider Relief Fund

25 12. One source of relief provided by the CARES Act was the
26 appropriation of moneys to help health care providers
27 ("Providers") that were financially impacted by COVID-19, as
28 well as to provide care to patients who were suffering from

1 COVID-19 and compensate providers for the cost of that care (the
2 "Provider Relief Fund"). HHS, through its agency, the Health
3 Resources and Services Administration ("HRSA"), oversaw and
4 administered the Provider Relief Fund.

5 13. In order to rapidly provide funding to Providers
6 during the pandemic, HRSA distributed payments under the CARES
7 Act Provider Relief Fund ("Provider Relief Fund Payment" or
8 "Payment") to Providers who: (a) billed Medicare fee-for-service
9 (Parts A or B) in Calendar Year 2019; (b) were not currently
10 terminated from participation in Medicare or precluded from
11 receiving payment through Medicare Advantage or Part D; (c) were
12 not currently excluded from participation in Medicare, Medicaid,
13 and other Federal health care programs; and (d) did not
14 currently have Medicare billing privileges revoked. Providers
15 meeting these criteria automatically received the Provider
16 Relief Fund Payment and did not have to apply for the funding,
17 but were required to comply with the terms and conditions of the
18 Provider Relief Fund ("Terms and Conditions") if they retained
19 such funding.

20 14. Provider Relief Fund recipients attested to their
21 compliance with the Terms and Conditions in one of two ways.
22 First, Provider Relief Fund recipients were notified that they
23 could submit an attestation through an online portal confirming
24 receipt of the funds and agreeing to the Terms and Conditions.
25 Second, recipients were notified that, if they kept the money
26 for a period that exceeded 90 days from receipt, they were
27 deemed to have accepted the Terms and Conditions of the Provider
28 Relief Fund.

1 15. Providers who attested to the Terms and Conditions
2 acknowledged that their commitment to full compliance with the
3 terms and conditions was material to the HHS Secretary's
4 decision to disburse Provider Relief Fund Payments to them.
5 Providers further acknowledged that non-compliance with any Term
6 or Condition could cause the HHS Secretary to recoup some or all
7 of the Payment.

8 16. Providers who attested to the Terms and Conditions
9 certified that they:

- 10 a. billed Medicare in Calendar Year 2019;
- 11 b. provided diagnoses, testing, or care for
12 individuals with possible or actual cases of COVID-19 after
13 January 31, 2020;
- 14 c. were not then terminated from participation in
15 Medicare or precluded from receiving payment through Medicare
16 Advantage or Part D;
- 17 d. were not then excluded from participation in
18 Medicare, Medicaid, and other Federal health care programs;
- 19 e. did not then have Medicare billing privileges
20 revoked;
- 21 f. would only use the Payment to prevent, prepare
22 for, and respond to the coronavirus, and that the Payment would
23 reimburse the recipient only for health-care-related expenses or
24 lost revenues that were attributable to the coronavirus;
- 25 g. provided information relating to the Payment that
26 was true, accurate, and complete and that any deliberate
27 omission, misrepresentation, or falsification of any information
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1 was punishable by, inter alia, criminal penalties, including but
2 not limited to imprisonment; and

3 h. would maintain appropriate records and cost
4 documentation to substantiate the reimbursement of costs under
5 the disbursement.

6 The Small Business Administration

7 17. The SBA was an agency of the United States government.
8 The mission of the SBA was to maintain and strengthen the
9 nation's economy by enabling the establishment and viability of
10 small businesses and by assisting in the economic recovery of
11 communities after disasters.

12 18. As part of this effort, the SBA enabled and provided
13 for loans through financial institutions, such as banks, credit
14 unions, and other lenders, that had government-backed
15 guarantees. The SBA also provided direct loans.

16 The Paycheck Protection Program

17 19. Another form of assistance provided by the CARES Act
18 was the authorization of United States taxpayer funds in
19 forgivable loans to small businesses for job retention and
20 certain other expenses. This financial relief was referred to
21 as the Paycheck Protection Program ("PPP").

22 20. To obtain a PPP loan, a qualifying business was
23 required to submit a PPP loan application signed by an
24 authorized representative of the business. The PPP loan
25 application required the small business (through its authorized
26 representative) to acknowledge the program rules and make
27 certain affirmative certifications in order to be eligible to
28 obtain the PPP loan. Such certifications included the

1 requirements that the applicant affirm that it "was in operation
2 on February 15, 2020 and had employees for whom [applicant] paid
3 salaries and payroll taxes or paid independent contractors" and
4 that the PPP loan proceeds "w[ould] be used to retain workers
5 and maintain payroll or make mortgage interest payments, lease
6 payments, and utility payments." The applicant (through its
7 authorized representative) was also required to attest to and
8 understand that "any use of the proceeds of the Loan other than
9 as permitted by the CARES Act, or any false or misleading
10 information or statements provided to the [financial
11 institution] in its application for the Loan or in this
12 [promissory n]ote may subject the [applicant] to criminal and
13 civil liability under applicable state and federal laws and
14 regulations" In the PPP loan application, the applicant
15 was required to state, among other things, its: (a) average
16 monthly payroll expenses; and (b) number of employees. These
17 figures were used to calculate the amount of money the small
18 business was eligible to receive under the PPP. In addition,
19 the applicant was required to provide documentation showing its
20 payroll expenses.

21 21. A business's PPP loan application was received and
22 processed, in the first instance, by a participating financial
23 institution. If a PPP loan application was approved, the
24 participating financial institution would fund the PPP loan
25 using its own monies.

26 22. PPP loan proceeds were required to be used by the
27 business on certain permissible expenses, namely, payroll costs,
28 interest on mortgages, rent, and utilities. The PPP allowed the

1 interest and principal on the PPP loan to be entirely forgiven
2 if the business spent the loan proceeds on these expenses within
3 a designated period of time and used at least a minimum amount
4 of the PPP loan proceeds toward payroll expenses.

5 The Economic Injury Disaster Loan Program

6 23. The Economic Injury Disaster Loan Program ("EIDL") was
7 an SBA program that provided low-interest financing to small
8 businesses, renters, and homeowners in regions affected by
9 declared disasters.

10 24. The CARES ACT authorized the SBA to provide EIDL loans
11 of up to \$2 million to eligible small businesses experiencing
12 substantial financial disruption due to the COVID-19 pandemic.

13 25. To obtain an EIDL loan, a qualifying business was
14 required to submit an application to the SBA and provide
15 information about the business's operations, such as the number
16 of employees, gross revenue for the 12-month period preceding
17 the disaster, and cost of goods sold in the 12-month period
18 preceding the disaster. In the case of EIDL loans for COVID-19
19 relief, the 12-month period was the 12-month period from January
20 31, 2019, to January 31, 2020. The applicant was also required
21 to certify that all of the information in the application was
22 true and correct to the best of the applicant's knowledge.

23 26. EIDL loan applications were submitted directly to the
24 SBA and processed by the agency with support from a government
25 contractor. The amount of the loan, if the application was
26 approved, was determined based, in part, on the information
27 provided by the application about employment, revenue, and cost
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1 of goods sold, as described in paragraph 25 above. Any funds
2 issued under an EIDL loan were issued directly by the SBA.

3 27. EIDL loan funds could be used for payroll expenses,
4 sick leave, production costs, and business obligations, such as
5 debts, rent, and mortgage payments. If the applicant also
6 obtained a loan under the PPP, the EIDL loan funds could not be
7 used for the same purpose as the PPP loan funds.

8 Relevant Financial Institutions

9 28. "Lender A" was a financial institution insured by the
10 Federal Deposit Insurance Corporation ("FDIC") that was an
11 approved SBA lender of PPP loans. Lender A was located in Los
12 Angeles County and was a "financial institution" as defined in
13 Title 18, United States Code, Section 20.

14 B. THE SCHEME TO DEFRAUD

15 29. Beginning no later than in or around March 2020, and
16 continuing until at least in or around April 2021, in Los
17 Angeles County, within the Central District of California, and
18 elsewhere, defendant CHANCHIKYAN, together with others known and
19 unknown to the Grand Jury, knowingly and with intent to defraud,
20 devised, participated in, and executed a scheme to defraud a
21 financial institution, namely, Lender A, and the SBA as to
22 material matters, and to obtain money and property owned by and
23 in the custody and control of Lender A and the SBA by means of
24 material false pretenses, representations, and promises, and the
25 concealment of material facts.

1 C. MANNER AND MEANS TO ACCOMPLISH THE SCHEME TO DEFRAUD

2 30. The fraudulent scheme operated and was carried out, in
3 substance, as follows:

4 a. Following the cessation of Gentle Touch's
5 operations, on or about May 1, 2020, defendant CHANCHIKYAN
6 applied with Lender A for a PPP loan on behalf of Gentle Touch.
7 In that application, defendant CHANCHIKYAN made and caused to be
8 made materially false statements to Lender A, including: (i)
9 false representations that Gentle Touch was in operation on
10 February 15, 2020 and had employees for whom Gentle Touch paid
11 salaries and payroll taxes or paid independent contractors; (ii)
12 false representations regarding the number of employees to whom
13 Gentle Touch paid wages and Gentle Touch's average monthly
14 payroll expenses at the time of the application; and (iii) false
15 certifications that the loan would be used for permissible
16 business purposes, even though defendant CHANCHIKYAN knew that,
17 at the time, Gentle Touch was no longer in operation.

18 b. As a result of and in reliance on these false and
19 fraudulent representations and certifications in the PPP loan
20 application, Lender A deposited approximately \$45,472 in PPP
21 loan proceeds into the Gentle Touch Account.

22 c. On or about July 2, 2020, defendant CHANCHIKYAN
23 also applied to the SBA for an EIDL loan on Gentle Touch's
24 behalf. In that application, defendant CHANCHIKYAN made and
25 caused to be made materially false statements, including false
26 representations regarding the number of employees to whom Gentle
27 Touch paid wages and Gentle Touch's average monthly payroll
28 expenses at the time of the application, and false

1 certifications that the loan would be used for permissible
2 business purposes, even though defendant CHANCHIKYAN knew that,
3 at the time, Gentle Touch was no longer in operation.

4 d. As a result of and in reliance on these false and
5 fraudulent representations and certifications in the EIDL loan
6 application, the SBA deposited approximately \$159,900 in EIDL
7 loan proceeds into the Gentle Touch Account.

8 e. Defendant CHANCHIKYAN, together with other co-
9 schemers, transferred and caused to be transferred the PPP and
10 EIDL loan proceeds into bank accounts that defendant CHANCHIKYAN
11 and his co-schemers controlled, where those proceeds were used
12 for expenses different from those defendant CHANCHIKYAN
13 certified (and the PPP and EIDL programs required) that they
14 would be used for, including defendant CHANCHIKYAN's own
15 personal benefit and for the benefit of his co-schemers,
16 including the purchase of residential property in Northridge,
17 California.

18 D. USE OF THE WIRES

19 31. On or about the following dates, in Los Angeles
20 County, within the Central District of California, and
21 elsewhere, for the purpose of executing the above-described
22 scheme to defraud, defendant CHANCHIKYAN, together with others
23 known and unknown to the Grand Jury, transmitted and caused the
24 transmission of the following items by means of wire
25 communication in interstate commerce:
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COUNT	DATE	INTERSTATE WIRE TRANSMISSION
ONE	5/4/20	Transfer of approximately \$45,472 in PPP loan proceeds from Lender A, sent by means of interstate wire, into the Gentle Touch Account.
TWO	7/7/20	Transfer of approximately \$10,000 in EIDL loan proceeds from the SBA, sent by means of an interstate wire, into the Gentle Touch Account.
THREE	7/23/20	Transfer of approximately \$149,900 in EIDL loan proceeds from the SBA, sent by means of an interstate wire, into the Gentle Touch Account.

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COUNTS FOUR AND FIVE

[18 U.S.C. § 641]

32. The Grand Jury re-alleges paragraphs 1 through 28 and 30 of this Indictment here.

A. THEFT OF GOVERNMENT PROPERTY

33. On or about the following dates, in Los Angeles County, within the Central District of California, and elsewhere, defendant CHANCHIKYAN knowingly and willfully stole, purloined, and converted to his own use and the use of another, and without authority, conveyed and disposed of, money and a thing of value greater than \$1,000 from HHS, a department of the United States, namely, the following amounts of an approximately \$139,736 payment from the HHS Provider Relief Fund that was deposited into the Gentle Touch Account on or about April 17, 2020, with the intent to deprive HHS of the use and benefit of that money. Defendant CHANCHIKYAN did so, knowing that Gentle Touch was not entitled to these Provider Relief Funds and that he did not use the funds to prevent, prepare for, and respond to COVID-19, or reimburse Gentle Touch for health care related expenses or lost revenues attributable to COVID-19, as required under the terms and conditions applicable to the Provider Relief Fund payments:

COUNT	DATE	APPROX. AMOUNT	DESCRIPTION
FOUR	4/17/20	\$100,000	Transfer to the A-1 Landing Account.
FIVE	4/20/20	\$23,000	Transfer to the A-1 Landing Account.

COUNTS SIX AND SEVEN

[18 U.S.C. § 1956(a)(1)(B)(i)]

34. The Grand Jury re-alleges paragraphs 1 through 28, 30 through 31, and 33 of this Indictment here.

35. On or about the following dates, in Los Angeles County, within the Central District of California, and elsewhere, defendant CHANCHIKYAN, and others known and unknown to the Grand Jury, knowingly conducted, and willfully caused others to conduct, the following financial transactions affecting interstate commerce, knowing that the property involved the proceeds of some form of unlawful activity, and which was, in fact, the proceeds of specified unlawful activity, that is, wire fraud, in violation of Title 18, United States Code, Section 1343, and theft of government property, in violation of Title 18, United States Code, Section 641, knowing that the transactions were designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of such proceeds:

COUNT	DATE	DESCRIPTION
SIX	7/31/20	Transfer of \$55,000 from the Gentle Touch Account to the MV Trust Account.
SEVEN	7/31/20	Transfer of \$45,000 from the Gentle Touch Account to the MV Trust Account.

FORFEITURE ALLEGATION ONE

[18 U.S.C. § 982]

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3 1. Pursuant to Rule 32.2(a) of the Federal Rules of
4 Criminal Procedure, notice is hereby given that the United
5 States of America will seek forfeiture as part of any sentence,
6 pursuant to Title 18, United States Code, Section 982(a)(2), in
7 the event of defendant ARTUR CHANCHIKYAN's conviction of the
8 offenses set forth in any of Counts One through Three of this
9 Indictment.

10 2. Defendant CHANCHIKYAN, if so convicted, shall forfeit
11 to the United States of America the following:

12 (a) All right, title, and interest in any and all
13 property real or personal, constituting, or derived from, any
14 proceeds obtained, directly or indirectly, as a result of the
15 offense, including, but not limited to, certain real property
16 referred to herein as Residential Property 1 located in the
17 County of Los Angeles, State of California, APN 2701-093-035;
18 and

19 (b) To the extent such property is not available for
20 forfeiture, a sum of money equal to the total value of the
21 property described in subparagraph (a).

22 3. Pursuant to Title 21, United States Code, Section
23 853(p), as incorporated by Title 18, United States Code, Section
24 982(b), defendant CHANCHIKYAN, if so convicted, shall forfeit
25 substitute property, up to the total value of the property
26 described in the preceding paragraph if, as the result of any
27 act or omission of the defendant, the property described in the
28 preceding paragraph, or any portion thereof: (a) cannot be

1 located upon the exercise of due diligence; (b) has been
2 transferred, sold to or deposited with a third party; (c) has
3 been placed beyond the jurisdiction of the court; (d) has been
4 substantially diminished in value; or (e) has been commingled
5 with other property that cannot be divided without difficulty.

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1 FORFEITURE ALLEGATION TWO

2 [18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c)]

3 1. Pursuant to Rule 32.2 of the Federal Rules of Criminal
4 Procedure, notice is hereby given to defendant ARTUR CHANCHIKYAN
5 that the United States of America will seek forfeiture as part
6 of any sentence, pursuant to Title 18, United States Code,
7 Section 981(a)(1)(C) and Title 28, United States Code, Section
8 2461(c), in the event of defendant CHANCHIKYAN's conviction of
9 the offenses set forth in either of Counts Four or Five of this
10 Indictment.

11 2. Defendant CHANCHIKYAN, if so convicted, shall forfeit
12 to the United States of America the following:

13 (a) All right, title, and interest in any and all
14 property, real or personal, constituting, or derived from, any
15 proceeds traceable to the offense including, but not limited to,
16 certain real property referred to herein as Residential Property
17 1 located in the County of Los Angeles, State of California, APN
18 2701-093-035; and

19 (b) To the extent such property is not available for
20 forfeiture, a sum of money equal to the total value of the
21 property described in subparagraph (a).

22 3. Pursuant to Title 21, United States Code, Section
23 853(p), as incorporated by Title 28, United States Code, Section
24 2461(c), defendant CHANCHIKYAN, so convicted, shall forfeit
25 substitute property, up to the value of the property described
26 in the preceding paragraph if, as the result of any act or
27 omission of the defendant, the property described in the
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1 preceding paragraph or any portion thereof (a) cannot be located
2 upon the exercise of due diligence; (b) has been transferred,
3 sold to, or deposited with a third party; (c) has been placed
4 beyond the jurisdiction of the court; (d) has been substantially
5 diminished in value; or (e) has been commingled with other
6 property that cannot be divided without difficulty.

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1 FORFEITURE ALLEGATION THREE

2 [18 U.S.C. § 982]

3 1. Pursuant to Rule 32.2(a) of the Federal Rules of
4 Criminal Procedure, notice is hereby given that the United
5 States of America will seek forfeiture as part of any sentence,
6 pursuant to Title 18, United States Code, Section 982(a)(1), and
7 Title 28, United States Code, Section 2461(c), in the event of
8 defendant ARTUR CHANCHIKYAN's conviction of the offenses set
9 forth in either of Counts Six or Seven of this Indictment.

10 2. Defendant CHANCHIKYAN, if so convicted, shall forfeit
11 to the United States of America the following:

12 (a) All right, title, and interest in any and all
13 property, real or personal, involved in such offense, and any
14 property traceable to such property, including, but not limited
15 to, certain real property referred to herein as Residential
16 Property 1 located in the County of Los Angeles, State of
17 California, APN 2701-093-035; and

18 (b) To the extent such property is not available for
19 forfeiture, a sum of money equal to the total value of the
20 property described in subparagraph (a).

21 3. Pursuant to Title 21, United States Code, Section
22 853(p), as incorporated by Title 18, United States Code, Section
23 982(b)(1) and Title 18, United States Code, Section 982(b)(2),
24 defendant CHANCHIKYAN, if so convicted, shall forfeit substitute
25 property, up to the total value of the property described in the
26 preceding paragraph if, as the result of any act or omission of
27 the defendant, the property described in the preceding
28 paragraph, or any portion thereof: (a) cannot be located upon

